

# Bitwise 10 Private Index Fund, LLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

# **Bitwise 10 Private Index Fund, LLC**

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## Independent Auditors' Report

To the Members  
Bitwise 10 Private Index Fund, LLC

We have audited the accompanying financial statements of Bitwise 10 Private Index Fund, LLC, which comprise the statement of financial condition, including the condensed schedule of investments, as of December 31, 2019, and the related statements of operations and changes in members' equity (net asset value) for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

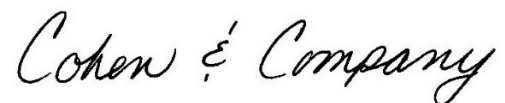
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bitwise 10 Private Index Fund, LLC as of December 31, 2019, and the results of its operations and changes in its net asset value for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Hunt Valley, Maryland  
April 7, 2020

**Bitwise 10 Private Index Fund, LLC****Statement of Financial Condition**December 31, 2019

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**Assets**

Investments in digital assets, at fair value (cost \$38,793,090)	\$	21,691,233
Cash		150,460
Other assets		1,429
<b>Total Assets</b>	<b>\$</b>	<b>21,843,122</b>

**Liabilities and Members' Equity****Liabilities**

Management fees payable	\$	43,296
Redemptions payable		28,239
Subscriptions received in advance		120,000
<b>Total Liabilities</b>		<b>191,535</b>

**Members' Equity (Net Asset Value)**

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21,651,587**Total Liabilities and Members' Equity (Net Asset Value)**

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**\$ 21,843,122**

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See notes to financial statements.

**Bitwise 10 Private Index Fund, LLC****Condensed Schedule of Investments**

December 31, 2019

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	<u>Units</u>	<u>Fair Value</u>	<u>Percentage of Members' Equity</u>
<b>Investments in digital assets</b> , at fair value			
Bitcoin	2,411.0565	\$ 17,233,399	79.59 %
Ethereum	13,283.4476	1,698,840	7.85
Ripple	5,863,859.8123	1,113,258	5.14
Other		1,645,736	7.60
		<hr/>	<hr/>
<b>Total investments in digital assets</b> , at fair value			
(cost \$38,793,090)		<u>\$ 21,691,233</u>	<u>100.18 %</u>

See notes to financial statements.

**Bitwise 10 Private Index Fund, LLC****Statement of Operations**

For the year ended December 31, 2019

**Income**

Redemption fee income	\$	3,635
Other income		753
<i>Total Income</i>		<b>4,388</b>

**Expenses**

Management fees		555,041
Transaction and other fees		32
<i>Total Expenses</i>		<b>555,073</b>

<b>Net investment loss</b>		<b>(550,685)</b>
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**Net realized and change in unrealized gain (loss) on investments**

Net realized loss from digital assets		(3,276,792)
Net change in unrealized appreciation or depreciation from digital assets		9,323,791
<i>Net realized and change in unrealized gain on investments</i>		<b>6,046,999</b>

<b>Net income</b>	<b>\$</b>	<b>5,496,314</b>
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See notes to financial statements.

**Bitwise 10 Private Index Fund, LLC****Statement of Changes in Members' Equity (Net Asset Value)**

For the year ended December 31, 2019

	<b>Investor Class</b>		<b>Institutional Class</b>		<b>Total Fund</b>	
	<b>Units</b>	<b>Members' Equity</b>	<b>Units</b>	<b>Members' Equity</b>	<b>Units</b>	<b>Members' Equity</b>
<b>Members' equity,</b> December 31, 2018	224,656.26	\$ 9,642,628	65,443.23	\$ 2,824,269	290,099.49	\$ 12,466,897
<b>Subscriptions</b>	69,244.34	5,222,177	5,339.39	300,000	74,583.73	5,522,177
<b>Net income</b>	-	3,981,354	-	1,514,960	-	5,496,314
<b>Withdrawals</b>	<u>(19,766.59)</u>	<u>(1,466,385)</u>	<u>(4,129.98)</u>	<u>(367,416)</u>	<u>(23,896.57)</u>	<u>(1,833,801)</u>
<b>Members' equity,</b> December 31, 2019	<u>274,134.01</u>	<u>\$ 17,379,774</u>	<u>66,652.64</u>	<u>\$ 4,271,813</u>	<u>340,786.65</u>	<u>\$ 21,651,587</u>
Net Asset Value per Unit, December 31, 2019		<u>\$ 63.40</u>		<u>\$ 64.09</u>		

See notes to financial statements.

# Bitwise 10 Private Index Fund, LLC

## Notes to Financial Statements

December 31, 2019

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### 1. Organization

#### *Nature of Operations*

Bitwise 10 Private Index Fund, LLC (the “Fund”) is a Delaware limited liability company that commenced operations on November 22, 2017. The Fund's name was changed from Bitwise Hold 10 Private Index Fund, LLC on September 24, 2018. Bitwise Asset Management, Inc. serves as the manager of the Fund (the “Manager”). Bitwise Investment Advisers, LLC, an affiliate of the Manager, is the Investment Adviser of the Fund.

The Fund’s principal investment objective is to invest in a portfolio of broad-based cryptocurrencies that tracks the Bitwise 10 Large Cap Crypto Index (the “Index”) (defined below) as close as possible with certain exceptions determined by the Manager in its sole discretion.

The Index is to be comprised of the top ten largest cryptocurrencies in the world based on weighted and inflation adjusted market capitalizations selected in the sole discretion of the Manager based on criteria developed by the Manager. The Manager may make changes to the Index as well as the criteria used to develop the Index at any time in its sole discretion. The Index is calculated daily and rebalanced monthly.

Members subject to a 2.5% per annum Management Fee are referred to as the Investor Class and Members subject to a 2.0% per annum Management Fee are referred to as the Institutional Class.

Capitalized terms are as defined in the private placement memorandum (“Offering Memorandum”) unless defined herein.

### 2. Significant Accounting Policies

#### *Basis of Presentation*

The financial statements are expressed in U.S. dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Fund is an investment company and follows the specialized accounting and reporting guidance in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC” or “Codification”) Topic 946, Financial Services - Investment Companies.

U.S. GAAP contains no authoritative guidance related to the accounting for digital assets. As a result, transactions of digital assets have been accounted for analogizing to existing accounting standards that management believes are appropriate to the circumstances. There can be no certainty as to when the FASB or other standards setter will issue accounting standards for digital assets, if at all.

Pursuant to the Statement of Cash Flows Topic of the Codification, the Fund qualifies for an exemption from the requirement to provide a statement of cash flows and has elected not to provide a statement of cash flows.



## Bitwise 10 Private Index Fund, LLC

### Notes to Financial Statements

December 31, 2019

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#### *Use of Estimates*

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

#### *Cash*

Cash represents cash deposits held at financial institutions. Cash in a bank deposit account, at times, may exceed U.S. federally insured limits. The Fund has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on such bank deposits.

#### *Investments and Valuation*

The Fund's investments in digital assets are stated at fair value. Digital assets are generally valued using prices as reported on reputable and liquid exchanges and may involve utilizing an average of bid and ask quotes using closing prices provided by such exchanges as of the date and time of determination (described below). Factors such as the recent stability of the exchange, current liquidity of the exchange, and recent price activity of an exchange will be considered as to the determination of which exchanges to utilize. The time used is 16:00 ET which corresponds to 20:00 UTC during Daylight Savings Time and 21:00 UTC during non-Daylight Savings Time. The Manager's Valuation Policy provides a listing of preferred exchanges. While some digital assets are valued based on prices reported in the public markets, other digital assets may be more thinly-traded or subject to irregular trading activity. Determinations on the value of certain digital assets, and how to value such assets as to which limited prices or quotations are available, are based on the Manager's recommendations or instructions.

Digital asset transactions are recorded on the trade date. Realized gains and losses from digital asset transactions are determined using the identified cost method. Any change in net unrealized gain or loss is reported in the statement of operations. Commissions and other trading fees are reflected as an adjustment to cost or proceeds at the time of the transaction.

The Fund generally records receipt of a new digital asset created due to a hard fork at the time the hard fork is effective. The Fund's methodology for determining effectiveness of the fork is when two or more recognized exchanges quote prices for the forked coin. Some exchanges and custodians do not honor hard forks or may honor hard forks in the future. In such cases, the Fund will record receipt of the new digital asset at the time two or more recognized exchanges begin quoting prices for the asset. Although the Fund records the asset into its books and records at the time the fork is effective, as described above, the Fund's custodian may take an extended period of time to make the forked asset available for transfer, and it may never make the forked asset available for transfer, which could lead to either the Fund holding the asset longer than it would otherwise hold the asset (if it was freely transferrable), or a complete write-down in the value of the forked asset. The Fund does not allocate any of the original digital asset's cost to the new digital asset and recognizes unrealized gains equal to the fair value of the new digital asset received.

## Bitwise 10 Private Index Fund, LLC

### Notes to Financial Statements

December 31, 2019

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The Fund regularly receives "airdrops" of new digital assets. The use of airdrops is generally to promote the launch and use of new digital assets by providing a small amount of such new digital assets to the private wallets or exchange accounts that support the new digital asset and that hold existing related digital assets. Unlike hard forks, airdropped digital assets can have substantially different blockchain technology that has no relation to any existing digital asset, and many airdrops may be without value. The Fund records receipt of airdropped digital assets when received if there is value to the Fund in doing so. Digital assets received from airdrops have no cost basis and the Fund recognizes unrealized gains equal to the fair value of the new digital asset received.

#### *Income Taxes*

The Fund does not record a provision for U.S. federal, U.S. state or local income taxes because the Members report their share of the Fund's income or loss on their income tax returns. The Fund files an income tax return in the U.S. federal jurisdiction and may file income tax returns in various U.S. states and foreign jurisdictions. Generally, the Fund is subject to income tax examinations by taxing authorities for all years since inception.

The Fund is required to determine whether its tax positions are more likely than not to be sustained on examination by the applicable taxing authority, based on the technical merits of the position. Tax positions not deemed to meet a more likely than not threshold would be recorded as a tax expense in the current year. As of December 31, 2019, the Fund has determined that no provision for income taxes is required and no liability for unrecognized tax benefits has been recorded. The Fund does not expect that its assessment related to unrecognized tax benefits will materially change over the next 12 months. However, the Fund's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, the nexus of income among various tax jurisdictions; compliance with U.S. federal, U.S. state, and tax laws of jurisdictions in which the Fund operates in; and changes in the administrative practices and precedents of the relevant authorities.

### **3. Fair Value Measurements**

The Fund carries its investments at fair value in accordance with FASB ASC Topic 820, Fair Value Measurement. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. Fair value investments are not adjusted for transaction costs.

In determining fair value, the Fund uses various valuation approaches. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs are to be used when available. The fair value hierarchy is categorized into three levels based on the inputs as follows:

*Level 1* – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

*Level 2* – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. These inputs may include (a) quoted prices for similar assets in active markets, (b) quoted prices for identical or similar assets in markets that are not active, (c) inputs other than quoted prices that are observable for the asset, or (d) inputs derived principally from or corroborated by observable market data by correlation or other means.

## Bitwise 10 Private Index Fund, LLC

### Notes to Financial Statements

December 31, 2019

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*Level 3* – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement. The following summarizes the Fund's assets accounted for at fair value at December 31, 2019.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<b>Investments in digital assets</b> , at fair value	<u>\$ -</u>	<u>\$ 21,691,233</u>	<u>\$ -</u>	<u>\$ 21,691,233</u>

#### 4. Financial Instruments with Off-Balance-Sheet Risk

##### Digital Assets

Digital assets are loosely regulated and there is no central marketplace for currency exchange. Supply is determined by a computer code, not by a central bank, and prices have been extremely volatile. Digital asset exchanges have been closed due to fraud, failure or security breaches. Any of the Fund's assets that reside on an exchange that shuts down may be lost. At December 31, 2019, digital assets of approximately \$105,000 reside on exchanges.

Several factors may affect the price of digital assets, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of digital assets or the use of digital assets as a form of payment. There is no assurance that digital assets will maintain their long-term value in terms of purchasing power in the future, or that acceptance of digital asset payments by mainstream retail merchants and commercial businesses will continue to grow.

##### *Digital Asset Regulation*

As digital assets have grown in popularity and market size, various countries and jurisdictions have begun to develop regulations governing the digital assets industry. To the extent that future regulatory actions or policies limit the ability to exchange digital assets or utilize them for payments, the demand for digital assets will be reduced. Furthermore, regulatory actions may limit the ability of end-users to convert digital assets into fiat currency (e.g., U.S. dollars) or use digital assets to pay for goods and services. Such regulatory actions or policies would result in a reduction of demand, and in turn, a decline in the underlying digital asset unit prices.

The effect of any future regulatory change on the Fund or digital assets in general is impossible to predict, but such change could be substantial and adverse to the Fund and the value of the Fund's investments in digital assets.

## Bitwise 10 Private Index Fund, LLC

### Notes to Financial Statements

December 31, 2019

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#### *Custody of Digital Assets*

Coinbase Custody Trust Company, LLC (the "Custodian") serves as the Fund's custodian for digital assets for which qualified custody is available. Custody of digital assets for which qualified custody is not available will be performed by the Manager using widely acceptable, highly regarded and secure custody protocols including, without limitation, cold storage in bank vaults, offline transactions and the Glacier protocol. The Custodian is subject to change in the sole discretion of the Manager. At December 31, 2019, digital assets of approximately \$21,487,000 are held by the Custodian.

#### *Digital Asset Trading is Volatile and Speculative*

Digital assets represent a speculative investment and involve a high degree of risk. Prices of digital assets have fluctuated widely for a variety of reasons including uncertainties in government regulation and may continue to experience significant price fluctuations. If digital asset markets continue to be subject to sharp fluctuations, Members may experience losses as the value of the Fund's investments decline. Even if Members are able to hold their Units in the Fund for the long-term, their Units may never generate a profit, since digital asset markets have historically experienced extended periods of flat or declining prices, in addition to sharp fluctuations.

#### *Control of Private Keys*

Digital assets are controllable only by the possessor of a unique private cryptographic key controlling the address in which the digital asset is held. The theft, loss or destruction of a private key required to access a digital asset is irreversible, and such private keys would not be capable of being restored by the Fund. The loss of private keys relating to digital wallets used to store the Fund's digital assets could result in the loss of the digital assets and an investor could incur substantial, or even total, loss of capital. At December 31, 2019, digital assets of approximately \$100,000 are held in private wallets.

#### *Over-the-Counter Transactions*

Some of the markets in which the Fund may execute its transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such "counterparty risk" is accentuated for digital assets where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Fund has no internal credit function that evaluates the creditworthiness of its counterparties. The ability of the Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparty's financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

## **Bitwise 10 Private Index Fund, LLC**

### **Notes to Financial Statements**

December 31, 2019

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#### *Transactions in Cryptocurrencies May Be Irreversible*

Transactions in digital assets may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable. If there is an error and a transaction occurs with the wrong account, to the extent that the Fund is unable to seek a corrective transaction with such third-party or is incapable of identifying the third-party which has received the digital assets through error or theft, the Fund will be unable to revert or otherwise recover incorrectly transferred digital assets. To the extent that the Fund is unable to seek redress for such error or theft, such loss could result in the total loss of a Member's investment in the Fund.

#### *No FDIC or SIPC Protection*

The Fund is not a banking institution or otherwise a member of the Federal Deposit Insurance Corporation ("FDIC") or the Securities Investor Protection Corporation ("SIPC"). Accordingly, deposits or assets held by the Fund are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. The Fund's cryptocurrency custodians do however carry bespoke insurance policies related to the cryptocurrencies over which they provide custody.

## **5. Administrator**

Theorem Fund Services, LLC (the "Administrator") serves as the Fund's administrator and performs certain administrative and accounting services on behalf of the Fund.

## **6. Members' Equity**

#### *Subscriptions*

The minimum initial subscription amount is \$25,000, and an existing Member may make additional subscriptions in a minimum amount of \$10,000. Minimum subscription amounts may be increased, decreased and/or waived by the Manager in its sole discretion.

A Member may, with the consent of the Manager, make additional subscriptions to the capital of the Fund (a) weekly on Wednesdays, (b) the first Business Day after any Wednesday on which banks in the U.S. are closed for business and (c) at such other times as the Manager may determine in its sole discretion.

#### *Withdrawals*

Each Member may request a withdrawal (a "Withdrawal Request") of any Units attributable to any Subscription as of the first Weekly Withdrawal Time, which is Wednesday at 5 p.m. PT that banking institutions are open for business in the State of California. Withdrawals are permitted on the 12 month anniversary of the date on which the attributable Subscription was made (such initial 12 month period, the "Lock-Up Period"); provided that, a Member may, in its discretion, resign all or a portion of Units during a Lock-Up Period on a Withdrawal Date upon the payment of a 3% early withdrawal fee to the Fund and subject to all other resignation restrictions. Withdrawal Requests once made are irrevocable and must be communicated in writing to the Administrator by 2 p.m. PT on the Monday prior to the desired Weekly Withdrawal Time.

## **Bitwise 10 Private Index Fund, LLC**

### **Notes to Financial Statements**

December 31, 2019

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Subject to the Fund-level Suspensions and Member-level Suspensions and any other restrictions provided in the Offering Memorandum and in the Limited Liability Company Agreement, the Manager will, within 30 business days following the applicable Withdrawal Date, distribute not less than 90% of the Member's Capital Account (net of any accrual of the Management Fee then due and expenses for legal, accounting or administrative costs associated with such Withdrawal, and any reserves) and distribute the balance of the proceeds, if any, upon the completion of the Fund's annual audit for the fiscal year in which the withdrawal is effected. A Member may not make a partial withdrawal that would reduce his or her Capital Account balance below \$10,000, subject to the discretion of the Manager to waive such limitation. However, the Fund may take longer than 30 business days to settle Withdrawal Requests if the Fund is unable to liquidate its investments, if the value of the assets and liabilities of the Fund cannot be determined with reasonable accuracy, or for any other reason. Transaction costs involved in funding a withdrawal may be charged to the withdrawing Member.

#### *Allocation of Profits and Losses*

Income or loss (prior to the calculation of the Management Fee) attributable to the Fund is allocated to each Class in proportion to each Class' capital account balance.

### **7. Related Party Transactions**

In consideration for the management services to be provided to the Fund, the Manager will receive from the Fund a management fee (the "Management Fee") payable monthly, in advance. The monthly Management Fee is equal to (a) 1/12<sup>th</sup> of 2.0% (2.0% per annum) of the net asset value of each Member's capital account balance, for subscriptions greater than or equal to \$1 million, and (b) 1/12<sup>th</sup> of 2.5% (2.5% per annum) of the net asset value of each Member's capital account balance, for subscriptions less than \$1 million.

The Manager may, in its discretion, waive, reduce or rebate the Management Fee with respect to any Member or group of Members (which group may, but need not, include all Members), including affiliates of the Manager; provided that such waiver, reduction or rebate shall not increase the Management Fee payable in respect of any other Member.

Pursuant to the Investment Management Agreement dated June 11, 2018, between the Fund, the Manager, and the Investment Adviser, the Manager assigned its right to the Management Fee to the Investment Adviser.

For the year ended December 31, 2019, the Investor Class and the Institutional Class were charged Management Fees of approximately \$457,000 and \$98,000, respectively, of which \$43,296 remains payable as of December 31, 2019.

The Manager paid all expenses related to the initial offering, organization and start-up of the Fund and will not seek reimbursement for such amounts. The Manager is responsible for all ordinary operating expenses of the Fund, including administrative, custody, legal, audit, insurance, and other operating expenses.

## Bitwise 10 Private Index Fund, LLC

### Notes to Financial Statements

December 31, 2019

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#### 8. Indemnifications

In the normal course of business, the Fund enters into contracts and agreements that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. The Fund expects the risk of any future obligation under these indemnifications to be remote.

#### 9. Financial Highlights

Financial highlights for the year ended December 31, 2019 are as follows:

<b>Per Unit Performance</b> (for a unit outstanding throughout the year)	<b>Investor Class</b>	<b>Institutional Class</b>
Net asset value per unit at beginning of year	\$ 42.92	\$ 43.16
<i>Net income:</i>		
Net realized and change in unrealized gain on investments <sup>(1)</sup>	22.28	22.38
Net investment loss <sup>(1)</sup>	(1.80)	(1.45)
Net income	20.48	20.93
Net asset value per unit at end of year	\$ 63.40	\$ 64.09
Total return	47.71 %	48.49 %
<b>Supplemental Data</b>		
Ratios to average net asset value		
Expenses	2.48 %	1.98 %
Net investment loss	(2.48) %	(1.98) %

The total return and the ratios to average net asset value are calculated for each class of Members as a whole. An individual Member's return and ratios may vary based on the timing of capital transactions.

<sup>(1)</sup> Net investment loss per unit is calculated by dividing the net investment loss by the average number of units outstanding during the year. Net realized and change in unrealized gain on investments is a balancing amount necessary to reconcile the change in net asset value per unit with the other per unit information.

## **Bitwise 10 Private Index Fund, LLC**

### **Notes to Financial Statements**

December 31, 2019

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#### **10. Subsequent Events**

On March 27, 2020, the Manager announced that it had begun the process of applying to have the interests of the Fund listed on OTC Markets (OTCQX) in order to allow for investors to access those interests in their brokerage accounts. In connection with this, the Manager intends to restructure the Fund from a Delaware limited liability company to a Delaware statutory trust.

While the listing of the interests on the OTCQX market is not guaranteed to occur, the Manager does intend to pursue the listing, and as a result, temporarily halted new subscriptions into the Fund on March 27, 2020. The Manager expects that new subscription access will reopen in the near future. The Manager also anticipates that it will announce the suspension of redemptions from the Fund in the latter half of 2020, pursuant to appropriate limited partner communication and associated fund governance approvals (when and if the shares become available on the OTCQX market). Limited partners in the Fund will continue to hear from the Manager as this process develops.

The Manager has evaluated subsequent events through April 7, 2020, the date the financial statements were available to be issued, and has determined that there are no other subsequent events that require disclosure.