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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): September 18, 2025**

**Grayscale CoinDesk Crypto 5 ETF**

(Exact name of Registrant as Specified in Its Charter)

**Cayman Islands**  
(State or Other Jurisdiction  
of Incorporation)

**001-42855**  
(Commission File Number)

**98-1406784**  
(IRS Employer  
Identification No.)

**c/o Grayscale Investments Sponsors, LLC**  
**290 Harbor Drive, 4th Floor**  
**Stamford, Connecticut**  
(Address of Principal Executive Offices)

**06902**  
(Zip Code)

**Registrant's Telephone Number, Including Area Code: 212 668-1427**

**Grayscale Digital Large Cap Fund LLC**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Securities registered pursuant to Section 12(b) of the Act:**

| <b>Title of each class</b>             | <b>Trading<br/>Symbol(s)</b> | <b>Name of each exchange on which registered</b> |
|--|------------------------------|--|
| Grayscale CoinDesk Crypto 5 ETF Shares | GDLC                         | NYSE Arca, Inc.                                  |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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Capitalized terms used and not defined herein have the meanings ascribed to them in the Prospectus dated September 18, 2025 (File No. 333-286293), filed on September 19, 2025 with the Securities and Exchange Commission pursuant to Rule 424(b)(3) under the Securities Act of 1933, as amended (the “Prospectus”).

## **Item 1.01 Entry into A Material Definitive Agreement.**

### **Authorized Participant Agreements**

Grayscale Investments Sponsors, LLC, as manager (the “Manager”) on behalf of the Grayscale CoinDesk Crypto 5 ETF (the “Fund”), and The Bank of New York Mellon, the transfer agent (the “Transfer Agent”) of the Fund, entered into Participant Agreements with Jane Street Capital, LLC, Macquarie Capital (USA) Inc., and Virtu Americas LLC, pursuant to which such entities have agreed to act as Authorized Participants, in each case effective as of September 18, 2025. Each Participant Agreement is substantially in the form filed herewith as Exhibit 10.1.

The Fund issues equal, fractional, undivided interests in, the profits, losses, distributions, capital and assets of and ownership of the Fund (“Shares”) to, and redeems Shares from, Authorized Participants on an ongoing basis, but only in one or more Baskets (with a “Basket” being a block of 10,000 Shares). The Participant Agreements set forth the procedures for the creation and redemption of Baskets by the Authorized Participants. Although the Fund creates Baskets only upon the receipt of Fund Components plus cash representing the Cash portion, if any, and redeems Baskets only by distributing or otherwise disposing of Fund Components plus cash representing the Cash Portion, if any, at this time an Authorized Participant can only submit “Cash Orders,” pursuant to which the Authorized Participant will deposit cash into, or accept cash from, the Cash Account in connection with the creation and redemption of Baskets. Cash Orders will be facilitated by the Transfer Agent and Grayscale Investments Sponsors, LLC (in such capacity, the “Liquidity Engager”), which will engage one or more eligible companies (each, a “Liquidity Provider”) that is not an agent of, or otherwise acting on behalf of, any Authorized Participant to obtain or receive digital assets in connection with such orders. The Manager may in its sole discretion limit the number of Shares created pursuant to Cash Orders on any specified day without notice to the Authorized Participants and may direct the Marketing Agent to reject any Cash Orders in excess of such capped amount. The redemption of Shares pursuant to Cash Orders will only take place if approved by the Manager in writing, in its sole discretion and on a case-by-case basis.

The Fund is currently able to accept Cash Orders. However, and in common with other spot digital asset exchange-traded products, the Fund is not at this time able to create and redeem shares via in-kind transactions with Authorized Participants, and there has yet to be definitive regulatory guidance on whether and how registered broker-dealers can hold and deal in Digital Assets in compliance with the federal securities laws. If NYSE Arca, Inc. (“NYSE Arca”) were to seek and obtain necessary regulatory approval from the Securities and Exchange Commission (the “SEC”) to amend its listing rules to allow “In-Kind Orders” (the “In-Kind Regulatory Approval”), in the future the Fund may also create and redeem Baskets via In-Kind Orders, pursuant to which an Authorized Participant or its AP Designee would deposit digital assets directly with the Fund or receive digital assets directly from the Fund. However, because In-Kind Regulatory Approval has not been obtained, at this time Baskets will not be created or redeemed through In-Kind Orders and will only be created or redeemed through Cash Orders. There can be no assurance as to when such regulatory clarity will emerge, or when NYSE Arca will seek or obtain such regulatory approval, if at all. See “Risk Factors—Risk Factors Related to the Fund and the Shares—The lack of ability to facilitate in-kind creations and redemptions of Shares could have adverse consequences for the Fund” in Exhibit 99.1 hereto, which is incorporated by reference herein, for more information.

The foregoing description is a summary and is qualified in its entirety by the form of Participant Agreement, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference. The Manager may engage additional Authorized Participants in the future.

#### *Updates to the description of creations and redemptions of the Fund’s shares:*

The Fund intends to create and redeem Shares in accordance with the procedures for creation and redemption of Shares set forth in the LLC Agreement, in a manner described in “Description of Creation and Redemption of Shares” set forth in Exhibit 99.2 hereto, which is incorporated by reference herein and supersedes the section set forth in “Part I—Item 1. Business—Description of Creation of Shares” in the Fund’s Annual Report on Form 10-K for the fiscal year ended June 30, 2025 (“Annual Report”).

### **Third Amended and Restated Limited Liability Company Agreement**

On September 18, 2025, the Manager entered into the Third Amended and Restated Limited Liability Company Agreement (the “Third A&R LLC Agreement”). The operative provisions of the Third A&R LLC Agreement are described in the Fund’s Prospectus.

The foregoing description of the Third A&R LLC Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Third A&R LLC Agreement, a copy of which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

## ***Transfer Agency and Service Agreement***

On September 18, 2025, the Manager and The Bank of New York Mellon, a New York corporation authorized to conduct banking business (“BNY Mellon”), entered into a Transfer Agency and Service Agreement (the “Transfer Agency and Service Agreement”) engaging BNY Mellon to serve as the transfer agent for the Fund (the “Transfer Agent”), effective as of the Uplisting Date. Under the Transfer Agency and Service Agreement, the Transfer Agent will provide the following services to the Fund and the Manager: (1) facilitate the issuance and redemption of shares of the Fund; (2) respond to correspondence by Fund shareholders and others relating to its duties; (3) maintain shareholder accounts; and (4) make periodic reports to the Fund.

The Fund will indemnify and hold harmless the Transfer Agent, and the Transfer Agent will incur no liability, in connection with the Transfer Agency and Service Agreement, or as a result of acting upon any instructions reasonably believed by the Transfer Agent to have been duly authorized by the Fund or upon reasonable reliance of information or records given or made by the Fund; except for any losses caused by the Transfer Agent’s fraud, negligence, or willful misconduct or that of its employees, agents or attorneys-in-fact.

Fees paid to the Transfer Agent are a Manager-paid Expense (as defined in the Fund’s Annual Report).

The foregoing description is a summary, does not purport to be a complete description of the Transfer Agency and Service Agreement, and is qualified in its entirety by reference to the Transfer Agency and Service Agreement, which is filed as Exhibit 10.2 hereto and is incorporated by reference herein.

## **Item 1.02 Termination of a Material Definitive Agreement.**

### **Authorized Participant Agreement**

In connection with the entry into the Participant Agreements referred to in Item 1.01 hereto, as of September 18, 2025, the Manager amended, restated and modified in its entirety the Participant Agreement, dated as of October 3, 2022, between the Manager and Grayscale Securities, LLC, an affiliate and related party of the Fund, to remove the Fund as an entity covered by the Agreement.

### **Distribution and Marketing Agreement**

Also as of September 18, 2025, the Manager amended, restated and modified in its entirety the Distribution and Marketing Agreement, dated as of October 3, 2022, among the Manager, the Fund and Grayscale Securities, LLC, an affiliate and related party of the Fund, to remove the Fund as an entity covered by the Agreement. In its capacity as distributor and marketer, Grayscale Securities assisted the Manager in developing an ongoing marketing plan for the Fund, preparing marketing materials regarding the Shares, including the content on the Fund’s website, and executing the marketing plan for the Fund.

### **Transfer Agency and Service Agreement**

In connection with the entry into the Transfer Agency and Service Agreement with BNY Mellon and the Co-Transfer Agency Agreement with Continental Stock Transfer & Trust Company (“Continental”), dated as of September 19, 2025, the Manager and Continental agreed to terminate, as of the Uplisting Date, the transfer agency and services agreement, dated March 3, 2018, among the Manager, the Fund and Continental, pursuant to which Continental served as transfer agent for the Fund. As a result, effective as of the Uplisting Date, Continental will no longer act as the transfer agent for the Fund but will continue to serve as the Co-Transfer Agent.

## **Item 8.01 Other Events.**

### **Listing on NYSE Arca**

Shares of the Fund began trading on NYSE Arca on September 19, 2025 (the “Uplisting Date”), under the ticker symbol “GDLC.”

### **Commencement of Redemption Program**

On September 18, 2025, the Manager approved the commencement of a redemption program. The redemption procedures through which the Fund will redeem shares in exchange for distributions of Fund Components are set forth in Item 1.01 hereto.

*Updates to the description of the Fund’s Shares:*

### ***Creation and Redemption of Shares***

The Fund creates and redeems Shares at such times and for such periods as determined by the Manager, but only in one or more whole Baskets. A Basket equals 10,000 Shares. The creation of a Basket requires the delivery to the Fund of the amount of Fund Components plus cash representing the Cash Portion, if any, represented by one Share immediately prior to such creation multiplied by 10,000. The redemption of a Basket requires distribution by the Fund of the amount of Fund Components plus cash representing the

Cash Portion, if any, represented by one Share immediately prior to such redemption multiplied by 10,000. The Fund may from time to time halt creations and redemptions for a variety of reasons, including in connection with forks, airdrops and other similar occurrences.

The Manager does not expect price differentials for Fund Components across Digital Asset Trading Platforms or the closure of any single Digital Asset Trading Platform to adversely impact the ability of Authorized Participants to implement arbitrage mechanisms, as Fund Components could be sourced through multiple Digital Asset Trading Platforms. The Manager acknowledges, however, that arbitrage mechanisms could be adversely impacted if trading of Fund Components was delayed or otherwise halted across multiple Digital Asset Trading Platforms, whether due to forces outside the Fund's control or otherwise.

*Updates to the Fund's disclosure relating to Forked Assets:*

On July 29, 2019, the Manager delivered to the Custodian a notice (the "Pre-Creation Abandonment Notice") stating that the Fund is abandoning irrevocably for no direct or indirect consideration, effective immediately prior to each time at which the Fund creates Shares (any such time, a "Creation Time"), all Forked Assets to which it would otherwise be entitled as of such time. The Prime Broker Agreement provides that the Fund also will abandon irrevocably for no direct or indirect consideration, effective immediately prior to each Creation Time and each time at which the Fund redeems Shares (any such time, a "Redemption Time"), all Forked Assets to which it would otherwise be entitled as of such time (such provision, as amended or supplemented from time to time, the "Pre-Redemption Abandonment Notice" and, together with the Pre-Creation Abandonment Notice, the "Pre-Creation/Redemption Abandonment Notices"). An abandonment made pursuant to a Pre-Creation/Redemption Abandonment Notice is referred to herein as a "Pre-Creation/Redemption Abandonment." Pursuant to the Pre-Creation/Redemption Abandonment Notices, a Pre-Creation/Redemption Abandonment would not apply to any Forked Assets if (i) the Fund has taken, or is taking at such time, an "Affirmative Action" to acquire or abandon such Forked Assets at any time prior to the relevant Creation Time or Redemption Time or (ii) such Forked Assets has been subject to a previous Pre-Creation/Redemption Abandonment. An Affirmative Action refers to a written notification from the Manager to the Prime Broker, the Custodian or Coinbase Credit of the Fund's intention (i) to acquire and/or retain any Forked Assets or (ii) to abandon, with effect prior to the relevant Creation Time or Redemption Time, any Forked Assets.

As a result of the Pre-Creation/Redemption Abandonment Notices, since July 29, 2019, the Fund has irrevocably abandoned, prior to the Creation Time of any Shares (and, since the Fund announced the commencement of its redemption program on September 18, 2025, prior to the Redemption Time of any Shares), any Forked Assets that it may have any right to receive at such time. The Fund has no right to receive any Forked Assets abandoned pursuant to either the Pre-Creation/Redemption Abandonment Notices or Affirmative Actions. Furthermore, the Prime Broker, the Custodian and Coinbase Credit have no authority, pursuant to the Prime Broker Agreement or otherwise, to exercise, obtain or hold, as the case may be, any such abandoned Forked Assets on behalf of the Fund or to transfer any such abandoned Forked Assets to the Fund if the Fund terminates its custodial arrangement with the Prime Broker, the Custodian and Coinbase Credit. In addition, the Manager has committed to cause the Fund not to take any Affirmative Action to acquire any Forked Assets, thereby irrevocably abandoning any Forked Assets to which the Fund may become entitled in the future.

Because the Manager has now committed to causing the Fund to irrevocably abandon all Forked Assets to which the Fund otherwise would become entitled in the future, and causing the Fund not to take any Affirmative Actions, the Fund will not receive any direct or indirect consideration for the Forked Assets and thus the value of the Shares will not reflect the value of the Forked Assets. Although the methodology the Manager uses for the valuation of digital assets and calculation of the Fund's NAV includes the aggregate U.S. dollar value of any Forked Assets then held by the Fund, Forked Assets will not impact the calculation because they will have been irrevocably abandoned. In addition, in the event the Manager seeks to change the Fund's policy with respect to Forked Assets, an application would need to be filed with the SEC by NYSE Arca seeking approval to amend its listing rules to permit the Fund to distribute the Forked Assets in-kind to an agent of the shareholders for resale by such agent. However, there can be no assurance as to whether or when the Manager would make such a decision, or when NYSE Arca will seek or obtain this approval, if at all. See "Risk Factors—Risks Related to the Fund and the Shares—Shareholders will not receive the benefits of any forks or airdrops" in Exhibit 99.1 hereto, which is incorporated by reference herein, for more information.

The Manager has controls in place to monitor for material hard forks or airdrops. The Manager will notify investors of any material change to its policy with respect to Forked Assets by filing a current report on Form 8-K.

For purposes of the foregoing:

- **"Creation Time"**—With respect to the creation of any Shares by the Fund, the time at which the Fund creates such Shares.
- **"Pre-Creation/Redemption Abandonment"**—The abandonment by the Fund, irrevocably for no direct or indirect consideration, all Forked Assets to which the Fund would otherwise be entitled, effective immediately prior to a Creation Time or a Redemption Time (as the case may be) for the Fund.
- **"Pre-Creation/Redemption Abandonment Notices"**—Together, the Pre-Creation Abandonment Notice and the Pre-Redemption Abandonment Notice.

- **“Redemption Time”**—With respect to the redemption of any Shares by the Fund, the time at which the Fund redeems such Shares.

*Updates to the Fund’s disclosure relating to U.S. federal income tax consequences:*

The discussion of U.S. federal income tax consequences that may arise from the ownership and disposition of Shares by U.S. Holders included in “Material U.S. Federal Income Tax Consequences to U.S. Holders”, as set forth in Exhibit 99.3 hereto, which is incorporated by reference herein, supersedes the section set forth in “Part I—Item 1. Business—Certain Cayman Islands and U.S. Federal Income Tax Considerations—Certain United States Tax Considerations” in the Fund’s Annual Report. The discussion of the material U.S. federal income tax consequences therein does not describe all of the tax consequences that may be relevant to a U.S. Holder in light of their particular circumstances. Shareholders are urged to consult their tax advisers about the application of the U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

*Updates to Glossary of Defined Terms:*

Each of the following terms shall have the meaning set forth below and shall be incorporated by reference into, and supplement, the definitions in the “Glossary of Defined Terms” in, the Annual Report:

**“Actual Execution Cash Order”**—A Cash Order pursuant to which any price differential between (x) the Total Basket NAV on the trade date and (y) the price realized in acquiring or disposing of the corresponding Total Basket Amount, as the case may be, will be borne solely by the Authorized Participant.

**“Additional Creation Cash”**—In connection with a creation pursuant to an Actual Execution Cash Order, the amount of additional cash required to be delivered by the Authorized Participant in the event the price realized in acquiring the corresponding Total Basket Amount is higher than the Total Basket NAV on the trade date.

**“Additional Redemption Cash”**—In connection with a redemption pursuant to an Actual Execution Cash Order, the amount of additional cash to be delivered to the Authorized Participant in the event the price realized in disposing the corresponding Total Basket Amount is higher than the Total Basket NAV on the trade date.

**“Cash Account”**—The segregated account maintained by the Transfer Agent in the name of the Fund for purposes of receiving cash from Authorized Participants and Liquidity Providers in connection with creations of Shares and distributing cash to Authorized Participants and Liquidity Providers in connection with redemptions of Shares.

**“Cash Order”**—An order for the creation or redemption of Shares pursuant to procedures facilitated by the Transfer Agent and pursuant to which a Liquidity Provider is engaged to facilitate the purchase or sale of Fund Components. A Cash Order may be executed as either a Variable Fee Cash Order or an Actual Execution Cash Order. Unless the Manager determines otherwise in its sole discretion based on market conditions and other factors existing at the time of such Cash Order, all creations and redemptions pursuant to Cash Orders are expected to be executed as Variable Fee Cash Orders.

**“Creation Basket”**—Basket of Shares issued by the Fund upon deposit of the Basket Amount required for each such Creation Basket.

**“Excess Creation Cash”**—In connection with a creation pursuant to an Actual Execution Cash Order, the amount of excess cash to be returned to the Authorized Participant in the event the price realized in acquiring the corresponding Total Basket Amount is lower than the Total Basket NAV on the trade date.

**“Liquidity Engager”**—Grayscale Investments Sponsors, LLC, in its capacity of engaging one or more Liquidity Providers.

**“Redemption Cash Shortfall”**—In connection with a redemption pursuant to an Actual Execution Cash Order, the amount by which the cash to be delivered to the Authorized Participant is reduced in the event the price realized in disposing the corresponding Total Basket Amount is lower than the Total Basket NAV on the trade date.

**“Settlement Balance”**—An account controlled and maintained by the Custodian to which cash and digital assets of the Fund are credited on the Fund’s behalf.

**“LLC Agreement”**—The Third Amended and Restated Limited Liability Company Agreement establishing and governing the operations of the Fund, as may be amended from time to time.

**“Variable Fee”**—An amount in cash based on the Total Basket NAV, which shall be paid by the Authorized Participant in connection with Variable Fee Cash Orders. The amount may be changed by the Manager in its sole discretion at any time.

“**Variable Fee Cash Order**”—A Cash Order pursuant to which any price differential between (x) the Total Basket NAV on the trade date and (y) the price realized in acquiring or disposing of the corresponding Total Basket Amount, as the case may be, will be borne solely by the applicable Liquidity Provider.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

| <b>Exhibit<br/>No.</b> | <b>Description</b>  |
|------------------------|---|
| 10.1                   | <a href="#"><u>Form of Participant Agreement (incorporated by reference to Exhibit 4.2 of Amendment No. 3 to the Registration Statement on Form S-3 (File No. 333-286293) filed with the SEC on June 26, 2025).</u></a>   |
| 10.2                   | <a href="#"><u>Third Amended and Restated Limited Liability Company Agreement (incorporated by reference to Exhibit 4.1 of Amendment No. 5 to the Registration Statement on Form S-3 (File No. 333-286293) filed with the SEC on September 18, 2025).</u></a>                                       |
| 10.3                   | <a href="#"><u>Transfer Agency and Service Agreement, dated September 18, 2025, between the Fund and Transfer Agent(incorporated by reference to Exhibit 99.7 of Amendment No. 5 to the Registration Statement on Form S-3 (File No. 333-286293) filed with the SEC on September 18, 2025).</u></a> |
| 99.1                   | <a href="#"><u>Risk Factors.</u></a>  |
| 99.2                   | <a href="#"><u>Description of Creation and Redemption of Shares.</u></a>  |
| 99.3                   | <a href="#"><u>Material U.S. Federal Income Tax Consequences to U.S. Holders.</u></a>   |
| 104                    | Cover Page Interactive Data File (the cover page XBRL tags are embedded within the inline XBRL document).   |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Grayscale Investments Sponsors, LLC, as Manager of  
Grayscale CoinDesk Crypto 5 ETF

Date: September 19, 2025

By: /s/ Edward McGee

Name: Edward McGee

Title: Chief Financial Officer\*

\* The Registrant is a fund and the identified person signing this report is signing in their capacity as an authorized officer of Grayscale Investments Sponsors, LLC, the Manager of the Registrant.

## RISK FACTORS

The risks described below will update the Fund's previously filed risk factors to the extent applicable. Capitalized terms used and not defined herein have the meanings ascribed to them in the Prospectus dated September 18, 2025 with the Securities and Exchange Commission pursuant to Rule 424(b)(3) under the Securities Act of 1933, as amended.

### **Risk Factors Related to the Offering**

***The liquidity of the Shares may be affected if Authorized Participants cease to perform their obligations under the Participant Agreements or the Liquidity Engager is unable to engage Liquidity Providers.***

In the event that one or more Authorized Participants having substantial interests in Shares or otherwise responsible for a significant portion of the Shares' daily trading volume on NYSE Arca terminates its Participant Agreement, the liquidity of the Shares would likely decrease, which could adversely affect the value of the Shares. In addition, if the Liquidity Engager is unable to engage one or more Liquidity Providers to obtain or receive Fund Components in connection with Cash Orders, the Fund may have difficulty maintaining the participation of certain Authorized Participants or engaging additional Authorized Participants. Under such circumstances, the liquidity of the Shares would likely decrease, which could adversely affect the value of the Shares.

***The Shares may trade at a price that is at, above or below the Fund's NAV per Share as a result of the non-current trading hours between NYSE Arca and the Digital Asset Trading Platform Market.***

The Fund's NAV per Share will fluctuate with changes in the market value of the Fund Components, and the Manager expects the trading price of the Shares to fluctuate in accordance with changes in the Fund's NAV per Share, as well as market supply and demand. However, the Shares may trade on NYSE Arca at a price that is at, above or below the Fund's NAV per Share for a variety of reasons. For example, NYSE Arca is open for trading in the Shares for a limited period each day, but the Digital Asset Trading Platform Market is a 24-hour marketplace. During periods when NYSE Arca is closed but Digital Asset Trading Platforms are open, significant changes in the prices of the Fund Components on the Digital Asset Trading Platform Market could result in a difference in performance between the value of the Fund Components as measured by the Index Prices or Digital Asset Reference Rates and the most recent NAV per Share or closing trading price. For example, if the prices of the Fund Components on the Digital Asset Trading Platform Market, and the value of the Fund Components as measured by the Index Prices or Digital Asset Reference Rates, move significantly in a negative direction after the close of NYSE Arca, the trading price of the Shares may "gap" down to the full extent of such negative price shift when NYSE Arca reopens. If the prices of the Fund Components on the Digital Asset Trading Platform Market drops significantly during hours NYSE Arca is closed, shareholders may not be able to sell their Shares until after the "gap" down has been fully realized, resulting in an inability to rapidly mitigate losses in a negative market. Even during periods when NYSE Arca is open, large Digital Asset Trading Platforms (or a substantial number of smaller Digital Asset Trading Platforms) may be lightly traded or closed for any number of reasons, which could increase trading spreads and widen any premium or discount on the Shares.

***The commencement of a redemption program, in conjunction with the listing of the Shares on the NYSE Arca, may impact whether the Shares trade at a discount or premium to the NAV per Share, and any suspension or other unavailability of the Fund's redemption program may cause the Shares to trade at a discount to the NAV per Share.***

Historically, the Shares have traded on OTCQX at both premiums and discounts to the NAV per Share, which at times have been substantial. The Manager believes that the trading price of the Shares has diverged from the NAV per Share in the past due, in part, to the holding period under Rule 144 for Shares purchased in the private placement and the lack of an ongoing redemption program, as a result of which Authorized Participants have been unable to take advantage of arbitrage opportunities when the market value of the Shares deviated from the NAV per Share. Although the Manager cannot predict with certainty what effect the commencement of the Fund's redemption program, in conjunction with the listing of the Shares on NYSE

Arca, will have on the trading price of the Shares, it may have the effect of reducing any premium or discount at which the Shares have been trading on the OTCQX immediately prior to the commencement of the redemption program, and there can be no assurance that the Fund's redemption program will not be suspended or become unavailable again in the future. In addition, if the Manager decides to limit Cash Orders at a time when the Shares are trading at a premium or a discount to the NAV per Share, and In-Kind Regulatory Approval has not been obtained as of such time or the in-kind creation or redemption of Shares is otherwise unavailable for any reason, the arbitrage mechanism may fail to effectively function, which could impact the Shares' liquidity and/or cause the Shares to trade at premiums and discounts to the NAV per Share, and otherwise have a negative impact on the value of the Shares.

***Shareholders may suffer a loss on their investment if the Shares trade above or below the Fund's NAV per Share.***

Historically, the Shares have traded at both premiums and discounts to the NAV per Share, which at times have been substantial. If the Shares trade on NYSE Arca in the future at a premium, investors who purchase Shares on NYSE Arca will pay more for their Shares than investors who purchase Shares directly from Authorized Participants. In contrast, if the Shares trade on NYSE Arca in the future at a discount, investors who purchase Shares directly from Authorized Participants will pay more for their Shares than investors who purchase Shares on NYSE Arca. The premium or discount at which the Shares have traded has fluctuated over time. For example, July 1, 2022 to June 30, 2025, the maximum discount of the closing price of the Shares quoted on OTCQX below the value of the Fund's NAV per Share was 63% and the average discount was 35%. The closing price of the Shares, as quoted on OTCQX at 4:00 p.m., New York time, on each business day, between July 1, 2022 to June 30, 2025, has been quoted at a discount on 751 days. As of June 30, 2025, the last business day of such period, the closing price of the Shares quoted on OTCQX was \$47.95 and the Fund's Shares were quoted on OTCQX at a discount of 2% to the Fund's NAV per Share. As of September 16, 2025, the closing price of the Shares quoted on OTCQX was \$54.25 and the Fund's Shares were quoted on OTCQX at a discount of 7% to the Fund's NAV per Share. As a result, shareholders who purchase Shares on NYSE Arca at a premium may suffer a loss on their investment if they sell their Shares at a time when the premium has decreased from the premium at which they purchased the Shares even if the NAV per Share remains the same. Likewise, shareholders that purchase Shares directly from the Fund may suffer a loss on their investment if they sell their Shares at a time when the Shares are trading at a discount on NYSE Arca. Furthermore, shareholders may suffer a loss on their investment even if the NAV per Share increases because the decrease in any premium or increase in any discount may offset any increase in the NAV per Share.

***There is no guarantee that an active trading market for the Shares will develop.***

Although an active market for the Shares had developed on OTCQX and the Shares have been approved for listing on NYSE Arca, there can be no assurance that an active trading market for the Shares will develop or, to the extent an active market does develop, be maintained or continue to develop once the shares are listed for trading on NYSE Arca. In addition, NYSE Arca can halt the trading of the Shares at any time and for a variety of reasons. To the extent that NYSE Arca halts trading in the Shares, whether on a temporary or permanent basis, shareholders may not be able to buy or sell Shares, which could adversely affect the value of the Shares. If an active trading market for the Shares does not develop or continue to exist, the market prices and liquidity of the Shares may be adversely affected.

#### **Risk Factors Related to the Fund and the Shares**

***The lack of ability to facilitate in-kind creations and redemptions of Shares could have adverse consequences for the Fund.***

The Fund is currently only able to accept Cash Orders, which means that an Authorized Participant will deposit cash into, or accept cash from, the Cash Account in connection with the creation and redemption of Baskets, and a Liquidity Provider will obtain or receive Fund Components in exchange for cash in connection with such order. However, the Fund is not at this time able to create and redeem Shares via in-kind transactions with Authorized Participants in exchange for Fund Components.

Authorized participants must be registered broker-dealers. Registered broker-dealers are subject to various requirements of the federal securities laws and rules, including financial responsibility rules such as the customer protection rule, the net capital rule and recordkeeping requirements. Although the SEC recently approved orders to permit in-kind creations and redemptions by authorized participants for certain spot digital asset ETP shares, it is not clear whether or how market participants, including registered broker-dealers, will adjust their activities to account for the new orders. In particular, registered broker-dealers participating in the in-kind creation or redemption of Shares for Fund Components will need to ensure that they can demonstrate compliance with the applicable financial responsibility rules. While compliance with these requirements would be the broker-dealer's responsibility, a national securities exchange is required to enforce compliance by its member broker-dealers with applicable federal securities law and rules. As a result, the SEC is unlikely to permit an exchange to adopt listing rules for a product if it is not clear that the exchange's members would be able to comply with applicable rules when transacting in the product as designed. In light of the new orders, NYSE Arca may seek the necessary regulatory approval to amend its listing rules to permit the Fund to create and redeem Shares through In-Kind Orders, in which Authorized Participants or their designees would deposit Fund Components directly with the Fund or receive Fund Components directly from the Fund. However, there can be no assurance as to when NYSE Arca will seek or obtain this approval, if at all.

To the knowledge of the Manager, exchange-traded products for all spot-market commodities other than digital assets, such as gold and silver, employ in-kind creations and redemptions with the underlying asset. The Manager believes that it is generally more efficient, and therefore less costly, for spot commodity exchange-traded products to utilize in-kind orders rather than cash orders, because there are fewer steps in the process and therefore there is less operational risk involved when an authorized participant can manage the buying and selling of the underlying asset itself, rather than depend on an unaffiliated party such as the issuer or Manager of the exchange-traded product. As such, a spot commodity exchange-traded product that only employs cash creations and redemptions and does not permit in-kind creations and redemptions is a novel product that has only recently been tested, and could be impacted by any resulting operational inefficiencies.

In particular, the Fund's inability to facilitate in-kind creations and redemptions could result in the exchange-traded product arbitrage mechanism failing to function as efficiently as it otherwise would, leading to the potential for the Shares to trade at premiums or discounts to the NAV per Share, and such premiums or discounts could be substantial. Furthermore, if Cash Orders are unavailable, either due to the Manager's decision to reject or suspend such orders or otherwise, it will not be possible for Authorized Participants to redeem or create Shares, in which case the arbitrage mechanism would be unavailable. This could result in impaired liquidity for the Shares, wider bid/ask spreads in secondary trading of the Shares and greater costs to investors and other market participants. In addition, the Fund's inability to facilitate in-kind creations and redemptions, and resulting reliance on cash creations and redemptions, could cause the Manager to halt or suspend the creation or redemption of Shares during times of market volatility or turmoil, among other consequences.

Even if In-Kind Regulatory Approval were obtained, there can be no assurance that in-kind creations or redemptions of the Shares will be available in the future, or that broker-dealers would be willing to serve as Authorized Participants with respect to the in-kind creation and redemption of Shares. Any of these factors could adversely affect the performance of the Fund and the value of the Shares.

***Shareholders will not receive the benefits of any forks or airdrops.***

Many Digital Asset Networks operate using open-source protocols, meaning that any user can download the software, modify it and then propose that the users, validators and miners of the digital asset adopt the modification. When a modification is introduced and a substantial majority of users, validators and miners consent to the modification, the change is implemented and the network remains uninterrupted. However, if less than a substantial majority of users, validators and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a "hard fork" of the network, with one group running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of the Digital Asset Network and digital asset running in parallel, yet lacking interchangeability. In addition to forks, a

digital asset may become subject to a similar occurrence known as an “airdrop.” In an airdrop, the promoters of a new digital asset announce to some group of users, such as the group that are holders of another digital asset, that such group will be entitled to claim a certain amount of the new digital asset for free, based on the fact that they are part of that group. We refer to the right to receive any benefits arising from a fork, airdrop or similar event, or any such digital asset acquired as a result of the exercise of such right, as a “Forked Asset.”

With respect to any fork, airdrop or similar event, the Manager will cause the Fund to irrevocably abandon the Forked Assets associated with such event. As such, shareholders will not receive the benefits of any forks, and the Fund is not able to participate in any airdrop.

In the event the Manager seeks to change the Fund’s policy with respect to Forked Assets, an application would need to be filed with the SEC by NYSE Arca seeking approval to amend its listing rules to permit the Fund to distribute the Forked Assets in-kind to an agent of the shareholders for resale by such agent. However, there can be no assurance as to whether or when the Manager would make such a decision, or when NYSE Arca will seek or obtain this approval, if at all.

Even if such regulatory approval is sought and obtained, shareholders may not receive the benefits of any forks, the Fund may not choose, or be able, to participate in an airdrop, and the timing of receiving any benefits from a fork, airdrop or similar event is uncertain. Any inability to recognize the economic benefit of a hard fork or airdrop could adversely affect the value of the Shares.

***The Fund is not permitted to engage in Staking, which could negatively affect the value of the Shares.***

At this time, none of the Fund, the Manager, the Custodian, nor any other person associated with the Fund may, directly or indirectly, engage in Staking of the Fund’s digital assets on behalf of the Fund, meaning no action will be taken pursuant to which any portion of the Fund’s digital assets becomes used in proof-of-stake validation or is used to earn additional digital assets or generate income or other earnings, and there can be no assurance that the Fund, the Manager, the Custodian or any other person associated with the Fund will ever be permitted to engage in Staking of the Fund’s digital assets or such income generating activity in the future.

To the extent (i) the Fund were to amend its LLC Agreement to permit Staking of the Fund’s digital assets and (ii) NYSE Arca were to seek and obtain a rule change permitting the listing of a spot digital asset investment vehicle engaged in Staking, in the future the Fund may seek to establish a program to use digital assets held by the Fund in applicable Digital Asset Networks’ proof-of-stake validation mechanisms to receive rewards comprising additional Fund Components in respect of a portion of its digital asset holdings. However, as long as such conditions and requirements have not been satisfied, the Fund will not use digital assets held by the Fund in any Digital Asset Network’s proof-of-stake validation mechanism to receive rewards comprising additional digital assets in respect of its digital asset holdings. The current inability of the Fund to use its digital assets in Staking and receive such rewards could place the Shares at a comparative disadvantage relative to an investment in digital assets directly or through a vehicle that is not subject to such a prohibition, which could negatively affect the value of the Shares.

***Coinbase Global serves as the custodian and prime execution agent for several competing exchange-traded digital asset products, which could adversely affect the Fund’s operations and ultimately the value of the Shares.***

The Prime Broker and Custodian are both affiliates of Coinbase Global. As of the date hereof, Coinbase Global is the largest publicly traded digital asset company in the world by market capitalization and is also the largest digital asset custodian in the world by assets under custody. By virtue of its leading market position and capabilities, and the relatively limited number of institutionally-capable providers of digital asset brokerage and custody services, Coinbase Global serves as the custodian and prime execution agent for several competing exchange-traded digital asset products. Therefore, Coinbase Global plays a critical role in supporting the U.S. spot digital asset exchange-traded product ecosystem, and its size and market share create the risk that Coinbase Global may fail to properly resource its operations to adequately support all such products that use its services, which could harm the Fund, the shareholders and the value of the Shares. If

Coinbase Global were to favor the interests of certain products over others, it could result in inadequate attention or comparatively unfavorable commercial terms to less favored products, which could adversely affect the Fund's operations and ultimately the value of the Shares.

***Certain of the Authorized Participants engaged by the Fund serve in a similar capacity for several competing exchange-traded digital asset products, which could adversely affect the arbitrage mechanism, the Fund's operations, the performance of the Fund and ultimately the value of the Shares.***

Certain of the Authorized Participants engaged by the Fund serve in a similar capacity for several competing exchange-traded digital asset products. As a result, the Authorized Participants may be unable to adequately support all of the exchange-traded digital asset products that use their respective services. This risk may also be exacerbated as a consequence of the price and volatility of the Fund Components, as well as the amount of Fund Components that is required to create or redeem Shares of the Fund. See "Description of Creation and Redemption of Shares." Moreover, the Authorized Participants may choose to facilitate creations and redemptions for competing products rather than for the Fund, including as a result of, among other things, how effectively the arbitrage mechanism of the Fund functions, the liquidity for the Shares, the bid/ask spreads in secondary trading of the Shares and the costs associated with creating and redeeming Shares of the Fund, in each case relative to competing products. In addition, given the relatively limited number of market participants that could serve as Authorized Participants of the Fund, the Fund may not be able to engage other providers to serve as Authorized Participants. If any or all of the Authorized Participants were to cease to act in their capacity as Authorized Participants of the Fund, or if any of the Authorized Participants were to favor creating and redeeming shares of competing products over those of the Fund, the Fund may receive inadequate attention or be subject to comparatively unfavorable commercial terms, which could adversely affect the arbitrage mechanism, the Fund's operations, the performance of the Fund and ultimately the value of the Shares. See also "—Risks Related to the Offering—Competition from the emergence or growth of other methods of investing in digital assets could have a negative impact on the prices of the Fund Components and adversely affect the value of the Shares."

***The Fund is an "emerging growth company" and the reduced disclosure requirements applicable to emerging growth companies may make the Shares less attractive to investors.***

The Fund is an "emerging growth company," as defined in the JOBS Act, and intends to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and exemptions from the requirement of shareholder approval of any golden parachute payments not previously approved. The Fund intends to take advantage of these reporting exemptions until it is no longer an emerging growth company. The Manager and the Fund cannot predict if investors will find the Shares less attractive because the Fund will rely on these exemptions. The Fund will remain an emerging growth company for up to five years after its initial public offering, although it will lose that status sooner if the Fund has more than \$1.235 billion of revenues in a fiscal year, has more than \$700 million in market value of Shares held by non-affiliates as of any June 30 or issues more than \$1.0 billion of non-convertible debt over a rolling three-year period. If some investors find the Shares less attractive as a result, there may be a less active trading market for the Shares and the price of the Shares may be more volatile.

***The Fund seeks to replicate the performance of the Index as closely as possible. However, the Fund may not achieve perfect correlation with the Index due to various factors, including, but not limited to, the Weightings Floor.***

While the Fund seeks to replicate the performance of the Index as closely as possible, the Fund may not achieve perfect correlation with the Index due to various factors. For example, the Manager may decide, in its sole discretion, to include or exclude a digital asset if the Manager determines that such digital asset is or is not suitable for inclusion in the Fund's portfolio, irrespective of such digital asset's inclusion in the CD5. In addition, the Manager may exclude a digital asset or rebalance the Fund Weighting of an existing Fund Component to the extent its inclusion as a Fund Component or projected Fund Weighting would exceed a threshold that could, in the Manager's sole discretion, require the Fund to register as an investment company under the Investment Company Act or require the Manager to register as an investment adviser under the

U.S. Investment Advisers Act of 1940, as amended. See “Part I—Item 1. Business—Fund Construction Criteria” in the Annual Report, as amended from time to time by our Exchange Act filings.

In addition, the Fund Components may deviate from the Index Components, and the Fund Weightings may deviate from the Index Weightings for various reasons, including, but not limited to, the Weightings Floor. For example, if the movement in the prices of certain Fund Components cause the corresponding Index Weightings of Fund Components which are Approved Components to fall below 85%, the Manager expects that it will cause the Fund to rebalance such that the aggregate Fund Weightings of Approved Components comprise at least 85% of the Fund Weightings in the aggregate to maintain satisfaction of the Weightings Floor, which would cause the Fund Weightings to deviate from the Index Weightings.

### **Risk Factors Related to the Regulation of the Fund and the Shares**

#### ***The Fund may be a “passive foreign investment company” for U.S. federal income tax purposes.***

Although there is no certainty in this regard, the Fund may be a “passive foreign investment company” (a “PFIC”) for U.S. federal income tax purposes. An investment in an equity interest in a PFIC may have materially adverse U.S. federal income tax consequences for a U.S. Holder (as defined below in “Material Cayman Islands and U.S. Federal Income Tax Considerations—Material U.S. Federal Income Tax Consequences to U.S. Holders”). Very generally, if the Fund is a PFIC and a U.S. Holder does not make a “qualified electing fund” election (a “QEF Election”) or a mark-to-market election (an “MTM Election”) with respect to the Fund, any gain recognized by the U.S. Holder in respect of its Shares will be subject to U.S. federal income tax at the rates applicable to ordinary income (using the highest rates in effect throughout the U.S. Holder’s holding period for its Shares, with the gain being treated as earned ratably over such holding period) and the U.S. Holder’s resulting tax liability will be subject to an interest charge.

Assuming that the Fund is a PFIC, a U.S. Holder can mitigate these consequences by making a QEF Election with respect to the Fund. In that case, the U.S. Holder will be required to include in income each year its share of the Fund’s ordinary earnings (as ordinary income) and net capital gain (as long-term capital gain), regardless of whether the Fund makes any distributions. Alternatively, a U.S. Holder that makes an MTM Election with respect to the Fund generally will recognize ordinary income or loss (but, in the case of loss, only to the extent of the net amount of ordinary income previously included with respect to its Shares) in each taxable year to the extent that the fair market value of the Shares at the end of that year differs from the U.S. Holder’s adjusted basis in the Shares at that time. The Fund intends to provide PFIC Annual Information Statements to U.S. Holders to allow them to make QEF Elections or MTM Elections with respect to the Fund. Each U.S. Holder should consult its tax adviser as to whether it should make a QEF Election or an MTM Election.

If the Fund is a PFIC and a U.S. Holder does not make a QEF Election (or MTM Election) with respect to the Fund for the first taxable year in which the U.S. Holder holds Shares, the U.S. Holder will generally not be able to mitigate the consequences of the PFIC regime by making a later QEF Election or MTM Election with respect to the Fund unless the U.S. Holder elects to recognize gain, if any, as if it sold its Shares on the first day of the first taxable year to which the QEF Election or MTM Election applies. Any gain that a U.S. Holder recognizes as a consequence of such an election will be subject to U.S. federal income tax under the rules applicable to an investment in a PFIC for which the shareholder has not made a QEF Election or MTM Election.

***The treatment of digital assets for U.S. federal income tax purposes is uncertain.***

Due to the new and evolving nature of digital assets and the absence of comprehensive guidance with respect to digital assets, many significant aspects of the U.S. federal income tax treatment of digital assets are uncertain.

In 2014, the Internal Revenue Service (“IRS”) released a notice (the “Notice”) discussing certain aspects of the treatment of “convertible virtual currency” (that is, digital assets that have an equivalent value in fiat currency or that act as substitutes for fiat currency) for U.S. federal income tax purposes and, in particular, stating that such digital assets (i) are “property,” (ii) are not “currency” for purposes of the rules relating to foreign currency gain or loss and (iii) may be held as a capital asset. The IRS subsequently has released two revenue rulings (the “Rulings”) and a set of “Frequently Asked Questions” (the “FAQs”) that provide some additional guidance, including guidance to the effect that, under certain circumstances, hard forks of digital assets are taxable events giving rise to ordinary income and guidance with respect to the determination of the tax basis of digital assets. However, the Notice, the Rulings and the FAQs do not address other significant aspects of the U.S. federal income tax treatment of digital assets. For example, there currently is no guidance directly addressing whether or in what circumstances trading by a non-U.S. person in digital assets, or engaging in certain activities to generate yield on digital assets, could give rise to income that is effectively connected with a trade or business in the United States. In addition, although the Notice contemplates that rewards earned from “mining” will constitute taxable income to the miner, there is no guidance directly addressing amounts received in connection with digital asset lending activities, including with respect to whether and when engaging in it might rise to the level of a trade or business. It is likely, however, that the IRS would assert that lending digital assets gives rise to current, ordinary income. It is possible that a lending transaction could be treated as a taxable disposition of the lent digital assets. Because the treatment of digital assets is uncertain, it is possible that the treatment of owning or transacting in any particular digital asset may be adverse to the Fund. For example, ownership of a digital asset could be treated as ownership in an entity, in which case the consequences of ownership of that digital asset would depend on the type and place of organization of the deemed entity. Moreover, although the Rulings and the FAQs address the treatment of hard forks, there continues to be uncertainty with respect to the timing and amount of the income inclusions.

There can be no assurance that the IRS will not alter its position with respect to digital assets in the future or that a court would uphold the treatment set forth in the Notice, the Rulings and the FAQs. It is also unclear what additional guidance on the treatment of digital assets for U.S. federal income tax purposes may be issued in the future. Any such alteration of the current IRS positions or additional guidance could result in adverse tax consequences for shareholders and could have an adverse effect on the value of digital assets held in the Fund. Future developments that may arise with respect to digital assets may increase the uncertainty with respect to the treatment of digital assets for U.S. federal income tax purposes. For example, the Notice addresses only digital assets that are “convertible virtual currency,” and it is conceivable that, as a result of a fork, airdrop or similar occurrence, the Fund could hold certain types of digital assets that are not within the scope of the Notice, in the event the Manager seeks to change the Fund’s policy with respect to Forked Assets, subject to NYSE Arca obtaining regulatory approval from the SEC.

Prospective investors are urged to consult their tax advisers regarding the tax consequences of an investment in the Fund and in digital assets in general.

***Future developments regarding the treatment of digital assets for U.S. federal income tax purposes could adversely affect the value of the Shares.***

As discussed above, many significant aspects of the U.S. federal income tax treatment of digital assets, such as digital assets held in the Fund, are uncertain, and it is unclear what guidance on the treatment of digital assets for U.S. federal income tax purposes may be issued in the future. It is possible that any such guidance would have an adverse effect on the prices of digital assets, including on the price in the Digital Asset Markets of digital assets held in the Fund, and therefore may have an adverse effect on the value of the Shares of the Fund.

Because of the evolving nature of digital assets, it is not possible to predict potential future developments that may arise with respect to digital assets, including forks, airdrops and similar occurrences, or staking or

digital asset lending activities. Such developments may increase the uncertainty with respect to the treatment of digital assets for U.S. federal income tax purposes.

***Future developments in the treatment of digital assets for tax purposes other than U.S. federal income tax purposes could adversely affect the value of the Shares.***

The taxing authorities of certain states, including New York, (i) have announced that they will follow the Notice with respect to the treatment of digital assets for state income tax purposes and/or (ii) have issued guidance exempting the purchase and/or sale of digital assets for fiat currency from state sales tax. However, it is unclear what further guidance on the treatment of digital assets for state tax purposes may be issued in the future.

The treatment of digital assets for tax purposes by non-U.S. jurisdictions may differ from the treatment of digital assets for U.S. federal, state or local tax purposes. It is possible, for example, that a non-U.S. jurisdiction would impose sales tax or value-added tax on purchases and sales of digital assets for fiat currency. If a foreign jurisdiction with a significant share of the market of digital assets users imposes onerous tax burdens on digital asset users, or imposes sales or value-added tax on purchases and sales of digital assets for fiat currency, such actions could result in decreased demand for digital assets held by the Fund in such jurisdiction.

Any future guidance on the treatment of digital assets for state, local or non-U.S. tax purposes could increase the expenses of the Fund and could have an adverse effect on the prices of digital assets, including on the price of digital assets in the Digital Asset Markets. As a result, any such future guidance could have an adverse effect on the value of the Shares.

***It is possible that the Fund could be subject to U.S. federal income tax with respect to income generated in connection with certain of its activities.***

As discussed above in “—The treatment of digital assets for U.S. federal income tax purposes is uncertain,” the U.S. federal income tax treatment of transactions in digital assets is unclear in many respects. In particular, there currently is no guidance directly addressing whether or in what circumstances trading by a non-U.S. person, such as the Fund, in digital assets, or engaging in certain activities to generate yield on digital assets, could give rise to income that is effectively connected with a trade or business in the United States. In general, if a non-U.S. person earns income that is, or is treated as, effectively connected with the conduct of a trade or business in the United States (“effectively connected income”), the non-U.S. person will be subject to U.S. federal income tax on a net income basis. Income or gain from investing, and income or gain from trading in commodities for one’s own account if certain circumstances apply, generally does not constitute effectively connected income. However, the application of these rules to digital assets and the Fund are uncertain. In addition, if, in the future, the Fund engages in staking or digital asset lending activities (or certain other methods of generating return on Fund Components held by the Fund), and those activities constitute the conduct of a trade or business in the United States, the Fund could earn effectively connected income. If the Fund derives effectively connected income, it would be subject to U.S. federal income tax at rates applicable to U.S. resident corporations on its effectively connected income, which in certain circumstances could include income or gains recognized by the Fund on the sale of tokens of the applicable Fund Component. In such case, the Fund potentially would also be subject to an additional U.S. branch profits tax (at a 30% rate) with respect to the Fund’s effectively connected earnings and profits. If the Fund recognizes any effectively connected income, the imposition of U.S. taxes on such income may have a substantial adverse effect on the return to shareholders.

***The Fund may be subject to U.S. federal withholding tax on income derived from digital asset lending activities, or potentially, from forks, airdrops and similar occurrences or from Staking.***

The Rulings and the FAQs do not address whether income recognized by a non-U.S. person, such as the Fund, as a result of a fork, airdrop or similar occurrence, or from staking or digital asset lending activities, could be subject to the 30% withholding tax imposed on U.S.-source “fixed or determinable annual or periodical” income. In the absence of guidance, if, in the future, the Fund engages in staking or digital asset lending activities, it is possible that a withholding agent will withhold 30% from any assets derived by the

Fund from such activities. In addition, it is possible that a withholding agent would similarly withhold 30% from any assets derived by the Fund as a consequence of a fork, airdrop or similar occurrence in the event that the Manager seeks to change the Fund's policy with respect to Forked Assets, subject to NYSE Arca obtaining regulatory approval from the SEC.

## DESCRIPTION OF CREATION AND REDEMPTION OF SHARES

The following is a summary of the material terms relating to the creation and redemption of the Fund's Shares on an ongoing basis. Capitalized terms used and not defined herein have the meanings ascribed to them in the Prospectus dated September 18, 2025 with the Securities and Exchange Commission pursuant to Rule 424(b)(3) under the Securities Act of 1933, as amended.

### General

The Fund issues Shares to and redeems Shares from Authorized Participants on an ongoing basis, but only in one or more Baskets (with a Basket being a block of 10,000 Shares). The Fund will not issue fractions of a Basket. The Manager believes that the creation and redemption order size of 10,000 Shares will enable Authorized Participants to manage inventory and facilitate an effective arbitrage mechanism for the Fund. However, the Manager may in the future adjust the creation and redemption order size in order to improve the effectiveness of the activities of Authorized Participants in the secondary market for the Shares if the Manager determines it to be necessary or advisable. As of September 16, 2025, 3.6022 Bitcoin, 21.8543 Ether, 10,704.6148 XRP, 97.4253 SOL, and 6,547.5018 ADA are required to create a Basket of 10,000 Shares, representing less than 0.01% of the number of each Fund Component traded each day on average. As such, the Manager does not expect that the size of the Baskets will have an impact on the arbitrage mechanism.

The creation and redemption of Baskets will be made only upon the delivery to the Fund, or the distribution or other disposition by the Fund, of the amount of whole and fractional tokens of each Fund Component represented by each Basket being created or redeemed plus cash representing the Cash Portion, if any. The amount of tokens of each Fund Component required to be delivered in connection with a Basket is calculated by dividing (x) the total amount of tokens of such Fund Component held by the Fund at 4:00 p.m., New York time, on the trade date of a creation or redemption order, after deducting all accrued but unpaid Fund Component Fee Amounts for such Fund Component and the amount of tokens of such Fund Component payable as a portion of Additional Fund Expenses (in each case, determined using the applicable Index Price or Digital Asset Reference Rate), by (y) the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-millionth (i.e., carried to the sixth decimal place)), and multiplying such quotient by 10,000. We refer to the amount of tokens of each Fund Component so obtained as the "Fund Component Basket Amount." If the Fund holds any cash in U.S. dollars or other fiat currency, each Basket created or redeemed will also require the delivery of an amount of U.S. dollars or other fiat currency (as converted into U.S. dollars at the applicable exchange rate as of 4:00 p.m., New York time, on each business day) determined by dividing the amount of cash held by the Fund by the total number of Shares outstanding at such time (the quotient so obtained calculated to one one-millionth (i.e., carried to the sixth decimal place)), and multiplying such quotient by 10,000 (the "Cash Portion"). We refer to the sum of the Fund Component Basket Amounts for all Fund Components then held by the Fund and the Cash Portion, if any, as the "Basket Amount." The U.S. dollar value of a Basket is equal to the sum of (x) each Fund Component Basket Amount multiplied by the applicable Index Price or Digital Asset Reference Rate and (y) the Cash Portion, if any (the "Basket NAV"). The Basket NAV multiplied by the number of Baskets being created or redeemed is referred to as the "Total Basket NAV." All questions as to the calculation of the Basket Amount will be conclusively determined by the Manager and will be final and binding on all persons interested in the Fund. The Basket Amount multiplied by the number of Baskets being created or redeemed is the "Total Basket Amount." One or more major market data vendors may provide an intra-day indicative value ("IIV") per Share updated every 15 seconds, as calculated by NYSE Arca or a third-party financial data provider during NYSE Arca's Core Trading Session (9:30 a.m. to 4:00 p.m., New York time). Such IIV will be calculated using the same methodology as the NAV per Share of the Fund, specifically by using the prior day's closing NAV per Share as a base and updating that value during the NYSE Arca Core Trading Session to reflect changes in the value of the Fund's NAV during the trading day. The IIV on a per Share basis disseminated during the Core Trading Session should not be viewed as a real-time update of the NAV, which is calculated once a day. Except as otherwise affected by a rebalancing of the Fund's portfolio, the number of Fund Components represented by a Share will gradually decrease over time as the Fund Components are used to pay the Fund's expenses. As of September 16, 2025 each Share represented approximately 0.0004 Bitcoin, 0.0022 Ether, 1.0705 XRP, 0.0097 SOL, and 0.6548 ADA.

Authorized Participants are the only persons that may place orders to create and redeem Baskets. Each Authorized Participant must (i) be a registered broker-dealer and (ii) enter into a Participant Agreement with the Manager and the Transfer Agent. Subject to In-Kind Regulatory Approval, in the future any Authorized Participants creating and redeeming Shares through In-Kind Orders must also own digital asset wallet addresses and bank accounts that are known to the Manager and the Custodian as belonging to the Authorized Participant and maintain an account with the Custodian (or if the Authorized Participant does not itself trade in Fund Components, a designee of such Authorized Participant (each, an “AP Designee”) must own digital asset wallet addresses and bank accounts that are known to the Manager and the Custodian as belonging to such AP Designee and maintain an account with the Custodian).

An Authorized Participant may act for its own account or as agent for broker-dealers, custodians and other securities market participants that wish to create or redeem Baskets. Shareholders who are not Authorized Participants will only be able to create or redeem their Shares through an Authorized Participant.

The creation of Baskets requires the delivery to the Fund of the Total Basket Amount (or cash to acquire the Total Basket Amount) and the redemption of Baskets requires the distribution or other disposition by the Fund of the Total Basket Amount. Although the Fund creates Baskets only upon the receipt of Fund Components plus cash representing the Cash Portion, if any, and redeems Baskets only by distributing or otherwise disposing of Fund Components plus cash representing the Cash Portion, if any, at this time an Authorized Participant can only submit Cash Orders, pursuant to which the Authorized Participant will deposit cash into, or accept cash from, a segregated account maintained by the Transfer Agent in the name of the Fund for purposes of receiving and distributing cash in connection with the creation and redemption of Baskets (such account, the “Cash Account”).

Cash Orders will be facilitated by the Transfer Agent and Grayscale Investments Sponsors, LLC. On an order-by-order basis, Grayscale Investments Sponsors, LLC, acting in its capacity as Liquidity Engager, will engage one or more Liquidity Providers to obtain or receive Fund Components in exchange for cash in connection with such order, as described in more detail below. Each Liquidity Provider must enter into a Liquidity Provider Agreement with the Liquidity Engager and the Manager (on behalf of the Fund), which will obligate it to obtain or receive Fund Components in connection with creations and redemptions pursuant to Cash Orders.

Unless the Manager requires that a Cash Order be effected at actual execution prices (an “Actual Execution Cash Order”), each Authorized Participant that submits a Cash Order to create or redeem Baskets will pay a fee (the “Variable Fee”) based on the Total Basket NAV (a “Variable Fee Cash Order”), and any price differential between (x) the Total Basket NAV on the trade date and (y) the price realized in acquiring or disposing of the corresponding Total Basket Amount, as the case may be, will be borne solely by the Liquidity Provider until such Fund Components have been received or liquidated by the Fund. The Variable Fee is intended to cover all of a Liquidity Provider’s expenses in connection with the creation or redemption order, including any exchange fees that the Liquidity Provider incurs in connection with buying or selling Fund Components. The amount may be changed by the Manager in its sole discretion at any time, and Liquidity Providers will communicate to the Manager in advance the Variable Fee they would be willing to accept in connection with a Variable Fee Cash Order, based on market conditions and other factors existing at the time of such Variable Fee Cash Order. See “—Creation Procedures— Variable Fee Cash Orders” and “—Redemption Procedures—Variable Fee Cash Orders.”

Alternatively, the Manager may require that a Cash Order be effected as an Actual Execution Cash Order, in its sole discretion based on market conditions and other factors existing at the time of such Cash Order, and under such circumstances, any price differential between (x) the Total Basket NAV on the trade date and (y) the price realized in acquiring or disposing of the corresponding Total Basket Amount, as the case may be, will be borne solely by the Authorized Participant until such Fund Components have been received or liquidated by the Fund. See “—Creation Procedures—Actual Execution Cash Orders” and “—Redemption Procedures—Actual Execution Cash Orders.”

In the case of creations pursuant to Cash Orders, to transfer the Fund Components included in the Total Basket Amount to the Fund’s Vault Balance, the Liquidity Provider will transfer Fund Components to one of the public key addresses associated with the Vault Balance and as provided by the Manager. In the case

of redemptions pursuant to Cash Orders, the same procedure is conducted, but in reverse, using the public key addresses associated with the wallet of the Liquidity Provider, and as provided by such party. All such transactions will be conducted on the Blockchain and parties acknowledge and agree that such transfers may be irreversible if done incorrectly. See “Part I—Item 1A. Risk Factors—Risk Factors Related to the Fund and the Shares—Transactions in digital assets are irrevocable and stolen or incorrectly transferred digital assets may be irretrievable. As a result, any incorrectly executed digital asset transactions could adversely affect the value of the Shares” in the Annual Report.

The Fund is not at this time able to create and redeem shares via in-kind transactions with Authorized Participants. Although the SEC recently approved orders to permit in-kind creations and redemptions by authorized participants for certain spot digital asset ETP shares, it is not yet clear whether or how market participants, including registered broker-dealers, will adjust their activities to account for the new orders. Subject to In-Kind Regulatory Approval, in the future the Fund may also create and redeem Baskets via In-Kind Orders, pursuant to which an Authorized Participant or its AP Designee would deposit Fund Components directly with the Fund or receive Fund Components directly from the Fund. However, because In-Kind Regulatory Approval has not been obtained, at this time Baskets will not be created or redeemed through In-Kind Orders and will only be created or redeemed through Cash Orders. There can be no assurance as to when NYSE Arca will seek or obtain such regulatory approval, if at all. See “Risk Factors—Risk Factors Related to the Fund and the Shares—The lack of ability to facilitate in-kind creations and redemptions of Shares could have adverse consequences for the Fund.”

Authorized Participants do not pay a transaction fee to the Fund in connection with the creation or redemption of Baskets, but there may be transaction fees associated with the validation of the transfer of Fund Components by certain Digital Asset Networks, which will be paid by the Custodian in the case of redemptions and the Authorized Participant, its AP Designee or the Liquidity Provider in the case of creations. Service providers may charge Authorized Participants or AP Designees administrative fees for order placement and other services related to the creation or redemption of Baskets. As discussed above, Authorized Participants will also pay the Variable Fee in connection with Variable Fee Cash Orders. As discussed in further detail below under “—Creation Procedures—Actual Execution Cash Orders” and “—Redemption Procedures—Actual Execution Cash Orders,” under certain circumstances Authorized Participants may also be required to deposit additional cash in the Cash Account, or be entitled to receive excess cash from the Cash Account, in connection with creations and redemptions pursuant to Actual Execution Cash Orders. Authorized Participants will receive no fees, commissions or other form of compensation or inducement of any kind from either the Manager or the Fund and no such person has any obligation or responsibility to the Manager or the Fund to effect any sale or resale of Shares.

The Participant Agreements and the related procedures attached thereto may be amended by the Manager and the relevant Authorized Participant. Under the Participant Agreements, the Manager has agreed to indemnify each Authorized Participant against certain liabilities, including liabilities under the Securities Act.

The following description of the procedures for the creation and redemption of Baskets is only a summary and shareholders should refer to the relevant provisions of the LLC Agreement and the form of Participant Agreement for more detail.

### **Creation Procedures**

On any business day, an Authorized Participant may place an order with the Transfer Agent to create one or more Baskets. Cash Orders for creation must be placed with the Transfer Agent no later than 1:59:59 p.m., New York time (the “Order Cutoff Time”).

The Manager may in its sole discretion limit the number of Shares created pursuant to Cash Orders on any specified day without notice to the Authorized Participants and may direct the Marketing Agent to reject any Cash Orders in excess of such capped amount. In exercising its discretion to limit the number of Shares created pursuant to Cash Orders, the Manager expects to take into consideration a number of factors, including (i) the availability of Liquidity Providers to facilitate Cash Orders and (ii) to the extent In-Kind Regulatory Approval has been obtained, the cost of processing Cash Orders relative to the cost of processing

In-Kind Orders. If the Manager decides to limit Cash Orders and the Fund is otherwise unable to satisfy creation orders made in cash, the Fund's ability to create new Shares could be negatively impacted or, if In-Kind Regulatory Approval has not been obtained as of such time, would be unavailable, which could impact the Shares' liquidity and/or cause the Shares to trade at premiums to the NAV per Share, and otherwise have a negative impact on the value of the Shares. In addition, if the Manager decides to limit Cash Orders at a time when the Shares are trading at a premium to the NAV per Share, and In-Kind Regulatory Approval has not been obtained as of such time or the in-kind creation is otherwise unavailable for any reason, the arbitrage mechanism may fail to effectively function, which could impact the Shares' liquidity and/or cause the Shares to trade at premiums to the NAV per Share, or otherwise have a negative impact on the value of the Shares. See "Risk Factors—Risk Factors Related to the Fund and the Shares—The lack of ability to facilitate in-kind creations and redemptions of Shares could have adverse consequences for the Fund."

Creations pursuant to Cash Orders will take place as follows, where "T" is the trade date and each day in the sequence must be a business day. Before a creation order is placed, the Manager determines if such creation order will be a Variable Fee Cash Order or an Actual Execution Cash Order, which determination is communicated to the Authorized Participant.

| <u>Trade Date (T)</u>  | <u>Settlement Date<br/>(T+1, or T+2, as established at the time of order placement)</u>   |
|--|---|
| <ul style="list-style-type: none"> <li>• The Authorized Participant places a creation order with the Transfer Agent.</li> <li>• The Marketing Agent accepts (or rejects) the creation order, which is communicated to the Authorized Participant by the Transfer Agent.</li> <li>• The Manager notifies the Liquidity Provider of the creation order.</li> <li>• The Manager determines the Total Basket NAV and any Variable Fee and Additional Creation Cash as soon as practicable after 4:00 p.m., New York time.</li> </ul> | <ul style="list-style-type: none"> <li>• The Authorized Participant delivers to the Cash Account: <ul style="list-style-type: none"> <li>(x) in the case of a Variable Fee Cash Order, the Total Basket NAV, plus any Variable Fee; or</li> <li>(y) in the case of an Actual Execution Cash Order, the Total Basket NAV, plus any Additional Creation Cash, less any Excess Creation Cash, if applicable (such amount, as applicable, the "Required Creation Cash").</li> </ul> </li> <li>• The Liquidity Provider transfers the Fund Components included in the Total Basket Amount to the Fund's Vault Balance and the Cash Portion, if any, to the Cash Account.</li> <li>• Once the Fund is in simultaneous possession of (x) the Total Basket Amount and (y) the Required Creation Cash, the Fund issues the aggregate number of Shares corresponding to the Baskets ordered by the Authorized Participant, which the Transfer Agent holds for the benefit of the Authorized Participant.</li> <li>• Cash equal to the Required Creation Cash is delivered to the Liquidity Provider from the Cash Account.</li> <li>• The Transfer Agent delivers Shares to the Authorized Participant by crediting the number of Baskets created to the Authorized Participant's DTC account.</li> </ul> |

### ***Variable Fee Cash Orders***

Unless the Manager determines otherwise in its sole discretion based on market conditions and other factors existing at the time of such Cash Order, all creations pursuant to Cash Orders are expected to be executed as Variable Fee Cash Orders, and any price differential between (x) the Total Basket NAV on the trade date and (y) the price realized in acquiring the corresponding Total Basket Amount will be borne solely by the Liquidity Provider until such Fund Components have been received by the Fund.

The Manager anticipates that the Fund's cost to acquire the Total Basket Amount in connection with a Variable Fee Cash Order will equal the sum of the corresponding Total Basket NAV and Variable Fee to be delivered by the Authorized Participant to the Fund. In the event that, by 12:00 p.m., New York time on the settlement date of a creation pursuant to a Variable Fee Cash Order, either (x) the Fund's Vault Balance has not been credited with Fund Components in an amount equal to the Fund Components included in the Total Basket Amount or (y) the Cash Account has not been credited with the Total Basket NAV, plus any Variable Fee, such Cash Order will be deemed a failed trade, with any consideration that has been delivered by the Authorized Participant or the Liquidity Provider in respect of such Cash Order being returned by the Fund.

The Transfer Agent shall under no circumstances cause the Fund to issue Shares in respect of a Variable Fee Cash Order until such time as each of (x) the Total Basket Amount and (y) the Total Basket NAV, plus any Variable Fee, has been delivered to the Fund, and the Fund is in simultaneous possession of both.

### ***Actual Execution Cash Orders***

With respect to a creation pursuant to an Actual Execution Cash Order, as between the Fund and an Authorized Participant, the Authorized Participant is responsible for the dollar cost of the difference between the Fund Components price utilized in calculating Total Basket NAV on the trade date and the price at which the Fund acquires the Fund Components on the settlement date. If the price realized in acquiring the corresponding Total Basket Amount is higher than the Total Basket NAV, the Authorized Participant will bear the dollar cost of such difference by delivering cash in the amount of such difference (the "Additional Creation Cash") to the Cash Account. If the price realized in acquiring the corresponding Total Basket Amount is lower than the Total Basket NAV, the Authorized Participant will benefit from such difference, with the Fund promptly returning cash in the amount of such excess (the "Excess Creation Cash") to the Authorized Participant.

In the event that, by 12:00 p.m., New York time on the settlement date of a creation pursuant to an Actual Execution Cash Order, either (x) the Fund's Vault Balance has not been credited with Fund Components in an amount equal to the Fund Components included in the Total Basket Amount or (y) the Cash Account has not been credited with the Total Basket NAV (net of any Additional Creation Cash or Excess Creation Cash, if applicable), such Cash Order will be deemed a failed trade, with any consideration that has been delivered by the Authorized Participant or the Liquidity Provider in respect of such Cash Order being returned by the Fund.

The Transfer Agent shall under no circumstances cause the Fund to issue Shares in respect of a Cash Order until such time as each of (x) the Total Basket Amount and (y) the Total Basket NAV (net of any Additional Creation Cash or Excess Creation Cash, if applicable) has been delivered to the Fund, and the Fund is in simultaneous possession of both.

### ***Redemption Procedures***

The procedures by which an Authorized Participant can redeem one or more Baskets mirror the procedures for the creation of Baskets. On any business day, an Authorized Participant may place a redemption order specifying the number of Baskets to be redeemed.

The redemption of Shares pursuant to Cash Orders will only take place if approved by the Manager in writing, in its sole discretion and on a case-by-case basis. In exercising its discretion to approve the redemption of Shares pursuant to Cash Orders, the Manager expects to take into consideration a number of factors, including (i) the availability of Liquidity Providers to facilitate Cash Orders and (ii) to the extent In-Kind Regulatory

Approval has been obtained, the cost of processing Cash Orders relative to the cost of processing In-Kind Orders. If the Manager decides to limit Cash Orders and the Fund is unable to satisfy redemption orders made in cash, the Fund's ability to redeem new Shares could be negatively impacted or, if In-Kind Regulatory Approval has not been obtained as of such time, would be unavailable, which could impact the Shares' liquidity and/or cause the Shares to trade at discounts, and could have a negative impact on the value of the Shares. In addition, if the Manager decides to limit Cash Orders at a time when the Shares are trading at a discount to the NAV per Share, and In-Kind Regulatory Approval has not been obtained as of such time or the in-kind redemption of Shares is otherwise unavailable, the arbitrage mechanism may fail to effectively function, which could impact the Shares' liquidity and/or cause the Shares to trade at discounts to the NAV per Share, and otherwise have a negative impact on the value of the Shares. See "Risk Factors—Risk Factors Related to the Fund and the Shares—The lack of ability to facilitate in-kind creations and redemptions of Shares could have adverse consequences for the Fund."

Cash Orders for redemption must be placed no later than 1:59:59 p.m., New York time on each business day. The Authorized Participants may only redeem Baskets and cannot redeem any Shares in an amount less than a Basket.

Redemptions pursuant to Cash Orders will take place as follows, where "T" is the trade date and each day in the sequence must be a business day. Before a redemption order is placed, the Manager determines if such redemption order will be a Variable Fee Cash Order or an Actual Execution Cash Order, which determination is communicated to the Authorized Participant.

| Trade Date (T)  | Settlement Date<br>(T+1 (or T+2 on case-by-case basis, as approved by Manager))   |
|---|---|
| <ul style="list-style-type: none"> <li>• The Authorized Participant places a redemption order with the Transfer Agent.</li> <li>• The Marketing Agent accepts (or rejects) the redemption order, which is communicated to the Authorized Participant by the Transfer Agent.</li> <li>• The Manager notifies the Liquidity Provider of the redemption order.</li> <li>• The Manager determines the Total Basket NAV and, in the case of a Variable Fee Cash Order, any Variable Fee, as soon as practicable after 4:00 p.m., New York time.</li> </ul> | <ul style="list-style-type: none"> <li>• The Authorized Participant delivers Baskets to be redeemed from its DTC account to the Transfer Agent.</li> <li>• The Liquidity Provider delivers to the Cash Account: <ul style="list-style-type: none"> <li>(x) in the case of a Variable Fee Cash Order, the Total Basket NAV less any Variable Fee; or</li> <li>(y) in the case of an Actual Execution Cash Order, the actual proceeds to the Fund from the liquidation of the Total Basket Amount (such amount, as applicable, the "Required Redemption Cash").</li> </ul> </li> <li>• Once the Fund is in simultaneous possession of (x) the Total Basket Amount and (y) the Required Redemption Cash, the Transfer Agent cancels the Shares comprising the number of Baskets redeemed by the Authorized Participant.</li> <li>• The Custodian sends the Liquidity Provider the Total Basket Amount, and cash equal to the Required Redemption Cash is delivered to the Authorized Participant from the Cash Account.</li> </ul> |

#### ***Variable Fee Cash Orders***

Unless the Manager determines otherwise in its sole discretion based on market conditions and other factors existing at the time of such Cash Order, all redemptions pursuant to Cash Orders are expected to be executed

as Variable Fee Cash Orders, and any price differential between (x) the Total Basket NAV on the trade date and (y) the price realized in disposing of the corresponding Total Basket Amount will be borne solely by the Liquidity Provider.

The Manager anticipates that the Fund's proceeds from liquidating the Total Basket Amount in connection with a Variable Fee Cash Order will equal the corresponding Total Basket NAV less the Variable Fee to be delivered by the Liquidity Provider to the Fund. In the event that, by 12:00 p.m. (New York time) on the settlement date of a redemption pursuant to a Variable Fee Cash Order, either (x) the Transfer Agent's account at DTC has not been credited with the total number of Shares corresponding to the total number of Baskets to be redeemed or (y) the Cash Account has not been credited with the Total Basket NAV, less any Variable Fee, such Cash Order will be deemed a failed trade, with any consideration that has been delivered by the Authorized Participant or the Liquidity Provider in respect of such Cash Order being returned by the Fund.

The Transfer Agent shall under no circumstances deliver the Required Redemption Cash to the Authorized Participant in respect of a Variable Fee Cash Order until such time as (x) the Baskets to be redeemed have been delivered to the Transfer Agent and (y) the Total Basket NAV, less any Variable Fee, has been delivered to the Cash Account, and the Fund and/or the Transfer Agent is in simultaneous possession of both.

#### ***Actual Execution Cash Orders***

With respect to a redemption pursuant to an Actual Execution Cash Order, as between the Fund and an Authorized Participant, the Authorized Participant is responsible for the dollar cost of the difference between the Fund Components price utilized in calculating Total Basket NAV on the trade date and the price at which the Fund disposes of the Fund Components on the settlement date. If the price realized in disposing the corresponding Total Basket Amount on the settlement date is lower than the Total Basket NAV on the trade date, the Authorized Participant will bear the dollar cost of such difference (the "Redemption Cash Shortfall"), with the amount of cash to be delivered to the Authorized Participant being reduced by the amount of such Redemption Cash Shortfall. If the price realized in disposing the corresponding Total Basket Amount on the settlement date is higher than the Total Basket NAV on the trade date, the Fund will deliver cash in the amount of such excess (the "Additional Redemption Cash") to the Authorized Participant.

In the event that, by 12:00 p.m. (New York time) on the settlement date of a redemption pursuant to an Actual Execution Cash Order, either (x) the Transfer Agent's account at DTC has not been credited with the total number of Shares corresponding to the total number of Baskets to be redeemed or (y) the Cash Account has not been credited with the Total Basket NAV (plus any Additional Redemption Cash or net of any Redemption Cash Shortfall), such Cash Order will be deemed a failed trade, with any consideration that has been delivered by the Authorized Participant or the Liquidity Provider in respect of such Cash Order being returned by the Fund.

The Transfer Agent shall under no circumstances deliver the Required Redemption Cash to the Authorized Participant in respect of a Cash Order until such time as (x) the Total Basket Amount has been delivered to the Transfer Agent and (y) the Total Basket NAV (plus any Additional Redemption Cash or net of any Redemption Cash Shortfall, if applicable) has been delivered to the Fund, and the Fund and/or the Transfer Agent is in simultaneous possession of both.

#### **Suspension or Rejection of Orders and Total Basket Amount**

The creation or redemption of Shares may be suspended generally, or refused with respect to particular requested creations or redemptions, during any period when the transfer books of the Transfer Agent are closed or if circumstances outside the control of the Manager or its delegates make it for all practical purposes not feasible to process creation orders or redemption orders or for any other reason at any time or from time to time. The Marketing Agent may reject an order or, after accepting an order, may cancel such order, if: (i) such order is not presented in proper form as described in the Participant Agreement, (ii) to the extent In-Kind Regulatory Approval has been obtained, in the case of In-Kind Orders, the transfer of the Fund Component Basket Amount comes from an account other than a digital asset wallet address that is known to the Custodian as belonging to the Authorized Participant or its AP Designee or (iii) the fulfillment of the

order, in the opinion of counsel, might be unlawful, among other reasons. None of the Manager or its delegates will be liable for the suspension, rejection or acceptance of any creation order or redemption order.

The Manager will notify investors of any suspension of creations or redemptions of Shares by filing a current report on Form 8-K. Suspension of the creation or redemption of Shares could negatively impact the Shares' liquidity and/or cause the Shares to trade at premiums and discounts, and otherwise have a negative impact on the value of the Shares.

### **Tax Responsibility**

Authorized Participants are responsible for any transfer tax, sales or use tax, stamp tax, recording tax, value-added tax or similar tax or governmental charge applicable to the creation and redemption of Baskets, regardless of whether such tax or charge is imposed directly on the Authorized Participant, and agree to indemnify the Manager and the Fund if the Manager or the Fund is required by law to pay any such tax, together with any applicable penalties, additions to tax or interest thereon.

## MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO U.S. HOLDERS

The following discussion addresses the material U.S. federal income tax consequences of the ownership of Shares by U.S. Holders (as defined below). Capitalized terms used and not defined herein have the meanings ascribed to them in the Prospectus dated September 18, 2025 with the Securities and Exchange Commission pursuant to Rule 424(b)(3) under the Securities Act of 1933, as amended. This discussion does not describe all of the tax consequences that may be relevant to you in light of your particular circumstances, including tax consequences applicable to beneficial owners subject to special rules, such as:

- financial institutions;
- dealers in securities or commodities;
- traders in securities or commodities that have elected to apply a mark-to-market method of tax accounting in respect thereof;
- persons holding Shares as part of a hedge, “straddle,” integrated transaction or similar transaction;
- Authorized Participants (as defined below);
- persons whose functional currency is not the U.S. dollar;
- entities or arrangements classified as partnerships for U.S. federal income tax purposes;
- real estate investment trusts;
- regulated investment companies;
- tax-exempt entities, including individual retirement accounts; and
- a U.S. Holder that owns, actually or constructively, more than 10% of the Shares.

This discussion applies only to Shares that are held as capital assets and does not address alternative minimum tax consequences or consequences of the Medicare contribution tax on net investment income.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds Shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding Shares and partners in those partnerships are urged to consult their tax advisers about the particular U.S. federal income tax consequences of owning Shares.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations as of the date hereof, changes to any of which subsequent to the date hereof may affect the tax consequences described herein. For the avoidance of doubt, this summary does not discuss any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

Shareholders are urged to consult their tax advisers about the application of the U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

### ***Uncertainty Regarding the U.S. Federal Income Tax Treatment of Digital Assets***

Due to the new and evolving nature of digital assets and the absence of comprehensive guidance with respect to digital assets, many significant aspects of the U.S. federal income tax treatment of digital assets are uncertain. The Manager does not intend to request a ruling from the Internal Revenue Service (the “IRS”) on these issues. Rather, the Manager will cause the Fund to take positions that it believes to be reasonable. There

can be no assurance that the IRS will agree with the positions the Fund takes, and it is possible that the IRS will successfully challenge the Fund's positions.

In 2014, the IRS released a notice (the "Notice") discussing certain aspects of the treatment of "convertible virtual currency" (that is, digital assets that have an equivalent value in fiat currency or that act as substitutes for fiat currency) for U.S. federal income tax purposes. In the Notice, the IRS stated that, for U.S. federal income tax purposes, such digital assets (i) are "property," (ii) are not "currency" for purposes of the rules of the Code relating to foreign currency and (iii) may be held as a capital asset. The IRS subsequently has released two revenue rulings (the "Rulings") and a set of "Frequently Asked Questions" (the "FAQs") that provide some additional guidance, including guidance to the effect that, under certain circumstances, hard forks of digital assets are taxable events giving rise to ordinary income, guidance with respect to the timing of recognition of staking rewards and guidance with respect to the determination of the tax basis of digital assets. However, the Notice, the Rulings and the FAQs do not address other significant aspects of the U.S. federal income tax treatment of digital assets. For example, there is no guidance directly addressing whether, and in what circumstances, trading in digital assets might give rise to income that is effectively connected with the conduct of a trade or business in the United States ("effectively connected income"). In addition, although the Notice contemplates that rewards earned from "mining" will constitute taxable income, and one of the Rulings concludes that rewards from staking similarly will constitute current taxable income, there is no guidance directly addressing amounts received in connection with digital asset lending activities, including with respect to whether and when engaging in staking or digital asset lending might rise to the level of a trade or business. It is likely, however, that the IRS would assert that lending digital assets gives rise to current, ordinary income with respect to any compensation received for such lending activities. More generally, there also is no guidance directly addressing the U.S. federal income tax consequences of lending digital assets, and it is possible that a lending transaction could be treated as a taxable disposition of the lent digital assets. Because the treatment of digital assets is uncertain, it is possible that the treatment of ownership of any particular digital asset may be adverse to the Fund. For example, ownership of a digital asset could be treated as ownership in an entity, in which case the consequences of ownership of that digital asset would depend on the type and place of organization of the deemed entity. Moreover, although the FAQs and one of the Rulings address the treatment of hard forks, there continues to be uncertainty with respect to the timing and amount of the income inclusions. While the Rulings and the FAQs do not address most situations in which airdrops occur, it is clear from the reasoning of the Rulings and the FAQs that the IRS generally would treat an airdrop as a taxable event giving rise to ordinary income. Therefore, although the Manager has committed to causing the Fund to abandon all Forked Assets to which the Fund otherwise might become entitled, it is possible that the IRS could treat the Fund's receipt of digital assets as a result of a fork, airdrop or similar occurrence as ordinary income.

There can be no assurance that the IRS will not alter its position with respect to digital assets in the future or that a court would uphold the treatment set forth in the Notice, the Rulings and the FAQs. It is also unclear what additional guidance on the treatment of digital assets for U.S. federal income tax purposes may be issued in the future. Any such alteration of the current IRS positions or additional guidance could result in adverse tax consequences for investors in the Fund and could have an adverse effect on the value of digital assets. Future developments that may arise with respect to digital assets may increase the uncertainty with respect to the treatment of digital assets for U.S. federal income tax purposes. For example, the Notice addresses only digital assets that are "convertible virtual currency," and it is conceivable that, as a result of a fork, airdrop or similar occurrence, the Fund could hold certain types of digital assets that are not within the scope of the Notice, in the event the Manager seeks to change the Fund's policy with respect to Forked Assets, subject to NYSE Arca obtaining regulatory approval from the SEC.

The remainder of this discussion assumes that any digital assets that the Fund may hold are properly treated for U.S. federal income tax purposes as property that may be held as a capital asset and that is not currency for purposes of the rules with respect to foreign currency gain and loss.

#### ***U.S. Entity-Level Taxation of the Fund***

The Fund has elected to be treated as a corporation for U.S. federal income tax purposes.

The Manager believes that the Fund will not be treated as engaged in a trade or business in the United States and thus will not derive income that is treated as effectively connected income. There can, however, be no complete assurance in this regard. In particular, as discussed above, there is no guidance directly addressing whether, and in what circumstances, trading in digital assets might give rise to effectively connected income. Although the Manager expects to take the position that the Fund is an investor, rather than a trader, in digital assets, and investing in commodities for one's own account generally does not give rise to effectively connected income, there is some uncertainty regarding the application of these rules to digital assets and the Fund. As discussed above, there also is no guidance directly addressing the U.S. federal income taxation of lending digital assets or with respect to whether and when engaging in staking or digital asset lending might rise to the level of a trade or business. If the Fund were treated as engaged in a trade or business in the United States, it would be subject to U.S. federal income tax, at the rates applicable to U.S. corporations (currently, at the rate of 21%), on its net effectively connected income. Any such income might also be subject to U.S. state and local income taxes. In addition, the Fund would be subject to a 30% U.S. branch profits tax in respect of its "dividend equivalent amount," as defined in Section 884 of the Code, attributable to its effectively connected income (generally, the after-tax amount of certain effectively connected income that is not treated as reinvested in the trade or business). If the Fund were treated as engaged in a trade or business in the United States during any taxable year, it would be required to file a U.S. federal income tax return for that year, regardless of whether it recognized any effectively connected income. If the Fund did not file U.S. federal income tax returns and were later determined to have engaged in a U.S. trade or business, it would generally not be entitled to offset its effectively connected income and gains against its effectively connected losses and deductions (and, therefore, would be taxable on its gross, rather than net, effectively connected income). If the Fund recognizes any effectively connected income, the imposition of U.S. taxes on such income may have a substantial adverse effect on the return to shareholders.

Provided that it does not constitute effectively connected income, any U.S.-source "fixed or determinable annual or periodical" ("FDAP") income received, or treated as received, by the Fund would generally be subject to U.S. withholding tax at the rate of 30% (subject to statutory exemptions such as the portfolio interest exemption). Although there is no guidance on point, ordinary income recognized by the Fund as a result of a fork, airdrop or similar occurrence, in the event the Manager seeks to change the Fund's policy with respect to Forked Assets, subject to NYSE Arca obtaining regulatory approval from the SEC, would presumably constitute FDAP income. If, in the future, the Fund engages in staking or digital asset lending activities, it is also possible that the receipt of staking rewards or compensation received in respect of lending activities will be considered FDAP income. It is unclear, however, whether any such FDAP income would be properly treated as U.S.-source or foreign-source FDAP income. In the absence of guidance, it is possible that a withholding agent will withhold 30% from any income derived by the Fund as a consequence of a fork, airdrop or similar occurrence, or from staking or digital asset lending activities.

#### ***Tax Consequences to U.S. Holders***

The discussion that follows applies to you if you are a U.S. Holder. As used herein, the term "U.S. Holder" means a beneficial owner of a Share for U.S. federal income tax purposes that is:

- an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision thereof; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Except as specifically noted, the discussion below assumes that you will acquire all of your Shares on the same date solely for cash.

Although there is no certainty in this regard, the Fund may be a "passive foreign investment company," as defined in Section 1297 of the Code (a "PFIC") for U.S. federal income tax purposes. The material consequences of the PFIC rules are set forth below. In addition, under certain circumstances, the Fund may be a "controlled foreign corporation" (a "CFC") for U.S. federal income tax purposes. If the Fund is a CFC,

the CFC rules, rather than the PFIC rules discussed below, will apply to you if you are a 10% U.S. Shareholder, as defined below, of the Fund. A “10% U.S. Shareholder” is a United States person that owns, directly or under applicable constructive ownership rules, at least 10% of the value or voting power of the non-U.S. corporation’s stock. You should consult your tax adviser if you are or may become a 10% U.S. Shareholder, as the U.S. federal income tax consequences of an investment in the Fund may differ materially from the discussion below if the Fund is a CFC and you are a 10% U.S. Shareholder of the Fund.

You should consult your tax adviser concerning the Fund’s potential PFIC status and CFC status, and the tax considerations relevant to an investment in a PFIC or CFC. You should also read the discussion under the headings “—Information Reporting and Backup Withholding,” “—Information Reporting by Shareholders” and “—FATCA Tax” below.

#### *Taxation of Distributions*

Subject to the PFIC rules described below, distributions paid on Shares, other than certain pro rata distributions of Shares, will be treated as dividends to the extent paid out of the Fund’s current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Subject to applicable limitations including the PFIC rules discussed below, dividends paid to certain non-corporate U.S. Holders may be “qualified dividend income” and therefore may be taxable at rates applicable to long-term capital gains. You should consult your tax adviser regarding the availability of these favorable tax rates on dividends in your particular circumstances. Dividends paid by us would not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. The dividend income will generally be treated as foreign-source income for U.S. foreign tax credit purposes. However, depending on the composition of our income and whether we are a “United States-owned foreign corporation” (generally, a foreign corporation more than 50% of the stock of which (by vote or value) is owned or, under certain constructive ownership rules, treated as owned by United States persons), a portion of any dividends paid by us may be treated as U.S.-source income for purposes of determining your foreign tax credit limitation. You should consult with your tax advisor regarding these rules.

#### *Risk of Constructive Distributions*

The Fund issues Shares to, and redeems Shares from, Authorized Participants on an ongoing basis. In certain circumstances, redemption proceeds delivered to an Authorized Participant could be treated as a dividend for U.S. federal income tax purposes and, in that case, it is possible that other shareholders of the Fund whose percentage interests in the Fund increase as a result of such redemption will be treated as having received a taxable distribution (generally treated as described above in “—*Taxation of Distributions*”) from the Fund to the extent of such increase.

#### *Sale or Other Disposition of Shares*

Subject to the PFIC described below, for U.S. federal income tax purposes, gain or loss realized on the sale or other taxable disposition of Shares will be capital gain or loss, and will be long-term capital gain or loss if you held the Shares for more than one year. The amount of gain or loss will equal the difference between your tax basis in the Shares and the amount realized on the disposition. This gain or loss generally will be U.S. source gain or loss for foreign tax credit purposes.

#### *PFIC Rules*

It is not clear whether the Fund is a PFIC for U.S. federal income tax purposes, the guidance in the Rulings and the FAQs has increased the uncertainty in this regard, and Davis Polk expresses no opinion regarding the Fund’s PFIC status. However, because it is possible that the Fund is a PFIC, the Fund will provide to each U.S. Holder, and to any other shareholder upon request, PFIC Annual Information Statements that will include the required information and representations to permit such U.S. Holder (or any direct or indirect beneficial owner of an interest in any shareholder) to make a “qualified electing fund” election (a “QEF Election”) or “mark to market” election (an “MTM Election”) with respect to the Fund. You should consult your tax adviser as to whether you should make a QEF Election or MTM Election. Assuming that the Fund

is a PFIC, failure to make a QEF Election or MTM Election with respect to an investment in the Fund could result in materially adverse tax consequences to you, as described below.

***For simplicity of presentation, it is assumed for purposes of the following disclosure that the Fund is a PFIC.***

#### Consequences in Absence of QEF Election or MTM Election

If you do not make a QEF Election or MTM Election with respect to the Fund, any “excess distribution” received by you from the Fund, and any gain recognized by you on a sale or other disposition (including, under certain circumstances, a pledge) of Shares, will be treated as having been earned ratably (on a straight-line basis) over your holding period for your Shares. The portion allocated to the taxable year of the “excess distribution,” or to the year of the sale or other disposition, will be treated as ordinary income. The portion allocated to each prior taxable year will be subject to U.S. federal income tax at the highest marginal rate applicable to you (as a corporate or individual taxpayer, as the case may be) for such taxable year, and an interest charge for the deemed deferral benefit will be imposed on the resulting tax liability for each prior taxable year.

If you do not make a QEF Election or MTM Election, distributions by the Fund to you, other than “excess distributions,” will be taxable as ordinary income (and not as “qualified dividend income” as discussed above) to the extent such distributions are made out of the Fund’s current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. To the extent that a distribution (other than an “excess distribution”) exceeds the Fund’s current and accumulated earnings and profits, the distribution will be treated, first, as a return of capital that will reduce your tax basis in your Shares and, after such tax basis has been reduced to zero, as gain from a sale or exchange of your Shares, which will be subject to U.S. federal income tax as described above. Although the Manager has committed to causing the Fund to abandon all Forked Assets to which the Fund otherwise might become entitled, these rules would apply to any in-kind distribution of a Forked Asset that the Fund makes to you in the future, with the amount of the distribution equal to the fair market value of such Forked Asset on the date of the distribution.

#### Consequences Pursuant to QEF Election

You can mitigate the consequences described above by making a QEF Election with respect to the Fund. You can make a QEF Election by attaching a properly executed IRS Form 8621 to your U.S. federal income tax return for the first taxable year in which you wish the election to apply. However, if you do not make a QEF Election with respect to the Fund for the first taxable year in which you hold any Shares, a later QEF Election with respect to the Fund will not apply with respect to your investment in the Fund unless you elect to recognize gain, if any, as if you sold your Shares on the first day of the first taxable year to which the QEF Election applies. Any gain that you recognize as a consequence of such an election will be subject to U.S. federal income tax as described above under “—Consequences in Absence of QEF Election or MTM Election.”

If you make a valid QEF Election with respect to your Shares, you will be required to report on your U.S. federal income tax return, and thus to take into account in determining its U.S. federal income tax liability, your pro rata share of the Fund’s ordinary earnings and net capital gain for the taxable year of the Fund ending within or with your taxable year, regardless of whether the Fund makes any distributions to you. You will include your pro rata share of the Fund’s ordinary earnings (which includes net short-term capital gains) as ordinary income, and will include your pro rata share of the Fund’s net capital gain (that is, the excess of net long-term capital gain over net short-term capital loss) as long-term capital gain. You will not be entitled to claim deductions for any net losses incurred by the Fund, and the Fund will not be entitled to carry its net losses for any taxable year back or forward in computing its ordinary earnings and net capital gain for other taxable years. In addition, you will not be entitled to claim a foreign tax credit for any non-U.S. taxes borne by the Fund, but these taxes will reduce the amount of income that you would otherwise be required to include pursuant to the QEF Election. Your tax basis in your Shares will be increased by the amounts you include in income as a consequence of the QEF Election and decreased by the amount of distributions you receive from the Fund out of earnings that you previously included in income as a consequence of the QEF Election.

The Manager believes that, in general, gains and losses recognized by the Fund from the sale or other disposition of digital assets will be treated as capital gains or losses pursuant to the Notice. The Fund may sell digital assets for U.S. dollars or other fiat currency to fund redemptions, in connection with rebalancings, in order to pay Additional Fund Expenses and in connection with its liquidation. In addition, the Fund's payment of the Manager's Fee or any Additional Fund Expenses through a transfer of digital assets will be treated for U.S. federal income tax purposes as a sale of the relevant digital assets for their fair market value on the date of such transfer or distribution, except that, solely in the case of a distribution to the shareholders (or their agent), the Fund will not recognize any loss realized by it on such deemed sale. In addition, any gain or loss the Fund recognizes on a disposition of a fiat currency other than the U.S. dollar will generally be treated as ordinary income or loss. **Accordingly, if you make a QEF Election with respect to the Fund, you may be required to include significant amounts of taxable income or gain each taxable year with respect to your investment in the Fund, even if you receive no distributions from the Fund during that taxable year.**

As discussed above, there is uncertainty with respect to many significant aspects of the U.S. federal income tax treatment of digital assets, including the timing and character of income earned as a result of lending activities. If the IRS successfully challenges the Fund's determination of its income, the Fund may be required to issue revised PFIC Annual Information Statements for prior taxable years, and you may be required to amend your tax return for those years.

Assuming that you make a QEF Election with respect to your Shares, a distribution by the Fund to you will be taxable as ordinary income (and not as "qualified dividend income") to the extent such distributions are made out of the Fund's current or accumulated earnings and profits, as determined for U.S. federal income tax purposes, except to the extent that you can establish that the distributions are made out of earnings that were previously included in income by any U.S. person as a consequence of a QEF Election. The portion of any such distribution that you can establish as being made out of earnings that were previously included in a U.S. person's income pursuant to a QEF Election will not be subject to U.S. federal income tax. To the extent that a distribution exceeds the Fund's current and accumulated earnings and profits, the distribution will be treated, first, as a return of capital that will reduce your tax basis in your Shares and, after such tax basis has been reduced to zero, as gain from a sale or exchange of your Shares.

Upon a sale or other exchange of Shares, you will generally recognize gain or loss equal to the difference between the amount realized and your tax basis in your Shares. Assuming that you have made a QEF Election with respect to its Shares, any such gain or loss will constitute capital gain or loss, and will be long-term capital gain or loss if your holding period for the Shares was more than one year as of the date of the sale or other exchange.

If you make a QEF Election with respect to your Shares, you may also elect to defer the payment of the taxes in respect of your share of the Fund's undistributed ordinary earnings and net capital gain, subject to the payment of an interest charge on the deferred tax liability. If you make this election, the deferred tax liability with respect to the undistributed earnings attributable to your Shares will generally become payable on the due date (determined without regard to extensions) of your U.S. federal income tax return for the taxable year in which you sell or pledge such Shares. If the Fund makes a distribution, however, the deferred tax liability with respect to your share of the distributed earnings will become payable on the due date (determined without regard to extensions) of your U.S. federal income tax return for the taxable year in which the distribution occurs.

#### Consequences Pursuant to MTM Election

If the Shares are "regularly traded" on a "qualified exchange" (such as NYSE Arca), you may make an MTM Election that would result in tax treatment different from the general tax treatment for PFICs described above. The Shares will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of the Shares is traded on a qualified exchange on at least 15 days during each calendar quarter.

If you make an MTM Election, you generally will recognize as ordinary income any excess of the fair market value of the Shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the Shares over their fair market value at the end of

the taxable year (but only to the extent of the net amount of income previously included as a result of the MTM Election). If you make the MTM Election, your tax basis in the Shares will be adjusted to reflect the income or loss amounts recognized. Any gain recognized on the sale or other disposition of Shares in a year when the Fund is a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the MTM Election). Distributions paid on Shares will be treated as described in “—*Taxation of Distributions*” above, except that they will not be eligible to be treated as “qualified dividend income.”

### **Information Reporting and Backup Withholding**

Payments of Fund dividends, and of proceeds from sales of Shares, that are made to you within the United States or through certain U.S.-related financial intermediaries will generally be subject to U.S. information reporting, and may be subject to U.S. backup withholding, unless (i) you are a corporation or other exempt recipient or (ii) in the case of backup withholding, you provide a correct taxpayer identification number and certify that you are not subject to backup withholding. The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is timely furnished to the IRS.

### **Information Reporting by Shareholders**

You may be subject to various information reporting requirements as a consequence of an investment in the Fund. Failure to satisfy these requirements may result in substantial penalties. Certain U.S. federal information reporting requirements are summarized below, but this summary does not purport to provide an exhaustive list of such requirements. Prospective investors are urged to consult their tax advisers concerning the information reporting requirements to which they may be subject as a consequence of an investment in the Fund.

If you are an individual U.S. Holder, unless you hold your Shares in a financial account maintained by a financial institution, you will be required to report information relating to your ownership of Shares on IRS Form 8938 for each taxable year in which you hold interests in “specified foreign financial assets,” as defined in Section 6038D of the Code, including Shares, with an aggregate value in excess of an applicable threshold amount. Certain U.S. Holders that are entities may be subject to similar rules.

If the Fund is a PFIC, you will generally be required to file IRS Form 8621 with respect to the Fund for each year in which you hold Shares. Additional reporting requirements will apply to you if you own (actually or constructively) a 10% or greater interest in the Fund.

### **FATCA Tax**

Under certain provisions of the Code and Treasury regulations promulgated thereunder (commonly referred to as “FATCA”), as well as certain intergovernmental agreements between the United States and certain other countries (including the Cayman Islands) together with expected local country implementing legislation, certain payments made in respect of the Shares may be subject to withholding (“FATCA withholding”).

The Fund (or a relevant intermediary) may be required to impose FATCA withholding on payments in respect of the Shares to the extent that such payments are “foreign passthru payments,” made to non-U.S. financial institutions (including intermediaries) that have not entered into agreements with the IRS pursuant to FATCA or otherwise established an exemption from FATCA, and other shareholders that fail to provide sufficient identifying information to the Fund or any relevant intermediary. The term “*foreign passthru payment*” is not yet defined. It is not clear whether and to what extent payments on the Shares will be considered foreign passthru payments subject to FATCA withholding or how intergovernmental agreements will address foreign passthru payments (including whether withholding on foreign passthru payments will be required under such agreements). Withholding on foreign passthru payments will not apply prior to the date that is two years after the publication of the final regulations defining “*foreign passthru payments*.” You should consult your tax adviser as to how these rules may apply to payments you receive under the Shares.