

GRAYSCALE DECENTRALIZED FINANCE (DEFI) FUND LLC

A Cayman Islands Limited Liability Company

Managed by

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Primary Standard Industrial Code: 6221

2026 ANNUAL REPORT

Shares Representing Common Units of Fractional Undivided Beneficial Interest

No Par Value Per Share

Unlimited Shares Authorized

238,960 Shares Issued and Outstanding as of June 30, 2026

OTCQB: DEFG

Grayscale Investments Sponsors, LLC (the “Manager”), on behalf of Grayscale Decentralized Finance (DeFi) Fund LLC (the “Fund”), is responsible for the content of this annual report for the year ended June 30, 2026 (the “Annual Report”), which has been prepared to fulfill the disclosure requirements of the OTCQX U.S. marketplace. The information contained in this Annual Report has not been filed with, or approved by, the U.S. Securities and Exchange Commission (the “SEC”) or any state securities commission. Any representation to the contrary is a criminal offense.

All references to “the Fund,” “the Manager,” “the Issuer,” “Grayscale Decentralized Finance (DeFi) Fund,” “we,” “us” or “our” refers to the Fund or the Manager, as the context indicates. The Fund is a passive entity with no operations, and where the context requires, we provide disclosure with respect to the Manager, which administers the Fund.

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934).

Yes ☐ No ☒

Indicate by check mark whether the company’s shell status has changed since the previous reporting period.

Yes ☐ No ☒

Indicate by check mark whether a change in control of the company has occurred over this reporting period.

Yes ☐ No ☒

Dated as of September 3, 2026

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Cautionary Note Regarding Forward-Looking Statements

This Annual Report contains “forward-looking statements” with respect to the Fund’s financial conditions, results of operations, plans, objectives, future performance and business. Statements preceded by, followed by or that include words such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” the negative of these terms and other similar expressions are intended to identify some of the forward-looking statements. All statements (other than statements of historical fact) included in this Annual Report that address activities, events or developments that will or may occur in the future, including such matters as changes in market prices and conditions, the Fund’s operations, the plans of Grayscale Investments Sponsors, LLC (the “Manager”) and references to the Fund’s future success and other similar matters are forward-looking statements. These statements are only predictions. Actual events or results may differ materially from such statements. These statements are based upon certain assumptions and analyses the Manager made based on its perception of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances. You should specifically consider the numerous risks outlined under “Risk Factors.” Whether or not actual results and developments will conform to the Manager’s expectations and predictions, however, is subject to a number of risks and uncertainties, including:

- the risk factors discussed in this Annual Report, including the particular risks associated with new technologies such as digital assets, including Uniswap, Ondo, Aave, Ethena, Curve, and Lido DAO, and blockchain technology;
- the Fund’s inability to redeem Shares;
- the inability of the Fund to meet its investment objective;
- economic conditions in the digital asset industry and market;
- general economic, market and business conditions;
- global or regional political, economic or financial conditions, events and situations;
- the use of technology by us and our vendors, including the Custodian, in conducting our business, including disruptions in our computer systems and data centers and our transition to, and quality of, new technology platforms;
- changes in laws or regulations, including those concerning taxes, made by governmental authorities or regulatory bodies;
- the costs and effect of any litigation or regulatory investigations;
- our ability to maintain a positive reputation; and
- other world economic and political developments.

Consequently, all of the forward-looking statements made in this Annual Report are qualified by these cautionary statements, and there can be no assurance that the actual results or developments the Manager anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, the Fund’s operations or the value of the Shares. Should one or more of the risks discussed under “Risk Factors” or other uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those described in forward-looking statements. Forward-looking statements are made based on the Manager’s beliefs, estimates and opinions on the date the statements are made and neither the Fund nor the Manager is under a duty or undertakes an obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, other than as required by applicable laws. Moreover, neither the Fund, the Manager, nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Investors are therefore cautioned against relying on forward-looking statements.

PART A. GENERAL COMPANY INFORMATION

Item 1. The exact name of the issuer and its predecessor (if any).

The name of the Fund is Grayscale Decentralized Finance (DeFi) Fund LLC.

Item 2. The address of the issuer's principal executive offices.

The address of the Manager is: Grayscale Investments Sponsors, LLC
290 Harbor Drive, 4th Floor
Stamford, Connecticut 06902

The Manager's telephone number is: (212) 668-1427

The Manager's facsimile number is: (212) 937-3645

The Manager's website: The Manager maintains a corporate website, www.grayscale.com, which contains general information about the Fund and the Manager. The reference to our website is an interactive textual reference only, and the information contained on our website shall not be deemed incorporated by reference herein.

Investor relations contact: Peter Mintzberg
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Telephone: (212) 668-1427
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Email: info@grayscale.com

Item 3. The jurisdiction(s) and date of the issuer's incorporation or organization.

The Fund was constituted on June 10, 2021 as a Cayman Islands limited liability company under the LLC Act. A Cayman Islands limited liability company is constituted by the filing with the Registrar of Limited Liability Companies a registration statement signed by or on behalf of any person forming the limited liability company and the payment of a registration fee. The Fund is currently active in the Cayman Islands.

PART B. SHARE STRUCTURE

Item 4. The exact title and class of securities outstanding.

The only class of securities outstanding is equal, fractional, undivided interests in the profits, losses, distributions, capital and assets of, and ownership of, the Fund with such relative rights and terms as set out in the LLC Agreement ("Shares"), which represent ownership in the Fund. The Fund's trading symbol on the OTCQB U.S. Market ("OTCQB" or "OTC Markets") of OTC Markets Group Inc. is "DEFG" and the CUSIP number for the Fund's Shares is G4070G104.

Item 5. Par or stated value and description of the security.

A. Par or Stated Value

The Shares represent equal, fractional, undivided interests in the profits, losses, distributions, capital and assets of, and ownership of, the Fund, and have no par value.

B. Common or Preferred Stock

General

The Fund is authorized under the LLC Agreement to create and issue an unlimited number of Shares. The Fund issues Shares only in one or more blocks of 100 shares (a block of 100 Shares is called a “Basket”) in connection with creations. The Shares represent units of fractional, undivided beneficial interest in and ownership of the Fund and have no par value. The Shares are quoted on OTC Markets under the ticker symbol “DEFG.”

The Shares may be purchased from the Fund on an ongoing basis, but only upon the order of Authorized Participants and only in blocks of 100 Shares, which are referred to as Baskets. The Fund creates Shares on an ongoing basis, but only in Baskets. As of June 30, 2026, each Share represented approximately 0.7541 of one UNI, 5.0423 ONDO, 0.0160 of one AAVE, 9.0525 ENA, 1.5600 CRV, and 0.8799 of one LDO. Shareholders that are not Authorized Participants may not purchase (or, if then permitted, redeem) Shares or Baskets from the Fund. At this time, the Fund is not operating a redemption program for Shares and therefore the Shares are not redeemable by the Fund.

Description of Limited Rights

The Shares do not represent a traditional investment and should not be viewed as similar to “shares” of a corporation operating a business enterprise with management and a board of directors. A shareholder will not have the statutory rights normally associated with the ownership of shares of a corporation. Each Share is transferable, is fully paid and non-assessable and entitles the holder to vote on the limited matters upon which shareholders may vote under the LLC Agreement. For example, shareholders do not have the right to remove the Manager. The Shares do not entitle their holders to any conversion or pre-emptive rights or, except as discussed below, any redemption rights or rights to distributions.

Voting and Approvals

The shareholders take no part in the management or control of the Fund. Under the LLC Agreement, shareholders have limited voting rights. For example, in the event that the Manager withdraws, a majority of the shareholders may elect and appoint a successor manager to carry out the affairs of the Fund. In addition, no amendments to the LLC Agreement that materially adversely affect the interests of shareholders may be made without the vote of at least a majority (over 50%) of the Shares (not including any Shares held by the Manager or its affiliates). However, the Manager may make any other amendments to the LLC Agreement in its sole discretion without shareholder consent, provided that the Manager provides 20 days’ notice of any such amendment.

Distributions

Pursuant to the terms of the LLC Agreement, the Fund may make distributions on the Shares in-cash or in-kind, including in such form as is necessary or permissible for the Fund to facilitate its shareholders’ access to any asset other than cash that is held by the Fund at any time other than a Fund Component, including (i) any right, arising from a fork, airdrop or similar occurrence, to acquire (or otherwise establish dominion and control over) any digital asset or other asset or right and (ii) any digital asset or other asset or right acquired by the Fund through the exercise of a right described in the preceding clause (i), in each case, until such time as the Manager designates such asset as a Fund Component (“Forked Assets”).

In addition, if the Fund is wound up, liquidated and dissolved, the Manager will distribute to the shareholders any amounts of the cash proceeds of the liquidation of the Fund’s assets remaining after the satisfaction of all outstanding liabilities of the Fund and the establishment of reserves for applicable taxes, other governmental charges and contingent or future liabilities as the Manager will determine. See “Description of the LLC Agreement—Termination of the Fund.” Shareholders of record on the record date fixed by the Transfer Agent for a distribution will be entitled to receive their pro rata portions of any distribution.

Forked Assets; Appointment of Agent

Pursuant to the terms of the LLC Agreement, the Fund may take any lawful action necessary or desirable in connection with its ownership of Forked Assets. These actions may include (i) selling in the Digital Asset Markets Forked Assets and distributing the cash proceeds to shareholders, (ii) distributing Forked Assets in-kind to the shareholders or to an agent

acting on behalf of the shareholders for sale by such agent if an in-kind distribution would otherwise be infeasible, (iii) irrevocably abandoning Forked Assets and (iv) holding Forked Assets until the subsequent Fund Rebalancing Period, at which point the Manager may take any of the foregoing actions.

The Manager has 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 (any such abandonment, a “Pre-Creation Abandonment”), provided that a Pre-Creation Abandonment will 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 such Creation Time or (ii) such Forked Assets have been subject to a previous Pre-Creation Abandonment. An Affirmative Action is a written notification from the Manager to the Custodian of the Fund’s intention (i) to acquire and/or retain a Forked Asset or (ii) to abandon any Forked Assets with effect prior to the relevant Creation Time (“Affirmative Action”).

In determining whether to take an Affirmative Action to acquire and/or retain a Forked Asset, the Fund takes into consideration a number of factors, including:

- the Custodian’s agreement to provide access to the Forked Asset;
- the availability of a safe and practical way to custody the Forked Asset;
- the costs of taking possession and/or maintaining ownership of the Forked Asset and whether such costs exceed the benefits of owning such Forked Asset;
- whether there are any legal restrictions on, or tax implications with respect to, the ownership, sale or disposition of the Forked Asset, regardless of whether there is a safe and practical way to custody and secure such Forked Asset;
- the existence of a suitable market into which the Forked Asset may be sold; and
- whether the Forked Asset is, or may be, a security under federal securities laws.

Prior to making any decision to retain a Forked Asset in the Fund, the Manager would analyze whether that asset should be deemed a security under the federal securities laws using the same process described under “—Fund Construction Criteria—DFX methodology—Index Components Compared to Fund Components.”

For Forked Assets with respect to which the Manager takes an Affirmative Action to acquire such Forked Asset, the Manager currently expects that it would (a) distribute the Forked Asset in-kind to an agent on behalf of shareholders of record on a specified record date for sale by such agent or (b) monitor the Forked Asset from the date of the relevant fork, airdrop or similar event, or the date on which the Manager becomes aware of such event, leading up to, but not necessarily until, the subsequent Fund Rebalancing Period.

In the case of option (a), the shareholders’ agent would attempt to sell the Forked Asset, and if the agent is able to do so, remit the cash proceeds, net of expenses and applicable withholding taxes, to the relevant record date shareholders. The Manager may cause the Fund to appoint Grayscale Investments Sponsors, LLC (acting other than in its capacity as Manager) or any of its affiliates to act in such capacity.

Any Agent appointed to facilitate a distribution of Forked Assets will receive an in-kind distribution of Forked Assets on behalf of the shareholders of record with respect to such distribution, and following receipt of such distribution, will determine whether and when to sell the distributed Forked Assets on behalf of the record date shareholders. There can be no assurance as to the price or prices for any Forked Asset that the agent may realize, and the value of the Forked Asset may increase or decrease after any sale by the agent.

The Manager expects that any agent so appointed would not receive any compensation in connection with its role as agent, but would be entitled to receive from the record-date shareholders, out of the distributed Forked Assets, an amount of Forked Assets with an aggregate fair market value equal to the amount of administrative and other reasonable expenses incurred by the agent in connection with its activities as agent of the record-date shareholders, including expenses incurred by the agent in connection with any post-distribution sale of such Forked Assets. Should the Manager determine to distribute Forked Assets to an agent on behalf of shareholders to facilitate the distribution of Forked Assets in-kind, the

Manager currently expects to cause the Fund to appoint Grayscale Investments Sponsors, LLC, acting other than in its capacity as Manager, to act in such capacity.

In the case of option (b), leading up to the subsequent Fund Rebalancing Period, if the sale of such Forked Asset is economically and technologically feasible, the Manager currently expects to cause the Fund to sell such Forked Asset and use the cash proceeds to purchase additional tokens of the Fund Components then held by the Fund in proportion to their respective Weightings. If the sale of a Forked Asset is either economically or technologically infeasible at the time of the next Fund Rebalancing Period, the Manager may cause the Fund to abandon or continue holding such Forked Asset until such time as the sale is economically and technologically feasible, as determined by the Manager, in its sole discretion. In addition, the Manager may determine that a Forked Asset has a high probability of qualifying for inclusion in the Fund's portfolio once it has been trading for three months and can thus meet the liquidity requirements of the DFX Methodology. Should the Manager make such a determination, the Manager may, in its discretion, cause the Fund to continue to hold the Forked Asset until such time as the Manager determines to sell or abandon the Forked Asset or to include the Forked Asset in the Fund's portfolio as a Fund Component. In the case of abandonment of Forked Assets, the Fund would 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.

Creation of Shares

The Fund creates Shares at such times and for such periods as determined by the Manager, but only in one or more whole Baskets. A Basket equals 100 Shares. See "Description of Creation of Shares." The creation of a Basket requires the delivery to the Fund of the number of Fund Components represented by one Share immediately prior to such creation multiplied by 100. The Fund may from time to time halt creations, including for extended periods of time, for a variety of reasons, including in connection with forks, airdrops and other similar occurrences.

Redemption of Shares

Redemptions of Shares are currently not permitted and the Fund is unable to redeem Shares. Subject to receipt of regulatory approval from the SEC, approval by the Manager in its sole discretion and registration, to the extent required, with the Cayman Islands Monetary Authority (the "Authority") under the laws and regulations of the Cayman Islands after making such modifications to the LLC Agreement as may be necessary to effect such registration, the Fund may in the future operate a redemption program. Because the Fund does not believe that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program, the Fund currently has no intention of seeking regulatory approval from the SEC to operate an ongoing redemption program.

Even if such relief is sought in the future, no assurance can be given as to the timing of such relief or that such relief will be granted. If such relief is granted and the Manager approves a redemption program, the Shares will be redeemable only in accordance with the provisions of the LLC Agreement and the relevant Participant Agreement. See "Risk Factors—Risk Factors Related to the Fund and the Shares—Because of the holding period under Rule 144, the lack of an ongoing redemption program, and the Fund's ability to halt creations from time to time, there is no arbitrage mechanism to keep the value of the Shares closely linked to the Index Prices and the Shares have historically traded at a substantial premium over, or a substantial discount to, the NAV per Share," "Risk Factors—Risk Factors Related to the Fund and 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-concurrent trading hours between OTC Markets and the Digital Asset Trading Platform Market" and "Risk Factors—Risk Factors Related to the Fund and the Shares—The restrictions on transfer and redemption may result in losses on the value of the Shares."

Transfer Restrictions

Shares purchased in a private placement are restricted securities that may not be resold except in transactions exempt from registration under the Securities Act and state securities laws and any such transaction must be approved by the Manager. In determining whether to grant approval, the Manager will specifically look at whether the conditions of Rule 144 under the Securities Act and any other applicable laws have been met. Any attempt to sell Shares without the approval of the Manager in its sole discretion will be void *ab initio*.

Pursuant to Rule 144, a minimum one year holding period applies to all Shares purchased from the Fund.

On a bi-weekly basis, the Fund aggregates the Shares that have been held for the requisite holding period under Rule 144 by non-affiliates of the Fund to assess whether the Rule 144 transfer restriction legends may be removed. Any Shares that qualify for the removal of the Rule 144 transfer restriction legends are presented to outside counsel, who may instruct the Transfer Agent to remove the transfer restriction legends from the Shares, allowing the Shares to then be resold without restriction, including on OTC Markets. The outside counsel requires that certain representations be made, providing that:

- the Shares subject to each sale have been held for the requisite holding period under Rule 144 by the selling shareholder;
- the shareholder is the sole beneficial owner of the Shares;
- the Manager is aware of no circumstances in which the shareholder would be considered an underwriter or engaged in the distribution of securities for the Fund;
- none of the Shares are subject to any agreement granting any pledge, lien, mortgage, hypothecation, security interest, charge, option or encumbrance;
- none of the identified selling shareholders is an affiliate of the Manager;
- the Manager consents to the transfer of the Shares; and
- outside counsel and the Transfer Agent can rely on the representations.

In addition, because the LLC Agreement prohibits the transfer or sale of Shares without the prior written consent of the Manager, the Manager must provide a written consent that explicitly states that it irrevocably consents to the transfer and resale of the Shares. Once the transfer restriction legends have been removed from a Share and the Manager has provided its written consent to the transfer of that Share, no consent of the Manager is required for future transfers of that particular Share.

Book-Entry Form

Shares are held primarily in book-entry form by the Transfer Agent. The Manager or its delegate will direct the Transfer Agent to credit or debit, as applicable, the number of Baskets to the applicable Authorized Participant. The Transfer Agent will issue or cancel Baskets, as applicable. Transfers will be made in accordance with standard securities industry practice. The Manager may cause the Fund to issue Shares in certificated form in limited circumstances in its sole discretion.

Share Splits

In its discretion, the Manager may direct the Transfer Agent to declare a share split or consolidation in the number of Shares outstanding and to make a corresponding change in the number of Shares constituting a Basket. For example, if the Manager believes that the per Share price in the secondary market for Shares has risen or fallen outside a desirable trading price range, it may declare such a share split or consolidation.

Item 6. The number of shares or total amount of the securities outstanding for each class of securities authorized.

As of June 30, 2026 and 2025, the Fund had unlimited Shares authorized. As of June 30, 2026 and 2025, there were 238,960 and 237,560 Shares issued and outstanding, respectively.

The following table shows the number of the Shares outstanding:

	As of June 30,	
	2026	2025
(i) Number of Shares authorized	Unlimited	Unlimited
(ii) Number of Shares outstanding	238,960	237,560
(iii) Number of Shares freely tradable⁽¹⁾	210,831	202,051
(iv) Number of beneficial holders owning at least 100 Shares⁽²⁾	14	16
(v) Number of holders of record⁽²⁾	14	17

(1) Public float means the total number of unrestricted Shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10% of the total Shares outstanding, or anyone who controls, is controlled by or is under common control with such person, or any immediate family members of officers, directors and control persons. Freely tradable Shares inclusive of holders with more than 10% of total Shares outstanding was 211,133 and 202,999 as of June 30, 2026 and 2025, respectively.

(2) Includes Cede & Co. nominee for DTC for the Shares traded on OTC Markets, but not its direct participants. Therefore, this number does not include the individual holders who have bought/sold Shares on OTC Markets or transferred their eligible Shares to their brokerage accounts.

Item 7. The name and address of the transfer agent.

The Fund's transfer agent is Continental Stock Transfer & Trust Company (the "Transfer Agent"). The Transfer Agent's address is 1 State Street, 30th Floor, New York, New York 10004, and its telephone number is (212) 509-4000. Continental Stock Transfer & Trust Company is registered under the Securities Exchange Act and is regulated by the SEC.

PART C. BUSINESS INFORMATION

Item 8. The nature of the issuer's business.

A. Business Development

Except as described below, the activities of the Fund are limited to (i) issuing Baskets in exchange for Fund Components and cash transferred to the Fund as consideration in connection with the creations, (ii) transferring or selling Fund Components and Forked Assets as necessary to cover the Manager's Fee and/or any Additional Fund Expenses, (iii) transferring Fund Components and cash in exchange for Baskets surrendered for redemption (subject to obtaining regulatory approval from the SEC and approval from the Manager), (iv) causing the Manager to sell Fund Components and Forked Assets on the termination of the Fund, (v) making distributions of Forked Assets or cash from the sale thereof and (vi) engaging in all administrative and security procedures necessary to accomplish such activities in accordance with the provisions of the LLC Agreement, the Custodian Agreement, the Index License Agreement and the Participant Agreements.

In addition, the Fund may engage in any lawful activity necessary or desirable, including in order to facilitate shareholders' access to Forked Assets or for Staking or lending the Fund Property, provided that such activities do not conflict with the terms of the LLC Agreement. At this time, however, the Fund does not currently engage in, nor does it intend to engage in, any Staking or lending activities related to the Fund Property. In the future, any value created from such activities will be included in the Principal Market NAV or NAV calculation, or will be used to pay the Fund's expenses.

Other than through the quarterly rebalancing described below, the Manager has not, and does not intend to actively manage the Fund portfolio in response to price changes in the Fund Components held by the Fund at any given time. Nevertheless, CoinDesk Indices, Inc. (the "Index Provider") may remove a digital asset as an Index Component from the DFX outside of the scheduled Index Rebalancing Period under extraordinary circumstances. In the event the Index Provider removes an Index Component outside of the quarterly rebalancing period, the Manager expects the Fund would rebalance and the relevant digital asset would be removed as a Fund Component as soon as practical.

Although it has no current plans to do so, in the future the Fund may engage in Staking Activities, Governance Activities or lending activities involving the lending of Fund Components or Fund assets in a manner consistent with the LLC Agreement.

- Staking Activities include (i) using, or permitting to be used, in any manner, directly or indirectly, through an agent or otherwise (including, for the avoidance of doubt, through a delegation of rights to any third party with respect to any portion of the Fund Components, by making any portion of the Fund Components available to any third party or by entering into any similar arrangement with a third party), any portion of the Fund Components in a proof-of-stake or other type of validation protocol, (ii) accepting any Staking Consideration and (iii) holding any other staking consideration accepted by the Fund pursuant to clause (ii) for not more than 30 days after the Fund's receipt thereof, pending the use of such other staking consideration for payment of Additional Fund Expenses or distribution to the shareholders.
- Governance Activities include using, or permitting to be used, in any manner, directly or indirectly, through an agent or otherwise (including, for the avoidance of doubt, through a delegation of rights to any third party with respect to any portion of the Fund Components, by making any portion of the Fund Components available to any third party or by entering into any similar arrangement with a third party), any portion of the Fund Components in a protocol in which token holders participate in the governance of the network.

The mere act of transferring units of virtual currency on a peer-to-peer virtual currency network that allows for token holders to participate in governance shall not be considered to be Staking Activities or Governance Activities.

Any value created from Staking Activities, Governance Activities or lending activities involving the lending of Fund Components or Fund assets would be included in the Principal Market NAV or NAV calculation, or used to pay the Fund's expenses.

Fund Objective

Investment Objective

The Fund's investment objective is for the value of the Shares (based on NAV per Share) to reflect the value of the digital assets held by the Fund ("Fund Components") determined by reference to their respective Index Prices and weightings within the Fund Weightings, less the Fund's expenses and other liabilities.

In seeking to achieve its investment objective, the Fund holds the Fund Components. The Fund provides investors with the opportunity to gain exposure to the prices of the Fund Components through Shares held in a traditional brokerage account, without the barriers to entry or risks involved with holding or transferring the Fund Components directly, acquiring them from a Digital Asset Trading Platform, or otherwise obtaining direct exposure to the Fund Components.

The Fund is a passive investment vehicle that does not seek to pursue any investment strategy beyond tracking the price of the Fund Components. Other than through the quarterly rebalancing described under "—Fund Construction Criteria — Rebalancing," the Fund will not actively manage the portfolio, and no attempt will be made to protect against or to take advantage of fluctuations in the prices of the Fund Components or Forked Assets held by the Fund. The Fund will not utilize leverage, derivatives or any similar arrangements in seeking to meet its investment objective.

Secondary Market Trading

While the Fund's investment objective is for the value of the Shares to reflect the value of the Fund Components as determined by reference to their respective Index Prices and weightings within the Fund, less the Fund's expenses and other liabilities, the Shares may trade in the Secondary Market on OTC Markets (or on another Secondary Market in the future) at prices that are lower or higher than the NAV per Share. The amount of the discount or premium in the trading price relative to the NAV per Share may be influenced by non-concurrent trading hours and liquidity between OTC Markets and larger Digital Asset Trading Platforms. While the Shares trade on the OTC Markets from 6:00 a.m. until 5:00 p.m., New York time, liquidity in the Digital Asset Markets may fluctuate depending upon the volume and availability of larger Digital Asset Trading Platforms. As a result, during periods in which Digital Asset Market liquidity is limited or a major Digital Asset Trading Platform is off-line, trading spreads, and the resulting premium or discount, on the Shares may widen.

Fund Construction Criteria

DFX Methodology

Since July 5, 2022, the Fund Components have consisted of the digital assets that make up the DFX, as rebalanced from time to time, subject to the Manager's discretion to exclude individual digital assets in certain cases. Effective April 1, 2026, the Index Provider made certain changes to the DFX Methodology, which are described below.

Index Universe

The digital assets that make up the DFX (the "Index Components") are drawn from the digital assets that make up the CoinDesk 100 Index (the "Index Universe"). The digital assets that make up the CoinDesk 100 Index comprise the combined 100 digital asset constituents of the CoinDesk 20 and CoinDesk 80 Indices, weighted by market capitalization. To be eligible for inclusion in the Index Universe: (i) the digital asset must be ranked in the top 250 by market capitalization, excluding stablecoins; (ii) the digital asset must be able to support an applicable reference rate by nature of its inclusion on a sufficient amount of Digital Asset Trading Platforms and volume metrics, as determined by the Index Provider; (iii) the digital asset must not be a "wrapped token," "pegged token," "liquid-staked asset" or "gas-only token," each as defined by the Index Provider, or an asset that meets the definition of an unregistered security as determined by the Index Provider; and (iv) the digital asset must be (a) listed as a USD and/or USDC and/or USDT pair on a minimum of three Constituent Trading Platforms with (b) 30 consecutive days of non-zero volume on all three such Constituent Trading Platforms.

Decentralized finance, or "DeFi", digital assets are those that are employed in financial services transactions such as borrowing, lending, custodying, trading, derivatives, asset management and insurance, without the intermediation of a central trusted party such as a bank, custodian, broker-dealer, securities exchange, investment adviser, clearinghouse or transfer agent.

Eligibility and Weighting

Under the DFX Methodology, the Index Provider applies market capitalization, liquidity and data availability criteria to the digital assets in the Index Universe in order to arrive at five to ten digital assets that, in the Index Provider's judgment, represent a diversified benchmark for the largest digital assets in the Index Universe that are classified as Decentralized Finance, rather than exposure to all digital assets in the Index Universe.

Digital assets will be included in the DFX on a market capitalization-weighted basis. For example, a digital asset with a larger market capitalization will have a higher representation in the DFX, and thus the Fund's portfolio (unless the Manager excludes the digital asset from the Fund). Market capitalization refers to a digital asset's market value, as determined by multiplying the amount of tokens of such digital asset in circulation by the market price of a token of such digital asset. The market price per token of a Fund Component will be determined by reference to the applicable Index Price. The market capitalization of any digital assets not in the DFX, and therefore not held by the Fund, will be determined based on data that the Index Provider obtains directly from trading platforms and other service providers. Because the Fund creates Shares in exchange for Fund Components on a daily basis, the market capitalization of each Fund Component is calculated, and its Weighting therefore fluctuates, daily in accordance with changes in the market price of such Fund Components. See "Valuation of Digital Assets and Determination of NAV" in this Annual Report.

Inclusion of New Index Components

In order for a new digital asset to qualify for inclusion in the DFX, and thus the Fund's portfolio during a Fund Rebalancing Period, it must be included in the Index Universe and classified by the Index Provider as Decentralized Finance. Such digital assets are referred to as the "Selection Universe."

In order for a digital asset in the Selection Universe to be included in the DFX during an Index Rebalancing Period, such digital asset must (i) be ranked in the top 10 by market capitalization and a current DFX constituent or be ranked in the top 8 by market capitalization and included on the Watchlist (as defined below) and (ii) have a minimum weight of 1.0% (collectively, the "Index Inclusion Criteria"). In the event that less than five digital assets meet the Index Inclusion Criteria, the Index Provider may relax certain criteria to include additional digital assets. The digital assets that meet these criteria constitute the Index Components of the DFX. Any digital asset ranked in the top 8 and not selected as a constituent of the DFX will be added to the list of assets (the "Watchlist") to be considered for inclusion in the following calendar quarter.

The respective weightings of the Index Components within the DFX are determined by the Index Provider based on market capitalization criteria. The resulting weightings of the Index Components are referred to as the "Index Weightings."

The process followed by the Index Provider to determine the DeFi Cohort, the Index Components and their respective Index Weightings is referred to as the "DFX Methodology."

Removal of Existing Index Components

Outside of the quarterly Index Rebalancing Period, the Index Provider may remove a digital asset as an Index Component from the DFX under extraordinary circumstances. For example, if an Index Component is determined to be a "security" under the federal securities laws by the SEC, a federal court or other U.S. government agency, it may be removed from the DFX at a date determined and announced by the Index Provider. In the event the Index Provider removes an Index Component outside of the quarterly rebalancing period, the Manager expects the Fund would rebalance and the relevant digital asset would be removed as a Fund Component as soon as practical.

At the inception of the Fund, the digital assets included in the Fund's portfolio as Fund Components were: UNI, AAVE, COMP, CRV, MKR, SUSHI, SNX, YFI, UMA and BNT.

As of the date of this Annual Report, the digital assets included in the Fund's portfolio as Fund Components are: UNI, AAVE, ONDO, CRV, ENA and LDO, and the Index Price for each Fund Component is an Indicative Price. Refer to Exhibit 1 to this Annual Report, "Note 4. Portfolio Rebalancing" for a description of the portfolio rebalancing events.

Index Components Compared to Fund Components

The Fund Components consist of the Index Components except when the Manager determines to exclude a particular Index Component in view of one or more of the following criteria (the “Exclusion Criteria”), as determined in the sole discretion of the Manager:

- none or few of the Authorized Participants or service providers has the ability to trade or otherwise support the digital asset;
- the Manager believes, based on current guidance, that use or trading of the digital asset raises or potentially raises significant governmental, policy or regulatory concerns or is subject or likely subject to a specialized regulatory regime, such as the U.S. federal securities or commodities laws or similar laws in other significant jurisdictions;
- the digital asset’s underlying code contains, or may contain, significant flaws or vulnerabilities; or
- there is limited or no reliable information regarding, or concerns over the intentions of, the core developers of the digital asset

The Manager will determine whether a particular digital asset that is included or eligible for inclusion in the Fund is a security for purposes of the federal securities laws by considering a number of factors, including the various definitions of “security” under the federal securities laws and federal court decisions interpreting elements of these definitions, such as the U.S. Supreme Court’s decisions in the *Howey* and *Reves* cases, as well as reports, orders, press releases, public statements and speeches by the SEC and its staff providing guidance on when a digital asset may be a security for purposes of the federal securities laws. The Manager does not intend to permit the Fund to hold any digital asset that the Manager determines is a security under the federal securities laws, whether that determination is initially made by the Manager itself, or because a federal court upholds an allegation that a digital asset is a security.

The Fund Weightings are generally expected to be the same as the Index Weightings except when one or more digital assets have been excluded from the Fund Components based on the Exclusion Criteria, in which case the Fund Weightings are generally expected to be calculated proportionally to the respective Index Weightings for the remaining Index Components.

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 of 1940, as amended (the “Investment Company Act”) or require the Manager to register as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Investment Advisers Act”).

Rebalancing

The Index Provider reviews the DFX for rebalancing according to the DFX Methodology quarterly during a period beginning 30 days before the last business day of each January, April, July, and October (each such period, an “Index Rebalancing Period”). At the start of each Index Rebalancing Period, the Index Provider will apply the DFX Methodology to determine any changes to the Index Components and the Index Weightings, after which the Manager rebalances the Fund’s portfolio accordingly, subject to application of the Exclusion Criteria. In order to rebalance the Fund’s portfolio, the Manager will (i) determine whether any Fund Components have been removed from the DFX and should therefore be removed as Fund Components, (ii) determine whether any new digital assets have been added to the DFX and should therefore be included as Fund Components, and (iii) determine how much cash and Forked Assets the Fund holds. If a Fund Component is no longer included in the DFX, the Manager will adjust the Fund’s portfolio by selling such Fund Component in the Digital Asset Markets and using the cash proceeds to purchase additional tokens of the remaining Fund Components and, if applicable, any new Fund Component in proportion to their respective Fund Weightings. If a digital asset not then included in the Fund’s portfolio is newly eligible for inclusion in the Fund’s portfolio because it was added to the DFX and not excluded through the Exclusion Criteria, the Manager will adjust the Fund’s portfolio by selling tokens of the then-current Fund Components in the Digital Asset Markets in proportion to their respective Fund Weightings and using the cash proceeds to purchase tokens of the newly eligible digital assets.

The Manager rebalances the Fund's portfolio quarterly during a period beginning on the last business day of each January, April, July and October (each such period, a "Fund Rebalancing Period"). The Manager expects each Fund Rebalancing Period to last between one and five business days.

The Manager will post on its website the new Fund Components and their respective Fund Weightings at the end of each Fund Rebalancing Period based on the assessment described above. During each Fund Rebalancing Period, the Manager will halt creations (and if redemptions are then permitted, redemptions) of Shares. If a Fund Rebalancing Period ends prior to 4:00 p.m., New York time, on a business day, the Manager will cause the Fund to resume creations on such business day and the Fund will create Shares in exchange for contributions of the then-current Fund Components in proportion to their respective Fund Weightings as of the end of such Fund Rebalancing Period, as determined as of 4:00 p.m., New York time, on such business day in the manner set forth under "Description of the Shares—Creation of Shares" in this Annual Report. If a Fund Rebalancing Period ends after 4:00 p.m., New York time, on a business day, the Manager will cause the Fund to resume creations on the following business day.

Under the DFX Methodology, there are two factors that drive changes in the market capitalization weighting of a Fund Component: (i) increases and decreases in the market price of a Fund Component, which occur daily as prices fluctuate in the digital asset market, and (ii) increases or decreases in the circulating supply of the Fund Component, which occur gradually over extended periods of time for a number of reasons, including in connection with mining or staking activity. Since the daily fluctuation in the market price of each Fund Component is the predominant driver of its market capitalization weighting, the Fund Weighting of each Fund Component will generally dynamically adjust with the market, even without adjustments to such Fund Component's Fund Weighting, to account for gradual changes in supply. Therefore, the Manager does not expect the Index Provider to cause the DFX to remove or add tokens of any Index Component during an Index Rebalancing Period, and accordingly the Manager generally does not expect the Fund to sell or purchase tokens of any Fund Component during a Fund Rebalancing Period other than in the event that (i) a Fund Component is eligible for removal, (ii) a new digital asset is eligible for inclusion, or (iii) the Fund holds cash from contributions in connection with the creation of Baskets or as a result of the sale of any Forked Assets. However, should the Manager determine that the Fund Weighting of a Fund Component does not accurately reflect its market capitalization due to, among other reasons, material increases or decreases in the circulating supply of such Fund Component that have not been accounted for over the course of prior Fund Rebalancing Periods, the Manager may cause the Fund to purchase or sell additional tokens of such Fund Component during a Fund Rebalancing Period to adjust such Fund Component's Fund Weighting.

During any Fund Rebalancing Period, the Manager will also (i) decide whether to cause the Fund to sell or hold any Forked Assets then held by the Fund and (ii) generally cause the Fund to use the cash proceeds from the sale of any Forked Assets and any cash contributed to the Fund as the Forked Asset Portion or the Cash Portion to purchase additional tokens of all Fund Components then held by the Fund in proportion to their respective Fund Weightings as determined during such Fund Rebalancing Period.

Other than through the quarterly rebalancing described above, the Manager does not intend to actively manage the Fund portfolio in response to price changes in the Fund Components held by the Fund at any given time. Nevertheless, the Index Provider may remove a digital asset as an Index Component from the DFX outside of the scheduled Index Rebalancing Period under extraordinary circumstances. In the event the Index Provider removes an Index Component outside of the quarterly rebalancing period, the Manager expects the Fund would rebalance and the relevant digital asset would be removed as a Fund Component as soon as practical.

Fiat Currencies

The Fund may also hold cash in U.S. dollars from time to time due to sales of digital assets during a Rebalancing Period, sales of Forked Assets following a fork, airdrop or similar event or contributions of cash to the Fund, as described in more detail under "Description of the Fund—Creation of Shares." The Manager does not currently expect to hold cash for a period of more than 90 days and intends to use any cash held by the Fund to purchase additional tokens of the Fund Components then held by the Fund in proportion to their respective Weightings during the next Rebalancing Period. The foregoing notwithstanding, the Manager may, in its sole discretion, decide to cause the Fund to hold cash for longer than 90 days and to use any cash it holds for any other lawful purpose.

1. The form of organization of the issuer.

The Fund is a Cayman Islands limited liability company.

2. The year that the issuer (or any predecessor) was organized.

The Fund was constituted on June 10, 2021 as a Cayman Islands limited liability company under the LLC Act. A Cayman Islands limited liability company is constituted by the filing with the Registrar of Limited Liability Companies a registration statement signed by or on behalf of any person forming the limited liability company and the payment of a registration fee.

3. The issuer's fiscal year end date.

The Fund's fiscal year end date is June 30.

4. Whether the issuer (or any predecessor) has been in bankruptcy, receivership or any similar proceeding.

The Fund has not been in, and is not in the process of, any bankruptcy, receivership or any similar proceeding since its inception.

5. Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets.

The Fund has not undergone any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets since its inception.

6. Any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the issuer to make payments.

The Fund has not experienced any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the Fund to make payments since its inception.

7. Any change of control.

The Fund has not experienced any change of control since its inception.

8. Any increase of 10% or more of the same class of outstanding equity securities.

The Fund has only one class of outstanding equity securities. The Fund has experienced increases of more than 10% of the Shares since inception of the Fund (June 10, 2021). The Fund is a limited liability company that has no limit on the number of Shares that can be issued. The Fund publishes the total number of Shares outstanding as of the end of each month on the Manager's website at www.grayscale.com.

9. Any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization.

On June 23, 2022, the Fund completed a 1-for-10 Reverse Share Split of the Fund's issued and outstanding Shares. In connection with the Reverse Share Split, effective for shareholders of record on June 22, 2022, every ten issued and outstanding Shares of the Fund were converted into one Share. The number of outstanding Shares and per-Share amounts disclosed for all periods presented, throughout this Annual Report, have been retroactively adjusted to reflect the effects of the Reverse Share Split.

10. Any delisting of the issuer's securities by any securities exchange or deletion from the OTC Bulletin Board.

There has not been any delisting of the Shares by any securities exchange or deletion from the OTC Bulletin Board.

11. Any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved.

Grayscale Operating, LLC, the former Co-Manager of the Fund until May 3, 2025, was a party to certain legal proceedings during the period covered by this report. Although the Fund is not a party to these proceedings, the Fund may in the future be subject to legal proceedings or disputes.

On May 19, 2025, Genesis Global Capital, LLC ("Genesis Capital") and Genesis Asia Pacific Pte. Ltd. ("Genesis Asia") filed a complaint in the United States Bankruptcy Court for the Southern District of New York ("SDNY Bankruptcy Court") against Digital Currency Group, Inc. ("DCG") and certain of its affiliates including Grayscale Operating, LLC ("GSO") alleging that Genesis Capital made certain preferential transfers to Grayscale Investments, LLC ("GSI"), the predecessor in interest to GSO prior to the merger of Grayscale Investments, LLC with and into Grayscale Operating, LLC, with Grayscale Operating, LLC continuing as the surviving company (the "Merger"), during the preference period prior to Genesis Capital's filing of a bankruptcy petition in SDNY Bankruptcy Court while GSI was allegedly an insider to Genesis Capital pursuant to 11 U.S.C. § 101(31). Genesis Capital seeks to avoid the alleged preferential transfers pursuant to 11 U.S.C. § 547(b), as well as recovery of property and disallowance of claims. Genesis Capital is seeking to avoid transfers to GSI, the predecessor in interest to GSO prior to the Merger, of 105 Bitcoin and 37,647.06 Ethereum Classic tokens. GSO believes this lawsuit is without merit and intends to vigorously defend against it.

As of the date of this Annual Report, the Manager does not expect the foregoing proceedings to have a material adverse effect on the Fund's business, financial condition or results of operations.

The Manager and/or the Fund may be subject to additional legal proceedings and disputes in the future.

B. Business of Issuer.

OVERVIEW OF THE DIGITAL ASSET INDUSTRY AND MARKET

Digital assets are created and transmitted through the operations of peer-to-peer Digital Asset Networks, which are decentralized networks of computers that operate on cryptographic protocols. No single entity owns or operates any Digital Asset Networks, the infrastructure of which are collectively maintained by a decentralized user base. Digital Asset Networks allow people to exchange tokens of value, which are recorded on public transaction ledgers frequently known as blockchains.

Digital Asset Networks are decentralized in that they do not require governmental authorities or financial institution intermediaries to create, transmit or determine the value of their tokens. Rather, such digital assets are created and allocated by the Digital Asset Network's protocol, for example through a "mining," "staking" or other validating process. Most commonly, new digital assets are created and awarded to the miners, stakers or validators of a block in the digital asset's blockchain for verifying transactions. In other instances, all of the Digital Asset Network's tokens are created upon the Digital Asset Network's launch and may be used to pay transaction fees to validators. See "Market Participants—Miners and Validators" for more detail. A digital asset's blockchain or ledger is effectively a decentralized database that includes all blocks that have been mined by miners, stakers or validators and it is updated to include new blocks as they are mined. Each digital asset transaction is broadcast to the Digital Asset Network and, when included in a block, recorded in the digital asset blockchain or ledger. As each new block records outstanding digital asset transactions, and outstanding transactions are settled and validated through such recording, the digital asset blockchain or ledger represents a complete, transparent and unbroken history of all transactions of the Digital Asset Network.

The value of a digital asset is determined by the supply of and demand for such digital asset on Digital Asset Trading Platforms or in private end-user-to-end-user transactions. Digital assets can be used to pay for goods and services or can be converted to fiat currencies, such as the U.S. dollar, at rates determined on Digital Asset Trading Platforms or in individual end-user-to-end-user transactions under a barter system. Additionally, digital assets can be used to pay for transaction fees to miners, stakers or validators for verifying transactions on the Digital Asset Network. Digital Asset Networks can also be used for more complex purposes. For example, various Digital Asset Networks allow users to run smart contracts, which are general purpose code that autonomously executes on every computer on the relevant network and can instruct the transmission of information and value to facilitate, verify and enforce the negotiation and performance of contracts. On decentralized finance or "DeFi" applications, digital assets are also employed in financial services transactions such as borrowing, lending, custodial, trading, derivatives, asset management and insurance, without the intermediation of a central trusted party such as a bank, custodian, broker-dealer, securities exchange, investment adviser, clearinghouse or transfer agent.

Fund Components

As of June 30, 2026, the aggregate market capitalization of the Fund Components represented approximately 0.32% of the total market capitalization of the digital assets tracked by CoinMarketCap.com. The Fund Components and selected market data as of June 30, 2026 are detailed below:

Asset	Symbol	Market Cap (millions)	Circulating Supply (millions)	Maximum Supply (millions)
Uniswap	UNI	\$ 1,724.9	621.2	1,000.0
Ondo	ONDO	\$ 1,501.6	4,869.3	10,000.0
Aave	AAVE	\$ 1,310.1	15.4	16.0
Ethena	ENA	\$ 669.5	9,293.8	15,000.0
Curve	CRV	\$ 280.2	1,520.6	3,030.3
Lido DAO	LDO	\$ 202.0	842.8	1,000.0

Smart Contracts

The Ethereum network was the first blockchain protocol to allow users to write and implement smart contracts—general-purpose code that executes on the network and can instruct the transmission of information and value based on a

sophisticated set of logical conditions. Using smart contracts, users can create markets, store registries of debts or promises, represent the ownership of property, move funds in accordance with conditional instructions and create digital assets other than the native token to any such blockchain. Smart contract operations are executed on a blockchain in exchange for payment of digital assets. Smart contracts are one of a number of projects intended to expand blockchain use beyond just a peer-to-peer money system.

Development on the Ethereum network and other smart contract platforms involves building more complex tools on top of smart contracts, such as decentralized apps (DApps) and organizations that are autonomous, known as decentralized autonomous organizations (DAOs). For example, a company that distributes charitable donations on behalf of users could hold donated funds in smart contracts that are paid to charities only if the charity satisfies certain pre-defined conditions.

More recently, the Ethereum network and other smart contract platforms have been used for decentralized finance (DeFi) or open finance platforms, which seek to democratize access to financial services, such as borrowing, lending, custody, trading, derivatives, asset management and insurance, by removing third-party intermediaries. DeFi can allow users to lend and earn interest on their digital assets, exchange one digital asset for another and create derivative digital assets such as stablecoins, which are digital assets pegged to a reserve asset such as fiat currency.

In addition, the Ethereum network and other smart contract platforms have been used for creating non-fungible tokens, or NFTs. Unlike digital assets native to smart contract platforms which are fungible and designed to enable the payment of fees for smart contract execution, NFTs allow for digital ownership of assets associated with the NFT, including those created within the DApps built on smart contract platforms. This new paradigm allows users to own their digital assets as NFTs, trade them with others in the DApp or game, and carry them to other digital experiences, creating an entirely new free-market internet-native economy that can be monetized in the physical world.

For example, LAND is an NFT in Decentraland, a metaverse DApp built on the Ethereum network. LAND is an NFT because every parcel of LAND has a different set of (x,y) coordinates in Decentraland, and thus there is only one representation within Decentraland of each set of (x,y) coordinates. The value of LAND is based on its adjacency to other LAND and its ability to host content and connect users in Decentraland. Other uses of NFTs include digital art, collectibles, in-game items and identity.

DeFi

More recently, the Ethereum network and other smart contract platforms have been used for decentralized finance (DeFi) or open finance platforms, which seek to democratize access to financial services, such as borrowing, lending, custody, trading, derivatives, asset management and insurance, by removing third-party intermediaries. DeFi can allow users to lend and earn interest on their digital assets, exchange one digital asset for another and create derivative digital assets such as stablecoins, which are digital assets pegged to a reserve asset such as fiat currency. During the year ended June 30, 2026, between \$41 billion to \$76 billion worth of digital assets were locked up as collateral on DeFi platforms on the Ethereum network.

DeFi consists of several component protocols that are interoperable with one another to provide various types of goods and services. Under DACS, the Index Provider classifies the DeFi Sector into the following sub-categories or “Industries”: Asset Management, Atomic Swaps, Credit Platform (Other), Lending/Borrowing, Active DAO, DAO (Other), DAO Builder, Derivatives, Automated Market-Maker (AMM), Central Limit Order Book (CLOB), Exchanges (Other), Insurance, and Yield. Examples of broad categories that are considered DeFi include:

Decentralized Exchange Protocols

Many decentralized exchange protocols (“DEXs”) use what is known as an automated market maker. These protocols generally enable decentralized trading of digital assets without a central orderbook by aggregating digital asset trading pairs using smart contracts. With DEX protocols, users can exchange digital assets with one another by transferring the digital asset they want to sell in exchange for the digital asset they want to buy and paying a transaction fee per trade.

The smart contracts eliminate the need of traders to find buyers and sellers. Instead, traders interact directly with the protocol, which determines the exchange rate for a given digital asset liquidity pool. Liquidity pools are maintained by independent market makers called liquidity providers (“LPs”). LPs receive a portion of the transaction fees in exchange for their services. Exchange rates are determined algorithmically by constant function market makers or by LPs, in each case subject to market forces.

Some DEX protocols also include tokens that give holders governance rights over the protocol, such as the ability to propose and vote on improvement proposals to adjust features such as permitted assets and transaction fees, as well as economic rights to fees generated by the protocol.

Examples of DEX protocols include Uniswap and Curve. Under DACS, Uniswap and Curve are included in the AMM Industry.

Uniswap

UNI is a digital asset that is created and transmitted through the operations of the peer-to-peer Uniswap protocol, a decentralized protocol that enables trading of digital assets without a central orderbook by aggregating digital asset trading pairs using smart contracts. No single entity owns or operates the Uniswap protocol, the infrastructure of which is collectively maintained by a decentralized user base.

On the Uniswap protocol, users exchange digital assets with one another by paying a transaction fee to LPs. In Uniswap v3 and later versions, LPs provide liquidity by depositing assets into pools and receive non-fungible tokens (NFTs) that represent their specific liquidity positions, including chosen price ranges. Fees accrue to the holders of these LP NFTs in proportion to the amount and range of liquidity provided and are collected by LPs as long as their liquidity remains in range and unwithdrawn.

Holders of UNI have the ability to propose and vote on improvement proposals to adjust certain features of the Uniswap protocol. Examples of proposals include changes to protocol parameters, the optional protocol-fee mechanism, and allocations from the Uniswap treasury or grants. The creation of liquidity pools is permissionless; anyone can deploy pools, and UNI-holders do not, as a class, curate or 'list' specific markets.

The Uniswap protocol was originally conceived in 2016 by Vitalik Buterin, the creator of the Ethereum network. In 2018, Hayden Adams, a software engineer and Uniswap Labs Inc., a U.S. company, created the first version of the Uniswap protocol and UNI. The Uniswap protocol was initially funded by grants from the Ethereum Foundation and later venture capital. UNI was created in 2020 as a means of decentralizing the governance of the network. 150 million tokens were initially distributed to anyone who had participated in a transaction on the Uniswap protocol prior to the token distribution.

In February 2024, the Uniswap Foundation issued a governance proposal that would allow holders of UNI tokens to collect a portion of the revenues collected by the Uniswap protocol, in what would be known as activating a "fee switch." Voting on this "temperature check" proposal has indicated a desire by UNI holders to activate the fee switch and in March 2025, the Uniswap community approved governance proposals to provide additional funding to the Uniswap Foundation and to establish a framework that could allow for the future activation of a fee switch. In November 2025, Uniswap Labs and the Uniswap Foundation jointly introduced a proposal called "UNIfication" to activate the fee switch, direct a portion of trading fees into an ongoing UNI burn mechanism, and fold the Uniswap Foundation's operations into Uniswap Labs. UNI holders approved the proposal in December 2025 and the protocol activated the fee switch and burned 100 million UNI shortly thereafter. In July 2026, UNI holders approved Governance Proposal 100, expanding the fee switch to Uniswap v4 pools. Implementation of the fee switch across the Uniswap ecosystem remains ongoing, and governance may consider additional proposals from time to time to expand, adjust, or otherwise modify the scope of protocol fees and associated burn mechanisms. There can be no assurance regarding the scope, revenue impact, or permanence of these mechanisms.

On April 10, 2024, Uniswap Labs announced that it had received a Wells Notice from the SEC pertaining to its activities related to the Uniswap protocol and alleging that Uniswap Labs engaged in an unregistered offer and sale of UNI tokens in violation of the Securities Act. On May 21, 2024, Uniswap Labs submitted a Wells Submission in response to the Wells Notice in which it argued that its issuance and sales of UNI, its activities related to the Uniswap protocol, and the Uniswap protocol itself did not violate securities laws. In February 2025, the SEC closed its investigation of Uniswap Labs without filing any enforcement action against Uniswap Labs or otherwise alleging that the UNI token is a security.

On September 6, 2024, the CFTC announced that it issued an order filing and settling charges against Uniswap Labs for offering leveraged or margined retail commodity transactions in digital assets to users in the United States. The order related to tokens that offered users the opportunity to enter leveraged positions against other digital assets that were available for purchase through the Uniswap protocol via the interface provided by Uniswap Labs. The order required

Uniswap Labs to pay a \$175,000 civil monetary penalty and to cease and desist from violating the Commodities Exchange Act.

Curve

CRV is a digital asset that is created and transmitted through the operations of the peer-to-peer Curve network, a decentralized exchange and automated market maker, primarily on the Ethereum network. No single entity owns or operates the Curve network, which is collectively maintained by a decentralized user base.

The Curve protocol is a decentralized exchange optimized for swaps between stablecoins that peg to the same value. The Curve network aims to minimize fees, reduce price slippage, mitigate risk, and provide ample liquidity in the exchange of stablecoins by integrating with popular DeFi applications like Compound and Yearn.finance.

Holders of CRV are able to vote on governance proposals and thus participate in CurveDAO, a decentralized autonomous organization that governs the Curve network, to adjust features of the Curve protocol. Examples of proposals include what asset markets to list, transaction fees and how to distribute such fees. Fees currently are distributed to CRV holders if such holders stake their CRV in return for a tokenized asset, veCRV.

The Curve protocol was conceived by Michael Egorov in a November 2019 whitepaper. The Curve protocol was originally called “StableSwap.” The StableSwap whitepaper details the foundations of what eventually became the Curve protocol, which launched in January 2020. CRV was launched and distributed to liquidity providers in August 2020.

Decentralized Lending and Borrowing Protocols

These protocols, also known as algorithmic money market protocols, enable decentralized lending and borrowing of digital assets using smart contracts. With lending and borrowing protocols, users can lend digital assets to the protocol and earn interest from borrowers who pay interest and post collateral.

The smart contracts eliminate the need of borrowers and lenders to negotiate the terms of contract and rely on counterparties to hold funds. Instead, both sides interact directly with the protocol, which determines collateral requirements and interest rates and handles the storage and management of the protocol’s assets in smart contracts called liquidity pools. Collateral requirements and interest rates are determined algorithmically based on market forces. Many of these protocols rely on overcollateralization, which means that borrowers have to supply more value than they wish to borrow to avoid liquidation, thereby minimizing counterparty and credit risk.

Some lending and borrowing protocols also include tokens that give holders governance rights over the protocol, such as the ability to propose and vote on improvement proposals to adjust features such as permitted assets, collateral requirements and interest rates, as well as economic rights to fees generated by the protocol.

Examples of decentralized lending and borrowing protocols include Aave. Under DACS, AAVE is included in the Lending/Borrowing Industry.

Aave

AAVE is a digital asset that is created and transmitted through the operations of the peer-to-peer Aave network, a decentralized protocol that enables lending and borrowing of digital assets using smart contracts. No single entity owns or operates the Aave network, the infrastructure of which is collectively maintained by a decentralized user base.

On Aave, lenders of digital assets earn interest by receiving an equal amount of aTokens, which are the network’s native ERC-20 tokens that represent claims to a portion of an asset pool. For example, if a lender deposits 100 Ether into Aave, it receives 100 aETH. As borrowers on Aave borrow Ether and pay interest in Ether, the value of aETH grows proportionally and are therefore convertible into more Ether. As long as the lender holds aETH, it will earn interest based on the interest rate of the networks’ Ether pool.

Holders of AAVE have the ability to propose and vote on improvement proposals to adjust features of the network. Examples of proposals include which aToken markets to list, parameters affecting interest rates and required collateralization for each asset.

The creator of Aave, Aave SAGL, is a Swiss company formed in 2017 by Stani Kulechov, a Finnish attorney. The firm was initially named ETHlend and funded by a \$16.2 million ICO in 2017, during which time it sold 1 billion of the total

1.3 billion AAVE tokens (originally called LEND) to the public. In 2018 ETHLend rebranded to Aave, which means “ghost” in Finnish, upon converting from a counterparty matching protocol to a full decentralized lending and borrowing protocol.

Aave also introduced a new feature called “flash loans”, which are loans that are simultaneously issued and settled on a single mined block of the Ethereum network. These loans require no upfront collateral and allow users to almost instantly take advantage of trading opportunities or maximize profits from other systems built on the Ethereum network. In July 2024, an Aave user issued a governance proposal that would allow holders of AAVE tokens to collect a portion of the revenues collected by the Aave protocol, in what would be known as activating a “fee switch.” In March 2026, AAVE holders approved the “Aave Will Win” proposal, directing all such revenue to the Aave DAO and ratifying a new protocol architecture, “Aave V4,” as the network’s future direction. Aave V4 subsequently launched on Ethereum in March 2026 alongside the pre-existing Aave protocol.

Decentralized Derivatives or Synthetic Protocols

These protocols issue derivative or synthetic tokens for a variety of underlying assets such as fiat (i.e., stablecoins), equities, commodities, indices and other financial instruments. With derivative or synthetic assets, users can gain exposure to real world assets while taking advantage of the openness, efficiency and transparency benefits of blockchain technology.

Like DEX and decentralized lending and borrowing protocols, smart contracts on derivative and synthetic protocols eliminate the need of users to find one another. Instead, users interact directly with the protocol, which determines exchange rates, collateral requirements and interest rates and handles the storage and management of the protocol capital in smart contracts called liquidity pools. Many of these protocols also rely on overcollateralization. Some of these protocols also include governance tokens that give holders the ability to propose and vote on improvement proposals to adjust features such as permitted assets, collateral requirements and interest rates.

Examples of protocols used to issue derivatives or synthetic protocols are Ethena and Ondo. Under DACS, Maker and Ethena are included in the Yield Industry.

Ondo

ONDO is a digital asset that is created and transmitted through the operations of the peer-to-peer Ondo protocol, a decentralized protocol that enables the issuance and distribution of tokenized financial products and other real-world assets. No single entity owns or operates the Ondo protocol, the infrastructure of which is collectively maintained by a decentralized user base.

On the Ondo protocol, users can access tokenized representations of off-chain financial instruments, such as short-term U.S. Treasuries and U.S. dollar-backed yield-bearing tokens. These tokenized representations are issued and managed by smart contracts that govern their creation, transfer, and redemption, while custody of the underlying off-chain assets is provided through third-party financial institutions. Ondo’s products are designed to allow digital asset users to gain exposure to the stability and yield of traditional financial assets while retaining the efficiency and transparency benefits of blockchain technology.

Holders of ONDO have the ability to propose and vote on governance proposals that can adjust features of the Ondo protocol, including parameters relating to the issuance, redemption, and distribution of tokenized assets, as well as treasury management and community initiatives.

The Ondo protocol was founded in 2021 by Nathan Allman, a former Goldman Sachs banker through Ondo Finance, a U.S.-based company that has served as the primary developer of the Ondo protocol and its associated products. The ONDO token was launched in 2023. In early 2024, the Ondo DAO was established, giving ONDO holders the ability to participate in governance proposals relating to certain aspects of the protocol, including token transferability and infrastructure integrations. Nathan Allman passed away unexpectedly in May 2026; Ian De Bode, previously President of Ondo Finance, subsequently became CEO.

Ethena

ENA is the primary digital asset of the Ethena Protocol, a decentralized protocol consisting of smart contracts deployed on a public blockchain that leverages cryptographic and algorithmic mechanisms to enable financial applications. No single

entity owns or operates the Ethena protocol; rather, it is maintained by a distributed set of participants interacting with the protocol's underlying infrastructure.

The Ethena Protocol is designed to create a crypto-native alternative to traditional stablecoins by issuing dollar-denominated assets that do not rely on off-chain fiat reserves. Through products such as USDe, a delta-neutral synthetic stablecoin, the protocol is intended to use collateralized positions and derivative hedging strategies to maintain stablecoin price stability while generating yield. This structure is intended to provide a scalable, censorship-resistant and on-chain currency, while also addressing reliance on centralized stablecoin issuers and traditional banking infrastructure.

ENA tokens are native to the Ethena Protocol and function as its primary governance and utility asset. ENA holders may participate in protocol governance, including voting on key parameters such as risk frameworks, collateral composition, and protocol upgrades. In addition, ENA may be staked to receive a staked representation (sENA), which can provide enhanced governance participation and access to ecosystem incentives, including potential rewards, allocations, or other programmatic benefits within the protocol.

ENA was introduced in connection with the development and launch of the Ethena Protocol and its associated ecosystem, including the rollout of USDe and related products in 2024. Since launch, the protocol has experienced increased adoption, with USDe reaching significant market capitalization.

Decentralized Asset Management Protocols

These protocols enable decentralized asset management by allowing users to invest in a collective investment pool using a variety of investment strategies. With asset management protocols, users can gain exposure to digital asset investment strategies while taking advantage of the openness, efficiency and transparency benefits of blockchain technology.

The smart contracts eliminate the need of investors to rely on asset managers to hold funds and adhere to investment strategies. Instead, investors interact directly with the protocol, which operates pursuant to a pre-defined investment strategy and determines features such as risk parameters such as concentration and price tolerance, rebalancing, trading and valuation.

An example of decentralized asset management protocols is Yearn Finance, which is not currently a Fund Component.

Liquid Staking Protocols

Traditionally, tokens staked to support the security of a proof-of-stake blockchain network are locked while they accumulate staking rewards, and therefore are not buyable, sellable, transferable, or useable until those tokens are unstaked. Liquid staking protocols allow users to buy, sell, transfer, and use "liquid staked tokens," which are representation of a user's staked assets that have been staked to support the security of their respective proof-of-stake networks. For example, a user may stake a network's native token through a liquid staking protocol and receive a liquid staked token in return. Staking rewards related to the underlying staked tokens that accumulate to the liquid staking protocol, while existing liquid staked token holders receive value in the form of newly minted liquid staked tokens or increased market value of held liquid staked tokens. In this way, the holders' value of the related liquid staked tokens increases proportionately to the staked balance.

Lido DAO

LDO is a digital asset that is created and transmitted through the operations of the decentralized Lido protocol, which enables liquid use of staked tokens on proof-of-stake blockchain networks. Traditionally, tokens staked to support the security of a proof-of-stake blockchain network are locked while they accumulate staking rewards, and therefore are not buyable, sellable, transferable, or useable until those tokens are unstaked. The Lido protocol allows users to buy, sell, transfer, and use "stTokens", which represent assets that have been staked to support the security of their respective proof-of-stake networks. To create an stToken, a user stakes a base-layer network's native token through the Lido protocol, receiving an stToken in return. For example, an Ethereum network user that stakes an Ether token through Lido will receive an stETH in return. An stToken is typically mintable or redeemable for its underlying staked token on a one-to-one basis. Staking rewards related to the underlying staked tokens that accumulate to the Lido protocol are re-staked while existing stToken holders receive newly minted stTokens to ensure the holders' balances of the related stToken increase proportionately to maintain their stTokens' one-to-one representation with the underlying asset.

The Lido protocol is governed by the Lido decentralized autonomous organization, or Lido DAO. Lido DAO decides how to set the protocol's key parameters and to execute upgrades. Holders of LDO have the ability to use their tokens to vote on Lido DAO decisions. In 2025, Lido DAO approved a "Dual Governance" system, which went live in July 2025 and allows holders of stETH (in addition to LDO) to delay or veto certain Lido DAO governance decisions they consider harmful, giving stakers a check on LDO holders' control over the protocol. Lido was originally founded by Lido Finance, with its original description published in a white paper in 2020.

Other DeFi Protocols

Other DeFi protocols being developed include decentralized insurance protocols, which are designed to hedge the risk of smart contract code and price volatility on other DeFi protocols, decentralized prediction market protocols, which are designed to enable users to bet on real-world events, and other infrastructure primitives and blockchain building blocks.

Governance

Many DeFi protocols also include tokens that give holders governance rights over the protocol, such as the ability to propose and vote on improvement proposals to adjust features such as transaction fee levels, liquidity-provider models, permitted assets, collateral loan-to-value ratios and interest rate models. Token holders are able to participate (either directly or by delegation) in votes to amend the protocols and the future of the networks.

Forks and Airdrops

A “hard fork” of a Digital Asset Network occurs when there is a disagreement among users and validators or miners over modifications to a Digital Asset Network, which are typically made through software upgrades and subsequently accepted or rejected through downloads or lack thereof of the relevant software upgrade by users. If less than a substantial majority of users and validators or miners consent to a proposed modification, and the modification is not compatible with the software prior to its modification, a fork in the blockchain results, with one prong running the pre-modified software and the other running the modified software. The effect of such a fork is the existence of two versions of the relevant Digital Asset Network running in parallel, yet lacking interchangeability. After a fork, holders of the original digital asset typically end up holding equal amounts of the original digital asset and the new digital asset.

For example, in July 2017, Bitcoin “forked” into Bitcoin and a new digital asset, Bitcoin Cash, as a result of a several-year dispute over how to increase the speed and number of transactions that the Bitcoin network can process in a given time interval (i.e., transaction throughput).

Forks may also occur after a significant security breach. For example, in June 2016, a smart contract developed and deployed on the Ethereum network was hacked and approximately \$60 million worth of Ether were stolen, which resulted in most participants in the Ethereum ecosystem electing to adopt a hard fork that effectively reversed the hack. However, a minority of users continued to develop the old blockchain, now referred to as “Ethereum Classic” with the digital asset on that blockchain referred to as “ETC”. Ethereum Classic remains traded on several Digital Asset Trading Platforms.

Additionally, a fork could be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software users run for any given digital asset. Such a fork could adversely affect the digital asset's viability. It is possible, however, that a substantial number of users and validators or miners could adopt an incompatible version of the network while resisting community-led efforts to merge the two chains, resulting in a permanent fork.

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 holders of another digital asset that they will be entitled to claim a certain amount of the new digital asset for free simply by virtue of having held the original digital asset at a certain point in time leading up to the airdrop. For example, in September 2020, the developers of UNI announced that anyone that had participated in a transaction on the Uniswap protocol as of September 1, 2020 could claim 400 UNI.

Fund Component Value

Digital Asset Trading Platform Valuation

The value of digital assets is determined by the value that various market participants place on digital assets through their transactions. The most common means of determining the value of a digital asset is by surveying one or more Digital

Asset Trading Platforms where the digital asset is traded publicly and transparently. Additionally, there are over-the-counter dealers or market makers that transact in digital assets.

Digital Asset Trading Platform Public Market Data

On each online Digital Asset Trading Platform, digital assets are traded with publicly disclosed valuations for each executed trade, measured by one or more fiat currencies such as the U.S. dollar or euro, or stablecoins such as U.S. Dollar Coin (“USDC”). Over-the-counter dealers or market makers do not typically disclose their trade data.

As of June 30, 2026, the Digital Asset Trading Platforms included in the Index Prices are Binance, Bitstamp by Robinhood, Bullish, Bybit, Crypto.com, Gate, Gemini, HashKey, Kraken, LMAX Digital, OKX, and OSL.

Market Participants

Miners and Proof-of-Work

Miners range from digital asset enthusiasts to professional mining operations that design and build dedicated machines and data centers, including mining pools, which are groups of miners that act cohesively and combine their processing power to solve blocks (in the case of PoW) or stake coins (in the case of PoS). When a pool mines a new block, the pool operator receives the digital asset and, after taking a nominal fee, splits the resulting reward among the pool participants based on the processing power each of them contributed to mine such block. Mining pools provide participants with access to smaller, but steadier and more frequent, digital asset payouts.

Under a PoW ecosystem, miners, through the use of a software program, engage in a set of prescribed complex mathematical calculations in order to add a block to the blockchain and thereby confirm transactions included in that block’s data. The mathematical solution to add, or “solve,” a block is called a hash. Miners validate unconfirmed transactions by adding the previously unconfirmed transactions to new blocks in the blockchain. Miners are incentivized to participate in PoW ecosystems because the addition of a block creates new tokens of the applicable digital asset, which are awarded to miners that successfully solve the block.

The significant increase in the number of miners supporting the operations of Digital Asset Networks and the associated increase in mining capacity in recent years have radically increased the difficulty of finding a valid hash on any given digital asset’s network. In some respects, hashing is akin to a mathematical lottery, and miners that have devices with greater processing power (i.e., the ability to make more hash calculations per second) are more likely to be successful miners. Currently, the likelihood that an individual acting alone will be able to solve a block, and thus be awarded digital asset tokens, is extremely low. As a result, although there are individual miners, the vast majority of mining is undertaken by professional mining operations and mining “pools,” which are groups of multiple miners that act cohesively and combine their processing power to solve blocks. When a pool solves a new block, the pool operator receives the digital asset reward and, after taking a nominal fee, splits the resulting amount among the pool participants based on the processing power they each contributed to solve for such block.

Validators and Proof-of-Stake

Unlike PoW, in which miners expend computational resources to compete to validate transactions and are rewarded coins in proportion to the amount of computational resources expended, in PoS, validators risk or “stake” coins to compete to be randomly selected to validate transactions and are rewarded coins in proportion to the amount of coins staked. Any malicious activity, such as validating multiple blocks, disagreeing with the eventual consensus or otherwise violating protocol rules, results in the forfeiture or “slashing” of a portion of the staked coins.

A validator is a node on a PoS blockchain that is responsible for securing the network, storing the history of transactions and confirming the validity of new transactions added to the next block in the chain. When a validator confirms a transaction, the validator receives a fee, sometimes referred to as a block reward. Validators range from digital asset enthusiasts to professional operations that design and build dedicated machines and data centers. During the course of ordering transactions and validating blocks, validators may be able to prioritize certain transactions in return for increased transaction fees, an incentive system known as “Maximal Extractable Value” or MEV. For example, in blockchain networks that facilitate DeFi protocols in particular, such as the Ethereum network, users may attempt to gain an advantage over other users by increasing offered transaction fees. Certain software solutions, such as Flashbots, have been developed which facilitate validators in capturing MEV produced by these increased fees.

Users

Users may engage with DeFi protocols by interacting with smart contracts deployed on one or more Digital Asset Networks. Through these interactions, users can access a variety of financial services such as lending, borrowing, trading, or liquidity provision, often without the need for traditional intermediaries or counterparties. To participate in some DeFi protocols, users deposit digital assets into protocol-governed smart contracts, which then facilitate the requested activity according to predefined rules encoded on-chain. Users may also receive tokens that represent their positions or entitlements within some DeFi protocols, which must be redeemed or unwound in order to reclaim the underlying digital assets.

Investment and Speculative Sector

This sector includes the investment and trading activities of both private and professional investors and speculators. Historically, larger financial services institutions are publicly reported to have limited involvement in investment and trading in digital assets, although the participation landscape is beginning to change. Currently, there is relatively limited use of digital assets in the retail and commercial marketplace in comparison to relatively extensive use by speculators, and a significant portion of demand for digital assets is generated by speculators and investors seeking to profit from the short- or long-term holding of digital assets.

Retail Sector

The retail sector includes users transacting in direct peer-to-peer digital asset transactions through the direct sending of the digital assets over Digital Asset Networks. The retail sector also includes transactions in which consumers pay for goods or services with digital assets through direct transactions or third-party service providers. Within their respective networks, the Fund Components are not designed as a means of payment and have not been accepted in the same manner as Bitcoin or Ether due to the Fund Components' relative infancy and because the Fund Components have different purposes than Bitcoin and Ether.

Service Sector

This sector includes companies that provide a variety of services including the buying, selling, payment processing and storing of digital assets. Coinbase, Crypto.com, Kraken, LMAX Digital, and Bitstamp by Robinhood are some of the largest Digital Asset Trading Platforms by volume traded. Coinbase Custody Trust Company, LLC, the Custodian for the Fund, is a digital asset custodian that provides Digital Asset Accounts that store digital assets for users. As a Digital Asset Network continues to grow in acceptance, it is anticipated that service providers will expand the currently available range of services and that additional parties will enter the service sector for Digital Asset Networks.

Competition

Thousands of digital assets, as tracked by CoinMarketCap.com as of June 30, 2026, have been developed since the inception of Bitcoin, which is currently the most developed digital asset because of the length of time it has been in existence, the investment in the infrastructure that supports it, and the network of individuals and entities that are using Bitcoin in transactions. While digital assets, including the Fund Components, have enjoyed some success in their limited history, the aggregate value of outstanding Fund Components is much smaller than that of Bitcoin and may be eclipsed by the more rapid development of other digital assets. Some industry groups have also created private, permissioned blockchains.

Government Oversight

As digital assets have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies (including the Financial Crimes Enforcement Network, a bureau of the U.S. Department of the Treasury ("FinCEN"), the Treasury Department Office of Foreign Assets Control ("OFAC"), SEC, CFTC, the Financial Industry Regulatory Authority ("FINRA"), the Consumer Financial Protection Bureau ("CFPB"), the Department of Justice, the Department of Homeland Security, the Federal Bureau of Investigation, the U.S. Internal Revenue Service, a bureau of the U.S. Department of the Treasury (the "IRS"), the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Reserve and state financial institution and securities regulators) have been examining the operations of Digital Asset Networks, digital asset users and the Digital Asset Markets, with particular focus on the

extent to which digital assets can be used to launder the proceeds of illegal activities, evade sanctions or fund criminal or terrorist enterprises and the safety and soundness of trading platforms and other service providers that hold or custody digital assets for users. Many of these state and federal agencies have issued consumer advisories regarding the risks posed by digital assets to investors. In addition, federal and state agencies, and other countries and international bodies have issued rules or guidance about the treatment of digital asset transactions or requirements for businesses engaged in digital asset activity. Moreover, the failure of FTX Trading Ltd. (“FTX”) in November 2022 and the resulting market turmoil substantially increased regulatory scrutiny in the United States and globally and led to SEC enforcement actions, criminal investigations, and other regulatory activity across the digital asset ecosystem.

On January 23, 2025, President Trump issued an executive order titled “Strengthening American Leadership in Digital Financial Technology,” aimed at supporting “the responsible growth and use of digital assets, blockchain technology, and related technologies across all sectors of the economy.” The executive order established an interagency working group tasked with “proposing a Federal regulatory framework governing the issuance and operation of digital assets” in the United States. Pursuant to this executive order, the working group released a report in July 2025 outlining the administration’s recommendations to Congress and various agencies reflecting the administration’s “pro-innovation mindset toward digital assets and blockchain technologies.”

In addition, the SEC, U.S. state securities regulators and several foreign governments have issued warnings and instituted legal proceedings in which they argue that certain digital assets may be classified as securities and that both those digital assets and any related initial coin offerings or other primary and secondary market transactions are subject to securities regulations. For example, in June 2023, the SEC brought charges against Binance Holdings Ltd. (the “Binance Complaint”) and Coinbase, Inc. (the “Coinbase Complaint”), and in November 2023, the SEC brought charges against Kraken (the “Kraken Complaint”), alleging that they operated unregistered securities exchanges, brokerages and clearing agencies. In its complaints, the SEC asserted that several digital assets are securities under the federal securities laws. Between February 2025 and May 2025, the SEC entered into court-approved joint stipulations to dismiss each of the Binance Complaint, Coinbase Complaint and the Kraken Complaint. The SEC has terminated its investigation or enforcement action into many other digital asset market participants as well. Additionally, U.S. state and federal, and foreign regulators and legislatures have taken action against virtual currency businesses or enacted restrictive regimes in response to adverse publicity arising from hacks, consumer harm, or criminal activity stemming from virtual currency activity.

On March 17, 2026, the SEC issued an interpretation clarifying how the federal securities laws apply to certain crypto assets and transactions involving crypto assets. The SEC interpretation (i) provides a taxonomy for digital commodities, digital collectibles, digital tools, stablecoins and digital securities; (ii) addresses how a “non-security crypto asset” may become subject to, and how it may cease to be subject to, an investment contract; and (iii) clarifies the application of federal securities laws to airdrops, protocol mining, protocol staking and the wrapping of a non-security crypto asset. The CFTC joined the interpretation to provide guidance that the CFTC and its staff will administer the Commodity Exchange Act consistent with the SEC’s interpretation.

Additionally, on August 18, 2026, the SEC issued a notice of proposed rulemaking titled “Regulation Crypto Asset,” which would create a tailored offering regime for certain investment contracts involving crypto assets. The proposed rule includes a “startup exemption,” which would exempt offerings of up to \$5 million from the registration requirements of the Securities Act during a four-year period; a “fundraising exemption” which would exempt offerings of up to \$75 million completed during a 12-month period from the registration requirements of the Securities Act; and an “investment contract safe harbor,” which would provide a conditional safe harbor from the term “investment contract” in the definitions of “security” in the Securities Act and the Exchange Act (in each case, subject to conditions). It also would preempt state securities law registration and qualification requirements with respect to offers and sales of covered investment contracts issued pursuant to Regulation Crypto Assets. Regulation Crypto Assets seeks to provide primary-market pathways for projects that cannot comfortably use existing offering exemptions. It would not, however, address the regulatory status of intermediaries that trade crypto assets in the secondary market (e.g., their status as brokers, dealers or exchanges) or hold substantial amounts of crypto asset (e.g., their status as investment companies). At this stage, Regulation Crypto Assets is a proposed rule only; it is not final. The SEC may change it before it becomes a final rule in response to public comment or otherwise

There have been several bills introduced in Congress that propose to establish additional regulation and oversight of the digital asset markets. Certain of these bills passed out of relevant committees and were passed in the House of

Representatives in the last Congress, though not the Senate. Some of these bills have since been reintroduced with changes, and continue to be contemplated in the relevant committees, as well as the full House of Representatives and Senate. For example, in July 2025, the GENIUS Act was signed into law and the House of Representatives passed the Digital Asset Market Clarity Act of 2025 (“Clarity Act”) in an effort to pass laws relating to digital asset market structure. It is difficult to predict whether, or when, any of these developments will lead to Congress granting additional authorities to the SEC or other regulators, what the nature of such additional authorities might be, how additional legislation and/or regulatory oversight might impact the ability of digital asset markets to function or how any new regulations or changes to existing regulations might impact the value of digital assets. See “Risk Factors—Risk Factors Related to the Regulation of Digital Assets, the Fund and the Shares—Regulatory changes or actions by the U.S. Congress or any U.S. federal or state agencies may affect the value of the Shares or restrict the use of one or more digital assets, mining or validating activity or the operation of their networks or the Digital Asset Markets in a manner that adversely affects the value of the Shares.”

Various foreign jurisdictions have, and may continue to, in the near future, adopt laws, regulations or directives that affect a Digital Asset Network, the Digital Asset Markets, and their users, particularly Digital Asset Trading Platforms and service providers that fall within such jurisdictions’ regulatory scope. For example:

- China has made transacting in cryptocurrencies illegal for Chinese citizens in mainland China, and additional restrictions may follow. China has banned initial coin offerings and there have been reports that Chinese regulators have taken action to shut down a number of China-based Digital Asset Trading Platforms.
- South Korea determined to amend its Financial Information Act in March 2020 to require virtual asset service providers to register and comply with its anti-money laundering (“AML”) and counter-terrorism funding framework. These measures also provide the government with the authority to close Digital Asset Trading Platforms that do not comply with specified processes. South Korea has also banned initial coin offerings.
- The Reserve Bank of India in April 2018 banned the entities it regulates from providing services to any individuals or business entities dealing with or settling digital assets. In March 2020, this ban was overturned in the Indian Supreme Court, although the Reserve Bank of India is currently challenging this ruling.
- The United Kingdom’s Financial Conduct Authority published final rules in October 2020 banning the sale of derivatives and exchange-traded notes that reference certain types of digital assets, contending that they are “ill-suited” to retail investors citing extreme volatility, valuation challenges and association with financial crime. A new law, the Financial Services and Markets Act 2023 (“FSMA”), received royal assent in June 2023. The FSMA brings digital asset activities within the scope of existing laws governing financial institutions, markets and assets.
- The Parliament of the European Union approved the text of the Markets in Crypto-Assets Regulation (“MiCA”) in April 2023, establishing a regulatory framework for digital asset services across the European Union. MiCA is intended to serve as a comprehensive regulation of digital asset markets and imposes various obligations on digital asset issuers and service providers. The main aims of MiCA are industry regulation, consumer protection, prevention of market abuse and upholding the integrity of digital asset markets. MiCA was formally approved by the European Union’s member states in 2023. Certain parts of MiCA became effective as of June 2024 and the remainder applied as of December 2024.

There remains significant uncertainty regarding foreign governments’ future actions with respect to the regulation of digital assets and Digital Asset Trading Platforms. Such laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of one or more digital assets by users, merchants and service providers outside the United States and may therefore impede the growth or sustainability of the digital asset economy in the United States and globally, or otherwise negatively affect the value of the digital assets held by the Fund. The effect of any future regulatory change on the Fund or the digital assets held by the Fund is impossible to predict, but such change could be substantial and adverse to the Fund and the value of the Shares.

See “Risk Factors—Risk Factors Related to the Regulation of Digital Assets, the Fund and the Shares—Regulatory changes or other events in foreign jurisdictions may affect the value of the Shares or restrict the use of one or more digital assets, mining activity or the operation of their networks or the Digital Asset Markets in a manner that adversely affects the value of the Shares.”

Cayman Islands

Anti-Money Laundering and Countering of Terrorist and Proliferation Financing

In order to comply with legislation or regulations aimed at the prevention of money laundering and the countering of terrorist and proliferation financing the Fund is required to adopt and maintain procedures, and may require prospective investors to provide evidence to verify their identity, the identity of their beneficial owners/controllers (where applicable), and source of funds. Where permitted, and subject to certain conditions, the Fund may also rely upon a suitable person for the maintenance of these procedures (including the acquisition of due diligence information) or otherwise delegate the maintenance of such procedures to a suitable person (a “Relevant AML Person”).

The Fund, or the Relevant AML Person on the Fund’s behalf, reserve the right to request such information as is necessary to verify the identity of a prospective investor (i.e. a subscriber for or a transferee of interests in the Fund) and the identity of their beneficial owners/controllers (where applicable), and their source of subscription funds. Where the circumstances permit, the Fund, or the Relevant AML Person on the Fund’s behalf, may be satisfied that full due diligence is not required upon subscription where a relevant exemption applies under applicable law. However, detailed verification information may be required prior to the payment of any proceeds in respect of, or any transfer of, an interest in the Fund.

In the event of delay or failure on the part of the prospective investor in producing any information required for verification purposes, the Fund, or the Relevant AML Person on the Fund’s behalf, may refuse to accept the application, or if the application has already occurred, may suspend or redeem the interest, in which case any funds received will, to the fullest extent permitted by applicable law, be returned without interest to the account from which they were originally debited.

The Fund or the Relevant AML Person on the Fund’s behalf, also reserves the right to refuse to make any redemption or distribution payment to a holder of Fund interests if the Fund or the Relevant AML Person on the Fund’s behalf suspect or are advised that the payment of redemption or distribution proceeds to such interest holder may be non-compliant with applicable laws or regulations, or if such refusal is considered necessary or appropriate to ensure the compliance by the Fund or the Relevant AML Person with any applicable laws or regulations.

The Authority has a discretionary power to impose substantial administrative fines upon the Fund in connection with any breaches by the Fund of prescribed provisions of the Anti-Money Laundering Regulations (As Revised) of the Cayman Islands, as amended and revised from time to time, and upon any manager or officer of the Fund who either consented to or connived in the breach, or to whose neglect the breach is proved to be attributable. To the extent any such administrative fine is payable by the Fund, the Fund will bear the costs of such fine and any associated proceedings.

If any person in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or money laundering or is involved with terrorism or terrorist financing and property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands (“FRA”), pursuant to the Proceeds of Crime Act (As Revised) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher, or the FRA pursuant to the Terrorism Act (As Revised) of the Cayman Islands if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

Investors may obtain details (including contact details) of the current AML Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer of the Fund, by contacting the Manager.

Sanctions

The Fund is subject to laws that restrict it from dealing with entities, individuals, organizations and/or investments which are subject to applicable sanctions regimes.

Accordingly, the Fund will require the subscriber to represent and warrant, on a continuing basis, that it is not, and that to the best of its knowledge or belief its beneficial owners, controllers or authorized persons (“Related Persons”) (if any) are not; (i) named on any list of sanctioned entities or individuals maintained by the U.S. Treasury Department’s Office of Foreign Assets Control or the United Nations or pursuant to European Union (“EU”) and/or United Kingdom (“UK”) Regulations (as the latter are extended to the Cayman Islands by Statutory Instrument) and/or Cayman Islands legislation,

(ii) operationally based or domiciled in a country or territory in relation to which sanctions imposed by the United Nations, OFAC, the EU, the UK and/or the Cayman Islands apply, or (iii) otherwise subject to sanctions imposed by the United Nations, OFAC, the EU or the UK (including as the latter are extended to the Cayman Islands by Statutory Instrument) or the Cayman Islands (collectively, a “Sanctions Subject”).

Where the subscriber or a Related Person is or becomes a Sanctions Subject, the Fund may be required immediately and without notice to the subscriber to cease any further dealings with the subscriber and/or the subscriber’s interest in the Fund until the subscriber or the relevant Related Person (as applicable) ceases to be a Sanctions Subject, or a license is obtained under applicable law to continue such dealings (a “Sanctioned Persons Event”). The Fund and the Manager shall have no liability whatsoever for any liabilities, costs, expenses, damages and/or losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of revenue, loss of reputation and all interest, penalties and legal costs and all other professional costs and expenses) incurred by the subscriber as a result of a Sanctioned Persons Event.

In addition, should any investment made on behalf of the Fund subsequently become subject to applicable sanctions, the Fund may immediately and without notice to the subscriber cease any further dealings with that investment until the applicable sanctions are lifted or a license is obtained under applicable law to continue such dealings.

Private Funds Act Regulation

The Fund is registered and regulated as a private fund under the Private Funds Act (As Revised) of the Cayman Islands (the “Private Funds Act”). The Authority has supervisory and enforcement powers to ensure the Fund’s compliance with the Private Funds Act. Regulation under the Private Funds Act will entail the filing of prescribed details and audited accounts annually with the Authority. As a regulated private fund, the Authority may at any time instruct the Fund to have its accounts audited and to submit them to the Authority within such time as the Authority specifies or to provide a one-off or periodic report to the Authority on certain matters requested by the Authority in the connection with the private fund in such form and within such time as the Authority specifies. In addition the Authority may ask the Manager to give the Authority such documents, statements or other information in respect of the Fund as the Authority may reasonably require to enable it to carry out its duty under the Private Funds Act.

However, as a regulated private fund the Fund will not be subject to supervision in respect of its investment activities or the constitution of its investment assets by the Authority or any other governmental authority in the Cayman Islands, although the Authority does have power to investigate the activities of the Fund in certain circumstances.

The Authority may take certain actions if it is satisfied that a regulated private fund is or is likely to become unable to meet its obligations as they fall due, or is carrying on business fraudulently or otherwise in a manner detrimental to the public interest or to the interests of its investors or creditors, or is carrying on or is attempting to carry on business or is winding up of its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include, inter alia, the power to require the substitution of the Manager, to appoint a person to advise the Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to the Authority including the ability to apply to court for approval of other actions.

The costs of registration of the Fund in the Cayman Islands and any costs, including legal costs and any registration or other fees payable to the Authority or any other governmental authority in the Cayman Islands, shall be incurred by the Manager.

Neither the Authority nor any other governmental authority in the Cayman Islands has commented upon or approved the terms of this document or the merits of an investment in the Fund. There is no investment compensation scheme available in the Cayman Islands to investors.

Beneficial Ownership Regime

Under the Beneficial Ownership Transparency Act (As Revised) of the Cayman Islands (the “BOTA”), unless a Cayman Islands entity is able to avail itself of an alternative route to compliance, it is required to take reasonable steps to identify its beneficial owners and certain intermediate holding entities, and to maintain a beneficial ownership register at its registered office in the Cayman Islands.

The Fund (or its subsidiaries) may be required to provide beneficial ownership information to its corporate services provider or other authorized contact of the Fund which, in turn, will provide such information to the competent authority in the Cayman Islands. Subscribers will be required, upon request by or on behalf of the Fund (or its subsidiaries), to

provide such information and supporting documentation as is required in respect of the subscriber, its owners and/or controllers to satisfy the requirements, present or future, of the BOTA and to update such information and supporting documentation should any relevant change occur thereto.

As a private fund which is registered as such with the Authority, in lieu of maintaining a beneficial ownership register, the Fund is permitted to supply the contact details of an authorized contact, being a registered office services provider, a licensed fund administrator or another appropriately licensed Cayman Islands service provider (an “Authorized Contact”) that will be required to provide beneficial ownership information (on behalf of the Fund) to the competent authority, on request (from the competent authority), within 24 hours (or such longer period as is specified in the request).

GRAYSCALE DECENTRALIZED FINANCE (DEFI) FUND LLC

Description of the Fund

The Fund was constituted on June 10, 2021 as a Cayman Islands limited liability company under the Limited Liability Companies Act (As Revised) of the Cayman Islands (as amended or any successor statute thereto) (the “LLC Act”). A Cayman Islands limited liability company is constituted by the filing with the Registrar of Limited Liability Companies a registration statement signed by or on behalf of any person forming the limited liability company and the payment of a registration fee.

From the date of registration, a limited liability company such as the Fund is considered a body corporate (with legal personality separate from that of its members from time to time) having the name contained in the certificate of registration, capable of exercising all the functions of a natural person of full capacity irrespective of any questions of corporate benefit and, without limitation, having perpetual succession, the capacity to sue and to be sued, defend legal proceedings in its name, and with power to acquire, hold and dispose of property and to incur liabilities and obligations but with such liability on the part of the members to contribute to the assets of the limited liability company in the event of its being wound up as provided pursuant to the LLC Act.

The Fund operates pursuant to the LLC Agreement. The Shares represent units of fractional undivided beneficial interest in, and ownership of, the Fund, with such relative rights and terms as set out in the LLC Agreement. In general, the Fund holds Fund Components, Forked Assets and cash in U.S. dollars and is expected from time to time to issue Baskets in exchange for contributions of Fund Components and cash and, subject to the Fund’s obtaining regulatory approval from the SEC to operate an ongoing redemption program and registering with the Authority (to the extent required) and the consent of the Manager, to distribute Fund Components and cash in connection with redemptions of Baskets.

The Fund is not a registered investment company under the Investment Company Act and the Manager believes that the Fund is not required to register under the Investment Company Act. The Fund will not hold, trade, buy, sell or hold digital asset derivatives, including digital asset futures contracts on any futures trading platform. The Fund is authorized solely to take immediate delivery of actual digital assets or cash. The Manager does not believe the Fund’s activities are required to be regulated by the U.S. Commodity Futures Trading Commission (“CFTC”) under the Commodity Exchange Act of 1936, as amended (“CEA”), as a “commodity pool” under the current law, regulation and interpretation, and the Manager is not subject to regulation as a commodity pool operator or a commodity trading adviser in connection with the operation of the Fund. Investors in the Fund will not receive the regulatory protections afforded to investors in regulated commodity pools, nor may the COMEX division of the New York Mercantile Exchange or any futures trading platform enforce its rules with respect to the Fund’s activities. In addition, investors in the Fund will not benefit from the protections afforded to investors in digital asset futures contracts on regulated futures trading platforms.

The Fund creates Shares from time to time but only in Baskets. A Basket equals a block of 100 Shares. The number of outstanding Shares is expected to increase from time to time as a result of the creation of Baskets. The creation of a Basket will require the delivery to the Fund of the Basket Amount, which is the sum of the Fund Component Basket Amounts for all Fund Components then held by the Fund, the Forked Asset Portion, if any, and the Cash Portion. See “—Creation of Shares” for more information on the calculation of the Basket Amount.

Although the redemption of Shares is provided for in the LLC Agreement, the redemption of Shares is not currently permitted and the Fund does not currently operate a redemption program. Subject to receipt of regulatory approval from the SEC and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. Because the Fund does not believe that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program, the Fund currently has no intention of seeking regulatory approval from the SEC to operate an ongoing redemption program. Even if such relief is sought in the future, no assurance can be given as to the timing of such relief or that such relief will be granted. If such relief is granted and the Manager approves a redemption program for the Fund, the Shares will be redeemable in accordance with the provisions of the LLC Agreement and the Participant Agreement. Although the Manager cannot predict with certainty what effect, if any, the operation of a redemption program would have on the value of the Shares, a redemption program would allow Authorized Participants to take advantage of arbitrage opportunities created when the market value of the Shares deviates from the value of the Fund Components, less the Fund’s expenses and other liabilities, which may have the effect of reducing any premium at which the Shares trade on OTC Markets over such value or cause the Shares to trade at a discount to such value, which at times has been substantial.

Fund Components are carried at fair value. Unlike the procedure used for determining the applicable Index Price for a Fund Component and the Fund's NAV, which are calculated using a volume weighted average calculated across multiple Digital Asset Trading Platforms, the fair value of Fund Components and Principal Market NAV presented in the financial statements are calculated in accordance with U.S. GAAP based on the price provided by the Digital Asset Trading Platform that the Fund considers its principal market for each Fund Component as of 4:00 p.m., New York time, on the valuation date. The Fund determines its principal market annually and conducts a quarterly analysis to determine (i) if there have been recent changes to each Digital Asset Market's trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Fund has access to, or (iii) if recent changes to each Digital Asset Market's price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Fund's determination of its principal market. The following tables represent the fair value of each Fund Component using the price provided at 4:00 p.m., New York time, by the relevant Digital Asset Trading Platform considered to be its principal market, as determined by the Fund as of June 30, 2026:

Fund Component	Principal Market	June 30,	
		2026	2025
UNI	Coinbase	\$ 2.78	\$ 7.27
ONDO	Coinbase	\$ 0.31	N/A
AAVE	Coinbase	\$ 85.11	\$ 282.97
ENA	Coinbase	\$ 0.07	N/A
CRV	Coinbase	\$ 0.19	\$ 0.53
LDO	Coinbase	\$ 0.24	\$ 0.76
MKR	Coinbase	N/A	\$ 1,976.52

The Fund has no fixed termination date.

Employees / Human Capital

The Fund has no employees, officers or directors and is managed by the Manager. All of the Fund's activities are conducted on its behalf by the Manager and the Fund's other service providers, each as described under "—Service Providers of the Fund." The Manager and its affiliates, and not the Fund, employ the personnel who arrange for and oversee the Fund's operations.

Valuation of Digital Assets and Determination of NAV

The Manager will evaluate the digital assets held by the Fund and determine the NAV of the Fund in accordance with the relevant provisions of the Fund Documents. The following is a description of the material terms of the Fund Documents as they relate to valuation of the Fund's digital assets and the NAV calculations, which is calculated using non-GAAP methodology and is not used in the Fund's financial statements.

At 4:00 p.m., New York time, on each business day or as soon thereafter as practicable (the "Evaluation Time"), the Manager will evaluate the digital assets held by the Fund and calculate and publish the NAV of the Fund. The Evaluation Time will generally last up to three hours following 4:00 p.m., New York time, each day or as soon as practicable thereafter. Upon the completion of the Evaluation Time, the NAV is released to the public typically by 5:30 p.m. ET and generally no later than 8:00 p.m. ET. The Evaluation Time provides an opportunity for the Manager to detect, flag, investigate, and correct unusual pricing should it occur. Any such correction could adversely affect the value of the Shares. To calculate the NAV, the Manager will:

1. For each Fund Component then held by the Fund:
 - a. Determine the Index Price for the Fund Component as of such business day;
 - b. Multiply the Index Price by the aggregate amount of tokens of the Fund Component held by the Fund as of 4:00 p.m., New York time, on the immediately preceding business day;
 - c. Add the U.S. dollar value of the amount of tokens of the Fund Component receivable under pending Creation Orders, if any, as calculated by multiplying the applicable Fund Component Basket Amount by

the applicable Index Price, and multiplying the result by the number of Baskets pending under such pending Creation Orders; and

- d. Subtract the U.S. dollar value of the amount of tokens of the Fund Component to be distributed under pending Redemption Orders, if any, as calculated by multiplying the applicable Fund Component Basket Amount by the applicable Index Price, and multiplying the result by the number of Baskets pending under such pending redemption orders;
2. Calculate the sum of the resulting U.S. dollar values for all Fund Components then held by the Fund, as determined pursuant to paragraph 1 above;
3. Add the aggregate U.S. dollar value of each Forked Asset then held by the Fund calculated by reference to a reputable Digital Asset Trading Platform as determined by the Manager or, if possible, an Index Price;
4. Add (i) the amount of U.S. dollars then held by the Fund plus (ii) the amount of any U.S. dollars to be received by the Fund in connection with any pending creations;
5. Subtract the amount of any U.S. dollars to be distributed under pending redemption orders;
6. Subtract the U.S. dollar amount of accrued and unpaid Additional Fund Expenses, if any;
7. Subtract the U.S. dollar value of the accrued and unpaid Manager's Fee as of 4:00 p.m., New York time, on the immediately preceding business day (the amount derived from steps 1 through 7 above, the "NAV Fee Basis Amount"); and
8. Subtract the U.S. dollar value of the accrued and unpaid Manager's Fee that accrues for such business day, as calculated based on the NAV Fee Basis Amount for such business day.

Notwithstanding the foregoing, in the event that the Manager determines that the primary methodology used to determine any of the Index Prices is not an appropriate basis for valuation of the Fund's digital assets, the Manager will utilize the cascading set of rules as described in "Overview of the Digital Asset Industry and Market—Fund Component Value—Index Prices."

The Manager will publish the Fund's NAV and the NAV per Share on the Fund's website as soon as practicable after its determination by the Manager. If the NAV and NAV per Share have been calculated using a price for a Fund Component or Forked Asset other than an Index Price, the publication on the Fund's website will note the valuation methodology used and the price per digital asset held by the Fund resulting from such calculation.

In the event of a hard fork of the network for any Fund Component, the Manager will use its discretion to determine, in good faith, which peer-to-peer network, among a group of incompatible forks of such network, is generally accepted as such network for such Fund Component and should therefore be considered the appropriate network for such Fund Component for the Fund's purposes. The Manager will base its determination on a variety of then relevant factors, including (but not limited to) the following: (i) the Manager's beliefs regarding expectations of the core developers, users, services, businesses, miners and other constituencies and (ii) the actual continued acceptance of, mining power on, and community engagement with the relevant network.

The shareholders may rely on any evaluation furnished by the Manager. The determinations that the Manager makes will be made in good faith upon the basis of, and the Manager will not be liable for any errors contained in, information reasonably available to it. The Manager will not be liable to the Authorized Participants, the shareholders or any other person for errors in judgment. However, the preceding liability exclusion will not protect the Manager against any liability resulting from gross negligence, willful misconduct or bad faith in the performance of its duties.

Forked Assets

The Fund may from time to time hold positions in Forked Assets as a result of a fork, airdrop or similar event. Pursuant to the terms of the LLC Agreement, the Fund may take any lawful action necessary or desirable in connection with its ownership of Forked Assets. These actions may include (i) selling Forked Assets in the Digital Asset Markets and distributing the cash proceeds to shareholders, (ii) distributing Forked Assets in-kind to the shareholders or to an agent acting on behalf of the shareholders for sale by such agent if an in-kind distribution would otherwise be infeasible, (iii) irrevocably abandoning Forked Assets and (iv) holding Forked Assets until the subsequent Fund Rebalancing Period, at

which point the Manager may take any of the foregoing actions. The Fund may also use Forked Assets to pay the Manager's Fee and Additional Fund Expenses, if any, as discussed below under "—Fund Expenses."

The Manager intends to evaluate each fork, airdrop or similar occurrence on a case-by-case basis in consultation with the Fund's legal advisors, tax consultants, and the Custodian, and may decide to abandon any Forked Asset resulting from a hard fork, airdrop or similar occurrence should the Manager conclude, in its discretion, that such abandonment is in the best interests of the Fund. For additional information see "Fund Objective—Forked Assets."

The Index Prices

The Fund values its digital assets for operational purposes by reference to Index Prices and weightings within the Fund, less the Fund's expenses and other liabilities. Each Index Price (or Digital Asset Reference Rate, prior to April 1, 2026) is a U.S. dollar-denominated composite reference rate for the price of the applicable digital asset. The Index Prices are designed to (1) mitigate the effects of fraud, manipulation and other anomalous trading activity from impacting the applicable digital asset reference rate, (2) provide a real-time, volume-weighted fair value of the applicable digital asset and (3) appropriately handle and adjust for non-market related events.

The Index Prices are determined by the Index Provider through a process in which trade data is cleansed and compiled in such a manner as to algorithmically reduce the impact of anomalistic or manipulative trading. This is accomplished by adjusting the weight of each data input based on price deviation relative to the observable set, as well as recent and long-term trading volume at each venue relative to the observable set. The Index Prices are calculated using non-GAAP methodology and are used in the Fund's financial statements.

Constituent Trading Platform Selection

Digital Asset Trading Platforms are selected for inclusion in the Index based on a methodology developed by the Index Provider in alignment with the International Organization of Securities Commissions ("IOSCO") Principles for Financial Benchmarks. To qualify as a Constituent Trading Platform, a platform is evaluated across the following core criteria listed below (the "Inclusion Criteria"):

- Market Quality: Overall liquidity, trading activity, price reliability, and market stability.
- Security: Cybersecurity safeguards, custody practices, and operational risk controls.
- Legal and Regulatory: Licensing status, regulatory compliance, and legal transparency.
- KYC: Assessment of AML and know-your-customer ("KYC") frameworks, transaction monitoring capabilities, and market oversight.
- Data Provision: Quality, accessibility, and reliability of trading data and technical infrastructure.
- Transparency: Financial and operational disclosures, including reserve and governance transparency.
- Team: Assessment of executive leadership, relevant experience, organizational structure, and service offerings across institutional and retail markets.
- Negative Events: The Index Provider may apply a downward adjustment for material adverse events, including data breaches, regulatory penalties, withdrawal freezes, or other significant incidents.

Trading platforms that meet these Inclusion Criteria are also required to be licensed and able to serve customers in one or more of the following jurisdictions:

- United States (FinCEN, state regulatory authorities)
- United Kingdom (FCA)
- European Union (MiCA passport)
- Hong Kong (SFC)
- Singapore (MAS)
- United Arab Emirates, including the emirates of Dubai and Abu Dhabi (VARA, ADGM)

- Gibraltar (GFSC)

A Digital Asset Trading Platform is removed from the Constituent Trading Platforms when it no longer satisfies the Inclusion Criteria. The Index Provider may also exclude certain trading platforms that require additional support from such contributing trading platforms at its discretion. The Index Provider does not currently include data from over-the-counter markets or derivatives platforms among the Constituent Trading Platforms. Over-the-counter data is not currently included because of the potential for trades to include a significant premium or discount paid for larger liquidity, which creates an uneven comparison relative to more active markets. There is also a higher potential for over-the-counter transactions to not be arms-length, and thus not be representative of a true market price. Digital asset derivative markets are also not currently included. While the Index Provider has no plans to include data from over-the-counter markets or derivative platforms at this time, the Index Provider will consider IOSCO principles for financial benchmarks the management of trading venues of digital asset derivatives and the aforementioned Inclusion Criteria when considering whether to include over-the-counter or derivative platform data in the future.

The Index Provider may change the trading venues that are used to calculate an Index Price or otherwise change the way in which an Index Price is calculated at any time. For example, the Index Provider has scheduled monthly reviews in which it may add or remove Constituent Trading Platforms that satisfy or fail the Inclusion Criteria, as well as other requirements detailed in the Index Methodology. The Index Provider does not have any obligation to consider the interests of the Manager, the Fund, the shareholders, or anyone else in connection with such changes. While the Index Provider is not required to publicize or explain the changes or to alert the Manager to such changes, it has historically notified the Fund of certain changes to the Constituent Trading Platforms, including any additions or removals of the Constituent Trading Platforms, in addition to issuing press releases in connection with the same. The Manager will provide updates of such changes in the Fund's quarterly reports. Although the Index Price methodology is designed to operate without any manual intervention, rare events would justify manual intervention. Intervention of this kind would be in response to non-market-related events, such as the halting of deposits or withdrawals of funds on a Digital Asset Trading Platform, the unannounced closure of operations on a Digital Asset Trading Platform, insolvency or the compromise of user funds. In the event that such an intervention is necessary, the Index Provider would issue a public announcement through its website, API and other established communication channels with its clients.

Determination of the Index Prices

Effective April 1, 2026, the Fund values the Fund Components for operational purposes by reference to Index Prices. Each Index Price is the U.S. dollar value of a Fund Component derived from the Constituent Trading Platforms that are reflected in each Fund Component's CoinDesk Benchmark Rate, calculated at 4:00 p.m., New York time, on each business day.

Under the DFX Methodology, the Index Price for each Fund Component will be calculated through the application of an algorithm to the price of each Fund Component on the Constituent Trading Platforms, calculated every 5 seconds over a 24-hour period. The Index Price algorithm is expected to reflect a five-pronged methodology to calculate the Index Price from the Constituent Trading Platforms for each Fund Component:

- Volume Weighting—Constituent Trading Platforms with greater liquidity receive a higher weighting in each Index Price, increasing the ability to execute against (i.e., replicate) the Index Price in the underlying spot markets. The Index Price methodology is a volume-weighted real-time price where the latest trading price for each Constituent Trading Platform is weighted based on its trailing 24-hour volume.
- FX Conversion—Each Index Price algorithm utilizes a volume-weighted real-time FX conversion rate for any trading activity for the relevant Stablecoin-USD pair. This normalizes all trading activity to USD denomination.
- Outlier Detection Factor—Each Index Price algorithm excludes trade data and price(s) deemed to be an outlier relative to the most recently calculated Index Price.
- Inactivity Adjustment—Each Index algorithm penalizes stale activity from any given Constituent Trading Platform. When a Constituent Trading Platform does not have recent trading data, the outdated prices and their contribution to the Index Price calculation are gradually reduced until they are de-weighted to 0.1%. Similarly, once trading activity at a Constituent Trading Platform resumes, the corresponding weighting for that Constituent Trading Platform will no longer be penalized.

- **Manipulation Resistance**—In an effort to determine and prioritize the most significant Constituent Trading Platforms (i.e., those that are likely to have the most impact on price discovery) for a given asset, the Index Provider conducts a Constituent Trading Platform selection and review process, which seeks to identify the highest-ranking Constituent Trading Platforms based on both qualitative and quantitative factors. The qualitative review includes legal and regulation, data provision, security, trade monitoring, market quality, and negative events policy, among others. The quantitative review includes review of trading activity for the asset on the given Constituent Trading Platform.

The Index Provider re-evaluates the weighting algorithm on a periodic basis, but maintains discretion to change the way in which an Index Price is calculated based on its periodic review or in extreme circumstances. The Index Prices are designed to limit exposure to trading or price distortion of any individual Digital Asset Trading Platform that experiences periods of unusual activity or limited liquidity by discounting, in real-time, anomalous price movements at individual Digital Asset Trading Platforms.

The Manager believes the Index Provider's selection process for Constituent Trading Platforms as well as the methodology of the Index Price algorithm provides a more accurate picture of Fund Component price movements than a simple average of Digital Asset Trading Platform spot prices, and that the weighting of Fund Component prices on the Constituent Trading Platforms limits the inclusion of data that is influenced by temporary price dislocations that may result from technical problems, limited liquidity or fraudulent activity elsewhere in the Fund Component spot market.

By referencing multiple trading venues and weighting them based on trade activity, the Manager believes that the impact of any potential fraud, manipulation or anomalous trading activity occurring on any single venue is reduced.

If an Index Price becomes unavailable, or if the Manager determines in good faith that such Index Price does not reflect an accurate price for a Fund Component, then the Manager will contact the Index Provider to obtain the Index Price directly from the Index Provider. If after such contact such Index Price remains unavailable or the Manager continues to believe in good faith that such Index Price does not reflect an accurate price for the Fund Component, then the Manager will employ a cascading set of rules to determine the Index Price, as described below in “—Determination of the Index Price When Index Price is Unavailable.”

The Fund values each Fund Component for operational purposes by reference to the applicable Index Price. The Index Price is the value of each Fund Component as represented by the Index, calculated at 4:00 p.m., New York time, on each business day.

Illustrative Example

For the purposes of illustration, outlined below are examples of how the attributes that impact weighting and adjustments in the aforementioned methodology may be utilized to generate the Index Price for a digital asset. For example, the Constituent Trading Platforms used to calculate the Index Price of the digital asset may include trading platforms such as Crypto.com, Kraken, LMAX Digital and Bitstamp by Robinhood.

The Index Price algorithm, as described above, is designed to account for manipulation at the outset by only including data from executed trades on Constituent Trading Platforms that charge trading fees. Then, the below-listed elements may impact the weighting of the Constituent Trading Platforms on the Index Price as follows:

- **Volume Weighting:** Each Constituent Trading Platform will be weighted to appropriately reflect the trading volume share of the Constituent Trading Platform relative to all the Constituent Trading Platforms during this same period. For example, a weighting of 67.06%, 14.57%, 11.88%, and 6.49% for Crypto.com, Kraken, LMAX Digital and Bitstamp by Robinhood, respectively, would represent each Constituent Trading Platform's share of trading volume during the preceding 24 hours.
- **Inactivity Adjustment:** Assume that a Constituent Trading Platform represented a 14% weighting on the Index Price of the digital asset and then went offline for approximately two hours. The index algorithm would automatically recognize inactivity and start de-weighting the Constituent Trading Platform at the 5-minute mark and continue to do so with each additional 5-minute period of inactivity until its influence was effectively zero, 25 minutes after becoming inactive. As soon as trading activity resumed at the Constituent Trading Platform, the index algorithm would re-weight it to the appropriate weighting based on trading volume and price-variance relative to the cohort of Constituent Trading Platforms included in the Index Price.

- **Price Outlier Detection:** New traded prices from Constituent Trading Platforms are compared to the latest calculated Index Price. If a new traded price deviates by +/- 5% from the latest calculated Index Price, it will be considered an outlier and will not be used in the calculation of the Index Price until such time as a majority of the Constituent Trading Platforms are similarly considered outlier prices. In that case, the new prices will be used to calculate the Index Price. For example, if the Index Price is \$10 and there is a new trade price of \$11 from Constituent Trading Platform X, the price of \$11 will be considered an outlier and will not be used. However, if the most recent prices on a majority of the Constituent Trading Platforms are aligned with the price of \$11, then these prices will no longer be considered outliers and will be used to calculate the new Index Price.

Determination of the Index Prices When the Index Prices are Unavailable

The Manager uses the following cascading set of rules to calculate the Index Price for a Fund Component. For the avoidance of doubt, the Manager will employ the below rules sequentially and in the order as presented below, should one or more specific rule(s) fail:

1. **Index Price = The price set by the relevant Index Price as of 4:00 p.m., New York time, on the valuation date.** If the relevant Index Price becomes unavailable, or if the Manager determines in good faith that such Index Price does not reflect an accurate digital asset price, then the Manager will, on a best efforts basis, contact the Index Provider to obtain the Index Price directly from the Index Provider. If after such contact such Index Price remains unavailable or the Manager continues to believe in good faith that such Index Price does not reflect an accurate price for the relevant digital asset, then the Manager will employ the next rule to determine the Index Price. There are no predefined criteria to make a good faith assessment and it will be made by the Manager in its sole discretion.
2. **Index Price = The price set by Coin Metrics Real-Time Rate (the “Secondary Index”) as of 4:00 p.m., New York time, on the valuation date (the “Secondary Index Price”).** The Secondary Index Price is a real-time reference rate price, calculated using trade data from constituent markets selected by Coin Metrics, Inc. (the “Secondary Index Provider”). The Secondary Index Price is calculated by applying weighted-median techniques to such trade data where half the weight is derived from the trading volume on each constituent market and half is derived from inverse price variance, where a constituent market with high price variance as a result of outliers or market anomalies compared to other constituent markets is assigned a smaller weight. If the Secondary Index Price for the relevant Fund Component becomes unavailable, or if the Manager determines in good faith that the Secondary Index Price does not reflect an accurate price for such Fund Component, then the Manager will, on a best efforts basis, contact the Secondary Index Provider to obtain the Secondary Index Price directly from the Secondary Index Provider. If after such contact the Secondary Index Price remains unavailable or the Manager continues to believe in good faith that the Secondary Index Price does not reflect an accurate price for such Fund Component, then the Manager will employ the next rule to determine the Index Price. There are no predefined criteria to make a good faith assessment and it will be made by the Manager in its sole discretion.
3. **Index Price = The price set by the Fund’s principal market (the “Tertiary Pricing Option”) as of 4:00 p.m., New York time, on the valuation date.** The Tertiary Pricing Option is a spot price derived from the relevant principal market’s public data feed that is believed to be consistently publishing pricing information as of 4:00 p.m., New York time, and is provided to the Manager via an application programming interface. If the Tertiary Pricing Option becomes unavailable, or if the Manager determines in good faith that the Tertiary Pricing Option does not reflect an accurate price for such Fund Component, then the Manager will, on a best efforts basis, contact the Tertiary Pricing Provider to obtain the Tertiary Pricing Option directly from the Tertiary Pricing Provider. If after such contact the Tertiary Pricing Option remains unavailable or the Manager continues to believe in good faith that the Tertiary Pricing Option does not reflect an accurate price for such Fund Component, then the Manager will employ the next rule to determine the Index Price. There are no predefined criteria to make a good faith assessment and it will be made by the Manager in its sole discretion.
4. **Index Price = The Manager will use its best judgment to determine a good faith estimate of the Index Price.** There are no predefined criteria to make a good faith assessment and it will be made by the Manager in its sole discretion.

In the event of a fork, the Index Provider may calculate the Index Price based on a digital asset that the Manager does not believe to be the appropriate asset that is held by the Fund. In this event, the Manager has full discretion to use a different index provider or calculate the Index Price itself using its best judgment.

The Manager may, in its sole discretion, select a different index provider, select a different index price provided by the Index Provider, calculate the Index Price by using the cascading set of rules set forth above, or change the cascading set of rules set forth above at any time. The Manager will provide notice of any such changes in the Fund's periodic or current reports.

Index Licensing Agreement

The Index Provider and the Manager have entered into the index license agreement, dated as of February 1, 2022 (as amended, the "Index License Agreement"), governing the Manager's use of the Index Prices. The Index Provider may adjust the calculation methodology for a Index Price without notice to, or consent of, the Fund or its shareholders. The Index Provider may decide to change the calculation methodology to maintain the integrity of the Index Price calculation should it identify or become aware of previously unknown variables or issues with the existing methodology that it believes could materially impact its performance and/or reliability. The Index Provider has sole discretion over the determination of the Index Prices and may change the methodologies for determining the Index Prices from time to time. Shareholders will be notified of any material changes to the calculation methodology or the Index Prices in the Fund's current reports and will be notified of all other changes that the Manager considers significant in the Fund's periodic reports. The Manager will determine the materiality of any changes to the Index Prices on a case-by-case basis, in consultation with external counsel.

COINDESK® and CoinDesk DeFi Select Index (the "Index") are trade or service marks of CoinDesk Indices, Inc. (with its affiliates, including CC Data Limited, "CDI") and/or its licensors. CDI or CDI's licensors own all proprietary rights in the Data.

CDI is not the issuer or producer of the Fund and has no responsibilities, obligations, or duties to investors in or holders of the Fund. The Index is licensed for use by the Manager as the manager of the Fund. The only relationship that CDI has with the Manager in respect of the Fund is the licensing of the Index, which is administered and published by CDI, or any successor thereto, without regard to the Manager or the owners or holders of Shares of the Fund.

Investors or holders acquire shares of the Fund offered by the Manager and investors and holders neither acquire any interest in the Index nor enter into any relationship of any kind whatsoever with CDI upon making an investment in or acquisition of the Fund. The Fund is not managed, endorsed, sold, or promoted by CDI. CDI makes no representation or warranty, express or implied, regarding the advisability of investing in or otherwise acquiring the Fund or the advisability of investing in securities or digital assets generally or the ability of the Index to track corresponding or relative market performance. CDI has not passed on the legality or suitability of the Fund with respect to any person or entity. CDI is not responsible for, nor has participated in, the determination of the timing of, prices at, or quantities of the Fund to be issued. CDI has no obligation to take the needs of the Manager or the owners or holders of the Fund or any other third party into consideration in administering, composing, calculating, or publishing the Index. CDI has no obligation or liability in connection with administration, marketing, or trading of the Fund.

The licensing agreement between the Manager and CDI is solely for the benefit of the Manager and CDI and not for the benefit of the owners or holders of Shares of the Fund or any other third parties.

CDI shall have no liability to the Manager, the Fund, investors, holders or other third parties for the quality, accuracy and/or completeness of the Index or any data included therein or for interruptions in the delivery of the data. CDI hereby expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Index or any other data included therein. CDI reserves the right to change the methods of calculation or publication, or to cease the calculation or publication of the Index and shall not be liable for any miscalculation of or any incorrect, delayed, or interrupted publication with respect to the Index. CDI shall not be liable for any damages, including, without limitation, any special, indirect or consequential damages, or any lost profits, even if advised of the possibility of such, resulting from the use of the Index or any other data included therein or with respect to the Fund.

Description of Creation of Shares

The following is a description of the material terms of the Fund Documents as they relate to the creation of the Fund's Shares on a periodic basis from time to time through sales in private placement transactions exempt from the registration requirements of the Securities Act.

The Fund Documents also provide procedures for the redemption of Shares. However, the Fund does not currently operate a redemption program and the Shares are not currently redeemable. Subject to receipt of regulatory approval from the SEC and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. Because the Fund does not believe that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program, the Fund currently has no intention of seeking regulatory approval from the SEC to operate an ongoing redemption program. Further, the Fund is registered and regulated as a private fund under the Private Funds Act. The Authority has supervisory and enforcement powers to ensure the Fund's compliance with the Private Funds Act. Before the Fund is able to effect open redemptions as an open-ended Fund, it will be required to meet the requirements of, and register with, the Authority and be regulated as a mutual fund under the Mutual Funds Act (As Revised) of the Cayman Islands.

The Fund will issue Shares to Authorized Participants from time to time, but only in one or more Baskets (with a Basket being a block of 100 Shares). The Fund will not issue fractions of a Basket. The creation of Baskets will be made only in exchange for the delivery to the Fund, or the distribution by the Fund, of the amount of whole and fractional tokens of each Fund Component represented by each Basket being created plus cash representing the Forked Asset Portion, if any, and 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 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), by the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth (i.e., carried to the eighth decimal place)), and multiplying such quotient by 100. We refer to the amount of tokens of each Fund Component so obtained as the "Fund Component Basket Amount." If the Fund holds any Forked Assets that can be reasonably valued in the sole discretion of the Manager, each Basket created will also require the delivery of an amount of cash determined by dividing the aggregate U.S. dollar value of all of such Forked Assets by the total number of Shares outstanding at such time (the quotient so obtained calculated to one one-hundred-millionth (i.e., carried to the eighth decimal place)) and multiplying the quotient so obtained by 100 (such product, the "Forked Asset Portion"). If the Fund holds any cash in U.S. dollars or other fiat currency, each Basket created 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-hundred-millionth (i.e., carried to the eighth decimal place)), and multiplying such quotient by 100 (the "Cash Portion"). The Manager will generally consider it possible to assign a reasonable value to a Forked Asset if such Forked Asset is traded on at least one trading platform meeting the guidelines of the Index Provider. We refer to the sum of the Fund Component Basket Amounts for all Fund Components then held by the Fund, the Forked Asset Portion, if any, and the Cash Portion, if any, as the "Basket Amount."

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." Except as otherwise affected by a rebalancing of the Fund's portfolio, the number of Fund Components represented by a Share will decrease over time as the Fund Components are used to pay the Fund's expenses. As of June 30, 2026, each Share represents approximately 0.7541 UNI, 5.0423 ONDO, 0.0160 AAVE, 9.0525 ENA, 1.5600 CRV, and 0.8799 LDO. Information regarding the Fund's Fund Components per Share is posted to the Fund's website daily at www.grayscale.com/funds/grayscale-decentralized-finance-fund/.

Authorized Participants are the only persons that may place orders to create Baskets. Each Authorized Participant must (i) be a registered broker-dealer (ii) enter into a Participant Agreement with the Manager and (iii) own digital asset wallet addresses and bank accounts that are recognized by the Manager and the Custodian as belonging to the Authorized Participant or a Liquidity Provider. An Authorized Participant may act for its own account or as agent for investors who have entered into a subscription agreement with the Authorized Participant (each such investor, an "Investor").

An investor that enters into a subscription agreement with an Authorized Participant subscribes for Shares by submitting a purchase order and paying a subscription amount to the Authorized Participant. At this time, subscription amounts may be paid only in cash. After an Investor wires its cash, the Authorized Participant or Liquidity Provider purchases digital assets in the Digital Asset Markets or, to the extent the Authorized Participant or Liquidity Provider already hold the applicable digital assets, the Authorized Participant or Liquidity Provider may contribute such digital assets to the Fund. Depending on whether the Investor wires cash to the Authorized Participant before or after 4:00 p.m. New York time, the Investor's Shares will be created based on the same or next business day's NAV and the risk of any price volatility in the digital assets during this time will be borne by the Authorized Participant, or Liquidity Provider.

The creation of Baskets requires the delivery to the Fund of the Total Basket Amount.

The Participant Agreement provides the procedures for the creation of Baskets and for the delivery of Fund Components and cash required for such creations. The Participant Agreement and the related procedures attached thereto may be amended by the Manager and the relevant Authorized Participant. Under the Participant Agreement, the Manager has agreed to indemnify each Authorized Participant against certain liabilities, including liabilities under the Securities Act.

Authorized Participants do not pay a transaction fee to the Fund in connection with the creation of Baskets, but there may be transaction fees associated with the validation of the transfer of digital assets on the relevant Digital Asset Networks.

The following description of the procedures for the creation 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 order one or more Creation Baskets from the Fund by placing a creation order with the Manager no later than 4:00 p.m., New York time, which the Manager will accept or reject. By placing a creation order, an Authorized Participant agrees to transfer the Total Basket Amount from a digital wallet address that is known to the Custodian as belonging to the Authorized Participant, or a Liquidity Provider, to the Fund Accounts.

All creation orders are accepted (or rejected) by the Manager on the business day on which the relevant creation order is placed. If a creation order is accepted, the Manager will calculate the Total Basket Amount on the same business day, which will be the trade date, and will communicate the Total Basket Amount to the Authorized Participant. The Authorized Participant or Liquidity Provider must transfer the Total Basket Amount to the Fund no later than 6:00 p.m., New York time, on the trade date. The expense and risk of delivery, ownership and safekeeping of the Fund Components and U.S. dollars transferred by the Authorized Participant will be borne solely by the Authorized Participant, or Liquidity Provider until such Fund Components and U.S. dollars have been received by the Fund.

Following receipt of the Total Basket Amount by the Custodian, the Transfer Agent will credit the number of Shares to the account of the Investor on behalf of which the Authorized Participant placed the creation order by no later than 6:00 p.m., New York time, on the trade date. The Authorized Participant may then transfer the Shares directly to the relevant Investor.

Suspension or Rejection of Orders and Total Basket Amount

The creation of Shares may be suspended generally, or refused with respect to particular requested creations, 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 such creation orders. The Manager may reject an order or, after accepting an order, may cancel such order by rejecting the Total Basket Amount, in the case of creations, or the Baskets to be redeemed, if (i) such order is not presented in proper form as described in the Participant Agreement, (ii) the transfer of the Total Basket Amount comes from an account other than a digital wallet address that is known to the Custodian as belonging to the Authorized Participant or a Liquidity Provider, 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 Total Basket Amount.

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 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.

Fund Expenses

The Fund's only ordinary recurring expense is expected to be the Manager's Fee. The Manager's Fee will accrue daily in U.S. dollars at an annual rate of 2.5% of the Fund's NAV Fee Basis Amount as of 4:00 p.m., New York time, and will generally be paid in the tokens of the Fund Components then held by the Fund in proportion to their respective Weighting. For any day that is not a business day or in a Fund Rebalancing Period, the Manager's Fee will accrue in U.S. dollars at a rate of 2.5% of the NAV Fee Basis Amount of the Fund from the most recent business day, reduced by the accrued and unpaid Manager's Fee for such most recent business day and for each day after such most recent business day and prior to the relevant calculation date. The U.S. dollar amount of the Manager's Fee will be converted into Fund Components on a daily basis by multiplying such U.S. dollar amount by the Weighting for each Fund Component and dividing the resulting product for each Fund Component by the Index Price for such Fund Component on such day. We refer to the amount of tokens of each Fund Component payable as the Manager's Fee for any day as a "Fund Component Fee Amount." For any day that is not a business day or during a Fund Rebalancing Period for which the NAV Fee Basis Amount is not calculated, the amount of each Fund Component payable in respect of such day's U.S. dollar accrual of the Manager's Fee will be determined by reference to the Fund Component Fee Amount from the most recent business day. Payments of the Manager's Fee will be made monthly in arrears.

To pay the Manager's Fee, the Manager will instruct the Custodian to (i) withdraw from the relevant Digital Asset Account the amount of tokens for each Fund Component then held by the Fund equal to the Fund Component Fee Amount for such Fund Component and (ii) transfer such tokens of all Fund Components to accounts maintained by the Manager at such times as determined by the Manager in its absolute discretion. If the Fund holds any Forked Assets or cash, the Fund may also pay all or a portion of the Manager's Fee in Forked Assets and/or cash in lieu of paying the Manager's Fee in Fund Components, in which case, the Fund Component Fee Amounts in respect of such payment will be correspondingly and proportionally reduced.

After the payment of the Manager's Fee to the Manager, the Manager may elect to convert any digital assets it receives into U.S. dollars. The rate at which the Manager converts such digital assets into U.S. dollars may differ from the rate at which the Manager's Fee was initially determined. The Fund will not be responsible for any fees and expenses incurred by the Manager to convert digital assets received in payment of the Manager's Fee into U.S. dollars. The Manager, from time to time, may temporarily waive all or a portion of the Manager's Fee at its discretion. Presently, the Manager does not intend to waive any of the Manager's Fee.

As partial consideration for its receipt of the Manager's Fee from the Fund, the Manager has assumed the obligation to pay the Manager-paid Expenses. There is no cap on such Manager-Paid Expenses. The Manager has not assumed the obligation to pay Additional Fund Expenses. If Additional Fund Expenses are incurred, the Manager will (i) withdraw Fund Components from the Digital Asset Accounts in proportion to their respective Weightings at such time and in such quantity as may be necessary to permit payment of such Additional Fund Expenses and (ii) may either (x) cause the Fund to convert such Fund Components into U.S. dollars or other fiat currencies at the Actual Exchange Rate or (y) cause the Fund (or its delegate) to deliver such Fund Components in kind in satisfaction of such Additional Fund Expenses. If the Fund holds cash and/or Forked Assets, the Fund may also pay all or a portion of the Additional Fund Expenses in cash or Forked Assets instead of Fund Components, in which case, the amount of Fund Components that would otherwise have been used to satisfy such Additional Fund Expenses will be correspondingly and proportionally reduced.

The fractional number of Fund Components, or the amount of Forked Assets and/or cash, represented by each Share will decline each time the Fund pays the Manager's Fee or any Additional Fund Expenses by transferring or selling Fund Components, Forked Assets and/or cash.

Impact of Fund Expenses on the Fund's NAV

The Fund will pay the Manager's Fee to the Manager in Fund Components held by the Fund, in cash or in Forked Assets. In addition, the Fund will sell Fund Components to raise the funds needed for the payment of any Additional Fund Expenses or will pay Additional Fund Expenses in Fund Components held by the Fund, cash or Forked Assets. Fund Components, as well as the value of any cash or Forked Assets held by the Fund, will be the Fund's sole source of funds to cover the Manager's Fee and any Additional Fund Expenses. The Fund will not engage in any activity designed to

derive a profit from changes in the price of Fund Components or any Forked Assets. Because the number of Fund Components, or the amount of Forked Assets and/or cash, held by the Fund will decrease when Fund Components are used to pay the Manager's Fee or any Additional Fund Expenses, it is expected that the fractional number of Fund Components, or the amount of Forked Assets and/or cash, represented by each Share will gradually decrease over the life of the Fund. Accordingly, the shareholders will bear the cost of the Manager's Fee and Additional Fund Expenses. New digital assets that are transferred into the Digital Asset Accounts in exchange for new Baskets issued by the Fund will not reverse this trend.

Discretion of the Manager and Index Provider

The Manager has sole discretion to replace the DFX with a different DeFi index and sole discretion to replace the Index Provider with a different DeFi index provider, and may replace either the DFX or the Index Provider from time to time. The Index Provider has sole discretion over the DFX Methodology and may change it from time to time. The current DFX Methodology and current Index Components are available at the Index Provider's public website, at www.coindesk.com/indices/dfx. The Index Provider has sole discretion over the determination of Index Prices and may change the methodologies for determining the Index Prices from time to time.

RISK FACTORS

An investment in the Shares involves certain risks as described below. These risks should also be read in conjunction with the other information included in this Annual Report, including the Fund's financial statements and related notes thereto. All capitalized terms used, but not defined, herein have the meanings given to them in the LLC Agreement.

Risk Factors Related to Digital Assets

The trading prices of many digital assets, including the Fund Components, have experienced extreme volatility in recent periods and may continue to do so. Extreme volatility in the future, including declines in the trading prices of Fund Components, could have a material adverse effect on the value of the Shares and the Shares could lose all or substantially all of their value.

Negative perceptions, instability and the absence of standardized regulation in the digital asset economy may reduce confidence in digital assets and result in greater volatility in, or declines in, the prices of the Fund Components. Changes in U.S. political leadership or economic policies, or actions or omissions by U.S. government authorities with respect to the Fund Components or other digital assets, may also create uncertainty and materially affect the prices of the Fund Components and the value of the Shares. The Fund is not actively managed and will not take any actions to take advantage of or mitigate the impacts of volatility in the prices of the Fund Components. Accordingly, any of these factors could increase volatility in or cause a decline in the prices of the Fund Components and materially adversely affect the value of the Shares.

Digital assets have a limited history and the value of the Shares is subject to a number of factors relating to the capabilities and development of blockchain technologies, including the dependence of Digital Asset Networks on the internet and other technologies, the role of users, developers, miners and validators and the potential for malicious activity.

The value of the Shares is directly related to the value of the Fund Components held by the Fund, and the prices of the Fund Components have fluctuated significantly. The following factors may affect the prices of the Fund Components and the value of the Shares:

- The limited history and early stage of development of Digital Asset Networks and related protocols, which may not function as intended or achieve widespread use;
- Global supply of the Fund Components, including sales by miners, validators and large holders;
- Investors' expectations with respect to inflation, interest rates, currency exchange rates and changes in the value of the Fund Components;
- Fragmentation, consolidation, liquidity and trading volume in Digital Asset Markets, and fiat currency deposit and withdrawal policies of Digital Asset Trading Platforms;
- Interruptions, theft, loss, compromise, insolvency or failure involving Digital Asset Trading Platforms, custodians or other digital asset service providers;
- Dependence on the internet, a disruption of which could hinder transfers of the Fund Components and reduce their value;
- Governance of Digital Asset Networks, including through voluntary consensus and open competition, which could result in a lack of consensus or clarity and difficulty addressing long-term problems;
- Investment and trading activities of large investors and activity in derivatives markets for the Fund Components or digital assets generally;
- Monetary policies, trade restrictions, currency devaluations and revaluations and regulatory measures that restrict the use of the Fund Components or their Digital Asset Networks;
- The maintenance and development of the open-source software protocols of the Digital Asset Networks, including whether developers and other contributors have sufficient incentives and resources to maintain and develop the networks;

- Competition from other digital assets or alternative means of payment;
- Global or regional political, economic or financial events and conditions;
- Actual or perceived fraudulent or manipulative trading and a lack of transparency in Digital Asset Markets;
- Fees and settlement times associated with transactions in the Fund Components; and
- Source-code or cryptographic flaws, advances in quantum computing or a failure to implement quantum-resistant protections in a timely manner, any of which could compromise a Digital Asset Network or result in the theft of the Fund's digital assets. Similar events affecting other digital assets could reduce confidence in Digital Asset Networks and demand for the Fund Components.
- A “short squeeze” resulting from speculation on the price of the Fund Components, if aggregate short exposure exceeds the number of Shares available for purchase; and
- The Fund’s own acquisitions or dispositions of Fund Components, since there is no limit on the amount of Fund Components that the Fund may acquire.

Because the Fund Components and their Digital Asset Networks have a limited history and continue to develop, additional risks may arise that are difficult to predict. The Fund Components may not maintain their value or achieve or sustain broader acceptance. A decline in the prices of the Fund Components would reduce the Fund's NAV per Share and may adversely affect the trading price of the Shares.

Digital assets represent a relatively new and rapidly evolving industry, and the value of the Shares depends on the acceptance of digital assets.

Digital Asset Networks, including the networks the Fund Components, and related protocols represent a relatively new and rapidly evolving industry that is subject to a variety of factors that are difficult to evaluate. The realization of one or more of the following risks could materially adversely affect the value of the Shares:

- Only a limited number of digital assets are selectively accepted by retail and commercial outlets, and use of digital assets by consumers remains limited. Banks and other established financial institutions may refuse to process funds for digital asset transactions or maintain accounts for persons or entities transacting in digital assets.
- Banks may not provide banking services, or may cut off banking services, to businesses that provide digital asset-related services or that accept digital assets as payment, which could dampen liquidity and acceptance of digital assets and adversely affect the price of digital assets generally or individually.
- The prices of digital assets may be determined on a relatively small number of Digital Asset Trading Platforms by a relatively small number of market participants, many of whom are speculators or those intimately involved with the issuance of such digital assets, such as miners, validators or developers, which could contribute to price volatility.
- Certain privacy-preserving features have been or are expected to be introduced to a number of Digital Asset Networks. If any such features are introduced to the Digital Asset Networks or related protocols of the Fund Components and if there is any concern that such privacy-preserving features interfere with the performance of anti-money laundering duties and economic sanctions checks, trading platforms or businesses that facilitate transactions in digital assets on these networks may be at an increased risk of criminal or civil lawsuits, or of having banking services cut off.
- Users, developers and miners, or validators may switch to or adopt certain Digital Asset Networks or protocols at the expense of their engagement with other Digital Asset Networks and protocols, which may negatively impact those networks and protocols.

Layer 2 solutions and smart contract functionality developed for use with certain Digital Asset Networks underlying the Fund Components may introduce additional technical and security risks that could adversely affect the value of the relevant Fund Components and the Shares.

Layer 2 solutions have been developed for use with certain Digital Asset Networks underlying the Fund Components to increase transaction capacity or efficiency or expand network functionality. These solutions may not function as intended or achieve widespread use. Smart contracts are typically immutable once deployed. Vulnerabilities in their coding, such as logic errors or security flaws, can lead to significant financial losses if exploited.

Layer 2 solutions and smart contracts may not be interoperable with one another, which could fragment activity and liquidity among applications, limit their use or reduce transaction efficiency. Layer 2 solutions and sidechains may also depend on the continued operation and security of the underlying Digital Asset Network. A disruption of that network could impair the relevant Layer 2 solution or sidechain. These solutions may also introduce centralized control risks, such as admin key holders who may possess the ability to modify key functions or extract funds. Even decentralized governance of these solutions can concentrate power in the hands of a few core participants, allowing changes to smart contracts that could harm users and the value of associated digital assets. Any major breach, failure or loss of confidence in smart contracts, Layer 2 solutions or sidechains associated with a Digital Asset Network underlying a Fund Component could adversely affect the value of the relevant Fund Component and the value of the Shares.

ERC-20 tokens rely on the ERC-20 standard and the Ethereum blockchain to function and any adverse impact on the ERC-20 standard and/or the Ethereum blockchain could have an adverse impact on the value of certain digital assets held by the Fund and the value of the Shares.

Certain Fund Components, including UNI, were created using Ethereum Request for Comment 20 (“ERC-20”), a type of smart contract protocol standard on the Ethereum blockchain that allows users to create new digital assets. ERC-20 tokens are distinct from Ethereum because they can have their own unique set of features; however, because ERC-20 tokens are created on the Ethereum blockchain, they rely on the Ethereum blockchain for key functionalities such as storage, transfer and usage. As a result, vulnerabilities or attacks on the ERC-20 standard and/or the Ethereum blockchain more generally can cause vulnerabilities or attacks on ERC-20 tokens such as UNI, which could adversely affect the value of such Fund Components and, consequently, the value of the Shares.

Changes in the governance of a Digital Asset Network or protocol may not receive sufficient support from users, miners, or validators, which may negatively affect that Digital Asset Network’s or protocol’s ability to grow and respond to challenges.

The governance of some Digital Asset Networks and protocols underlying the Fund Components is generally by voluntary consensus and open competition. For such networks and protocols, there may be a lack of consensus or clarity on that network’s or protocol’s governance, which may stymie such network’s or protocol’s utility, adaptability and ability to grow and face challenges.

The foregoing notwithstanding, the underlying software for some Digital Asset Networks and protocols is informally or formally managed or developed by a group of core developers that propose amendments to the relevant network’s or protocol’s source code. If a significant majority of users, miners, and/or validators were to adopt amendments to a decentralized network based on the proposals of such core developers, such network would be subject to new source code that may adversely affect the value of the relevant Fund Component and, consequently, the value of the Shares.

As a result of the foregoing, it may be difficult to find solutions or marshal sufficient effort to overcome any future problems, especially long-term problems, on Digital Asset Networks.

Foundations or founding teams may disproportionately influence the development or governance of certain Digital Asset Networks and protocols, which could adversely affect the value of the relevant Fund Component and, consequently, the value of the Shares.

Many Digital Asset Networks and protocols are supported by foundations and/or founding teams. In contrast to Digital Asset Networks and protocols where governance decisions are largely made by a decentralized group of individuals, the development of such Digital Asset Network or protocol may be disproportionately influenced by these foundations and/or founding teams. Certain Fund Components have foundations and/or founding teams that support the development of the Fund Components’ Digital Asset Networks or protocols and may have interests that are different than a shareholder’s, and

the decisions made by such foundations and/or founding teams could have an adverse effect on the value of the relevant Fund Component and, consequently, the value of the Shares.

Digital Asset Networks face significant scaling challenges and efforts to increase the volume and speed of transactions may not be successful.

Many Digital Asset Networks face significant scaling challenges due to the fact that public, permissionless blockchains generally face a tradeoff between security and scalability. One means through which Digital Asset Networks that utilize public, permissionless blockchains achieve security is decentralization, meaning that no intermediary is responsible for securing and maintaining these systems. For example, a greater degree of decentralization of a public, permissionless blockchain generally means a given Digital Asset Network is less susceptible to manipulation or capture. In practice, this typically means that every single node on a given Digital Asset Network is responsible for securing the system by processing every transaction and maintaining a copy of the entire state of the network. As a result, a digital asset network that utilizes a public, permissionless blockchain may be limited in the number of transactions it can process by the computing capabilities of each single fully participating node. Many developers are actively researching and testing scalability solutions for public blockchains such as off-chain payment channels and Layer 2 networks.

To increase the volume of transactions that can be processed on the Digital Asset Networks underlying the Fund Components, various features have been introduced to increase speed and throughput. These and other mechanisms for increasing the scale of settlement or throughput of Digital Asset Network transactions may not be effective, may not achieve wide-scale use or may not achieve their intended results in a timely manner. If corresponding increases in throughput lag behind growth in the use of digital asset networks, average transaction fees and settlement times may increase considerably, which could preclude certain uses for the Fund Components and reduce demand for, and the prices of, the Fund Components, which could adversely impact the value of the Shares.

Digital assets may have concentrated ownership, and large sales or distributions by holders of a Fund Component could adversely affect the market price of the applicable Fund Component and the value of the Shares.

For certain Fund Components, the largest wallets are believed to hold, in aggregate, a significant percentage of the applicable Fund Component in circulation. Moreover, it is possible that one or more persons or entities control multiple wallets that collectively hold a significant amount of a Fund Component, even if those wallets individually hold only small amounts. As a result of this concentration of ownership, large sales or distributions by one or more holders could have an adverse effect on the market price of the applicable Fund Component and, consequently, the value of the Shares.

If the digital asset rewards for mining or validating blocks and transaction fees for recording transactions on the Digital Asset Network underlying a Fund Component are not sufficiently high to incentivize miners or validators, or if certain jurisdictions continue to limit or otherwise regulate mining or validating activities, miners or validators may reduce or cease mining or validating activity or demand high transaction fees, which could negatively impact the value of the relevant Fund Components and the value of the Shares.

If the digital asset rewards for mining or validating blocks or the transaction fees for recording transactions on the Digital Asset Network underlying a Fund Component are not sufficiently high to incentivize miners or validators, as applicable, or if certain jurisdictions limit or otherwise regulate mining or validating activities, miners or validators may reduce or cease mining or validating activity and confirmations of transactions on the relevant Digital Asset Network could be slowed. The realization of one or more of the following risks could materially adversely affect the value of the Shares:

- If the profit margins of mining or validating operations on a Digital Asset Network are not sufficiently high, miners or validators may sell the relevant Fund Component earned through mining or validating, resulting in an increase in its liquid supply, which could reduce its market price.
- A reduction in the processing power expended by miners, or a reduction in staked digital assets by validators, could increase the likelihood of a malicious actor or botnet obtaining control of the relevant Digital Asset Network.
- If miners or validators demand higher transaction fees for recording transactions on a Digital Asset Network, the cost of using the relevant Fund Component may increase and the marketplace may be reluctant to accept it as a means of payment. Alternatively, miners or validators could collude in an anti-competitive manner to

reject low transaction fees on a Digital Asset Network and force users to pay higher fees, thus reducing the attractiveness of the Digital Asset Network. Higher transaction fees resulting through collusion or otherwise may adversely affect the attractiveness of the relevant Digital Asset Network, the value of the relevant Fund Component and the value of the Shares.

- To the extent that any miners or validators cease to record transactions that do not include the payment of a transaction fee in mined or validated blocks or do not record a transaction because the transaction fee is too low, such transactions will not be recorded on the relevant Digital Asset Network until a block is mined or validated by a miner or validator who is willing to accept a lower fee. Any widespread delays or disruptions in the recording of transactions could result in a loss of confidence in the relevant Digital Asset Network and could impair the Fund's ability to complete transactions associated with creations, redemptions or portfolio rebalancing.
- Digital asset mining operations can consume significant amounts of electricity, which may have a negative environmental impact and give rise to public opinion against allowing, or government regulations restricting, the use of electricity for mining operations. Additionally, miners may be forced to cease operations during an electricity shortage or power outage.
- During block production, validators may select, order or exclude transactions in a manner that increases their profits, a practice known as "Maximal Extractable Value" ("MEV"). MEV-related activity may increase transaction costs, disadvantage network users or reduce confidence in the relevant Digital Asset Network, which could adversely affect the value of the relevant Fund Component and the value of the Shares.

Disruptions or other problems in the supply chain for digital asset mining hardware could cause harm to Digital Asset Networks that rely on mining and adversely affect the value of the Shares.

The supply of digital asset mining hardware is concentrated among a limited number of suppliers and geographic regions. Mining hardware manufacturers may be unable to manufacture or supply sufficient mining hardware, whether due to shortages of components or resources, changes in laws or trade restrictions, insolvency or non-performance of their contracts. Such factors may reduce the availability of mining hardware or components necessary for its manufacture or repair.

If miners are unable to source mining hardware at commercially reasonable prices, or at all, and replacement or substitute sources of mining hardware prove to be unavailable, mining on the Digital Asset Networks underlying the Fund Components that rely on proof-of-work consensus mechanisms could be negatively affected. These supply chain disruptions could make it more difficult for transactions on such networks to be confirmed, increase transaction costs, or affect such networks' security, any of which could negatively affect the value of the applicable Fund Components and consequently the value of the Shares.

If a malicious actor or botnet obtains control of more than an applicable threshold of the processing or validating power on a Digital Asset Network, or otherwise obtains control over the Digital Asset Network through its influence over core developers or otherwise, such actor or botnet could manipulate the Blockchain to adversely affect the value of the Shares or the ability of the Fund to operate.

If a malicious actor or botnet obtains a majority of the processing power on a proof-of-work Digital Asset Network, it may be able to alter the Blockchain on which transactions in the applicable Fund Component rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could also control, exclude or modify the ordering of transactions, or "double-spend" its own digital assets (i.e., spend the same tokens in more than one transaction). To the extent that such malicious actor or botnet did not yield its control of the processing power on the relevant Digital Asset Network or the relevant network community did not reject the fraudulent blocks as malicious, reversing any changes made to the Blockchain may not be possible.

Proof-of-stake networks may also become vulnerable to different types of attacks depending on how much control is concentrated among validators. For example, the Ethereum network is currently vulnerable to several types of attacks, including:

- “>33% attack” where, if a malicious actor, validator, botnet or group of validators acting in concert were to gain control of more than 33% of the total staked Ether on the Ethereum network, a malicious actor could temporarily impede or delay block confirmation or even cause a temporary fork in the blockchain. Even without 33% control, a malicious actor or botnet could create a flood of transactions in order to slow down the Ethereum network.
- “>50% attack” where, if a malicious actor, validator, botnet or group of validators acting in concert were to gain control of more than 50% of the total staked Ether on the Ethereum network, a malicious actor would be able to manipulate future transactions on the blockchain, including censoring transactions, double-spending and fraudulent block propagation, potentially for an extended period. Although the malicious actor or botnet would not be able to generate new tokens or transactions using such control, it could “double-spend” its own tokens (i.e., spend the same tokens in more than one transaction) and prevent the confirmation of other users’ transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the validating power on the Ethereum network or the Ethereum community did not reject the fraudulent blocks as malicious, reversing any changes made to the Ethereum Blockchain may not be possible.
- “>66% attack” where, if a malicious actor, validator, botnet or group of validators acting in concert were to gain control of more than 66% of the total staked Ether on the Ethereum network, a malicious actor could permanently and irreversibly manipulate the blockchain, including censorship, double-spending and fraudulent block propagation. The attacker could finalize their preferred chain without any consideration for the votes of other stakers and could also revert finalized blocks.

If miners, mining pools, validators or other network participants acting in concert were to obtain more than an applicable threshold of the processing or validating power on a Digital Asset Network, they could exert authority over the validation of transactions in an affected Fund Component. This risk is heightened if more than an applicable threshold of the processing or validating power on the network falls within the jurisdiction of a single governmental authority. If network participants, including the core developers and the administrators of mining or validating pools, do not act to ensure greater decentralization of the processing or validating power on the network, the feasibility of a malicious actor obtaining control of the Digital Asset Network will increase, which may adversely affect the value of the Shares.

A malicious actor may also obtain control over a Digital Asset Network through its influence over core developers by gaining direct control over a core developer or an otherwise influential programmer. The less that a Digital Asset Network ecosystem grows, the greater the possibility that a malicious actor may be able to maliciously influence the Digital Asset Network in this manner, which may adversely affect the value of the applicable Fund Component and the value of the Shares.

A temporary or permanent “fork” or a “clone” could adversely affect the value of the Shares.

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. If less than a substantial majority of users, validators and miners consent to a proposed modification, the consequence would be a “hard fork” of the applicable Digital Asset Network, with one group running the pre-modified software and the other running the modified software, resulting in two versions of the applicable Digital Asset Network and digital asset running in parallel, yet lacking interchangeability.

Forks can introduce new security concerns, such as “replay attacks” and an inherent decrease in the level of security due to significant amounts of validating or mining power remaining on one network or migrating to the new forked network. After a hard fork, it may become easier for an individual validator or miner, or a validating or mining pool, to exceed an applicable threshold of validating or processing power on a Digital Asset Network that retained or attracted less validating or mining power, thereby making that Digital Asset Network more susceptible to attack. Digital Asset Networks and related protocols may also be cloned, resulting in a competing network with characteristics substantially similar to the network it was based on. A hard fork may adversely affect the price of a Fund Component at the time of announcement or

adoption. A clone may also adversely affect the price of a Fund Component at the time of announcement or adoption. A future fork in or clone of the Digital Asset Network of a Fund Component could adversely affect the value of the Shares or the ability of the Fund to operate.

In the event of a hard fork of the network of a digital asset held by the Fund, the Manager will, if permitted by the terms of the LLC Agreement, use its discretion to determine which network should be considered the appropriate network for the Fund's purposes, and in doing so may adversely affect the value of the Shares.

In the event of a hard fork of the Digital Asset Network of a Fund Component, the Manager will, as permitted by the terms of the LLC Agreement, use its discretion to determine, in good faith, which Digital Asset Network, among a group of incompatible forks of such Digital Asset Network, is generally accepted as the Digital Asset Network for such digital asset and should therefore be considered the appropriate Digital Asset Network for the Fund's purposes. There is no guarantee that the Manager will choose the Digital Asset Network or digital asset that is ultimately the most valuable fork, and the Manager's decision may adversely affect the value of the Shares as a result. The Manager may also disagree with shareholders, security vendors and the Index Provider on which Digital Asset Network and digital asset are generally accepted and should therefore be considered the appropriate Digital Asset Network and Fund Component for the Fund's purposes, which may also adversely affect the value of the Shares as a result.

If the Digital Asset Networks underlying the Fund Components are used to facilitate illicit activities, businesses that facilitate transactions in the Fund Components may be at increased risk of criminal or civil lawsuits, or of having services cut off, which could negatively affect the prices of the relevant Fund Components and the value of the Shares.

Digital Asset Networks have in the past been, and may continue to be, used to facilitate illicit activities. If a Digital Asset Network of a digital asset held by the Fund is used to facilitate illicit activities, businesses that facilitate transactions in such Fund Component could be at increased risk of potential criminal or civil lawsuits, or of having banking or other services cut off, and such Fund Component could be removed from Digital Asset Trading Platforms as a result of these concerns. Other service providers of such businesses may also cut off services if there is a concern that such Fund Component is being used to facilitate crime. Any of the aforementioned occurrences could increase regulatory scrutiny of the digital asset networks of the digital assets held by the Fund and/or adversely affect the price of the relevant Fund Component, the attractiveness of the respective Digital Asset Network and an investment in the Shares of the Fund.

The Fund could incur liability or operational disruption if Fund Components received by the Fund are associated with sanctioned persons or illicit activity.

The Fund receives Fund Components in connection with Share creations. The Fund, the Manager, the Custodial Entities, an Authorized Participant or a Liquidity Provider may be unable to identify all Fund Components associated with sanctioned persons or illicit activity. If the Fund or its service providers transact with a sanctioned person or receive Fund Components associated with illicit activity, assets could be rejected, blocked or frozen, and the Fund or its service providers could face investigations, liability, fines, penalties or service disruptions, any of which could adversely affect the Fund and the value of the Shares.

Risk Factors Related to the Digital Asset Markets

Recent developments in the digital asset economy have led to extreme volatility and disruption in digital asset markets, a loss of confidence in participants of the digital asset ecosystem, significant negative publicity surrounding digital assets broadly and market-wide declines in liquidity.

In the past and to date, digital asset prices have experienced significant fluctuations, leading to volatility and disruption in the digital asset markets and financial difficulties for several prominent industry participants, including Digital Asset Trading Platforms, hedge funds and lending platforms. For example, in the first half of 2022, digital asset lenders Celsius Network LLC and Voyager Digital Ltd. and digital asset hedge fund Three Arrows Capital each entered into insolvency proceedings. This resulted in a loss of confidence in participants in the digital asset ecosystem, negative publicity surrounding digital assets more broadly and market-wide declines in digital asset trading prices and liquidity.

Thereafter, in November 2022, FTX, the third largest Digital Asset Trading Platform by volume at the time, halted customer withdrawals amid rumors of the company's liquidity issues and likely insolvency. Shortly thereafter, FTX's CEO resigned and FTX and several affiliates of FTX filed for bankruptcy. The U.S. Department of Justice subsequently

brought criminal charges, including charges of fraud, violations of federal securities laws, money laundering, and campaign finance offenses, against FTX's former CEO and others. In November 2023, FTX's former CEO was convicted of fraud and money laundering. Similar charges related to violations of anti-money laundering laws were brought in November 2023 against Binance and its former CEO. In addition, several other entities in the digital asset industry filed for bankruptcy following FTX's bankruptcy filing, such as BlockFi Inc. and Genesis Global Capital, LLC ("Genesis Capital"), a subsidiary of Genesis Global Holdco, LLC ("Genesis Holdco"). The SEC also brought charges against Genesis Capital and Gemini Trust Company, LLC ("Gemini") in January 2023 for their alleged unregistered offer and sale of securities to retail investors.

In October 2023, the New York Attorney General ("NYAG") brought charges against Gemini, Genesis Capital, Genesis Asia Pacific PTE. LTD. ("Genesis Asia Pacific"), Genesis Holdco (together with Genesis Capital and Genesis Asia Pacific, the "Genesis Entities"), Genesis Capital's former CEO, DCG, and DCG's CEO alleging violations of law. In February 2024, the Genesis Entities entered into a settlement agreement with the NYAG to resolve the NYAG's allegations, which settlement was subsequently approved by the Bankruptcy Court of the Southern District of New York.

On January 17, 2025, DCG agreed to entry of a cease-and-desist order and payment of a \$38 million civil money penalty arising out of the SEC's allegations that (i) DCG negligently engaged in conduct that misled investors about the impact of the default on Genesis Capital's financial condition and (ii) DCG's failure to exercise reasonable care in connection with certain statements concerning Genesis Capital's financial condition created a materially false impression to the public regarding Genesis Capital's financial health.

Furthermore, Genesis Holdco, together with certain of its subsidiaries, filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code in January 2023. While Genesis Holdco is not a service provider to the Fund, it is a wholly owned subsidiary of DCG, and is an affiliate of the Fund and the Manager.

These events have led to significant negative publicity around digital asset market participants including DCG, Genesis and DCG's other affiliated entities. This publicity could negatively impact the reputation of the Manager and have an adverse effect on the trading price and/or the value of the Shares. Moreover, sales of a significant number of Shares of the Fund as a result of these events could have a negative impact on the trading price of the Shares.

Digital asset markets have also been negatively impacted by the failure of entities perceived to be integral to the digital asset ecosystem. For example, in March 2023, state banking regulators placed Silicon Valley Bank and Signature Bank into FDIC receivership, and Silvergate Bank announced plans to wind down and liquidate its operations. Because these banks were perceived to be most open to providing services for the digital asset ecosystem, their failures may impact the willingness of other banks to provide banking services to digital asset market participants.

Adverse developments affecting the digital asset ecosystem may be difficult to predict and may adversely affect the Manager, the Fund, their affiliates or the digital asset industry as a whole. Continued disruption and instability in the digital asset markets, including declines in the trading prices and liquidity of the Fund Components, could have a material adverse effect on the value of the Shares.

Many Digital Asset Trading Platforms operate with limited regulatory oversight or transparency and may experience fraud, market manipulation, business failures, security failures or operational problems, which may adversely affect the value of the Fund Components and the value of the Shares.

Many Digital Asset Trading Platforms are unlicensed or subject to limited regulatory oversight. Digital Asset Trading Platforms may also fail to comply with applicable regulation or may provide limited information regarding their operations, cybersecurity practices and regulatory compliance. These risks may be heightened for Digital Asset Trading Platforms located outside of the United States. As a result, trading activity on or reported by these Digital Asset Trading Platforms may reflect behavior that would be prohibited in regulated U.S. trading venues. Actual or perceived fraudulent or manipulative trading could reduce confidence in Digital Asset Trading Platforms, adversely affect the value or market perception of the Fund Components and, in turn, adversely affect the value of the Shares.

Tools to detect and deter fraudulent or manipulative trading activities may not be available to or employed by Digital Asset Trading Platforms, and such platforms may also lack safeguards used by more traditional exchanges to enhance the stability of trading. As a result, the prices of the Fund Components on Digital Asset Markets may be subject to larger or more frequent sudden declines than the prices of assets traded on more traditional exchanges. In the past, Digital Asset Trading Platforms have been closed or temporarily shut down due to fraud, business failure, security breaches or

operational problems. Such events have in the past, and may in the future, reduce confidence in Digital Asset Markets, increase volatility in the prices of the Fund Components and adversely affect the value of the Shares.

Furthermore, the closure or temporary shutdown of a Digital Asset Trading Platform used in calculating any of the Index Prices may result in a loss of confidence in the Fund's ability to determine its NAV on a daily basis.

Digital Asset Trading Platforms may be exposed to wash-trading and front-running.

Digital Asset Trading Platforms may be susceptible to wash-trading and front-running. Wash-trading occurs when offsetting trades are entered into for other than bona fide reasons, such as the desire to inflate reported trading volumes. Front-running occurs when a party uses technology or market advantage to get and use prior knowledge of upcoming transactions for their own benefit. Any actual or perceived false trading on Digital Asset Trading Platforms could adversely affect the value of the Fund Components and/or negatively affect the market perception of the Fund Components. Wash-trading and front-running also may place more legitimate Digital Asset Trading Platforms at a relative competitive disadvantage.

Index Prices have a limited history and a failure of an Index Price could adversely affect the value of the Shares.

Each Index Price has a limited history and is a composite reference rate calculated using trading price data from various Digital Asset Trading Platforms chosen by the Index Provider. Although each Index Price is designed to accurately capture the market price of the Fund Component it tracks, third parties may be able to purchase and sell such Fund Component on public or private markets not included among the Constituent Trading Platforms of such Index Price, and such transactions may take place at prices materially higher or lower than the Index Price. Moreover, there may be variances in the price of a Fund Component on the various Digital Asset Trading Platforms, including as a result of differences in fee structures or administrative procedures on different Digital Asset Trading Platforms. To the extent such prices differ materially from the relevant Index Price, investors may lose confidence in the Shares' ability to track the market prices of the Fund Components, which could adversely affect the value of the Shares.

The Index Price used to calculate the value of a Fund Component may be volatile, and purchasing and selling activity in the Digital Asset Markets associated with Basket creations and redemptions, if permitted, may affect the relevant Index Price and Share trading prices, adversely affecting the value of the Shares.

The prices of the Fund Components on public Digital Asset Trading Platforms have a very limited history, and during this history, prices of the Fund Components on the Digital Asset Markets have been volatile and subject to influence by many factors, including operational interruptions. While each Index Price is designed to limit exposure to the interruption of individual Digital Asset Trading Platforms, each Index Price remains subject to volatility experienced by Digital Asset Trading Platforms, and such volatility could adversely affect the value of the Shares. The Manager has not observed a material difference between any Index Price and average prices from the applicable Constituent Trading Platforms individually or as a group.

Furthermore, because the number of Digital Asset Trading Platforms is limited, each Index Price will necessarily be calculated using data from a limited number of Digital Asset Trading Platforms. If a Digital Asset Trading Platform were subjected to regulatory, volatility or other pricing issues, the Index Provider would have limited ability to remove such Digital Asset Trading Platform from the relevant Index, which could skew the price of the applicable Fund Component as represented by such Index Price. Purchasing activity associated with acquiring Fund Components required for the creation of Baskets may increase the market prices of those Fund Components on the Digital Asset Markets, which will result in higher prices for the Shares. If one or more Index Prices decline without offsetting increases in other Index Prices, the value of the Shares will generally also decline.

Competition from the emergence or growth of other methods of investing in digital assets could have a negative impact on the price of the Fund Components and adversely affect the value of the Shares.

Investors may invest in digital assets through means other than an investment in the Shares, including through direct investments in digital assets and other potential financial vehicles, possibly including securities backed by or linked to one or more digital assets and digital asset financial vehicles similar to the Fund. Market and financial conditions, and other conditions beyond the Manager's control, may make it more attractive to invest in other financial vehicles or to invest in such digital assets directly, which could limit the market for, and reduce the liquidity of, the Shares. In addition, to the

extent digital asset financial vehicles other than the Fund tracking the price of one or more digital assets are formed and represent a significant proportion of the demand for any particular digital asset, large purchases or redemptions of the securities of these digital asset financial vehicles, or private funds holding such digital asset, could negatively affect any of the Index Prices, the NAV, the value of the Shares, the Principal Market NAV and the Principal Market NAV per Share. Moreover, any reduced demand for Shares of the Fund may cause the Shares of the Fund to trade at a discount to the NAV per Share.

Competition from central bank digital currencies could adversely affect the value of the Fund Components and other digital assets.

Central banks in various countries have introduced or are developing digital forms of legal tender (“CBDCs”). Whether or not they incorporate blockchain or similar technology, CBDCs, as legal tender in the issuing jurisdiction, could compete with, or replace, the Fund Components and other cryptocurrencies as a medium of exchange or store of value. Central banks and other governmental entities have also announced cooperative initiatives and consortia with private sector entities, with the goal of leveraging blockchain and other technology to reduce friction in cross-border and interbank payments and settlement, and commercial banks and other financial institutions have also announced a number of initiatives of their own to incorporate new technologies, including blockchain and similar technologies, into their payments and settlement activities. As CBDCs and similar technologies gain traction, the demand for the Fund Components may decline, leading to a potential decrease in their value, which could adversely affect an investment in the Shares.

Digital asset treasury companies may increase volatility and competitive pressures in the digital asset market, which could adversely affect the value of the Shares.

In recent times, a number of companies engaged in businesses outside the digital assets industry have begun to hold their corporate treasuries in digital assets instead of fiat currency (“digital asset treasury companies”). In some cases, these companies have raised funds through financing or securities offerings and applied the proceeds to purchase digital assets, including the Fund Components or digital assets that compete with the Fund Components.

Digital asset treasury companies are a relatively new phenomenon and it is impossible to predict all of the risks they could pose to the Fund. Digital asset treasury companies may increase procyclical dynamics in the market because they may purchase digital assets when prices are rising and sell such assets when prices are decreasing, potentially making the Fund Components more expensive in a rising market and causing downward pressure on Fund Component prices in a falling market. Digital asset treasury companies could also cause greater volatility in digital asset markets, including markets for the Fund Components. Additionally, digital asset treasury companies may compete with the Fund as a perceived alternative means of achieving exposure to the prices of digital assets through investing in securities. Any of the foregoing could adversely affect the value of the Shares.

Prices of the Fund Components may be affected due to stablecoins, the activities of stablecoin issuers and their regulatory treatment.

While the Fund does not invest in stablecoins, it may nonetheless be exposed to these and other risks that stablecoins pose for the market for the Fund Components and other digital assets. Stablecoins are digital assets designed to have a stable value over time, typically pegged to the value of a referenced asset such as a fiat currency. Although the prices of stablecoins are intended to be stable, in many cases their prices fluctuate, sometimes significantly. Given the role that stablecoins play in global digital asset markets, their fundamental liquidity can have a dramatic impact on the broader digital asset market, including the market for the Fund Components. Volatility in stablecoins, operational issues with stablecoins, concerns about the sufficiency of any reserves that support stablecoins, or regulatory concerns about stablecoin issuers or intermediaries could impact individuals’ willingness to trade on trading venues that rely on stablecoins and could impact the prices of the Fund Components, and in turn, an investment in the Shares.

Risk Factors Related to the Fund and the Shares

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.

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 DFX. 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 "Fund Construction Criteria".

The Fund relies on third-party service providers to perform certain functions essential to the affairs of the Fund and the replacement of such service providers could pose challenges to the safekeeping of the Fund's digital assets and to the operations of the Fund.

The Fund relies on the Custodian, the Authorized Participants and other third-party service providers to perform certain functions essential to managing the affairs of the Fund. In addition, the Authorized Participant may rely on one or more Liquidity Providers to source the Fund Components in connection with the creation of Shares. Any disruptions to such service provider's business operations, resulting from business failures, financial instability, security failures, government mandated regulation or operational problems could have an adverse impact on the Fund's ability to access critical services and be disruptive to the operations of the Fund and require the Manager to replace such service provider. Moreover, the Manager could decide to replace a service provider to the Fund, or a Liquidity Provider could be replaced for other reasons.

If the Manager decides, or is required, to replace Coinbase Custody Trust Company, LLC as the custodian of the Fund's digital assets, transferring maintenance responsibilities of the Digital Asset Account to another party will likely be complex and could subject the Fund's digital assets to the risk of loss during the transfer, which could have a negative impact on the performance of the Shares or result in loss of the Fund's assets.

Moreover, the legal rights of customers with respect to digital assets held on their behalf by a third-party custodian, such as the Custodian, in insolvency proceedings are currently uncertain. The Custodian Agreement contains an agreement by the parties to treat the digital assets credited to the Fund's Digital Asset Account as financial assets under Article 8 of the New York Uniform Commercial Code ("Article 8"), in addition to stating that the Custodian will serve as fiduciary and custodian on the Fund's behalf. The Custodian's parent, Coinbase Global Inc., has stated in its public securities filings that in light of the inclusion in its custody agreements of provisions relating to Article 8 it believes that a court would not treat custodied digital assets as part of its general estate in the event the Custodian were to experience insolvency. However, due to the novelty of digital asset custodial arrangements courts have not yet considered this type of treatment for custodied digital assets and it is not possible to predict with certainty how they would rule in such a scenario. If the Custodian became subject to insolvency proceedings and a court were to rule that the custodied digital assets were part of the Custodian's general estate and not the property of the Fund, then the Fund would be treated as a general unsecured creditor in the Custodian's insolvency proceedings and the Fund could be subject to the loss of all or a significant portion of its assets.

To the extent that the Manager is not able to find a suitable party willing to serve as custodian, the Manager may be required to terminate the Fund and liquidate the Fund's digital assets. In addition, to the extent that the Manager finds a suitable party and must enter into a modified or separate custody agreement that is less favorable for the Fund or Manager and/or transfer the Fund's assets in a relatively short time period, the safekeeping of the Fund's digital assets may be adversely affected, which may in turn adversely affect the value of the Shares. Likewise, if the Manager is required to replace any other service provider, the Manager may not be able to find a party willing to serve in such capacity in a timely manner or at all. If the Manager decides, or is required, to replace an Authorized Participant and/or if a Liquidity Provider is replaced or required to be replaced, this could negatively impact the Fund's ability to create new Shares, which would impact the Shares' liquidity and could have a negative impact on the value of the Shares.

Because of the holding period under Rule 144, the lack of an ongoing redemption program and the Fund's ability to halt creations from time to time, there is no arbitrage mechanism to keep the value of the Shares closely linked to the Index Prices and the Shares have historically traded at a substantial premium over, or a substantial discount to, the NAV per Share.

Shares purchased in a private placement are subject to a holding period under Rule 144. Pursuant to Rule 144, the minimum holding period for Shares purchased in a private placement is one year. In addition, the Fund does not currently operate an ongoing redemption program and may halt creations from time to time. As a result, the Fund cannot rely on arbitrage opportunities resulting from differences between the value of the Shares and the price of the Fund Component to keep the value of the Shares closely linked to the relevant Index Price. As a result, the value of the Shares of the Fund may not approximate the value of the Fund's NAV per Share or meet the Fund's investment objective, and the Shares may trade at a substantial premium over, or substantial discount to, the value of the Fund's NAV per Share. For example, in the past, the price of the Shares as quoted on OTC Markets varied significantly from the NAV per Share due to these factors, among others, and has historically traded at a substantial premium over the NAV per Share.

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-concurrent trading hours between OTC Markets 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 OTC Markets at a price that is at, above or below the Fund's NAV per Share for a variety of reasons. For example, OTC Markets 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 OTC Markets is closed but Digital Asset Trading Platforms are open, significant changes in the price 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 price 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 OTC Markets, the trading price of the Shares may "gap" down to the full extent of such negative price shift when OTC Markets reopens. If the prices of the Fund Components on the Digital Asset Trading Platform Market drops significantly during hours OTC Markets 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 rapidly negative market. Even during periods when OTC Markets 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.

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 at a premium, investors who purchase Shares on OTC Markets will pay more for their Shares than investors who purchase Shares directly from Authorized Participants. In contrast, if the Shares trade on OTC Markets at a discount, investors who purchase Shares directly from Authorized Participants will pay more for their Shares than investors who purchase Shares on OTC Markets.

As a result, shareholders who purchase Shares on OTC Markets 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 Fund's 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 OTC Markets. 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.

The amount of the Fund's assets represented by each Share will decline over time as the Fund pays the Manager's Fee and Additional Fund Expenses, and as a result, the value of the Shares may decrease over time.

The Manager's Fee accrues daily in U.S. dollars at an annual rate based on the NAV Fee Basis Amount, which is based on the NAV of the Fund, and is paid to the Manager in Fund Components. See "Description of the Fund—Impact of Fund Expenses on the Fund's NAV". As a result, the amount of Fund Components represented by each Share declines as the

Fund pays the Manager's Fee (or sells Fund Components in order to raise cash to pay any Additional Fund Expenses), which may cause the Shares to decrease in value over time or dampen any increase in value.

The value of the Shares may be influenced by a variety of factors unrelated to the value of the digital assets held by the Fund.

The value of the Shares may be influenced by a variety of factors unrelated to the price of the digital assets held by the Fund and the Digital Asset Trading Platforms included in the Index Prices that may have an adverse effect on the value of the Shares. These factors include the following factors:

- Unanticipated problems or issues with respect to the mechanics of the Fund's operations and the trading of the Shares may arise, in particular due to the fact that the mechanisms and procedures governing the creation and offering of the Shares and storage of digital assets have been developed specifically for this product;
- The Fund could experience difficulties in operating and maintaining its technical infrastructure, including in connection with expansions or updates to such infrastructure, which are likely to be complex and could lead to unanticipated delays, unforeseen expenses and security vulnerabilities;
- The Fund could experience unforeseen issues relating to the performance and effectiveness of the security procedures used to protect its Digital Asset Accounts, or the security procedures may not protect against all errors, software flaws or other vulnerabilities in the Fund's technical infrastructure, which could result in theft, loss or damage of its assets; or
- Service providers may decide to terminate their relationships with the Fund due to concerns that the introduction of privacy enhancing features to a Digital Asset Network underlying a Fund Component may increase the potential for the relevant Fund Component to be used to facilitate crime, exposing such service providers to potential reputational harm.

Any of these factors could affect the value of the Shares, either directly or indirectly through their effect on the Fund's assets.

Shareholders do not have the protections associated with ownership of shares in an investment company registered under the Investment Company Act or the protections afforded by the CEA.

The Fund is not a registered investment company under the Investment Company Act, and the Manager believes that the Fund is not required to register under such act. Consequently, shareholders do not have the regulatory protections provided to investors in investment companies.

The Fund will not hold or trade in commodity interests regulated by the CEA, as administered by the CFTC. Furthermore, the Manager believes that the Fund is not a commodity pool for purposes of the CEA, and that the Manager is not subject to regulation by the CFTC as a commodity pool operator or a commodity trading adviser in connection with the operation of the Fund. Consequently, shareholders will not have the regulatory protections provided to investors in CEA-regulated instruments or commodity pools.

The restrictions on transfer and redemption may result in losses on the value of the Shares.

Shares purchased in a private placement may not be resold except in transactions exempt from registration under the Securities Act and state securities laws, and any such transaction must be approved in advance by the Manager. In determining whether to grant approval, the Manager will specifically look at whether the conditions of Rule 144 under the Securities Act and any other applicable laws have been met. Any attempt to sell Shares without the approval of the Manager in its sole discretion will be void ab initio. See "Share Structure—Transfer Restrictions" for more information.

At this time the Manager is not accepting redemption requests from shareholders. Because the Manager does not believe that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program, the Manager currently has no intention of seeking regulatory approval from the SEC for the Fund to operate an ongoing redemption program and significant barriers to regulatory approval for any request to list the shares of other digital asset investment vehicles, including the Shares of the Fund, remain. Absent the institution of such redemption program, the Shares may trade at a discount in the future, and may do so indefinitely. Therefore, unless the Fund is permitted to, and does, establish a Share redemption program, shareholders will be unable to (or could be

significantly impeded in attempting to) sell or otherwise liquidate investments in the Shares, which could have a material adverse impact on demand for the Shares and their value.

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

The Shares are qualified for public trading on OTC Markets and an active trading market for the Shares has developed. However, there can be no assurance that such trading market will be maintained or continue to develop. In addition, OTC Markets can halt the trading of the Shares for a variety of reasons. To the extent that OTC Markets halts trading in the Shares, whether on a temporary or permanent basis, investors 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 continue to exist, the market prices and liquidity of the Shares may be adversely affected.

The Manager may also seek to list the Shares on NYSE Arca sometime in the future, and NYSE Arca must receive approval from the SEC in order to list the Shares, but is not currently seeking approval for required rule changes and currently has no intention to do so. Even if such approval were sought in the future, there can be no guarantee that the Shares will ever be listed on NYSE Arca.

As the Manager and its management have limited history of operating investment vehicles like the Fund, their experience may be inadequate or unsuitable to manage the Fund.

The past performances of the Manager's management in other investment vehicles, including their experiences in the digital asset and venture capital industries, are no indication of their ability to manage an investment vehicle such as the Fund. If the experience of the Manager and its management is inadequate or unsuitable to manage an investment vehicle such as the Fund, the operations of the Fund may be adversely affected.

Furthermore, the Manager is currently engaged in the management of other investment vehicles which could divert their attention and resources. If the Manager were to experience difficulties in the management of such other investment vehicles that damaged the Manager or its reputation, it could have an adverse impact on the Manager's ability to continue to serve as Manager for the Fund.

The Fund tracks the DFX, which may lead the Fund's portfolio to be underrepresented with respect to digital assets that are increasing in value and/or overrepresented with respect to digital assets that are declining in value.

Although the Fund will generally hold the Fund Components in proportion to their market capitalization, the Fund will not invest in digital assets that do not meet the DFX Methodology. In addition, the Manager may exclude a digital asset from the Fund's portfolio even if it meets the DFX Methodology because, among other reasons, (i) none or few of the Authorized Participants or service providers has the ability to trade or otherwise support the digital asset; (ii) use or trading of the digital asset raises or potentially raises significant governmental, policy or regulatory concerns or is subject or likely subject to a specialized regulatory regime, such as the U.S. federal securities or commodities laws or similar laws in other significant jurisdictions; (iii) the underlying code contains, or may contain, significant flaws or vulnerabilities; (iv) there is limited or no reliable information regarding, or concerns over the intentions of, the core developers of the digital asset; or (v) for any other reason, in each case as determined by the Manager in its sole discretion. As a result, the Fund's portfolio may be underrepresented with respect to digital assets that are increasing in value and/or overrepresented with respect to digital assets that are declining in value. Should this be the case, the Fund may underperform relative to other investment options that do invest in such digital assets and do not follow similar investment policies.

Moreover, the DFX, and therefore the Fund, is reviewed for rebalancing during a period that occurs on a quarterly basis and in accordance with specific criteria set forth under "Fund Objective—Rebalancing." Because the Fund will not actively manage the portfolio in between Fund Rebalancing Periods, the Fund may hold digital assets during periods in which their prices are flat or declining and may not be holding digital assets during periods in which such prices are rising if such price activity occurs between Fund Rebalancing Periods. For example, if any of the Fund Components are declining in value, the Fund will not sell such Fund Components except during Fund Rebalancing Periods in accordance with its investment policies or, if redemptions are then permitted, in order to meet redemptions. Any decrease in value of the Fund Components will result in a decrease in the Fund's net asset value which will negatively impact the value of the Shares. The Fund will not sell the Fund Components to attempt to avoid losses.

Moreover, there may be costs associated with a rebalancing of the Fund's portfolio, including transaction costs associated with the sale or purchase of digital assets and any tax on gains recognized by the Fund upon sales of digital assets, which could impact the Fund's performance.

Security threats to the Digital Asset Accounts could result in the halting of Fund operations and a loss of Fund assets or damage to the reputation of the Fund, each of which could result in a reduction in the value of the Shares.

Security breaches, computer malware and computer hacking attacks have been a prevalent concern in relation to digital assets. The Manager believes that the digital assets held in the Fund's Digital Asset Accounts will be an appealing target to hackers or malware distributors seeking to destroy, damage or steal the Fund's digital assets and will only become more appealing as the Fund's assets grow. To the extent that the Fund, the Manager, or the Custodian is unable to identify and mitigate or stop new security threats or otherwise adapt to technological changes in the digital asset industry, the Fund's digital assets may be subject to theft, loss, destruction or other attack.

The Manager believes that the security procedures in place for the Fund, including but not limited to, offline storage, or "cold storage," for a substantial portion of the Fund's digital assets, multiple encrypted private key "shards", usernames, passwords and 2-step verification, are reasonably designed to safeguard the Fund's digital assets. Nevertheless, the security procedures cannot guarantee the prevention of any loss due to a security breach, software defect or act of God that may be borne by the Fund. Additionally, because a portion of the Fund's digital assets from time to time will be held in hot storage, such digital assets will be more vulnerable to a potential hack or other cyberattack that could lead to a loss of Fund assets.

The security procedures and operational infrastructure may be breached due to the actions of outside parties, error or malfeasance of an employee of the Manager, the Custodian, or otherwise, and, as a result, an unauthorized party may obtain access to a Digital Asset Account, the relevant private keys (and therefore digital assets) or other data of the Fund. Additionally, outside parties may attempt to fraudulently induce employees of the Manager or the Custodian to disclose sensitive information in order to gain access to the Fund's infrastructure. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, the Manager and the Custodian may be unable to anticipate these techniques or implement adequate preventative measures.

An actual or perceived breach of a Digital Asset Account could harm the Fund's operations, result in loss of the Fund's assets, damage the Fund's reputation and negatively affect the market perception of the effectiveness of the Fund, all of which could in turn reduce demand for the Shares, resulting in a reduction in the value of the Shares. The Fund may also cease operations, the occurrence of which could similarly result in a reduction in the value of 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.

Digital asset transactions are typically not reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to a blockchain, an incorrect transfer or theft of the applicable digital asset generally will not be reversible and the Fund may not be capable of seeking compensation for any such transfer or theft. Although the Fund's transfers of digital assets will regularly be made to or from the Digital Asset Accounts, it is possible that, through computer or human error, or through theft or criminal action, the Fund's digital assets could be transferred from the Fund's Digital Asset Accounts in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

Such events have occurred in connection with digital assets in the past. 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 Fund's digital assets through error or theft, the Fund will be unable to revert or otherwise recover incorrectly transferred digital assets. The Fund will also be unable to convert or recover its digital assets transferred to uncontrolled accounts. To the extent that the Fund is unable to seek redress for such error or theft, such loss could adversely affect the value of the Shares.

The lack of full insurance and shareholders' limited rights of legal recourse against the Fund, Manager, Transfer Agent and Custodian expose the Fund and its shareholders to the risk of loss of the Fund's digital assets for which no person or entity is liable.

The Fund is not a banking institution or otherwise a member of the FDIC or Securities Investor Protection Corporation ("SIPC") and, therefore, deposits held with or assets held by the Fund are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. In addition, neither the Fund nor the Manager insure the Fund's digital assets.

While the Custodian is required under the Custodian Agreement to maintain insurance coverage that is commercially reasonable for the custodial services it provides, and the Custodian has advised the Manager that they maintain insurance at commercially reasonable amounts for the digital assets custodied on behalf of clients, including the Fund's digital assets, shareholders cannot be assured that the Custodian will maintain adequate insurance or that such coverage will cover losses with respect to the Fund's digital assets. Moreover, while the Custodian maintains certain capital reserve requirements depending on the assets under custody and to the extent required by applicable law, and such capital reserves may provide additional means to cover client asset losses, the Manager does not know the amount of such capital reserves, and neither the Fund nor the Manager have access to such information. The Fund cannot be assured that the Custodian will maintain capital reserves sufficient to cover losses with respect to the Fund's digital assets. Furthermore, Coinbase has represented in securities filings that the total value of crypto assets in its possession and control is significantly greater than the total value of insurance coverage that would compensate Coinbase in the event of theft or other loss of funds.

Furthermore, under the Custodian Agreement, the Custodian's liability with respect to the Fund will never exceed the value of the digital assets on deposit in the Fund's Digital Asset Accounts at the time of, and directly relating to, the events giving rise to the liability occurred, as determined in accordance with the Custodian Agreement. In addition, for as long as a cold storage address for the Fund's Digital Asset Account holds digital assets with a value in excess of the Cold Storage Threshold for a period of five consecutive business days or more without being reduced to the Cold Storage Threshold or lower, the Custodian's maximum liability for such cold storage address shall be limited to the Cold Storage Threshold. The Manager monitors the value of digital assets deposited in cold storage addresses for whether the Cold Storage Threshold has been met by determining the U.S. dollar value of digital assets deposited in each cold storage address on business days. Although the Cold Storage Threshold has never been met for a given cold storage address, to the extent it is met and not reduced within five business days, each Fund would not have a claim against the Custodian with respect to the digital assets held in such address to the extent the value exceeds the Cold Storage Threshold.

The Custodian is not liable for any lost profits or any special, incidental, indirect, intangible, or consequential damages, whether based in contract, tort, negligence, strict liability or otherwise, and whether or not the Custodian has been advised of such losses or the Custodian knew or should have known of the possibility of such damages. Notwithstanding the foregoing, the Custodian is liable to the Manager and the Fund for the loss of any digital assets to the extent that the Custodian directly caused such loss through a breach of the Custodian Agreement, even if the Custodian meets its duty of exercising best efforts, and the Custodian is required to return to the Fund a quantity equal to the quantity of any such lost digital assets.

The shareholders' recourse against the Manager and the Fund's other service providers for the services they provide to the Fund, including those relating to the provision of instructions relating to the movement of digital assets, is limited. Consequently, a loss may be suffered with respect to the Fund's digital assets that is not covered by insurance and for which no person is liable in damages. As a result, the recourse of the Fund or the shareholders, under New York law, is limited.

The Fund may be required, or the Manager may deem it appropriate, to terminate and liquidate at a time that is disadvantageous to shareholders.

Pursuant to the terms of the LLC Agreement, the Fund is required to dissolve under certain circumstances. In addition, the Manager may, in its sole discretion, dissolve the Fund for a number of reasons, including if the Manager determines, in its sole discretion, that it is desirable or advisable for any reason to discontinue the affairs of the Fund.

If the Fund is required to terminate and liquidate, or the Manager determines in accordance with the terms of the LLC Agreement that it is appropriate to terminate and liquidate the Fund, such termination and liquidation could occur at a time that is disadvantageous to shareholders, such as when the Actual Exchange Rate of any of the digital assets of the

Fund, including a digital asset with a significant Weighting, is lower than the applicable Index Price was at the time when shareholders purchased their Shares. In such a case, the proceeds of the sale of any of the Fund's digital assets will be less than they would have been had the Actual Exchange Rate for the applicable digital asset been higher at the time of sale. See "Material Contracts—Description of the LLC Agreement—The Manager—Termination of the Fund" for more information about the termination of the Fund, including when the termination of the Fund may be triggered by events outside the direct control of the Manager or the shareholders.

The LLC Agreement includes provisions that limit shareholders' voting rights and restrict shareholders' right to bring a derivative action.

Under the LLC Agreement, shareholders have limited voting rights and the Fund will not have regular shareholder meetings. Shareholders take no part in the management or control of the Fund. Accordingly, shareholders do not have the right to authorize actions, appoint service providers or take other actions as may be taken by shareholders of other funds or companies where shares carry such rights. The shareholders' limited voting rights give almost all control under the LLC Agreement to the Manager. The Manager may take actions in the operation of the Fund that may be adverse to the interests of shareholders and may adversely affect the value of the Shares.

Moreover, pursuant to the terms of the LLC Agreement, shareholders' right to bring a derivative action (i.e., to initiate a lawsuit in the name of the Fund in order to assert a claim belonging to the Fund against a fiduciary of the Fund or against a third-party when the Fund's management has refused to do so) is restricted. The LLC Agreement provides that in addition to any other requirements of applicable law, no shareholder will have the right, power or authority to bring or maintain a derivative action, suit or other proceeding on behalf of the Fund unless two or more shareholders who (i) are not "Affiliates" (as defined in the LLC Agreement and below) of one another and (ii) collectively hold at least 10.0% of the outstanding Shares join in the bringing or maintaining of such action, suit or other proceeding. This provision applies to any derivative actions brought in the name of the Fund other than claims under the federal securities laws and the rules and regulations thereunder.

While there have been no Cayman Islands judicial cases that consider the enforceability of derivative action claims in the context of Cayman Islands limited liability companies, there are likely to be certain public policy limitations on the enforceability of a provision such as Section 6.4 of the LLC Agreement to the extent that a court were to determine that the language is intended to preclude a member from bringing a claim against a manager who had acted fraudulently or in willful default of its obligations—its minimum standard of care obligations. The LLC Act does not contain an express statutory right for a member to bring a derivative action although the LLC Act contemplates that a member may bring proceedings on behalf of a limited liability company in a representative capacity against members or managers. The common law principles regarding derivative actions that apply to companies incorporated under the LLC Act would also be informative. Generally, a derivative action may only be brought in respect of claims that involve a "fraud on the minority" or serious wrongdoing causing harm to a company. For these reasons, there may be limitations on the enforceability of the derivative action provisions in the LLC Agreement.

Nonetheless, due to this additional requirement, a shareholder attempting to bring or maintain a derivative action in the name of the Fund will be required to locate other shareholders with which it is not affiliated and that have sufficient Shares to meet the 10.0% threshold based on the number of Shares outstanding on the date the claim is brought and thereafter throughout the duration of the action, suit or proceeding. This may be difficult and may result in increased costs to a shareholder attempting to seek redress in the name of the Fund in court. Moreover, if shareholders bringing a derivative action, suit or proceeding pursuant to this provision of the LLC Agreement do not hold 10.0% of the outstanding Shares on the date such an action, suit or proceeding is brought, or such shareholders are unable to maintain Share ownership meeting the 10.0% threshold throughout the duration of the action, suit or proceeding, such shareholders' derivative action may be subject to dismissal. As a result, the LLC Agreement limits the likelihood that a shareholder will be able to successfully assert a derivative action in the name of the Fund, even if such shareholder believes that he or she has a valid derivative action, suit or other proceeding to bring on behalf of the Fund. See "Material Contracts—Description of the LLC Agreement—The Manager—Fiduciary and Regulatory Duties of the Manager" for more detail.

The Manager is solely responsible for determining the value of the NAV and NAV per Share and any errors, discontinuance or changes in such valuation calculations may have an adverse effect on the value of the Shares.

The Manager will determine the Fund's NAV and NAV per Share on a daily basis as soon as practicable after 4:00 p.m., New York time, on each business day. The Manager's determination is made utilizing data from the operations of the Fund and the Index Prices, calculated at 4:00 p.m., New York time, on such day. If the Manager determines in good faith that an Index Price does not reflect an accurate price for a Fund Component, then the Manager will employ an alternative method to determine the Index Price.

There are no predefined criteria to make a good faith assessment in these scenarios and such decisions will be made by the Manager in its sole discretion. The Manager may calculate such Index Price in a manner that ultimately inaccurately reflects the price for such Fund Component. To the extent that the NAV, NAV per Share or the Index Prices are incorrectly calculated, the Manager may not be liable for any error and such misreporting of valuation data could adversely affect the value of the Shares and investors could suffer a substantial loss on their investment in the Fund. Moreover, the terms of the LLC Agreement do not prohibit the Manager from changing the Index Price used to calculate the NAV and NAV per Share of the Fund. Any such change in the Index Price could affect the value of the Shares and investors could suffer a substantial loss on their investment in the Fund.

Extraordinary expenses resulting from unanticipated events may become payable by the Fund, adversely affecting the value of the Shares.

In consideration for the Manager's Fee, the Manager has contractually assumed all ordinary-course operational and periodic expenses of the Fund. Extraordinary expenses incurred by the Fund, such as taxes and governmental charges; expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of shareholders (including in connection with any Forked Assets); or extraordinary legal fees and expenses, are not assumed by the Manager and are borne by the Fund. The Manager may cause the Fund to sell Fund Components or Forked Assets held by the Fund, or deliver such assets in-kind to the Manager, to pay such expenses, which in either case will reduce the assets of the Fund. Accordingly, if the Fund incurs expenses denominated in U.S. dollars when the trading prices of Fund Components or Forked Assets are depressed, the Fund may need to sell or deliver a greater amount of such assets, reducing the Fund's NAV and adversely affecting the value of the Shares.

The value of the Shares will be adversely affected if the Fund is required to indemnify the Manager, the Transfer Agent or the Custodian under the Fund Documents.

Under the Fund Documents, each of the Manager, the Transfer Agent and the Custodian has a right to be indemnified by the Fund for certain liabilities or expenses that it incurs without gross negligence, bad faith or willful misconduct on its part. Therefore, the Manager, Transfer Agent or the Custodian may require that the assets of the Fund be sold in order to cover losses or liability suffered by it. Any sale of that kind would reduce the NAV of the Fund and the value of the Shares.

Intellectual property rights claims may adversely affect the Fund and the value of the Shares.

The Manager is not aware of any intellectual property rights claims that may prevent the Fund from operating and holding any digital assets. However, third parties may assert intellectual property rights claims relating to the operation of the Fund and the mechanics instituted for the investment in, holding of and transfer of digital assets. Regardless of the merit of an intellectual property or other legal action, any legal expenses to defend, or payments to settle, such claims would be extraordinary expenses that would be borne by the Fund through the sale or transfer of its digital assets. Additionally, a meritorious intellectual property rights claim could prevent the Fund from operating and force the Manager to terminate the Fund and liquidate its digital assets. As a result, an intellectual property rights claim against the Fund could adversely affect the value of the Shares.

Pandemics, epidemics and other natural and man-made disasters could negatively impact the value of the Fund's holdings and/or significantly disrupt its affairs.

Pandemics, epidemics and other natural and man-made disasters could negatively impact demand for digital assets, including the Fund Components, and disrupt the operations of many businesses, including the businesses of the Fund's service providers. Any disruptions to the Manager's, the Fund's or the Fund's service providers' business operations resulting from business restrictions, quarantines or restrictions on the ability of personnel to perform their jobs as a result of any future pandemic, epidemic or other disaster could have an adverse impact on the Fund's ability to access critical services and could be disruptive to the affairs of the Fund.

Shareholders may not receive the benefits of any forks or airdrops.

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.

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. We refer to the right of the Fund to receive any such benefit and any such virtual currency acquired through such right as “Forked Assets.” There are likely to be operational, tax, securities law, regulatory, legal and practical issues that significantly limit, or prevent entirely, shareholders' ability to realize a benefit, through their Shares in the Fund, from any such Forked Assets. For instance, the Custodian may not agree to provide access to the Forked Assets. In addition, the Manager may determine that there is no safe or practical way to custody the Forked Assets, or that trying to do so may pose an unacceptable risk to the Fund's holdings in digital assets, or that the costs of taking possession and/or maintaining ownership of the Forked Assets exceed the benefits of owning the Forked Assets. Additionally, laws, regulation or other factors may prevent shareholders from benefiting from the Forked Asset even if there is a safe and practical way to custody and secure the Forked Assets. For example, it may be illegal to sell or otherwise dispose of the Forked Asset, or there may not be a suitable market into which the Forked Asset can be sold (immediately after the fork or airdrop, or ever). The Manager may also determine, in consultation with its legal advisers, that the Forked Asset is, or is likely to be deemed, a security under federal or state securities laws. In such a case, the Manager would irrevocably abandon, as of any date on which the Fund holding such Forked Asset creates Shares, such Forked Asset if holding it would have an adverse effect on the Fund and it would not be practicable to avoid such effect by disposing of the Forked Asset in a manner that would result in shareholders of the Fund receiving more than insignificant value thereof. In making such a determination, the Manager expects to take into account a number of factors, including the various definitions of a “security” under the federal securities laws and federal court decisions interpreting elements of these definitions, such as the U.S. Supreme Court's decisions in the *Howey* and *Reves* cases, as well as reports, orders, press releases, public statements and speeches by the SEC and its staff providing guidance on when a digital asset may be a security for purposes of the federal securities laws.

The Fund has informed the Custodian that the Fund is irrevocably abandoning, as of any date on which the Fund creates Shares, any Forked Assets to which the Fund would otherwise be entitled as of such date and with respect to which it has not taken any Affirmative Action on or prior to such date. In order to avert abandonment of a Forked Asset, the Fund will send a notice to the Custodian of its intention to retain such Forked Asset. The Manager intends to evaluate each future fork or airdrop on a case-by-case basis in consultation with the Fund's legal advisers, tax consultants and Custodian. Any inability to recognize the economic benefit of a hard fork or airdrop could adversely affect the value of the Shares. See “Fund Overview—Forked Assets.”

Risk Factors Related to the Regulation of Digital Assets, the Fund and the Shares

Changes in the securities-law treatment of Fund Components or transactions involving Fund Components under federal or state law could adversely affect the value of the Fund Components and the Shares and require the Fund to change its operations or terminate.

Whether a crypto asset is a security, or offers and sales of a crypto asset are securities transactions, under the federal securities laws depends on whether it is included in the lists of instruments making up the definition of “security” in such laws. Crypto assets do not appear in any of these lists. However, each list includes the term “investment contract,” and the SEC has typically analyzed whether a particular crypto asset is a security or the offer and sale of a crypto asset is a

securities transaction by reference to whether it meets the Howey test, which is the test developed by the federal courts for determining whether there is an investment contract.

Under the Howey test, a contract, transaction or scheme is an “investment contract” if it involves an investment of money in a common enterprise with a reasonable expectation of profits derived from the essential managerial efforts of others. The analysis turns on the economic realities and particular facts and circumstances of the transaction, which are not always readily apparent or verifiable in the context of digital assets. Because of this factual complexity, as well as the current lack of a well-developed body of federal case law applying the Howey test to a variety of different fact patterns, for many digital assets and digital asset transactions, whether or not the Howey test is met is difficult to resolve definitively, and substantial legal arguments can often be made both in favor of and against a particular digital asset qualifying as a security or a particular offer and sale of a digital asset qualifying as a securities transaction under the Howey test.

If a regulator asserts, or a court determines, under federal or state securities laws, that a Fund Component itself is a security or that secondary-market transactions in a Fund Component generally are securities transactions, trading, clearing or custody of that Fund Component in the United States could become more difficult or impossible through the same channels used by non-security digital assets. This could significantly reduce the liquidity, acceptance and value of that Fund Component and adversely affect the value of the Shares.

Additionally, if Fund Components constituting a significant portion of the Fund's assets were treated as securities under federal law, or if the Fund were deemed to hold investment contracts associated with such Fund Components, the Fund could be considered an unregistered “investment company” under the Investment Company Act and, depending on the Manager's activities, the Manager may be required to register under the Investment Advisers Act. If the Fund's acquisition or disposition of a Fund Component were treated as a securities transaction, the Fund or the Manager could also be subject to additional registration and compliance requirements or enforcement action. The Fund and the Manager could also face claims or enforcement action relating to the Fund's prior or ongoing offer of Shares or transactions in Fund Components. Compliance could result in significant recurring or nonrecurring expenses, materially limit the Fund's operations or its ability to achieve its investment objective or prove impracticable. If the Manager determines not to comply, or is unable to comply, with such requirements, or determines that continued operation is not advisable in light of regulatory developments, the Manager may cause the Fund to dispose of one or more affected Fund Components, change the Fund's operations or terminate the Fund and, if practical, liquidate the Fund's assets at a time that is disadvantageous to shareholders.

The SEC has issued a Commission-level interpretation (the “Interpretation”) clarifying how the federal securities laws apply to certain crypto assets and transactions involving crypto assets. The CFTC joined the Interpretation to provide guidance that the CFTC and its staff will administer the CEA consistent with the Interpretation. The Interpretation lists 18 crypto assets that, as of the date of their lease, the SEC views as non-security “digital commodities,” including certain Fund Components. Even if a crypto asset is deemed to be a non-security crypto asset (such as a “digital commodity”), the Interpretation takes the view that the non-security crypto asset may still be subject to an investment contract, even in the secondary market—and thus secondary market transactions, even in such nonsecurity crypto assets, might be subject to the federal securities laws.

The SEC has also issued a notice of proposed rulemaking titled “Regulation Crypto Asset,” which if finalized would create a tailored regime for certain offerings of investment contracts involving crypto assets. Proposed Regulation Crypto Asset includes a conditional safe harbor from the term “investment contract” in the definitions of “security” in the Securities Act and the Exchange Act. As proposed, to qualify for the safe harbor, the issuer of the crypto asset must have (1) completed or otherwise permanently ceased all essential managerial efforts that it represented or promised to undertake under the covered investment contract, and must not be making or intending to make any new representations or promises to engage in essential managerial efforts with respect to the crypto asset and (2) file a Form TR publicly on EDGAR. The proposed rule states that, if an issuer has satisfied the investment contract safe harbor, the SEC would treat the federal registration, reporting and other requirements associated with that investment contract as no longer applicable. The proposed rule, however, does not fully address the regulatory status of intermediaries that trade crypto assets in the secondary market (e.g., their status as brokers, dealers, exchanges or investment advisers) or hold substantial amounts of crypto assets (e.g., their status as investment companies) because it is unclear the extent to which these third parties could rely on the issuer's safe harbor, and the safe harbor applies only under the Securities Act and Exchange Act, but not the Advisers Act or Investment Company Act.

The Interpretation and the proposed Regulation Crypto Asset are based on the SEC's current understanding of crypto asset markets and may be refined, revised or withdrawn. Additionally, a court, state regulator or future SEC administration have in the past and could in the future take a different view, and future legislation, rulemaking or judicial decisions could change the treatment of one or more Fund Components.

Changes in U.S. or foreign laws, regulations or regulatory actions may prohibit or restrict the use of one or more Fund Components or the operation of their Digital Asset Networks or the Digital Asset Markets, increase the Fund's costs, impair its ability to operate or require its termination, any of which could adversely affect the value of the Shares.

U.S. federal and state agencies have examined and taken action concerning the operations of Digital Asset Networks, digital asset users and the Digital Asset Markets, including with respect to anti-money laundering, sanctions, illicit finance, consumer and investor protection, market integrity and the safety and soundness of Digital Asset Trading Platforms, custodians and other service providers. New or changed laws, regulations, interpretations or enforcement priorities could prohibit, restrict or impose conditions on the ownership, use, transfer, trading or custody of one or more Fund Components, the operation of their Digital Asset Networks or Digital Asset Markets, or the services on which the Fund depends. Federal and state requirements may differ or conflict, and compliance may be costly or impracticable. Foreign laws, regulations or directives may conflict with U.S. requirements or restrict Digital Asset Markets or service providers outside the United States, which could reduce the availability of services involving one or more Fund Components and adversely affect their liquidity, acceptance or value.

These developments could reduce the liquidity, acceptance or value of one or more Fund Components; cause Digital Asset Trading Platforms or other service providers to limit or discontinue services involving one or more Fund Components or the Fund; increase the Fund's compliance costs; require changes to the Fund's operations; or prevent the Fund from operating as intended. If the Fund cannot comply with applicable requirements or continue to operate, the Manager may terminate the Fund and, if practical, liquidate the Fund's assets at a time that is disadvantageous to shareholders. Any of these effects could adversely affect the value of the Shares.

DeFi protocols pose heightened regulatory risks that could reduce demand for and the value of certain Fund Components and adversely affect the value of the Shares.

Certain Fund Components are the native digital assets of Digital Asset Networks on which DeFi protocols are deployed and therefore the value of such Fund Components may depend in part on the functionality, use and regulatory treatment of such DeFi protocols. DeFi protocols use smart contracts to facilitate lending, trading, clearing and other financial services activities while reducing or eliminating reliance on traditional financial intermediaries. Because financial services laws often assign registration, licensing, capital, reporting, customer identification, anti-money laundering and other obligations to identifiable intermediaries, it may be uncertain which persons or activities associated with a DeFi protocol are subject to those requirements or how those requirements can be satisfied.

U.S. authorities have taken enforcement action involving DeFi protocols. Federal, state and foreign authorities may take additional enforcement action, apply existing requirements to, or impose new requirements on, activities involving DeFi protocols or persons who develop, operate, govern or provide access to them, or restrict or prohibit particular DeFi activities. Such requirements, restrictions, enforcement actions or uncertainty concerning their scope or application could reduce the development or use of affected DeFi protocols, cause users or service providers to withdraw support from those protocols or their underlying Digital Asset Networks, reduce the liquidity, acceptance or value of related digital assets and adversely affect the prices of the relevant Fund Components and the value of the Shares.

Regulatory changes or other events in foreign jurisdictions may affect the value of the Shares or restrict the use of one or more digital assets, validating or mining activity or the operation of their networks or the Digital Asset Trading Platform Market in a manner that adversely affects the value of the Shares.

Various foreign jurisdictions have, and may continue to adopt laws, regulations or directives that affect a digital asset network, the Digital Asset Markets, and their users, particularly Digital Asset Trading Platforms and service providers that fall within such jurisdictions' regulatory scope. For example, if foreign jurisdictions in addition to China were to ban or otherwise restrict validating or mining activity, including by regulating or limiting manufacturers' ability to produce or sell semiconductors or hard drives in connection with validating or mining, it would have a material adverse effect on Digital Asset Networks, the Digital Asset Market, and as a result, impact the value of the Shares.

A number of foreign jurisdictions have recently taken regulatory action aimed at digital asset activities. China has made transacting in cryptocurrencies illegal for Chinese citizens in mainland China, and additional restrictions may follow. Both China and South Korea have banned initial coin offerings entirely and regulators in other jurisdictions, including Canada, Singapore and Hong Kong, have opined that initial coin offerings may constitute securities offerings subject to local securities regulations. The United Kingdom's Financial Conduct Authority published final rules in October 2020 banning the sale of derivatives and exchange-traded notes that reference certain types of digital assets, contending that they are "ill-suited" to retail investors citing extreme volatility, valuation challenges and association with financial crime. A new law, the Financial Services and Markets Act 2023 ("FSMA"), received royal assent in June 2023. The FSMA brings digital asset activities within the scope of existing laws governing financial institutions, markets and assets. In addition, the Parliament of the European Union approved the text of the Markets in Crypto-Assets Regulation ("MiCA") in April 2023, establishing a regulatory framework for digital asset services across the European Union. Certain parts of MiCA became effective as of June 2024 and the remainder applied as of December 2024. MiCA is intended to serve as a comprehensive regulation of digital asset markets and imposes various obligations on digital asset issuers and service providers. The main aims of MiCA are industry regulation, consumer protection, prevention of market abuse and upholding the integrity of digital asset markets. See "Overview of the Digital Asset Industry and Market—Government Oversight."

Foreign laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of one or more digital assets by users, merchants and service providers outside the United States and may therefore impede the growth or sustainability of the digital asset economy in the European Union, China, Japan, Russia and the United States and globally, or otherwise negatively affect the value of digital assets held by the Fund. Moreover, other events, such as the interruption in telecommunications or internet services, cyber-related terrorist acts, civil disturbances, war or other catastrophes could also negatively affect the digital asset economy in one or more jurisdictions. For example, Russia's invasion of Ukraine on February 24, 2022 led to volatility in digital asset prices, with an initial steep decline followed by a sharp rebound in prices. The effect of any future regulatory change or other events on the Fund or the Fund Components is impossible to predict, and such change could be substantial and adverse to the Fund and the value of the Shares.

If regulators or public utilities take actions that restrict or otherwise impact mining activities, there may be a significant decline in such activities, which could adversely affect PoW-based Digital Asset Networks and the value of the Shares.

Concerns have been raised about the electricity required to secure and maintain PoW-based Digital Asset Networks. The operations of PoW-based Digital Asset Networks may also consume significant amounts of energy. Additionally, miners may be forced to cease operations during an electricity shortage or power outage.

Driven by concerns around energy consumption and the impact on public utility companies, various states and cities have implemented, or are considering implementing, moratoriums on mining activity in their jurisdictions. A significant reduction in mining activity as a result of such actions could adversely affect the security of a PoW-based Digital Asset Network by making it easier for a malicious actor or botnet to manipulate the relevant blockchain. If regulators or public utilities take action that restricts or otherwise impacts mining activities, such actions could result in decreased security of a PoW-based Digital Asset Network and consequently adversely impact the value of the Shares.

If regulators subject an Authorized Participant, the Fund or the Manager to regulation as a money service business or money transmitter, this could result in extraordinary expenses to the Authorized Participant, the Fund or the Manager and also result in decreased liquidity for the Shares.

To the extent that the activities of any Authorized Participant, the Fund or the Manager cause it to be deemed a "money services business" under the regulations promulgated by FinCEN, such Authorized Participant, the Fund or the Manager may be required to comply with FinCEN regulations, including those that would mandate the implementation of anti-money laundering programs, certain reports to FinCEN and the maintenance of certain records. Similarly, the activities of an Authorized Participant, the Fund or the Manager may require it to be licensed as a money transmitter or as a digital asset business, such as under the New York State Department of Financial Services' ("NYDFS") BitLicense regulations or California's Digital Financial Assets Law.

Such additional regulatory obligations may cause the Authorized Participant, the Fund or the Manager to incur extraordinary expenses to seek required licenses or registrations or otherwise comply with such obligations. An Authorized Participant may instead decide to terminate its role as Authorized Participant of the Fund, or the Manager may decide to discontinue and wind up the Fund. An Authorized Participant's decision to cease acting as such may decrease the liquidity of the Shares, which could adversely affect the value of the Shares.

Statutory or regulatory changes or interpretations could obligate the Fund or the Manager to register and comply with new regulations, resulting in potentially extraordinary, nonrecurring expenses to the Fund.

Current and future legislation, CFTC and SEC rulemaking and other regulatory developments may impact the manner in which digital assets are treated. In particular, a digital asset may be classified by the CFTC as a "commodity interest" under the CEA or may be classified by the SEC as a "security" under U.S. federal securities laws. It is also possible that a new Administration and Congress in the United States creates a new classification for digital assets. The Manager and the Fund cannot be certain as to how future regulatory developments will impact the treatment of one or more digital assets under the law. In the face of such developments, the required registrations and compliance steps may result in extraordinary, nonrecurring expenses to the Fund. If the Manager decides to terminate the Fund in response to the changed regulatory circumstances, the Fund may be dissolved or liquidated at a time that is disadvantageous to shareholders.

To the extent that any Fund Components are deemed to fall within the definition of a "commodity interest" under the CEA, due to the passage of the Clarity Act or otherwise, the Fund and the Manager may be subject to additional regulation under the CEA and CFTC regulations. The Manager may be required to register as a commodity pool operator or commodity trading adviser with the CFTC and become a member of the National Futures Association and may be subject to additional regulatory requirements with respect to the Fund, including disclosure and reporting requirements. These additional requirements may result in extraordinary, recurring and/or nonrecurring expenses of the Fund, thereby materially and adversely impacting the Shares. If the Manager determines not to comply with such additional regulatory and registration requirements, the Manager will terminate the Fund. Any such termination could result in the liquidation of the Fund's digital assets at a time that is disadvantageous to shareholders.

To the extent that any Fund Components are determined to be a security under U.S. federal securities laws, the Fund and the Manager may be subject to additional requirements under the Investment Company Act and the Manager may be required to register as an investment adviser under the Investment Advisers Act. Such additional registration may result in extraordinary, recurring and/or non-recurring expenses of the Fund, thereby materially and adversely impacting the Shares. If the Manager determines not to comply with such additional regulatory and registration requirements, the Manager will terminate the Fund. Any such termination could result in the liquidation of the Fund's digital assets at a time that is disadvantageous to shareholders.

Although there is no certainty in this regard 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 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 federal income tax purposes, such digital assets (i) are "property," (ii) are not "currency" for purposes of the provisions of the Code 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 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 might give rise to income that is effectively connected with the conduct of a trade or business in the United States. In addition, although the Notice contemplates that rewards earned from "mining" will constitute 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 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 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 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.

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 (if applicable) Staking 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 asset 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 forks, airdrops and similar occurrences or from Staking or digital asset lending activities.

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.

Risk Factors Related to the Cayman Islands

The Fund is a Cayman Islands limited liability company. The rights of the Fund’s shareholders may be different from the rights of shareholders governed by the laws of U.S. jurisdictions.

The Fund is a Cayman Islands limited liability company. Its corporate affairs are governed by the LLC Agreement and by the laws of the Cayman Islands. The rights of shareholders and the responsibilities of the Manager may be different from the rights of members or shareholders and responsibilities of management in companies (included limited liability companies) governed by the laws of U.S. jurisdictions. The LLC Act states that, subject to any express provisions of an LLC agreement to the contrary, a manager of a Cayman Islands limited liability company shall not owe any duty (fiduciary or otherwise) to the limited liability company or any member or other person in respect of the limited liability company other than a duty to act in good faith in respect of the rights, authorities or obligations which are exercised or performed or to which such manager is subject in connection with the management of the limited liability company provided that such duty of good faith may be expanded or restricted by the express provisions of an LLC agreement. See “Description of the LLC Agreement.”

Mail sent to the Fund at its registered office may be delayed in reaching the Manager.

Mail addressed to the Fund and received at its registered office shall be forwarded unopened to the forwarding address supplied by the Manager. None of the Fund, the Manager or any of its investors, managers, officers, advisers or service providers (including the organization that provides registered office services in the Cayman Islands) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address. Moreover, the investors or managers (as applicable) will only receive, open or deal directly with mail which is addressed to them personally (as opposed to mail which is addressed to the Fund).

The Fund may be required to disclose information, including information relating to investors, to regulators.

The Fund, the Manager or any of its shareholders, managers or agents (as applicable) domiciled in the Cayman Islands may be compelled to provide information, including, but not limited to, information relating to investors, and where applicable the investor’s beneficial owners and controllers, subject to a request for information made by a regulatory or governmental authority or agency under applicable law, such as by the Authority, either for itself or for a recognized overseas regulatory authority, under the Monetary Authority Act (As Revised), or by the Tax Information Authority, under the Tax Information Authority Act (As Revised) and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws shall not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Fund, the Manager or any of its shareholders, managers or agents (as applicable), may be prohibited from disclosing that the request has been made.

The Fund is a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than that under U.S. law, the Fund’s shareholders may have less protection for their shareholder rights than they would under U.S. law.

The Fund is a Cayman Islands limited liability company. The Fund’s corporate affairs are governed by the LLC Agreement and the Fund is governed by the LLC Act and the common law of the Cayman Islands. The rights of shareholders to take legal action against the Fund, actions by minority shareholders and the responsibilities of the Manager under Cayman Islands law are to a large extent governed by the LLC Act and, otherwise, the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of shareholders and the responsibilities of the Manager under Cayman Islands law may not be as clearly

established as they would be under statutes or judicial precedent in some jurisdictions in the United States, such as the State of Delaware where many United States-based limited liability companies are organized. Members of a Cayman Islands limited liability company may not have standing to initiate a shareholder derivative action in U.S. federal courts.

Under the Cayman Islands Data Protection Act, the Fund shall act as a data controller in respect of personal data and its affiliates and/or delegates, such as the Manager and others, may act as data processors (or data controllers in their own right in some circumstances).

The Cayman Islands Data Protection Act (As Revised) (the “DPA”) applies legal requirements to the Fund based on internationally accepted principles of data privacy.

The Fund has prepared a document outlining the Fund’s data protection obligations and the data protection rights of investors (and individuals connected with investors) under the DPA (the “Fund Privacy Notice”). The Fund Privacy Notice is contained within the subscription agreement.

Prospective investors should note that, by virtue of making investments in the Fund and the associated interactions with the Fund and its affiliates and/or delegates (including completing the subscription agreement, and including the recording of electronic communications or phone calls where applicable), or by virtue of providing the Fund with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Fund and its affiliates and/or delegates with certain personal information which constitutes personal data within the meaning of the DPA. The Fund shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the Manager and others, may act as data processors (or data controllers in their own right in some circumstances).

By investing in the Fund and/or continuing to invest in the Fund, investors shall be deemed to acknowledge that they have read in detail and understood the Fund Privacy Notice and that the Fund Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Fund. The subscription agreement contains relevant representations and warranties.

Oversight of the DPA is the responsibility of the Ombudsman’s office of the Cayman Islands. Breach of the DPA by the Fund could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

The Fund is registered and regulated as a private fund under the Private Funds Act and the Authority has supervisory and enforcement powers to ensure the Fund’s compliance with the Private Funds Act.

The Fund is registered and regulated as a private fund under the Private Funds Act. The Authority has supervisory and enforcement powers to ensure the Fund's compliance with the Private Funds Act. The Authority may take certain actions if it is satisfied that a regulated private fund is or is likely to become unable to meet its obligations as they fall due, or is carrying on business fraudulently or otherwise in a manner detrimental to the public interest or to the interests of its investors or creditors, or is carrying on or is attempting to carry on business or is winding up of its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include, inter alia, the power to require the substitution of the Manager, to appoint a person to advise the Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to the Authority including the ability to apply to court for approval of other actions.

We are subject to the Economic Substance Regime in the Cayman Islands.

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (As Revised) (the “Economic Substance Act”). The Economic Substance Act is supplemented by the issuance of related Guidance on Economic Substance for Geographically Mobile Activities, version 3.2 of which was issued in July 2022. We are not currently subject to the Economic Substance Act, however once we de-register as a private fund with the Authority, we will become subject to the Economic Substance Act. Given our business activities and operations may change from time to time, it is difficult to predict if we will continue to be subject to the Economic Substance Act and the impact that the Economic Substance Act could have on us and our subsidiaries. For example, compliance with any applicable obligations may create significant additional costs that may be borne by us or otherwise affect our management and operation. We will continue to consider the implications of the Economic Substance Act on our business activities and operations and reserve the right to adopt such arrangements as we deem necessary or desirable to comply with any applicable requirements.

Risk Factors Related to Potential Conflicts of Interest

Potential conflicts of interest may arise among the Manager or its affiliates and the Fund. The Manager and its affiliates have no fiduciary duties to the Fund and its shareholders other than as provided in the LLC Agreement, which may permit them to favor their own interests to the detriment of the Fund and its shareholders.

The Manager will manage the affairs of the Fund. Conflicts of interest may arise among the Manager and its affiliates, including the Authorized Participant on the one hand, and the Fund and its shareholders, on the other hand. As a result of these conflicts, the Manager may favor its own interests and the interests of its affiliates over the Fund and its shareholders. These potential conflicts include, among others, the following:

- The Manager has no fiduciary duties to, and is allowed to take into account the interests of parties other than, the Fund and its shareholders in resolving conflicts of interest, provided the Manager does not act in bad faith; as the Manager deems appropriate or necessary;
- The Fund has agreed to indemnify the Manager and its affiliates pursuant to the LLC Agreement;
- The Manager is responsible for allocating its own limited resources among different clients and potential future business ventures, to each of which it owes fiduciary duties;
- The Manager and its staff also service affiliates of the Manager, including several other digital asset investment vehicles, and their respective clients and cannot devote all of its, or their, respective time or resources to the management of the affairs of the Fund;
- The Manager, its affiliates and their respective officers and employees are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with the Fund;
- Affiliates of the Manager have substantial direct investments in digital assets that they are permitted to manage taking into account their own interests without regard to the interests of the Fund or its shareholders, and any increases, decreases or other changes in such investments could affect any of the Index Prices and, in turn, the value of the Shares;
- There is an absence of arm's-length negotiation with respect to certain terms of the Fund, and, where applicable, there has been no independent due diligence conducted with respect to the Fund;
- Several employees of the Manager and the Manager's indirect parent company, DCG, are FINRA-registered representatives who currently maintain their licenses through Grayscale Securities;
- DCG is (i) the indirect parent company of the Manager; (ii) the indirect parent company of Grayscale Securities, the only acting Authorized Participant as of the date of this Annual Report; and (iii) a minority interest holder in Kraken, one of the Digital Asset Trading Platforms included in the Index Price for certain of the digital assets held by the Fund, representing less than 1.0% of its equity;
- DCG has investments in a large number of digital assets and companies involved in the digital asset ecosystem, including digital assets that may be held by the Fund, companies that act as stewards of digital assets that may be held by the Fund and trading platforms and custodians. DCG's positions on changes that should be adopted in various Digital Asset Networks could be adverse to positions that would benefit the Fund or its shareholders. Additionally, before or after a hard fork on the network of a digital asset held by the Fund, DCG's position regarding which fork among a group of incompatible forks of such network should be considered the "true" network could be adverse to positions that would most benefit the Fund;
- DCG has been vocal in the past about its support for digital assets other than those held by the Fund. Any investments in, or public positions taken on, digital assets other than those held by the Fund by DCG could have an adverse impact on the price of the digital assets held by the Fund;
- The Manager decides whether to retain separate counsel, accountants or others to perform services for the Fund;

- The Manager and Grayscale Securities, which acts as Authorized Participant and distributor and marketer for the Shares, are affiliated parties that share a common indirect parent company, DCG;
- While the Index Provider does not currently utilize data from over-the-counter markets or derivatives platforms, it may decide to include pricing from such markets or platforms in the future;
- The Manager may appoint an agent to act on behalf of the shareholders, including in connection with the distribution of any Forked Assets, and such agent may be the Manager or an affiliate of the Manager; and
- The Manager has historically, and may again select an Index Provider that is an affiliate of the Manager and the Fund.

Because the Manager and the Fund's sole Authorized Participant are affiliated with each other, the Fund's Baskets will not be exchanged for Fund Components in arm's-length transactions.

The Manager is an affiliate of Grayscale Securities, LLC, a registered broker dealer currently acting as the sole Authorized Participant, distributor and marketer for the Shares. The Fund issues Creation Baskets in exchange for deposits of Fund Components. See "Description of Creation of Shares." As the sole Authorized Participant, Grayscale Securities is currently the only entity that may place orders to create Creation Baskets. As a result, the issuance of Creation Baskets does not occur on an arm's-length basis.

While additional Authorized Participants may be added at any time, subject to the discretion of the Manager, the Manager may be disincentivized from replacing affiliated service providers due to its affiliated status. In connection with this conflict of interest, shareholders should understand that affiliated service providers will receive fees for providing services to the Fund. Clients of the affiliated service providers may pay commissions at negotiated rates that are greater or less than the rate paid by the Fund. The Manager may have an incentive to resolve questions between Grayscale Securities, on the one hand, and the Fund and shareholders, on the other hand, in favor of Grayscale Securities (including, but not limited to, questions as to the calculation of the Basket Amount).

DCG is a minority interest holder in Kraken, which operates one of the Digital Asset Trading Platforms included in the Index Price for certain of the digital assets held by the Fund.

DCG, indirect parent company of the Manager, holds a minority interest of less than 1.0% in Kraken. The Fund values its digital assets by reference to the Index Price for each Fund Component. The Index Price is the price in U.S. dollars of a Fund Component as determined by reference to a volume-weighted average price in U.S. dollars for a Fund Component for the immediately preceding 60-minute period derived from data collected from Constituent Trading Platforms ("Indicative Price") or Index Price provided by CoinDesk Indices, Inc. as of 4:00 p.m., New York time, on each business day. Each Indicative Price or Index Price is derived from the Digital Asset Trading Platforms that are reflected in an index developed by CoinDesk Indices, Inc. Kraken is one of the Digital Asset Trading Platforms.

Although DCG does not exercise control over Kraken, it is possible that investors could have concerns that DCG could influence market data provided by this Digital Asset Trading Platform in a way that benefits DCG, which could make the Fund's Shares less attractive to investors than the shares of similar vehicles that do not present these concerns, adversely affect investor sentiment about the Fund and negatively affect Share trading prices.

Shareholders cannot be assured of the Manager's continued services, the discontinuance of which may be detrimental to the Fund.

Shareholders cannot be assured that the Manager will be willing or able to continue to serve as manager to the Fund for any length of time. If the Manager discontinues its activities on behalf of the Fund and a substitute manager is not appointed, the Fund will terminate and liquidate the Fund's digital assets.

Appointment of a substitute manager will not guarantee the Fund's continued operation, successful or otherwise.

Although the Custodian is a fiduciary with respect to the Fund's assets, if the Custodian resigns or is removed by the Manager or otherwise, without replacement, it would trigger early termination of the Fund.

The Custodian is a fiduciary under § 100 of the New York Banking Law and a qualified custodian for purposes of Rule 206(4)-2(d)(6) under the Investment Advisers Act and is licensed to custody the Fund's digital assets in trust on the Fund's behalf. However, the SEC previously released proposed amendments in February 2023 to Rule 206(4)-2 that, if enacted as proposed, would amend the definition of a "qualified custodian" under Rule 206(4)-2(d)(6). Executive officers of the Custodian's parent company have made public statements indicating that the Custodian would remain a qualified custodian under the proposed SEC rule, if enacted as proposed. In June 2025, however, the SEC formally withdrew that proposed rulemaking and stated that it does not intend to issue final rules based on the proposal. However, there can be no assurance that the Custodian would continue to qualify as a "qualified custodian" under a final rule that may be proposed or adopted by the SEC in the future.

Furthermore, during the initial term, the Custodian may terminate the Custodian Agreement for Cause (as defined in "Description of the Custodian Agreement—Termination") at any time, and after the initial term, the Custodian can terminate the Agreement for any reason upon the notice period provided under the Custodian Agreement. If the Custodian resigns or is removed by the Manager or otherwise, without replacement, the Fund will dissolve in accordance with the terms of the LLC Agreement.

Shareholders may be adversely affected by the lack of independent advisers representing investors in the Fund.

The Manager has consulted with counsel, accountants and other advisers regarding the formation and operation of the Fund. No counsel was appointed to represent investors in connection with the formation of the Fund or the establishment of the terms of the LLC Agreement and the Shares. Moreover, no counsel has been appointed to represent an investor in connection with the offering of the Shares. Accordingly, an investor should consult his, her, or its own legal, tax and financial advisers regarding the desirability of the value of the Shares. Lack of such consultation may lead to an undesirable investment decision with respect to investment in the Shares.

CUSTODY OF THE FUND'S DIGITAL ASSETS

Digital assets and digital asset transactions are recorded and validated on blockchains, the public transaction ledgers of a digital asset network. Each digital asset blockchain serves as a record of ownership for all of the units of such digital asset, even in the case of certain privacy-preserving digital assets, where the transactions themselves are not publicly viewable. All digital assets recorded on a blockchain are associated with a public blockchain address, also referred to as a digital wallet. Digital assets held at a particular public blockchain address may be accessed and transferred using a corresponding private key.

Key Generation

Public addresses and their corresponding private keys are generated by the Custodian in secret key generation ceremonies at secure locations inside faraday cages, which are enclosures used to block electromagnetic fields and thus mitigate against attacks. The Custodian uses quantum random number generators to generate the public and private key pairs.

Once generated, private keys are encrypted, separated into “shards” and then further encrypted. After the key generation ceremony, all materials used to generate private keys, including computers, are destroyed. All key generation ceremonies are performed offline. No party other than the Custodian has access to the private key shards of the Fund, including the Fund itself.

Key Storage

Private key shards are distributed geographically in secure vaults around the world, including in the United States. The locations of the secure vaults may change regularly and are kept confidential by the Custodian for security purposes.

The Digital Asset Account uses offline storage, or “cold storage”, mechanisms to secure the Fund’s private keys. The term cold storage refers to a safeguarding method by which the private keys corresponding to digital assets are disconnected and/or deleted entirely from the internet. Cold storage of private keys may involve keeping such keys on a non-networked (or “air-gapped”) computer or electronic device or storing the private keys on a storage device (for example, a USB thumb drive) or printed medium (for example, papyrus, paper or a metallic object). A digital wallet may receive deposits of digital assets but may not send digital assets without use of the digital assets’ corresponding private keys. In order to send digital assets from a digital wallet in which the private keys are kept in cold storage, either the private keys must be retrieved from cold storage and entered into an online, or “hot”, digital asset software program to sign the transaction, or the unsigned transaction must be transferred to the cold server in which the private keys are held for signature by the private keys and then transferred back to the online digital asset software program. At that point, the user of the digital wallet can transfer its digital assets.

Security Procedures

The Custodian is the custodian of the Fund’s private keys in accordance with the terms and provisions of the Custodian Agreement. Transfers from the Digital Asset Account require certain security procedures, including but not limited to, multiple encrypted private key shards, usernames, passwords and 2-step verification. Multiple private key shards held by the Custodian must be combined to reconstitute the private key to sign any transaction in order to transfer the Fund’s assets. Private key shards are distributed geographically in secure vaults around the world, including in the United States.

As a result, if any one secure vault is ever compromised, this event will have no impact on the ability of the Fund to access its assets, other than a possible delay in operations, while one or more of the other secure vaults is used instead. These security procedures are intended to remove single points of failure in the protection of the Fund’s assets.

Transfers of Fund Components to the Digital Asset Account will be available to the Fund once processed on the relevant blockchain.

Subject to obtaining regulatory approval to operate a redemption program and authorization of the Manager, the process of accessing and withdrawing Fund Components from the Fund to redeem a Basket by an Authorized Participant will follow the same general procedure as transferring Fund Components to the Fund to create a Basket by an Authorized Participant, only in reverse. See “Creation of Shares.”

CERTAIN CAYMAN ISLANDS AND U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion of Cayman Islands and U.S. federal income tax considerations is not intended as a substitute for careful tax planning. It does not address all of the relevant tax principles that will apply to the Fund and its shareholders. In particular, it does not discuss the tax principles of countries other than the Cayman Islands and the United States or any state or local tax principles. **Prospective investors in the Fund are urged to consult their professional advisers regarding the possible tax consequences of an investment in the Fund in light of their own situations.**

Certain Cayman Islands Tax Considerations

Taxation - Cayman Islands

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or the shareholders. Interest, dividends and gains payable to the Fund and all distributions by the Fund to shareholders will be received free of any Cayman Islands income or withholding taxes. The Fund has received an undertaking from the Financial Secretary of the Cayman Islands to the effect that, for a period of 50 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Fund or to any shareholder in respect of the operations or assets of the Fund or the Shares of a shareholder; and that any such taxes or any tax in the nature of estate duty or inheritance tax shall not be payable in respect of the obligations of the Fund or the interests of the shareholders therein. The Cayman Islands are not party to a double tax treaty with any country that is applicable to any payments made to or by the Fund.

Cayman Islands – Automatic Exchange of Financial Account Information

The Cayman Islands has signed an inter-governmental agreement to improve international tax compliance and the exchange of information with the United States (the “U.S. IGA”). The Cayman Islands has also signed, along with over 100 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information—Common Reporting Standard (“CRS” and together with the U.S. IGA, “AEOI”).

Cayman Islands regulations have been issued to give effect to the U.S. IGA and CRS (collectively, the “AEOI Regulations”). Pursuant to the AEOI Regulations, the Cayman Islands Tax Information Authority (the “TIA”) has published guidance notes on the application of the U.S. IGA and CRS.

All Cayman Islands “Financial Institutions” are required to comply with the registration, due diligence and reporting requirements of the AEOI Regulations, unless they are able to rely on an exemption that allows them to become a “Non-Reporting Financial Institution” (as defined in the relevant AEOI Regulations) with respect to one or more of the AEOI regimes, in which case only the registration requirement would apply under CRS. The Fund does not propose to rely on any Non-Reporting Financial Institution exemption and therefore intends to comply with all of the requirements of the AEOI Regulations.

The AEOI Regulations require the Fund to, amongst other things (i) register with the IRS to obtain a Global Intermediary Identification Number (in the context of the U.S. IGA only), (ii) register with the TIA, and thereby notify the TIA of its status as a “Reporting Financial Institution,” (iii) adopt and implement written policies and procedures setting out how it will address its obligations under CRS, (iv) conduct due diligence on its accounts to identify whether any such accounts are considered “Reportable Accounts,” (v) report information on such Reportable Accounts to the TIA, and (vi) file a CRS Compliance Form with the TIA. The TIA will transmit the information reported to it to the overseas fiscal authority relevant to a reportable account (e.g., the IRS in the case of a U.S. Reportable Account) annually on an automatic basis.

For information on any potential withholding tax that may be levied against the Fund, see also “—Certain United States Tax Considerations.”

By investing in the Fund and/or continuing to invest in the Fund, investors shall be deemed to acknowledge that further information may need to be provided to the Fund, the Fund’s compliance with the AEOI Regulations may result in the disclosure of investor information, and investor information may be exchanged with overseas fiscal authorities. Where an investor fails to provide any requested information (regardless of the consequences), the Fund may be obliged, and/or

reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption of the investor concerned and/or closure of the investor's account.

Certain United States Tax Considerations

This summary outlines certain significant U.S. federal income tax principles that are likely to apply to the Fund and the shareholders, given the anticipated nature of the Fund's investments and activities. Except where specifically addressing considerations applicable to Tax-Exempt Investors or Non-U.S. Investors, each as defined below, this discussion assumes that the shareholder is a U.S. Investor, as defined below, that holds its Shares as capital assets.

This summary does not purport to address all of the U.S. federal income tax consequences that may be applicable to any particular shareholder. In some cases, the activities of a shareholder other than its investment in the Fund may affect the tax consequences to such shareholder of an investment in the Fund. For example, this discussion does not describe tax consequences applicable to shareholders subject to special rules, such as regulated investment companies, real estate investment trusts, insurance companies, foreign governments or entities treated as partnerships for U.S. federal income tax purposes. This discussion also does not describe tax consequences applicable to Authorized Participants (or other shareholders acquiring Shares directly from the Fund). This discussion also does not address the application of the alternative minimum tax or the Medicare contribution tax under Section 1411 of the U.S. Internal Revenue Code of 1986, as amended (the "Code").

The discussion of U.S. federal income tax matters contained herein is based on existing law as contained in the Code, Treasury regulations, administrative rulings and court decisions as of the date of this Annual Report. No assurance can be given that future legislation, administrative rulings or court decisions will not materially and adversely affect the consequences set forth in this summary, possibly on a retroactive basis. Each prospective investor is urged to consult its tax adviser concerning the potential tax consequences of an investment in the Fund.

For purposes of this summary:

- A "U.S. Investor" is a beneficial owner of a Share that is a U.S. Person and that is not generally exempt from U.S. federal income tax.
- A "Non-U.S. Investor" is a beneficial owner of a Share that is not a U.S. Person, is not an entity treated as a partnership for U.S. federal income tax purposes and is not treated as a foreign government for purposes of Section 892 of the Code. The discussion below addressing Non-U.S. Investors does not, however, address the U.S. federal income tax consequences of an investment in a Share by any Non-U.S. Investor (i) whose investment in a Share is "effectively connected" with the conduct by such Non-U.S. Investor of a trade or business in the United States, (ii) who is a former U.S. citizen or former resident of the United States or that is an entity that has expatriated from the United States, (iii) who is an individual and is present in the United States for 183 days or more in any taxable year or (iv) that, because of its particular circumstances, is generally subject to U.S. federal income tax on a net basis.
- A "Tax-Exempt Investor" is a beneficial owner of a Share that is a U.S. Person generally exempt from U.S. federal income tax under Section 501(a) or Section 664(c) of the Code. The discussions below addressing Tax-Exempt Investors do not, however, address the U.S. federal income tax consequences of an investment in the Fund by any Tax-Exempt Investor that is subject to special rules relating to the computation of "unrelated business taxable income," such as the rules under Section 512(a)(3) of the Code.

Solely for purposes of the foregoing definitions, a "U.S. Person" is (i) an individual who is a citizen or resident of the United States; (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the United States, any state therein or the District of Columbia; or (iii) an estate or trust the income of which is subject to U.S. federal income tax regardless of the source thereof.

If the beneficial owner of a Share is an entity that is treated as a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of a partner in that partnership will generally depend upon the status of the partner and the activities of the partnership. A prospective investor that is treated as a partnership for U.S. federal income tax purposes should consult its tax adviser concerning the tax consequences of an investment in the Fund.

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 will 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, although the Notice contemplates that rewards earned from “mining” will constitute taxable income, and one of the Rulings concluded that rewards from Staking similarly will constitute current taxable income, there is no guidance directly addressing amounts received in connection with digital assets 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. Similarly, there is no guidance addressing whether Staking activities 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. 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.

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 will hold certain types of digital assets that are not within the scope of the Notice.

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 would presumably constitute FDAP income. It is also possible that receipt of Staking Consideration or proceeds from 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 assets derived by the Fund as a consequence of a fork, airdrop or similar occurrence, or from Staking or lending activities.

U.S. Investors in the Fund

The following discussion outlines certain significant U.S. federal income tax consequences of an investment in the Fund by a U.S. Investor. This discussion assumes that a U.S. Investor holds its interest in the Fund as a capital asset. This discussion assumes that each U.S. Investor will acquire all of its 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 any U.S. Investor that is 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. Prospective U.S. Investors should consult their tax advisers to determine if they 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 those described below if a U.S. Investor is a 10% U.S. Shareholder of the Fund.

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

PFIC Rules

It is not clear whether the Fund is a PFIC for U.S. federal income tax purposes, and the guidance in the Rulings and the FAQs has increased the uncertainty in this regard. However, because it is possible that the Fund is a PFIC, the Fund will provide to each U.S. Investor, and to any other shareholder upon request, PFIC Annual Information Statements that will include the required information and representations to permit such U.S. Investor (or any direct or indirect beneficial owner of an interest in such investor) to make a “qualified electing fund” election (a “QEF Election”) with respect to the Fund. Each U.S. Investor should consult its tax adviser as to whether it should make a QEF Election. Assuming that the

Fund is a PFIC, failure to make a QEF Election with respect to an investment in the Fund could result in materially adverse tax consequences to a U.S. Investor, 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

If a U.S. Investor does not make a QEF Election with respect to the Fund, any “excess distribution” received by the U.S. Investor from the Fund, and any gain recognized by the U.S. Investor 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 the U.S. Investor’s holding period for its 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 in effect for the type of U.S. Investor (corporate or individual) 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 a U.S. Investor does not make a QEF Election, distributions by the Fund to the U.S. Investor, other than “excess distributions,” 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. 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 the U.S. Investor’s tax basis in its Shares and, after such tax basis has been reduced to zero, as gain from a sale or exchange of the U.S. Investor’s Shares, which will be subject to U.S. federal income tax as described above. These rules will apply to any in-kind distribution of a Forked Asset that the Fund makes to a U.S. Investor, 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

A U.S. Investor can mitigate the consequences described above by making a QEF Election with respect to the Fund. A U.S. Investor can make a QEF Election by attaching a properly executed IRS Form 8621 to its U.S. federal income tax return for the first taxable year in which it wishes the election to apply. If a U.S. Investor does not make a QEF Election with respect to the Fund for the first taxable year in which the U.S. Investor holds any Shares, a later QEF Election with respect to the Fund will not apply with respect to the U.S. Investor’s investment in the Fund unless the U.S. Investor 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 applies. Any gain that a U.S. Investor recognizes as a consequence of such an election will be subject to U.S. federal income tax as described above.

If a U.S. Investor makes a valid QEF Election with respect to its Shares, the U.S. Investor will be required to report on its U.S. federal income tax return, and thus to take into account in determining its U.S. federal income tax liability, its pro rata share of the Fund’s ordinary earnings and net capital gain for the taxable year of the Fund ending within or with such U.S. Investor’s taxable year, regardless of whether the Fund makes any distributions to the U.S. Investor. A U.S. Investor will include its pro rata share of the Fund’s ordinary earnings as ordinary income, and will include its 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. U.S. Investors 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, a U.S. Investor 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 the U.S. Investor would otherwise be required to include pursuant to the QEF Election. A U.S. Investor’s tax basis in its Shares will be increased by the amounts the U.S. Investor includes in income as a consequence of the QEF Election and decreased by the amount of distributions the U.S. Investor receives from the Fund out of earnings that the U.S. Investor 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 in connection with rebalancings, in order to divest itself of Forked Assets or 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, and any distribution of Forked Assets to the

shareholders (or to an agent of the shareholders), 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. As noted above, the IRS has taken the position in the FAQs and one of the Rulings that, under certain circumstances, a hard fork of a digital asset constitutes a taxable event giving rise to ordinary income, and it is clear from the reasoning of the FAQs and that Ruling that the IRS generally would treat an airdrop as a taxable event giving rise to ordinary income. 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.

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 U.S. Investors may be required to amend their tax returns for those years.

Assuming that a U.S. Investor makes a QEF Election with respect to its Shares, a distribution by the Fund to the U.S. Investor 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 the U.S. Investor 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 the U.S. Investor 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 the U.S. Investor's tax basis in its Shares and, after such tax basis has been reduced to zero, as gain from a sale or exchange of the U.S. Investor's Shares. These rules will apply to any in-kind distribution of a Forked Asset that the Fund makes to a U.S. Investor, with the amount of the distribution equal to the fair market value of such Forked Asset on the date of the distribution.

Upon a sale or other exchange of Shares, a U.S. Investor will generally recognize gain or loss equal to the difference between the amount realized and the U.S. Investor's tax basis in its Shares. Assuming that the U.S. Investor has 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 the U.S. Investor's holding period for the Shares was more than one year as of the date of the sale or other exchange.

A U.S. Investor that makes a QEF Election with respect to its Shares may also elect to defer the payment of the taxes in respect of its 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 a U.S. Investor makes this election, the deferred tax liability with respect to the undistributed earnings attributable to its Shares will generally become payable on the due date (determined without regard to extensions) of the U.S. Investor's U.S. federal income tax return for the taxable year in which the U.S. Investor sells or pledges such Shares. If the Fund makes a distribution, however, the deferred tax liability with respect to the U.S. Investor's share of the distributed earnings will become payable on the due date (determined without regard to extensions) of the U.S. Investor's U.S. federal income tax return for the taxable year in which the distribution occurs.

In-Kind Distributions of Forked Assets

If the Fund distributes Forked Assets in kind to the shareholders (or to an agent of the shareholders), the Fund will recognize gain (if any) as if it had sold the Forked Assets for their fair market value on the date of the distribution. As discussed above, any such gain will be reported on the Fund's PFIC Annual Information Statements for the year in which the distribution occurs. For U.S. federal income tax purposes, the shareholders will be treated as receiving a distribution from the Fund in an amount equal to the fair market value of the Forked Assets on the date of the distribution, without regard to whether the distribution is made directly to the shareholders or to an agent on behalf of the shareholders. For the consequences of any such distribution to a U.S. Investor, see "—U.S. Investors in the Fund."

Upon the sale or other disposition of such distributed Forked Assets by the shareholders' agent, a U.S. Investor will recognize gain or loss in an amount equal to the difference between (i) the fair market value of the U.S. Investor's share of such Forked Assets (which, in the case of a sale by such agent, generally will be equal to the U.S. Investor's share of the cash proceeds received by the agent, reduced by the U.S. Investor's share of any selling expenses incurred by the agent on

such U.S. Investor's behalf) and (ii) the U.S. Investor's basis in its share of such Forked Assets (which generally will be equal to the fair market value of the U.S. Investor's share of such Forked Assets on the date of the distribution by the Fund). In general, such gain or loss will be short-term capital gain or loss if the sale or other disposition occurs within one year after the Fund's in-kind distribution of the Forked Assets and will be long-term capital gain or loss if the sale or other disposition occurs more than one year after such in-kind distribution. The deductibility of capital losses is subject to significant limitations.

Tax-Exempt Investors in the Fund

In general, Tax-Exempt Investors are subject to U.S. federal income taxation with respect to any unrelated business taxable income ("UBTI") they derive. UBTI generally does not include certain specified types of income, including dividends or gains from the sale, exchange or other disposition of property other than inventory or property held primarily for sale to customers in the ordinary course of a trade or business. However, UBTI includes "unrelated debt-financed income," which is generally defined as any income derived from property in respect of which "acquisition indebtedness" is outstanding, even if the income would otherwise be excluded in computing UBTI.

In general, a Tax-Exempt Investor's income from an investment in the Fund should not be treated as resulting in UBTI, provided that the Tax-Exempt Investor's acquisition of its Shares is not debt-financed. Specifically, a Tax-Exempt Investor's income from the Fund should not be treated as UBTI as a consequence of the Fund's recognition of any income that would be treated as UBTI if derived directly by the Tax-Exempt Investor, including the Fund's share of any income arising from a fork, airdrop or similar occurrence. If a Tax-Exempt Investor's acquisition of any Shares is debt-financed, all or a portion of such Tax-Exempt Investor's income attributable to such Shares will be included in UBTI. The portion of a Tax-Exempt Investor's income attributable to its Shares that is treated as UBTI will be subject to U.S. federal income tax as discussed in "—U.S. Investors in the Fund."

It is possible that the Fund is a PFIC. In addition, under certain circumstances, the Fund may be a CFC. A Tax Exempt Investor will not be subject to income tax under the PFIC rules, and should not be subject to income tax under the CFC rules, if it is not otherwise taxable under the UBTI provisions with respect to its ownership of its Shares (i.e., because its investment in the Fund is debt-financed).

A charitable remainder trust is not subject to U.S. federal income taxation with respect to UBTI, but instead is subject to a U.S. federal excise tax equal to the entire amount of any UBTI it derives. In general, if the Fund is a PFIC or a CFC, U.S. beneficiaries of any Tax-Exempt Investor that is a charitable remainder trust will be treated for purposes of the PFIC rules and the CFC rules as owning their proportionate shares of such Tax-Exempt Investor's Shares for purposes of the regimes applicable to U.S. investors in PFICs and CFCs. Any such U.S. beneficiary could be subject to materially adverse tax consequences under the PFIC rules or the CFC rules. Upon request, the Fund will provide shareholders with information necessary to permit any such U.S. person to make a QEF Election with respect to the Fund. Any prospective shareholder that is a charitable remainder trust should consult its tax adviser regarding the advisability of an investment in the Fund.

Tax-Exempt Investors that are private foundations, or that are "applicable educational institutions" as defined in Section 4968 of the Code, should consult their tax advisers about the possible excise tax consequences to them of an investment in Shares.

Prospective Tax-Exempt Investors in the Fund should also read the discussion under the headings "—Information Reporting and Backup Withholding," "—Information Reporting by Shareholders" and "—FATCA Tax" below.

Non-U.S. Investors in the Fund

Except as discussed below under "—FATCA Tax," a Non-U.S. Investor will not be subject to U.S. federal income or withholding tax on distributions received in respect of its Shares, on gains recognized on a sale or other disposition of its Shares or the sale of Forked Assets by an agent on its behalf.

It is possible that the Fund is a PFIC. In addition, under certain circumstances, the Fund may be a CFC. In general, if the Fund is a PFIC or a CFC, all or certain U.S. persons sufficiently related by equity ownership to a Non-U.S. Investor that is a corporation, partnership, trust or estate will be treated as owning their proportionate shares of the Non-U.S. Investor's Shares for purposes of the regimes applicable to U.S. investors in PFICs and CFCs. Treatment of a U.S. person as the owner of an equity interest in a PFIC or CFC could have materially adverse tax consequences for such person. Upon

request, the Fund will provide shareholders with information necessary to permit any such U.S. person to make a QEF Election with respect to the Fund.

Prospective Non-U.S. Investors in the Fund should also read the discussion under the headings “—Information Reporting and Backup Withholding” and “—FATCA Tax” below.

Information Reporting and Backup Withholding

Payments of Fund dividends, and of proceeds from sales of Shares, that are made to a U.S. Investor 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) the U.S. Investor is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Investor provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Investor will be allowed as a credit against the U.S. Investor’s U.S. federal income tax liability and may entitle the U.S. Investor to a refund, provided that the required information is timely furnished to the IRS.

In order to reduce or eliminate U.S. information reporting requirements and U.S. backup withholding in respect of distributions made by the Fund and proceeds from a sale or other disposition of Shares, a Non-U.S. Investor must comply with certain certification requirements (generally, by delivering a properly executed IRS Form W-8BEN or W-8BEN-E to the Fund).

Information Reporting by Shareholders

U.S. Investors 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. Tax-Exempt Investors may also be subject to these and other information reporting requirements as a consequence of an investment in the Fund. 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.

Unless a U.S. Investor who is an individual holds his or her Shares in a financial account maintained by a financial institution, the U.S. Investor will be required to report information relating to his or her ownership of Shares on IRS Form 8938 for each taxable year in which he or she holds 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. Investors that are entities may be subject to similar rules.

If the Fund is a PFIC, a U.S. Investor will generally be required to file IRS Form 8621 with respect to the Fund for each year in which it holds its Shares. Any U.S. Investor that (a) acquires (whether in one or more transactions) a 10% or greater interest in the Fund (determined by applying certain attribution rules) or (b) reduces its interest in the Fund to less than 10% will generally be required to file IRS Form 5471. Additional reporting requirements will apply to any U.S. Investor owning a 10% or greater interest in the Fund (determined by applying certain attribution rules) if the Fund is a CFC.

A direct or indirect participant in any “reportable transaction” must disclose its participation to the IRS on IRS Form 8886. Furthermore, a “material adviser” to a reportable transaction is required to maintain a list of each person with respect to whom such adviser acted as a material adviser and to disclose to the IRS certain other information regarding the transaction. For purposes of the disclosure rules, a U.S. person that owns at least 10% of the voting power or value of the shares of a CFC is generally treated as a participant in a reportable transaction in which the relevant foreign corporation participates. It is possible that the Fund will participate in one or more transactions that all or certain U.S. Investors would be required to report if the Fund were a CFC. A U.S. Investor also may be required to report a transfer of all or any portion of its Shares if it recognizes a loss on the transfer that equals or exceeds an applicable threshold amount. Certain states, including New York, have similar reporting requirements.

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.” Shareholders should consult their tax advisers as to how these rules may apply to payments they receive under the Shares.

1. The issuer's primary and secondary SIC Codes.

The Fund's primary SIC Code is 6221. The Fund's secondary SIC code is 6199.

2. If the issuer has never conducted operations, is in the development stage, or is currently conducting operations.

The Fund is a passive entity with no operations, and the Manager administers and manages the Fund as described in "Description of the Fund."

3. Whether the issuer has at any time been a "shell company."

The Fund has not at any time been a "shell company."

4. The names of any parent, subsidiary, or affiliate of the issuer, and its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this Annual Report.

The Manager of the Fund is Grayscale Investments Sponsors, LLC. Effective October 3, 2022, Grayscale Securities, LLC, a wholly owned subsidiary of the Manager, and a registered broker dealer, is the marketer and distributor of the Fund. Effective October 3, 2022, Grayscale Securities, LLC is the sole Authorized Participant. The financial results of these entities are not included in the Fund's financial statements.

The Manager

As of the date of this Annual Report, the Fund's Manager is Grayscale Investments Sponsors, LLC. Until December 31, 2024, the Fund's Manager was Grayscale Investments, LLC, ("GSI"), a Delaware limited liability company formed on May 29, 2013 and a consolidated subsidiary of DCG. Grayscale Operating, LLC ("GSO") was the co-manager of the Fund from January 1, 2025 to May 3, 2024, and Grayscale Investments Sponsors, LLC ("GSIS") was the co-manager of the Fund from January 1, 2025 to May 3, 2025 and is and will be the sole remaining manager thereafter. The Manager's principal place of business is 290 Harbor Drive, 4th Floor, Stamford, Connecticut 06902, and its telephone number is (212) 668-1427. Under the Delaware Limited Liability Company Act and the governing documents of the Manager, Digital Currency Group, Inc., the indirect parent company of the Manager, is not responsible for the debts, obligations and liabilities of the Manager solely by reason of being the indirect parent company of the Manager.

The Manager is neither an investment adviser registered with the SEC nor a commodity pool operator registered with the CFTC, and will not be acting in either such capacity with respect to the Fund, and the Manager's provision of services to the Fund will not be governed by the Investment Advisers Act or the CEA.

The Manager's Role

The Manager arranged for the creation of the Fund and the quotation of the Shares on the OTC Markets. As partial consideration for its receipt of the Manager's Fee from the Fund, the Manager is obligated to pay the Manager-paid Expenses. The Manager also paid the costs of the Fund's organization and the costs of the initial sale of the Shares.

The Manager is generally responsible for the day-to-day administration of the Fund under the provisions of the LLC Agreement. This includes (i) preparing and providing periodic reports and financial statements on behalf of the Fund to investors, (ii) processing orders to create Baskets and coordinating the processing of such orders with the Custodian and the Transfer Agent, (iii) calculating and publishing the NAV of the Fund and the NAV per Share each business day as of 4:00 p.m., New York time, or as soon thereafter as practicable, (iv) selecting and monitoring the Fund's service providers and from time to time engaging additional, successor or replacement service providers, (v) instructing the Custodian to transfer the Fund's digital assets, cash and/or Forked Assets, as needed to pay the Manager's Fee and any Additional Fund Expenses, (vi) upon dissolution of the Fund, distributing the Fund's remaining digital assets (including Fund Components and/or Forked Assets) or the cash proceeds of the sale of digital assets, as well as any of the cash held by the Fund at such time, to the owners of record of the Shares and (vii) establishing the principal market for each Fund Component of the Fund for U.S. GAAP purposes. In addition, if there is a fork in the network of any Fund Component held by the Fund, the Manager will use its discretion to determine, in good faith, which peer-to-peer network, among a group of incompatible forks of such network, is generally accepted as the network for such Fund Component and should therefore be considered the appropriate network for such Fund Component for the Fund's purposes.

The Manager does not store, hold, or maintain custody or control of the Fund's digital assets but instead has entered into the Custodian Agreement with the Custodian to facilitate the security of the Fund's digital assets.

The Manager may transfer all or substantially all of its assets to an entity that carries on the business of the Manager if at the time of the transfer the successor assumes all of the obligations of the Manager under the LLC Agreement. In such an event, the Manager will be relieved of all further liability under the LLC Agreement.

The Manager may, in its sole discretion, select a different index provider, select a different reference rate provided by the Index provider, subject to the Manager's obligations under the Index License Agreement, calculate the Index Prices by using the cascading set of rules set forth under "Overview of the Digital Asset Industry and Market—Fund Component Value—Index Prices—Determination of the Index Prices When the Index Prices are Unavailable" above, or change the cascading set of rules set forth above at any time.

Authorized Participants

An Authorized Participant must enter into a "Participant Agreement" with the Manager and the Fund to govern its placement of orders to create Baskets. The Participant Agreement sets forth the procedures for the creation of Baskets and for the delivery of digital assets required for creations. A copy of the form of Participant Agreement is available for inspection at the Manager's principal office identified herein.

Each Authorized Participant must (i) be a registered broker-dealer, (ii) enter into a Participant Agreement with the Manager and (iii) own a digital asset wallet address that is known to the Custodian as belonging to the Authorized Participant, or another entity that has been engaged to source digital assets (any such representative, a "Liquidity Provider"). A list of the current Authorized Participants can be obtained from the Manager. Prior to October 3, 2022, Genesis (in such capacity, an "Authorized Participant"), a registered broker-dealer and wholly owned subsidiary of DCG, was the only Authorized Participant, and was party to a participant agreement with the Manager and the Fund.

Effective October 3, 2022, the Manager entered into a Participant Agreement with Grayscale Securities, pursuant to which Grayscale Securities has agreed to act as an Authorized Participant of the Fund, and terminated its participant agreement with Genesis, among the Manager, the Fund and Genesis, which provided the procedures for the creation of Shares. As a result, since October 3, 2022, Genesis ceased acting as an Authorized Participant of the Fund, but served as a Liquidity Provider to Grayscale Securities from October 3, 2022 to September 12, 2023.

As of the date of this Annual Report, Grayscale Securities is the only acting Authorized Participant. The Manager intends to engage additional Authorized Participants that are unaffiliated with the Fund in the future.

No Authorized Participant has any obligation or responsibility to the Manager or the Fund to effect any sale or resale of Shares.

The Distributor and Marketer

Prior to October 3, 2022, and for the periods covered by this report, Genesis was the distributor and marketer of the Shares. Since October 3, 2022, Grayscale Securities is the distributor and marketer of the Shares, and Genesis ceased acting as the distributor and marketer of the Shares of the Fund. Grayscale Securities is a registered broker-dealer with the SEC and is a member of FINRA.

In its capacity as distributor and marketer, Grayscale Securities assists 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, www.grayscale.com/funds/grayscale-decentralized-finance-fund/; and executing the marketing plan for the Fund. Genesis and Grayscale Securities are each affiliates of the Manager.

The Manager has entered into a Distribution and Marketing Agreement with Grayscale Securities. The Manager may engage additional or successor distributors and marketers in the future.

Conflicts of Interest

General

The Manager has not established formal procedures to resolve all potential conflicts of interest. Consequently, shareholders may be dependent on the good faith of the respective parties subject to such conflicts to resolve them equitably. Although the Manager attempts to monitor these conflicts, it is extremely difficult, if not impossible, for the Manager to ensure that these conflicts do not, in fact, result in adverse consequences to the Fund.

The Manager presently intends to assert that shareholders have, by subscribing for Shares of the Fund, consented to the following conflicts of interest in the event of any proceeding alleging that such conflicts violated any duty owed by the Manager to investors.

Digital Currency Group, Inc.

Digital Currency Group, Inc. is (i) the indirect parent company of the Manager, (ii) the indirect parent company of Grayscale Securities, the only acting Authorized Participant as of the date of this Annual Report, and (iii) a minority interest holder in Kraken, one of the Digital Asset Trading Platforms included in the Index Price for certain of the digital assets held by the Fund, representing less than 1.0% of its equity.

Digital Currency Group, Inc. has investments in a large number of digital assets and companies involved in the digital asset ecosystem, including trading platforms and custodians. Digital Currency Group, Inc.'s positions on changes that should be adopted in various Digital Asset Networks could be adverse to positions that would benefit the Fund or its shareholders. Additionally, before or after a hard fork on the network of a digital asset held by the Fund, Digital Currency Group, Inc.'s position regarding which fork among a group of incompatible forks of such network should be considered the "true" network could be adverse to positions that would most benefit the Fund.

The Manager

The Manager has a conflict of interest in allocating its own limited resources among, when applicable, different clients and potential future business ventures, to each of which it owes fiduciary duties. Additionally, the professional staff of the Manager also services other affiliates of the Manager, including several other digital asset investment vehicles, and their respective clients. Although the Manager and its professional staff cannot and will not devote all of its or their respective time or resources to the management of the affairs of the Fund, the Manager intends to devote, and to cause its professional staff to devote, sufficient time and resources to manage properly the affairs of the Fund consistent with its or their respective fiduciary duties to the Fund and others.

The Manager is the parent company of Grayscale Securities, and the Manager may engage other affiliated service providers in the future. Because of the Manager's affiliated status, it may be disincentivized from replacing affiliated service providers. In connection with this conflict of interest, shareholders should understand that affiliated service providers will receive fees for providing services to the Fund. Clients of the affiliated service providers may pay commissions at negotiated rates which are greater or less than the rate paid by the Fund.

The Manager and any affiliated service provider may, from time to time, have conflicting demands in respect of their obligations to the Fund and, in the future, to other clients. It is possible that future business ventures of the Manager and affiliated service providers may generate larger fees, resulting in increased payments to employees, and therefore, incentivizing the Manager and/or the affiliated service providers to allocate its/their limited resources accordingly to the potential detriment of the Fund.

There is an absence of arm's-length negotiation with respect to some of the terms of the Fund, and, where applicable, there has been no independent due diligence conducted with respect to the Fund. The Manager will, however, not retain any affiliated service providers for the Fund which the Manager has reason to believe would knowingly or deliberately favor any other client over the Fund.

The Authorized Participant

Prior to October 3, 2022, Genesis, an affiliate of the Fund and the Manager, was the only Authorized Participant and was party to a participant agreement with the Manager and the Fund. Since October 3, 2022, the only Authorized Participant is Grayscale Securities, an affiliate of the Fund and the Manager. As a result of this affiliation, the Manager has an incentive

to resolve questions between Grayscale Securities, on the one hand, and the Fund and shareholders, on the other hand, in favor of Grayscale Securities (including, but not limited to, questions as to the calculation of the Basket Amount). Lastly, several employees of the Manager and Digital Currency Group, Inc. are FINRA-registered representatives who maintain their licenses through Grayscale Securities.

Proprietary Trading/Other Clients

Because the officers of the Manager may trade digital assets for their own personal trading accounts (subject to certain internal trading policies and procedures) at the same time as they are managing the account of the Fund, prospective investors should be aware that the activities of the officers of the Manager, subject to their fiduciary duties, may, from time-to-time, result in their taking positions in their personal trading accounts which are opposite of the positions taken for the Fund. Records of the Manager's officers' personal trading accounts will not be available for inspection by shareholders.

5. The effect of existing or probable governmental regulations on the business.

Please refer to "Risk Factors—Risk Factors Related to the Regulation of the Fund and the Shares" for a discussion of the effect of existing or probable governmental regulations on the Fund's operations.

6. An estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities are borne directly by customers.

Not applicable.

7. Costs and effects of compliance with environmental laws (federal, state and local).

Not applicable.

8. The number of total employees and number of full-time employees.

The Fund has no employees. The Manager had 127 employees as of June 30, 2026.

Item 9. The nature of products and services offered.

A. Principal products or services, and their markets.

As a passive investment vehicle, the investment objective of the Fund and the investment objective of the Manager in relation to the Fund is for the value of the Shares, based on NAV per Share, to reflect the value of the Fund Components as determined by reference to their respective Index Prices and Fund Weightings, less the Fund's expenses and other liabilities. The Fund Components consist of the digital assets that make up the DFX as constituted from time to time, subject to the Manager's discretion to exclude individual digital assets in certain cases. The DFX is designed and managed by the CoinDesk Indices, Inc. ("the Index Provider"). Shares are distributed through sales in private placement transactions and become eligible to sell into the public market after a statutory one-year holding period. While an investment in the Shares is not a direct investment in the Fund Components, the Shares are designed to provide investors with a cost-effective and convenient way to gain investment exposure to the top DeFi digital assets by market capitalization. The Shares are quoted on OTC Markets under the ticker symbol "DEFG." NAV per Share is updated daily: www.grayscale.com/funds/grayscale-decentralized-finance-fund/. The Fund's manager was Grayscale Investments, LLC until December 31, 2024. Grayscale Operating, LLC was the co-manager of the Fund from January 1, 2025 to May 3, 2024, and Grayscale Investments Sponsors, LLC was the co-manager of the Fund from January 1, 2025 to May 3, 2025 and is and will be the sole remaining manager thereafter.

DeFi applications generally refer to decentralized applications or platforms intended to facilitate financial services transactions such as borrowing, lending, custodying, trading, derivatives, asset management and insurance, without the intermediation of a central trusted party such as a bank, custodian, broker-dealer, securities exchange, investment adviser, clearinghouse or transfer agent. In determining which decentralized finance digital assets are investable and thus within the DeFi Cohort, the Index Provider considers a variety of pre-defined criteria established by the Index Provider, including such digital asset's inclusion in the relevant sector of the Index Provider's digital asset classification system, the CoinDesk Digital Asset Classification Standard (DACS), and the Custodian's support of the digital asset, and seeks to

exclude those digital assets whose trading characteristics, in the Index Provider's judgment, feature thinly traded markets, liquidity fragmentation, significant discrepancies in price among trading venues, trading-venue and non-market-related anomalies, price manipulation risk or data integrity issues.

B. Distribution methods of the products or services.

Not applicable.

C. Status of any publicly announced new product or service.

Not applicable.

D. Competitive business conditions, the issuer's competitive position in the industries, and methods of competition.

Thousands of digital assets have been developed since the inception of Bitcoin, currently the most developed digital asset because of the length of time it has been in existence, the investment in the infrastructure that supports it, and the network of individuals and entities that are using Bitcoin in transactions. While digital assets, including the Fund Components, have enjoyed some success in their limited history, the aggregate value of outstanding Fund Components, excluding Bitcoin, is much smaller than that of Bitcoin and may be eclipsed by the more rapid development of other digital assets.

E. Sources and availability of raw materials and the names of principal suppliers.

Not applicable.

F. Dependence on one or a few major customers.

Not applicable.

G. Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration.

Not applicable.

H. The need for any government approval of principal products or services and the status of any requested government approvals.

See the discussion set forth under the heading "The effect of existing or probable governmental regulations on the business" above.

Item 10. The nature and extent of the issuer's facilities.

The Fund is a passive entity with no operations, and the Manager administers and manages the Fund as described in the "Description of the Fund." The principal office of the Manager is located at 290 Harbor Drive, 4th Floor, Stamford, Connecticut 06902. The Manager utilizes a portion of the space leased by Digital Currency Group, Inc. The lease expires on February 29, 2032.

PART D. MANAGEMENT STRUCTURE AND FINANCIAL INFORMATION

Item 11. The name of the chief executive officer, members of the board of directors, as well as control persons.

Management of the Manager

The Fund does not have any directors, officers or employees. Under the LLC Agreement, all management functions of the Fund have been delegated to and are conducted by the Manager, its agents and its affiliates, including without limitation, the Custodian and its agents. As officers of the Manager, Peter Mintzberg, the principal executive officer of the Manager, and Kathryn Masci, the principal financial and accounting officer of the Manager, may take certain actions and execute certain agreements and certifications for the Fund, in their capacity as the principal officers of the Manager.

As of and prior to December 31, 2024, GSI had a board of directors that was responsible for managing and directing the affairs of the Manager. From January 1, 2025 to October 22, 2025, GSO Intermediate Holdings Corporation (“GSOIH”), a Delaware corporation formed in connection with the reorganization pursuant to which GSI’s business was contributed to GSO effective January 1, 2025 (the “Reorganization”), which was the sole managing member of GSO and an indirect subsidiary of DCG, had a board of directors which was responsible for managing and directing the affairs of the Manager.

On October 22, 2025, GSOIH consummated an internal corporate reorganization (the “Management Reorganization”), pursuant to which GSOIH transferred a portion of its common membership units of GSO for Class A shares of Grayscale Investments, Inc. (“Grayscale Investments”), a Delaware corporation incorporated in connection with the Management Reorganization, and ceded its managing member rights in GSO to Grayscale Investments. As a result of the Management Reorganization, Grayscale Investments is now the sole managing member of GSO, the sole member of the Manager.

On October 22, 2025, as a result of the Management Reorganization, DCG Grayscale Holdco, LLC, the sole stockholder of Grayscale Investments, elected a board of directors (the “Board”) at Grayscale Investments. As a result of the Management Reorganization, the Board of Grayscale Investments was responsible for managing and directing the affairs of the Manager from October 22, 2025 to May 4, 2026 and consisted of Barry Silbert, Mark Shifke, Simon Koster, Peter Mintzberg and Edward McGee, mostly the same members as the board of directors of GSOIH prior to the Management Reorganization.

On May 4, 2026, a Board of Managers of Grayscale Investments Sponsors, LLC was created to manage and direct the affairs of the Manager, under authority delegated by the Board. While the Board retains overall oversight of Grayscale Investments and its subsidiaries as a whole, including the Manager, the Board of Managers was granted authority to manage the day-to-day affairs of the Manager under the amended and restated limited liability company agreement of the Manager. From May 4, 2026 until July 2, 2026, the Board of Managers consisted of Peter Mintzberg, Edward McGee, and Craig Salm.

Effective July 2, 2026, Kathryn Masci was appointed to serve as Interim Chief Financial Officer of the Manager. Ms. Masci was appointed as a member of the Board of Managers and as principal financial and accounting officer of the registrant, and Edward McGee stepped down as Chief Financial Officer, principal financial and accounting officer and a member of the Board of Managers. From and after July 2, 2026, the Board of Managers consists of Peter Mintzberg, Kathryn Masci, and Craig Salm. Mr. Mintzberg, Ms. Masci, and Mr. Salm are granted authority to manage the day-to-day affairs of the Manager under the amended and restated limited liability company agreement of the Manager.

The Manager has an Audit Committee. The Audit Committee has the responsibility for overseeing the financial reporting process of the Fund, including the risks and controls of that process and such other oversight functions as are typically performed by an audit committee of a public company.

The Manager has a code of ethics (the “Code of Ethics”) that applies to its executive officers and agents. The Code of Ethics is available by writing the Manager at 290 Harbor Drive, 4th Floor, Stamford, Connecticut 06902 or calling the Manager at (212) 668-1427. The Manager’s Code of Ethics is intended to be a codification of the business and ethical principles that guide the Manager, and to deter wrongdoing, to promote honest and ethical conduct, to avoid conflicts of interest, and to foster compliance with applicable governmental laws, rules and regulations, the prompt internal reporting of violations and accountability for adherence to this code.

Prior to January 1, 2025, references to the “Manager” in this section refer to GSI, and thereafter refer to GSO or GSIS, as applicable. In connection with the Reorganization, the former Board of GSI was reconstituted at GSOIH and in

connection with the Management Reorganization, the former board of GSOIH was reconstituted at Grayscale Investments. Prior to January 1, 2025, any references to the “Board” refer to the board of directors of Grayscale Investments, LLC, the former manager of the Fund. From January 1, 2025 to October 22, 2025, any references to the “Board” refer to the board of directors of GSOIH. From October 22, 2025 to May 4, 2026, any references to the “Board” refer to the board of directors of Grayscale Investments. From and after May 4, 2026, any references to the “Board of Managers” or the “Board” refer to the Board of Managers of the Manager.

Peter Mintzberg, Board Member and Chief Executive Officer

Peter Mintzberg, 58, has been the Chief Executive Officer of the Manager since August 2024 and has served as a member of the Board of Managers since May 2026. Mr. Mintzberg joins the Manager from Goldman Sachs, where he served as Global Head of Strategy for Asset and Wealth Management. Prior, he held several global leadership roles in Strategy, M&A, and Investor Relations at BlackRock, Apollo, OppenheimerFunds, and Invesco. With deep knowledge across a broad base of client types and asset classes, Mr. Mintzberg has over two decades of experience developing and executing strategy and innovating to drive growth. Mr. Mintzberg started his career working at McKinsey & Co. in New York, San Francisco, and São Paulo, focused on the financial services and technology sectors. Mr. Mintzberg was recognized as a Latino leader in Finance by The Alumni Society in 2018, and was selected as a David Rockefeller Fellow in the 2016-2017 Class by the Partnership for New York City. He earned a bachelor’s degree in engineering from the Universidade Federal Rio de Janeiro, and an MBA from Harvard University.

Kathryn Masci, Board Member and Interim Chief Financial Officer

Kathryn Masci, 34, has served as Interim Chief Financial Officer of the Manager and as a member of the Board of Managers since July 2, 2026. Ms. Masci has served as Senior Vice President of Finance of Grayscale since January 2026 and has been with Grayscale since May 2020. Prior to serving as Senior Vice President of Finance, Ms. Masci held various finance and accounting roles at Grayscale. Prior to joining Grayscale, Ms. Masci served as Assistant Controller at Garrison Capital Inc., a publicly traded business development company, from July 2019 to May 2020. Before joining Garrison Capital, Ms. Masci served as a Senior Financial Reporting Associate at Pzena Investment Management, Inc., a publicly traded investment management firm, where she oversaw financial reporting and accounting policy from October 2016 to July 2019. From July 2014 to October 2016, Ms. Masci worked at Ernst & Young LLP in the Banking & Capital Markets and Professional Practice groups, providing audit and advisory services to financial services clients and supporting the consultation and accounting policy process for financial services audit teams. Ms. Masci earned her Bachelor of Science and Master of Science degrees in Accounting from the School of Management at Binghamton University, State University of New York. Ms. Masci is a Certified Public Accountant licensed in the state of New York.

Craig Salm, Board Member and Chief Legal Officer

Craig Salm, 38, has been the Chief Legal Officer of Grayscale since 2022 and has served as a member of the Board of Managers since May 2026. Before serving as Chief Legal Officer, Mr. Salm was Director, Legal since January 2020 and Associate, Legal since January 2018. Prior to joining Grayscale, Mr. Salm was a corporate associate at Paul Weiss and a member of its Capital Markets & Securities Group—primarily focused on representing issuers, private equity sponsors, investment banks, hedge funds and other stakeholders in corporate finance transactions, as well as advising on securities law and corporate governance matters. Mr. Salm earned his Bachelor of Science from the University of Michigan and his Juris Doctor from the Benjamin N. Cardozo School of Law. Mr. Salm serves as a member of the Blockchain Association and a member of the Crypto Ratings Council (“CRC”).

Executive Compensation

The Fund has no employees or directors and is managed by the Manager. None of the officers or members of the Manager receive compensation from the Fund. The Manager’s Fee accrues daily at an annual rate of 2.5% of the Fund’s NAV Fee Basis Amount and is payable monthly in arrears. For the year ended June 30, 2026, the Manager earned \$78,170 from the Fund. As of June 30, 2026, the fair market value of the accrued and unpaid Manager’s Fee was \$0. In addition, the Manager may pay Additional Fund Expenses on behalf of the Fund and be reimbursed by the Fund. For the year ended June 30, 2026, the Fund incurred no Additional Fund Expenses.

Compensation of Directors

Not applicable.

Business Address

The business address for each of the Manager's officers is c/o Grayscale Investments Sponsors, LLC, 290 Harbor Drive, 4th Floor, Stamford, Connecticut 06902.

Beneficial Ownership of Officers and Directors

The ownership of Peter Mintzberg, Kathryn Masci and Craig Salm individually represented beneficial ownership of less than 1% of the Fund's Shares.

B. Other Control Persons

As of the date of the Annual Report, the following table sets forth certain information with respect to the beneficial ownership of the Shares for each person that, to the Manager's knowledge based on the records of the Transfer Agent and other ownership information provided to the Manager, beneficially owns a significant portion of the Shares as of the date of this Annual Report:

	<u>Amount of Beneficial Ownership</u>	<u>Percentage of Beneficial Ownership</u>
Digital Currency Group, Inc. ⁽¹⁾	19,548	8.18%
(1) Includes 19,193 Shares held by DCG International Investments Ltd., a wholly owned subsidiary of Digital Currency Group, Inc., 184 Shares held by Digital Currency Group, Inc. and 171 Shares held by Grayscale Securities, LLC, the Authorized Participant and a consolidated subsidiary of Digital Currency Group, Inc. and an affiliate of the Manager. The address of the aforementioned is c/o Grayscale Investments Sponsors, LLC, 290 Harbor Drive, 4th Floor, Stamford, CT 06902. The person controlling Digital Currency Group, Inc. is Barry E. Silbert as founder and CEO and in such capacity has voting and dispositive power over the securities held by such entity. Mr. Silbert's address is c/o Grayscale Investments Sponsors, LLC, 290 Harbor Drive, 4th Floor, Stamford, CT 06902.		

C. Legal/Disciplinary History

None.

D. Disclosure of Family Relationships

None.

E. Disclosure of Related Party Transactions

See "Conflicts of Interest" above.

Item 12. Financial information for the issuer's most recent fiscal period.

The Fund's audited financial statements as of and for the year ended June 30, 2026 are attached as Exhibit 1 to this Annual Report. The historical results presented herein are not necessarily indicative of financial results to be achieved in future periods. The Fund's audited financial statements attached as exhibits to this Annual Report are incorporated herein by reference and are considered as part of this Annual Report.

Item 13. Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

See "Financial information for the issuer's most recent fiscal period" above.

Item 14. The name, address, telephone number, and email address of each of the following outside providers that provide services to the issuer on matters relating to operations, business development and disclosure.

1. U.S. Counsel

Andrew D. Thorpe, Esq.
Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP
One Bush Plaza, Suite 1200
San Francisco, California 94104
Telephone: (415) 801-4852
Email: athorpe@gunder.com

2. Cayman Islands Counsel

Julian Ashworth
Maples and Calder,
PO Box 309, Ugland House
Grand Cayman, KY1-1104, Cayman Islands
Telephone: (345) 814 5413
Email: Julian.Ashworth@maples.com

3. Independent Auditor

KPMG LLP
Two Manhattan West
375 9th Avenue, 17th Floor
New York, NY 10001
Telephone: (212) 758-9700

4. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this Annual Report - the information shall include the telephone number and email address of each advisor.

Not applicable.

Item 15. Management's Discussion and Analysis.

The following discussion and analysis of our financial condition and results of operations should be read together with, and is qualified in its entirety by reference to, our audited financial statements and related notes included elsewhere in this Annual Report, which have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). The following discussion may contain forward-looking statements based on current expectations that involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors," "Cautionary Note Regarding Forward-Looking Statements" or in other sections of this Annual Report.

Fund Overview

The Fund's investment objective is for the value of the Shares (based on NAV per Share) to reflect the value of the Fund Components as determined by reference to their respective Index Prices and Fund Weightings, less the Fund's expenses and other liabilities. The Fund Components consist of the digital assets that make up the DFX as constituted from time to time, subject to the Manager's discretion to exclude individual digital assets in certain cases. The DFX is designed and managed by the Index Provider. While an investment in the Shares is not a direct investment in the Fund Components, the Shares are designed to provide investors with a cost-effective and convenient way to gain investment exposure to the top DeFi digital assets by market capitalization. A substantial direct investment in Fund Components may require expensive and sometimes complicated arrangements in connection with the acquisition, security and safekeeping of the digital assets and may involve the payment of substantial fees to acquire such the digital assets from third-party facilitators through cash payments of U.S. dollars. Because the value of the Shares is correlated with the value of the Fund Components, it is important to understand the investment attributes of, and the market for, the digital assets.

The activities of the Fund are limited to (i) issuing Baskets in exchange for Fund Components and cash transferred to the Fund as consideration in connection with the creations, (ii) transferring or selling Fund Components and Forked Assets as necessary to cover the Manager's Fee and/or any Additional Fund Expenses, (iii) transferring Fund Components and cash in exchange for Baskets surrendered for redemption (subject to obtaining regulatory approval from the SEC and approval from the Manager), (iv) causing the Manager to sell Fund Components and Forked Assets on the termination of the Fund, (v) making distributions of Forked Assets or cash from the sale thereof and (vi) engaging in all administrative and security procedures necessary to accomplish such activities in accordance with the provisions of the LLC Agreement, the Custodian Agreement, the Index License Agreement and the Participant Agreements.

In addition, the Fund may engage in any lawful activity necessary or desirable, in order to facilitate shareholders' access to Forked Assets or for Staking or lending the Fund Property, provided that such activities do not conflict with the terms of the LLC Agreement. At this time, however, the Fund does not currently engage in, nor does it intend to engage in, any Staking or lending activities related to the Fund Property. In the future, any value created from such activities will be included in the Principal Market NAV or NAV Calculation, or will be used to pay the Fund's expenses.

Prior to April 1, 2026, the Fund valued the Fund Components held by the Fund for operational purposes by reference to Digital Asset Reference Rates. Effective April 1, 2026, the Fund will value each Fund Component it holds for operational purposes by reference to an Index Price, which are used to calculate the Fund's NAV and NAV per Share. The "Index Price" of each Fund Component is the U.S. dollar value of each Fund Component derived from the Constituent Trading Platforms that are reflected in each Fund Component's CoinDesk Benchmark Rate, calculated at 4:00 p.m., New York time, on each business day. Prior to April 1, 2026, references to each "Index Price" in the Fund's filings, including this Annual Report, refer to the CoinDesk Reference Rates. From and after April 1, 2026, references to each "Index Price" in the Fund's filings are to the CoinDesk Benchmark Rates.

Critical Accounting Policies

Investment Transactions and Revenue Recognition

The Fund considers investment transactions to be the receipt of Fund Components by the Fund in connection with Share creations and the delivery of Fund Components by the Fund in connection with Share redemptions or for payment of expenses in Fund Components. At this time, the Fund is not accepting redemption requests from shareholders. The Fund records its investment transactions on a trade date basis and changes in fair value are reflected as net change in unrealized appreciation or depreciation on investments. Realized gains and losses are calculated using the specific identification

method. Realized gains and losses are recognized in connection with transactions including settling obligations for the Manager's Fee in the Fund Components.

Principal Market and Fair Value Determination

To determine which market is the Fund's principal market for each Fund Component (or in the absence of a principal market, the most advantageous market) for purposes of calculating the Fund's net asset value in accordance with U.S. GAAP ("Principal Market NAV"), the Fund follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820-10, *Fair Value Measurement* which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for each Fund Component in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Fund to assume that each Fund Component is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact.

The Fund only receives Fund Components in connection with a creation order from the Authorized Participant (or a Liquidity Provider) and does not itself transact on any Digital Asset Markets. Therefore, the Fund looks to market-based volume and level of activity for Digital Asset Markets. The Authorized Participant(s), or a Liquidity Provider, may transact in a Brokered Market, a Dealer Market, Principal-to-Principal Markets and Exchange Markets (referred to as "Trading Platform Markets" in this Annual Report), each as defined in the FASB ASC Master Glossary (collectively, "Digital Asset Markets").

In determining which of the eligible Digital Asset Markets is the Fund's principal market for each Fund Component, the Fund reviews these criteria in the following order:

- First, the Fund reviews a list of each Digital Asset Market that maintain practices and policies designed to comply with anti-money laundering ("AML") and know-your-customer ("KYC") regulations, and non-Digital Asset Trading Platform Markets that the Fund reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each market.
- Second, the Fund sorts these Digital Asset Markets from high to low by market-based volume and level of activity of each Fund Component traded on each Digital Asset Market in the trailing twelve months.
- Third, the Fund then reviews pricing fluctuations and the degree of variances in price on Digital Asset Markets to identify any material notable variances that may impact the volume or price information of a particular Digital Asset Market.
- Fourth, the Fund then selects a Digital Asset Market as its principal market for such Fund Component based on the highest market-based volume, level of activity and price stability in comparison to the other Digital Asset Markets on the list. Based on information reasonably available to the Fund, Trading Platform Markets have the greatest volume and level of activity for the Fund Components. The Fund therefore looks to accessible Trading Platform Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market for each Fund Component. As a result of the aforementioned analysis, a Trading Platform Market has been selected as the Fund's principal market for each Fund Component.

The Fund determines its principal market for each Fund Component (or in the absence of a principal market the most advantageous market) annually and conducts a quarterly analysis to determine (i) if there have been recent changes to each Digital Asset Market's trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Fund has access to, or (iii) if recent changes to each Digital Asset Market's price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Fund's determination of its principal market for each Fund Component.

Investment Company Considerations and Significant Estimates

The Fund is an investment company for U.S. GAAP purposes and follows accounting and reporting guidance in accordance with the FASB ASC Topic 946, *Financial Services—Investment Companies*. The Fund uses fair value as its method of accounting for digital assets in accordance with its classification as an investment company for accounting

purposes. The Fund is not a registered investment company under the Investment Company Act. U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates and these differences could be material.

Review of Financial Results (unaudited)

Financial Highlights for the Years Ended June 30, 2026 and 2025.

(All amounts in the following table and the subsequent paragraphs, except Share, per Share amounts, and each Fund Component and price of each Fund Component amount, are in thousands)

	For the Years Ended June 30,	
	2026	2025
Net realized and unrealized loss on investments in digital assets	\$ (2,877)	\$ (98)
Net decrease in net assets resulting from operations	\$ (2,955)	\$ (206)
Net assets ⁽¹⁾	\$ 1,475	\$ 4,408

- (1) Net assets in the above table and subsequent paragraphs are calculated in accordance with U.S. GAAP based on the Digital Asset Market price of each Fund Component on the Digital Asset Trading Platforms that the Fund considered each Fund Component's principal market, as of 4:00 p.m., New York time, on the valuation date.

Net realized and unrealized loss on investment in digital assets for the year ended June 30, 2026 was (\$2,877), which includes a realized loss of (\$75) on the transfer of digital assets to pay the Manager's Fee, a realized loss of (\$1,155) as a result of the quarterly rebalance of digital assets and net change in unrealized appreciation/depreciation on investment in digital assets of (\$1,647). Net decrease in net assets resulting from operations was (\$2,955) for the year ended June 30, 2026, which consisted of the net realized and unrealized loss on investment in digital assets, plus the Manager's Fee of \$78. Net assets decreased to \$1,475 at June 30, 2026, a 67% decrease for the year. The decrease in net assets resulted from the overall price depreciation of Fund Components and the withdrawal of approximately 4,966 UNI, 114 AAVE, 1 MKR, 10,661 CRV, 6,549 LDO, 25,243 ONDO, 3,937 AERO, and 9,057 ENA to pay the foregoing Manager's Fee, partially offset by the contribution of approximately 1,143 UNI, 28 AAVE, 2,600 CRV, 1,661 LDO, 5,843 ONDO, and 1,655 AERO, with a value of \$22 to the Fund in connection with Share creations during the year.

Net realized and unrealized loss on investment in digital assets for the year ended June 30, 2025 was (\$98), which includes a realized loss of (\$60) on the transfer of digital assets to pay the Manager's Fee, a realized loss of (\$58) as a result of the quarterly rebalance of digital assets offset by net change in unrealized appreciation/depreciation on investment in digital assets of \$20. Net decrease in net assets resulting from operations was (\$206) for the year ended June 30, 2025, which consisted of the net realized and unrealized loss on investment in digital assets, plus the Manager's Fee of \$108. Net assets decreased to \$4,408 at June 30, 2025, a 3% decrease for the year. The decrease in net assets resulted from the overall price depreciation of Fund Components and the withdrawal of approximately 6,115 UNI, 134 AAVE, 8 MKR, 5,844 CRV, 8,043 LDO, and 1,443 SNX to pay the foregoing Manager's Fee, partially offset by the contribution of approximately 3,460 UNI, 86 AAVE, 7,347 CRV, 5,138 LDO, and 5 MKR, with a value of \$60 to the Fund in connection with Share creations during the year.

Cash Resources and Liquidity

The Fund has not had a cash balance at any time since inception. When selling Fund Components and/or Forked Assets to pay Additional Fund Expenses on behalf of the Fund, the Manager endeavors to sell the exact amount of Fund Components and/or Forked Assets needed to pay expenses in order to minimize the Fund's holdings of assets other than the Fund Components. As a consequence, the Manager expects that the Fund will not record any cash flow from its operations and that its cash balance will be zero at the end of each reporting period. Furthermore, the Fund is not a party to any off-balance sheet arrangements.

In exchange for the Manager's Fee, the Manager has agreed to assume most of the expenses incurred by the Fund. As a result, the only ordinary expense of the Fund during the periods covered by this Annual Report was the Manager's Fee. The Fund is not aware of any trends, demands, conditions or events that are reasonably likely to result in material changes to its liquidity needs.

Quantitative and Qualitative Disclosures about Market Risk

The LLC Agreement does not authorize the Fund to borrow for payment of the Fund's ordinary expenses. The Fund does not engage in transactions in foreign currencies which could expose the Fund or holders of Shares to any foreign currency related market risk. The Fund does not invest in any derivative financial instruments and has no foreign operations or long-term debt instruments.

Selected Operating Data

	As of June 30,	
	2026	2025
Prices of digital assets on principal market:		
UNI	\$ 2.78	\$ 7.27
ONDO	\$ 0.31	N/A
AAVE	\$ 85.11	\$ 282.97
ENA	\$ 0.07	N/A
CRV	\$ 0.19	\$ 0.53
LDO	\$ 0.24	\$ 0.76
MKR	N/A	\$ 1,976.52
Principal Market NAV per Share ⁽¹⁾	\$ 6.17	\$ 18.55
Principal Market NAV ⁽¹⁾	\$ 1,474,288	\$ 4,407,775
Index Prices:		
UNI	\$ 2.78	\$ 7.24
ONDO	\$ 0.31	N/A
AAVE	\$ 85.16	\$ 278.05
ENA	\$ 0.07	N/A
CRV	\$ 0.19	\$ 0.52
LDO	\$ 0.24	\$ 0.75
MKR	N/A	\$ 1,952.21
NAV per Share ⁽²⁾	\$ 6.17	\$ 18.36
NAV ⁽²⁾	\$ 1,475,032	\$ 4,362,752

(1) The Principal Market NAV and Principal Market NAV per Share are calculated using the fair value of each Fund Component based on the price provided by the Digital Asset Trading Platform that the Fund considered each Fund Components' principal market, as of 4:00 p.m., New York time, on the valuation date, in accordance with U.S. GAAP.

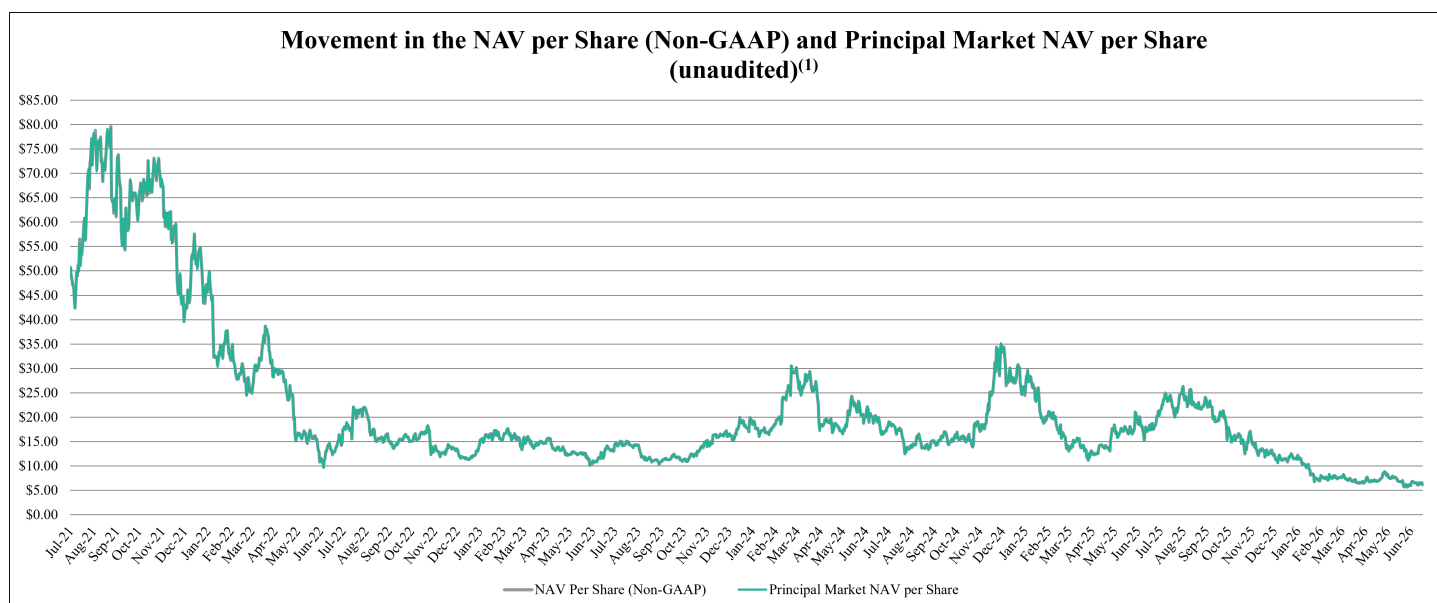
(2) Prior to April 1, 2026, the NAV and NAV per Share were calculated based on the Digital Asset Reference Rates of the Fund Components held by the Fund. From and after April 1, 2026, the NAV per Share is calculated based on the Index Prices of the Fund Components held by the Fund.

For accounting purposes, the Fund reflects creations and the Fund Components receivable with respect to such creations on the date of receipt of a notification of a creation but does not issue Shares until the requisite amount of Fund Components is received. At this time, the Fund is not accepting redemption requests from shareholders. Subject to receipt of regulatory approval from the SEC and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. The Fund currently has no intention of seeking regulatory approval to operate an ongoing redemption program.

Historical NAV and Fund Component Prices

As movements in the price of each Fund Component will directly affect the price of the Shares, investors should understand recent movements in the price of each Fund Component. Investors, however, should also be aware that past movements in each of the Fund Component prices are not indicators of future movements. Movements may be influenced by various factors, including, but not limited to, government regulation, security breaches experienced by service providers, as well as political and economic uncertainties around the world.

The following chart illustrates the movement in the Fund’s NAV per Share (as adjusted for the Reverse Share Split effective June 23, 2022) versus the Fund’s Principal Market NAV per Share (as adjusted for the Reverse Share Split effective June 23, 2022) from July 14, 2021 (the inception of the Fund’s operations) to June 30, 2026. For more information on the determination of the Fund’s NAV, see “Grayscale Decentralized Finance (DeFi) Fund LLC—Description of the Fund—Valuation of Digital Assets and Determination of the Fund’s NAV” in this Annual Report.



- (1) Prior to April 1, 2026, the NAV and NAV per Share were calculated based on the Digital Asset Reference Rates of the Fund Components held by the Fund. From and after April 1, 2026, the NAV per Share is calculated based on the Index Prices of the Fund Components held by the Fund.

Uniswap

The following table illustrates the movements in the Digital Asset Market price of UNI, as reported on the Fund's principal market for UNI, from July 14, 2021 (the inception of the Fund's operations) to June 30, 2026.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
Twelve months ended June 30, 2025	\$ 8.40	\$ 18.35	12/8/2024	\$ 4.79	5/7/2025	\$ 7.27	\$ 7.27
Twelve months ended June 30, 2026	\$ 5.80	\$ 12.04	8/13/2025	\$ 2.40	6/10/2026	\$ 2.78	\$ 2.78
July 14, 2021 (the inception of the Fund's operations) to June 30, 2026	\$ 8.60	\$ 30.63	9/1/2021	\$ 2.40	6/10/2026	\$ 2.78	\$ 2.78

Ondo

The following table illustrates the movements in the Digital Asset Market price of ONDO, as reported on the Fund's principal market for ONDO, from July 3, 2025 (when ONDO was added to the Fund) to June 30, 2026.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
July 3, 2025 to June 30, 2026	\$ 0.55	\$ 1.11	9/12/2025	\$ 0.23	2/5/2026	\$ 0.31	\$ 0.31

Aave

The following table illustrates the movements in the Digital Asset Market price of AAVE, as reported on the Fund's principal market for AAVE, from July 14, 2021 (the inception of the Fund's operations) to June 30, 2026

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
Twelve months ended June 30, 2025	\$ 197.98	\$ 394.48	12/16/2024	\$ 79.74	7/5/2024	\$ 282.97	\$ 282.97
Twelve months ended June 30, 2026	\$ 180.15	\$ 355.06	8/23/2025	\$ 59.90	6/6/2026	\$ 85.11	\$ 85.11
July 14, 2021 (the inception of the Fund's operations) to June 30, 2026	\$ 151.97	\$ 424.21	8/16/2021	\$ 47.34	6/18/2022	\$ 85.11	\$ 85.11

Ethena

The following table illustrates the movements in the Digital Asset Market price of ENA, as reported on the Fund's principal market for ENA, from May 1, 2026 (when ENA was added to the Fund) to June 30, 2026.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
May 1, 2026 to June 30, 2026	\$ 0.10	\$ 0.14	5/10/2026	\$ 0.07	6/30/2026	\$ 0.07	\$ 0.07

Curve

The following table illustrates the movements in the Digital Asset Market price of CRV, as reported on the Fund's principal market for CRV from July 14, 2021 (the inception of the Fund's operations) to January 3, 2024 and for the period from January 4, 2025 (when CRV was re-added to the Fund) to June 30, 2026.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
January 4, 2025 to June 30, 2025	\$ 0.62	\$ 1.06	1/4/2025	\$ 0.37	3/10/2025	\$ 0.53	\$ 0.53
Twelve months ended June 30, 2026	\$ 0.45	\$ 1.08	7/26/2025	\$ 0.18	6/5/2026	\$ 0.19	\$ 0.19
July 14, 2021 (the inception of the Fund's operations) to January 3, 2024 and January 4, 2025 to June 30, 2026	\$ 1.16	\$ 6.24	1/3/2022	\$ 0.18	6/5/2026	\$ 0.19	\$ 0.19

Lido DAO

The following table illustrates the movements in the Digital Asset Market price of LDO, as reported on the Fund's principal market for LDO from July 6, 2023 (when LDO was added to the Fund) to June 30, 2026.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
Twelve months ended June 30, 2025	\$ 1.27	\$ 2.32	1/31/2025	\$ 0.62	4/8/2025	\$ 0.76	\$ 0.76
Twelve months ended June 30, 2026	\$ 0.66	\$ 1.57	8/12/2025	\$ 0.24	6/30/2026	\$ 0.24	\$ 0.24
July 6, 2023 to June 30, 2026	\$ 1.40	\$ 3.84	1/10/2024	\$ 0.24	6/30/2026	\$ 0.24	\$ 0.24

Aerodrome

The following table illustrates the movements in the Digital Asset Market price of AERO, as reported on the Fund's principal market for AERO from October 3, 2025 to April 30, 2026 (when Aero was removed from the Fund).

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
October 3, 2025 to April 30, 2026	\$ 0.56	\$ 1.19	10/6/2025	\$ 0.28	2/11/2026	\$ 0.44	\$ 0.44

Maker

The following table illustrates the movements in the Digital Asset Market price of MKR, as reported on the Fund's principal market for MKR from July 14, 2021 to October 2, 2025 (when MKR was removed from the Fund).

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
Twelve months ended June 30, 2025	\$ 1,642.66	\$ 3,031.36	7/16/2024	\$ 893.73	2/9/2025	\$ 1,976.52	\$ 1,976.52
Twelve months ended October 2, 2025	\$ 1,821.94	\$ 2,301.76	7/27/2025	\$ 1,469.00	8/25/2025	\$ 1,666.49	\$ 1,666.49
July 14, 2021 (the inception of the Fund's operations) to October 2, 2025	\$ 1,645.71	\$ 4,020.62	3/31/2024	\$ 508.43	1/3/2023	\$ 1,666.49	\$ 1,666.49

PART E. ISSUANCE HISTORY

Item 16. List of securities offerings and shares issued for services in the past two years.

From July 14, 2021 (commencement of the Fund’s operations) to June 30, 2026, the Fund has offered the Shares pursuant to Rule 506 of Regulation D under the Securities Act. The Shares offered by the Fund have not been registered under the Securities Act, or any state or other securities laws, and were offered and sold only to “accredited investors” within the meaning of Rule 501(a) of Regulation D under the Securities Act, and in compliance with any applicable state or other securities laws.

The table below describes the Shares offered, the Shares sold and the average and range of prices at which the Shares were offered and sold by the issuer. All Shares initially offered and sold by the Fund are restricted securities pursuant to Rule 144 under the Securities Act. Until the Shares sold by the Fund become unrestricted in accordance with Rule 144, the certificates or other documents evidencing the Shares will contain legends stating that the Shares have not been registered under the Securities Act and referring to the restrictions on transferability and sale of the Shares under the Securities Act. Such legends are removed upon Shares becoming unrestricted in accordance with Rule 144. From the commencement of the Fund’s operations to June 30, 2026, no Shares, other securities of the Fund, or options to acquire such other securities were issued in exchange for services provided by any person or entity.

Period	Shares Offered	Shares Sold	No. of Purchasers	Avg.⁽¹⁾	High⁽¹⁾	Date	Low⁽¹⁾	Date
Twelve months ended June 30, 2025	Unlimited	3,600	2	\$ 18.42	\$ 34.88	12/12/2024	\$ 11.23	4/8/2025
Twelve months ended June 30, 2026	Unlimited	1,400	2	\$ 13.12	\$ 26.33	8/13/2025	\$ 5.70	6/10/2026

(1) The prices reflected represent the Index Prices (non-GAAP methodology)

PART F. EXHIBITS

Item 17. Material Contracts.

Description of the LLC Agreement

The following is a description of the material terms of the LLC Agreement. The LLC Agreement establishes the roles, rights and duties of the Manager and the Fund.

The Manager

Liability of the Manager and Indemnification

Neither the Manager nor the Fund insures the Fund's digital assets. The Manager and its affiliates (each a "Covered Person") will not be liable to the Fund or any shareholder for any loss suffered by the Fund which arises out of any action or inaction of such Covered Person if such Covered Person determined in good faith that such course of conduct was in the best interests of the Fund. However, the preceding liability exclusion will not protect any Covered Person against any liability resulting from its own actual fraud, willful misconduct, bad faith or gross negligence in the performance of its duties.

Each Covered Person will be indemnified by the Fund against any loss, judgment, liability, expense incurred or amount paid in settlement of any claim sustained by it in connection with the Covered Person's activities for the Fund, provided that (i) such Covered Person was acting on behalf of, or performing services for, the Fund and had determined, in good faith, that such course of conduct was in the best interests of the Fund and such liability or loss was not the result of actual fraud, gross negligence, bad faith, willful misconduct or a material breach of the LLC Agreement on the part of such Covered Person and (ii) any such indemnification will be recoverable only from the property of the Fund. Any amounts payable to an indemnified party will be payable in advance under certain circumstances.

Fiduciary and Regulatory Duties of the Manager

The Manager has duties (including fiduciary duties) and liabilities relating thereto to the Fund. In fulfilling its duties, the Manager may take into account such factors as the Manager deems appropriate or necessary. The general fiduciary duties that apply to the Manager are defined and limited in scope by the LLC Agreement.

In addition to any other requirements of applicable law, Section 7.4 of the LLC Agreement provides that no shareholder will have the right, power or authority to bring or maintain a derivative action, suit or other proceeding on behalf of the Fund unless two or more shareholders who (i) are not affiliates of one another and (ii) collectively hold at least 10.0% of the outstanding Shares join in the bringing or maintaining of such action, suit or other proceeding.

This provision applies to any derivative action brought in the name of the Fund other than claims brought under the federal securities laws or the rules and regulations thereunder, to which Section 7.4 does not apply. Due to this additional requirement, a shareholder attempting to bring a derivative action in the name of the Fund will be required to locate other shareholders with which it is not affiliated and that have sufficient Shares to meet the 10.0% threshold based on the number of Shares outstanding on the date the claim is brought and thereafter throughout the duration of the action, suit or proceeding.

Any shareholders seeking to bring a derivative action may determine whether the 10.0% ownership threshold required to bring a derivative action has been met by dividing the number Shares owned by such shareholders by the total number of Shares outstanding. Shareholders may determine the total number of Shares outstanding by reviewing the annual and quarterly filings with OTC Markets. Shareholders may monitor the number of Shares outstanding at any time from the Manager pursuant to Sections 7.2 and 8.1 of the LLC Agreement. The Fund offers Shares on a periodic basis at such times and for such periods as the Manager determines in its sole discretion. As a result, in order to maintain the 10.0% ownership threshold required to maintain a derivative action, shareholders may need to increase their holdings or locate additional shareholders during the pendency of a claim.

Actions Taken to Protect the Fund

The Manager may prosecute, defend, settle or compromise actions or claims at law or in equity that it considers necessary or proper to protect the Fund or the interests of the shareholders. The expenses incurred by the Manager in connection therewith (including the fees and disbursements of legal counsel) will be expenses of the Fund and are deemed to be Additional Fund Expenses. The Manager will be entitled to be reimbursed for the Additional Fund Expenses it pays on behalf of the Fund.

Successor Managers

In the event that the filing of a certificate of dissolution or revocation of the Manager's charter (and the expiration of 90 days after the date of notice to the Manager of revocation without a reinstatement of its charter) or the withdrawal, removal, adjudication or admission of bankruptcy or insolvency of the Manager has occurred, shareholders holding Shares representing at least a majority (over 50%) of the Shares may vote to appoint one or more successor managers. If the Manager withdraws and a successor manager is named, the withdrawing manager shall pay all expenses as a result of its withdrawal and make such filings with the Registrar as are necessary to appoint the successor manager.

Possible Repayment of Distributions Received by Shareholders; Indemnification by Shareholders

The Shares are limited liability investments. Investors may not lose more than the amount that they invest plus any profits recognized on their investment. Although it is unlikely, the Manager may, from time to time, make distributions to the shareholders. However, shareholders could be required, as a matter of bankruptcy law, to return to the estate of the Fund any distribution they received at a time when the Fund was in fact insolvent or in violation of its LLC Agreement. In addition, the LLC Agreement provides that shareholders will indemnify the Fund for any harm suffered by it as a result of shareholders' actions unrelated to the activities of the Fund.

Holding of Fund Property

The Fund will hold and record the ownership of the Fund's assets in a manner such that it will be owned for the benefit of the shareholders for the purposes of, and subject to and limited by the terms and conditions set forth in, the LLC Agreement. The Fund will not create, incur or assume any indebtedness or borrow money from or loan money to any person. The Manager may not commingle the Fund's assets with those of any other person, provided that any delay between the sale of assets to a third party and transfer of such assets from the Cash Account or Custodial Accounts to such third party in settlement of such sale will not be deemed to be a contravention of this prohibition.

Amendments to the LLC Agreement

In general, the Manager may amend the LLC Agreement without the consent of any shareholder. However, no amendments to the LLC Agreement that materially adversely affect the interests of shareholders may be made without the vote of at least a majority (over 50%) of the Shares (not including any Shares held by the Manager or its affiliates). A shareholder will be deemed to have consented to a modification or amendment of the LLC Agreement if the Manager has notified the shareholders in writing of the proposed modification or amendment and the shareholder has not, within 20 calendar days of such notice, notified the Manager in writing the shareholder objects to such modification or amendment.

Termination of the Fund

Pursuant to the terms of the LLC Agreement, the Fund is required to dissolve under certain circumstances. In addition, the Manager may, in its sole discretion, dissolve the Fund for a number of reasons, including if the Manager determines, in its sole discretion, that it is desirable or advisable for any reason to discontinue the affairs of the Fund.

Upon dissolution of the Fund and surrender of Shares by the shareholders, shareholders will receive a distribution in U.S. dollars or in digital assets, at the sole discretion of the Manager, after the Manager has sold the Fund's Digital Assets, if applicable, and has paid or made provision for the Fund's claims and obligations.

Governing Law

The LLC Agreement and the rights of the Manager and shareholders under the LLC Agreement are governed by the laws of the Cayman Islands.

Description of the Custodian Agreement

The Custodian Agreement establishes the rights and responsibilities of the Custodian, Manager, the Fund and Authorized Participants with respect to the Fund's digital assets in the Digital Asset Accounts, which is maintained and operated by the Custodian on behalf of the Fund. For a general description of the Custodian's obligations, see "The Custodian—The Custodian's Role."

Account; Location of Digital Assets

The Fund's Digital Asset Accounts are segregated custody accounts controlled and secured by the Custodian to store private keys, which allow for the transfer of ownership or control the Fund Components, on the Fund's behalf. Private key shards associated with the Fund Components are distributed geographically by the Custodian in secure vaults around the world, including in the United States. The locations of the secure vaults may change regularly and are kept confidential by the Custodian for security purposes. The Custodian requires written approval of the Fund prior to changing the location of the private key shards, and therefore the Fund Components, to a location outside of the United States. The Digital Asset Accounts use offline storage, or cold storage, mechanisms to secure the Fund's private keys. The term cold storage refers to a safeguarding method by which the private keys corresponding to digital assets are disconnected and/or deleted entirely from the internet.

The Custodian Agreement states that the Custodian serves as a fiduciary and custodian on the Fund's behalf, and the digital assets in the Digital Asset Accounts are considered fiduciary assets that remain the Fund's property at all times and are not treated as general assets of the Custodian. Under the Custodian Agreement, the Custodian represents and warrants that it has no right, interest, or title in the digital assets held in the Digital Asset Accounts, and agrees that it will not, directly or indirectly, lend, pledge, hypothecate or rehypothecate such digital assets. The Custodian does not reflect such digital assets as assets on the balance sheet of the Custodian, but does reflect the obligation to safeguard such digital assets with a corresponding asset measured at fair value for such obligation. The Custodian Agreement also contains an agreement by the parties to treat the digital assets credited to the Fund's Digital Asset Accounts as financial assets under Article 8 of the New York Uniform Commercial Code ("Article 8"). The Custodian's parent, Coinbase Global Inc., has stated in its public securities filings that in light of the inclusion in its custody agreements of provisions relating to Article 8 it believes that a court would not treat custodied digital assets as part of its general estate, although due to the novelty of digital assets courts have not yet considered this type of treatment for custodied digital assets. See "Risk Factors—Risk Factors Related to the Fund and the Shares—The Fund relies on third party service providers to perform certain functions essential to the affairs of the Fund and the replacement of such service providers could pose challenges to the safekeeping of the Fund's digital assets and to the operations of the Fund."

Insurance

Pursuant to the terms of the Custodian Agreement, the Custodian is required to maintain insurance in such types and amounts as are commercially reasonable for the custodial services provided by the Custodian. The Custodian has advised the Manager that it has insurance coverage pursuant to policies held by the Custodian ultimate parent Coinbase Global, Inc. ("Coinbase Global"), which procures fidelity (or crime) insurance coverage at commercially reasonable amounts for the custodial services provided. This insurance coverage is limited to losses of the digital assets the Custodian custodies on behalf of its clients, including the Fund Components, resulting from theft, including theft by employees of Coinbase or its subsidiaries and theft or fraud by a director of Coinbase if the director is acting in the capacity of an employee of Coinbase or its subsidiaries.

Moreover, while the Custodian maintains certain capital reserve requirements depending on the assets under custody and to the extent required by applicable law, and such capital reserves may provide additional means to cover client asset losses, the Manager does not know the amount of such capital reserves, and neither the Fund nor the Manager have access to such information. The Fund cannot be assured that the Custodian will maintain capital reserves sufficient to cover losses with respect to the Fund's digital assets. Furthermore, Coinbase has represented in securities filings that the total value of crypto assets in its possession and control is significantly greater than the total value of insurance coverage that would compensate Coinbase in the event of theft or other loss of funds.

Deposits, Withdrawals and Storage; Access to the Digital Asset Accounts

The Custodial Services (i) allow digital assets to be deposited from a public blockchain address to the Digital Asset Accounts and (ii) allow the Fund or Manager to withdraw digital assets from the Digital Asset Accounts to a public blockchain address the Fund or the Manager controls (each such transaction is a “Custody Transaction”).

The Custodian reserves the right to refuse to process or to cancel any pending Custody Transaction as required by law or in response to a subpoena, court order, or other binding government order or to enforce transaction, threshold, and condition limits, in each case as communicated to the Fund and the Manager as soon as reasonably practicable where the Custodian is permitted to do so, or if the Custodian reasonably believes that the Custody Transaction may violate or facilitate the violation of an applicable law, regulation or applicable rule of a governmental authority or self-regulatory organization. The Custodian may suspend or restrict the Fund’s and Manager’s access to the Custodial Services, and/or deactivate, terminate or cancel the Digital Asset Accounts if the Fund or Manager taken certain actions, including any Prohibited Use or Prohibited Business as set forth in the Custodian Agreement, or if the Custodian is required to do so by a subpoena, court order, or other binding government order.

From the time the Custodian has verified the authorization of a complete set of instructions to withdraw digital assets from the Digital Asset Accounts, the Custodian will have up to forty-eight (48) hours to process and complete such withdrawal. The Custodian will ensure that initiated deposits are processed in a timely manner but the Custodian makes no representations or warranties regarding the amount of time needed to complete processing which is dependent upon many factors outside of the Custodian’s control.

Subject to certain exceptions in the Custodian Agreement, the Fund, the Manager and their authorized representatives will be able to access the Digital Asset Accounts via the Custodian’s website in order to check information about the Digital Asset Accounts, deposit digital assets to the Digital Asset Accounts or initiate a Custody Transaction (subject to the timing described above).

The Custodian makes no other representations or warranties with respect to the availability and/or accessibility of digital assets or the availability and/or accessibility of the Digital Asset Accounts or Custodial Services.

Subject to any legal and regulatory requirements, in order to support the Fund’s ordinary course of deposits and withdrawals, which involves, or will in the future involve, deposits from and withdrawals to digital assets accounts owned by any Authorized Participant, or a Liquidity Provider, the Custodian will use commercially reasonable efforts to cooperate with the Fund and Manager to design and put in place via the Custodial Services a secure procedure to allow Authorized Participants to receive a digital asset address for deposits by Authorized Participants, or Liquidity Providers, and to initiate withdrawals to digital asset addresses controlled by Authorized Participants or Liquidity Providers.

The Custodian Agreement further provides that the Fund’s and the Manager’s auditors or third-party accountants upon 30 days’ advance written notice, have inspection rights to inspect, take extracts from and audit the records maintained with respect to the Digital Asset Accounts. Such auditors or third-party accountants are not obligated under the Custodian Agreement to exercise their inspection rights.

Standard of Care; Limitations of Liability

The Custodian will use best efforts to keep in safe custody on behalf of the Fund all digital assets received by the Custodian. The Custodian is liable to the Manager and the Fund for the loss of any digital assets to the extent that the Custodian directly caused such loss through a breach of the Custodian Agreement, and the Custodian is required to return to the Fund a quantity equal to the quantity of any such lost digital assets. In addition, if the Fund or the Manager is unable to timely withdraw digital assets from the Digital Asset Accounts due to the Custodian’s systems being offline or otherwise unavailable for a period of 48 hours or more, the Custodian will use its best efforts to provide the Manager and the Fund with an amount of digital assets that is equivalent to any pending withdrawal amounts in order to permit the Manager and the Fund to carry on processing withdrawals.

The Custodian’s or Fund’s total liability under the Custodian Agreement will never exceed the greater of the value of the digital assets on deposit in the Digital Asset Accounts at the time of, and directly relating to, the events giving rise to the liability occurred, the value of which will be determined in accordance with the Custodian Agreement. In addition, for as long as a cold storage address for the Fund’s Digital Asset Account holds digital assets with a value in excess of the Cold Storage Threshold for a period of five consecutive business days or more without being reduced to the Cold Storage Threshold or lower, the Custodian’s maximum liability for such cold storage address shall be limited to the Cold Storage

Threshold. The Manager monitors the value of digital assets deposited in cold storage addresses for whether the Cold Storage Threshold has been met by determining the U.S. dollar value of digital assets deposited in each cold storage address on business days. Although the Cold Storage Threshold has never been met for a given cold storage address, to the extent it is met and not reduced within five business days, the Fund would not have a claim against the Custodian with respect to the digital assets held in such address to the extent the value exceeds the Cold Storage Threshold. The Custodian or Fund are not liable to each other for any lost profits or any special, incidental, indirect, intangible, or consequential damages, whether based in contract, tort, negligence, strict liability or otherwise, and whether or not the Custodian has been advised of such losses or the Custodian knew or should have known of the possibility of such damages.

Furthermore, the Custodian is not liable for delays, suspension of operations, whether temporary or permanent, failure in performance, or interruption of service which result directly or indirectly from any cause or condition beyond the reasonable control of the Custodian, including but not limited to, any delay or failure due to any act of God, natural disasters, act of civil or military authorities, act of terrorists, including but not limited to cyber-related terrorist acts, hacking, government restrictions, trading platform or market rulings, civil disturbance, war, strike or other labor dispute, fire, interruption in telecommunications or internet services or network provider services, failure of equipment and/or software, other catastrophe or any other occurrence which is beyond the reasonable control of the Custodian and will not affect the validity and enforceability of any remaining provisions. For the avoidance of doubt, a cybersecurity attack, hack or other intrusion by a third party or by someone associated with the Custodian is not a circumstance that is beyond the Custodian's reasonable control, to the extent due to the Custodian's failure to comply with its obligations under the Custodian Agreement.

The Custodian does not bear any liability, whatsoever, for any damage or interruptions caused by any computer viruses, spyware, scareware, Trojan horses, worms or other malware that may affect the Manager's or the Fund's computer or other equipment, or any phishing, spoofing or other attack, unless such damage or interruption originated from the Custodian due to its negligence, fraud, willful misconduct or breach of the Custodian Agreement.

Indemnity

Each of the Custodian and the Fund has agreed to indemnify and hold harmless the other such parties from any third-party claim or third-party demand (including reasonable and documented attorneys' fees and any fines, fees or penalties imposed by any regulatory authority) arising out of the Custodian's or the Fund's, as the case may be, breach of the Custodian Agreement, inaccuracy in any of the Custodian's or the Fund's, as the case may be, representations or warranties in the Custodian Agreement, or the Custodian's or the Fund's, as the case may be, knowing, in the case of the Custodian, violation of any law, rule or regulation, or the rights of any third party, except where such claim directly results from the gross negligence, fraud or willful misconduct of the other such party. In addition, the Fund has agreed to indemnify the Custodian with respect to any Forked Assets abandoned by the Fund and any tax liability relating thereto or arising therefrom.

Fees and Expenses

The "Custodian Fee" is an annualized fee charged monthly that is a percentage of the Fund's monthly assets under custody. Following the second anniversary of the Custodian Agreement, the fee may be adjusted by the Custodian with at least six months' advance notice. Any changes to the fee will be agreed to by the Fund and the Manager and the Custodian in writing. To the extent the parties cannot reach an agreement regarding any modifications in pricing, either party may elect to terminate the Custodian Agreement. It is the Fund's and the Manager's sole responsibility to determine whether, and to what extent, any taxes apply to any deposits or withdrawals conducted through the Custodial Services.

Term; Renewal

Subject to each party's termination rights, the Custodian Agreement is for a term of two years. Thereafter, the Custodian Agreement automatically renews for successive terms of one year, unless either party elects not to renew, by providing no less than thirty days' written notice to the other party prior to the expiration of the then-current term, or unless terminated earlier as provided herein.

Termination

During the initial term, either party may terminate the Custodian Agreement for Cause (as defined below) at any time by written notice to the other party, effective immediately, or on such later date as may be specified in the notice. “Cause” is defined as if: (i) such other party commits any material breach of any of its obligations under the Custodian Agreement; (ii) such other party is adjudged bankrupt or insolvent, or there is commenced against such party a case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or such party files an application for an arrangement with its creditors, seeks or consents to the appointment of a receiver, administrator or other similar official for all or any substantial part of its property, admits in writing its inability to pay its debts as they mature, or takes any corporate action in furtherance of any of the foregoing, or fails to meet applicable legal minimum capital requirements; or (iii) with respect to the Fund’s and the Manager’s right to terminate, any applicable law, rule or regulation or any change therein or in the interpretation or administration thereof has or may have a material adverse effect on the rights of the Fund, the Manager or any of their respective beneficiaries with respect to any services covered by the Custodian Agreement.

After the initial term, either party may terminate the Custodian Agreement (i) upon ninety (90) days’ prior written notice to the other party and (ii) for Cause at any time by written notice to the other party, effective immediately, or on such later date as may be specified in the notice.

Notwithstanding the foregoing, the Manager and the Fund may cancel the Digital Asset Accounts at any time by withdrawing all balances and contacting the Custodian. Upon termination of the Custodian Agreement, the Custodian will promptly upon the Manager’s or the Fund’s order deliver or cause to be delivered all digital assets held or controlled by the Custodian as of the effective date of termination, together with such copies of the records maintained pursuant to the Custodian Agreement and as the Manager and the Fund requests in writing.

Governing Law

The Custodian Agreement is governed by New York law.

Item 18. Certificate of Registration and Limited Liability Company Agreement.

The Certificate of Registration of the Fund and the Amended and Restated Limited Liability Company Agreement of Grayscale Decentralized Finance (DeFi) Fund LLC, dated as of June 30, 2021, is attached as Exhibit 2 to the Information and Disclosure Statement filed with OTC Markets Group Inc. on December 8, 2022. Amendment No. 1 to the Amended and Restated Limited Liability Company Agreement of Grayscale Decentralized Finance (DeFi) Fund LLC, dated as of March 22, 2024, is attached as Exhibit 2 to the Annual Report filed with the OTC Markets Group Inc. on September 12, 2025.

Item 19. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

There have been no open market purchases of the Fund’s Shares by Affiliated Purchasers and there are no programs that currently authorize Affiliated Purchasers to make such open market purchases. Any ownership of the Fund’s Shares by Related Parties are the result of Shares being issued by the Fund to Affiliated Purchasers in the ordinary course of operations and at terms consistent with those available to investors that are not Related Parties.

Item 20. Issuer's Certifications.

Certification

I, Peter Mintzberg, certify that:

1. I have reviewed the Annual Report, exhibits, and all notes thereto of Grayscale Decentralized Finance (DeFi) Fund LLC;
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Annual Report.

Dated: September 3, 2026

/s/ Peter Mintzberg

By: Peter Mintzberg
Title: Chief Executive Officer
(Principal Executive Officer)
of Grayscale Investments Sponsors, LLC*

*Signing in their capacity as an officer of Grayscale Investments Sponsors, LLC.

Certification

I, Kathryn Masci, certify that:

1. I have reviewed the Annual Report, exhibits, and all notes thereto of Grayscale Decentralized Finance (DeFi) Fund LLC;
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Annual Report.

Dated: September 3, 2026

/s/ Kathryn Masci

By: Kathryn Masci
Title: Interim Chief Financial Officer
(Principal Financial and Accounting Officer)
of Grayscale Investments Sponsors, LLC*

*Signing in their capacity as an officer of Grayscale Investments Sponsors, LLC.

Exhibit 1

Audited Financial Statements for the Years Ended June 30, 2026 and 2025

FINANCIAL STATEMENTS

Grayscale Decentralized Finance (DeFi) Fund LLC
For the Years Ended June 30, 2026 and 2025
With Independent Auditors' Report

The logo consists of a series of overlapping triangles in shades of purple, blue, and orange, arranged in a geometric pattern on the left side of the banner.

Grayscale DeFi Fund

Grayscale Decentralized Finance (DeFi) Fund LLC
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Independent Auditors' Report

To the Shareholders and Manager of
Grayscale Decentralized Finance (DeFi) Fund LLC:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grayscale Decentralized Finance (DeFi) Fund LLC (the Fund), which comprise the statements of assets and liabilities, including the schedules of investments, as of June 30, 2026 and June 30, 2025, and the related statements of operations and changes in net assets for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of June 30, 2026 and June 30, 2025, and the results of its operations and changes in its net assets for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

/s/ KPMG LLP

New York, New York
September 3, 2026

Grayscale Decentralized Finance (DeFi) Fund LLC
Statements of Assets and Liabilities

	June 30,	
	2026	2025
(Amounts in U.S. dollars, except Share and per Share amounts)		
Assets:		
Investments in digital assets, at fair value (cost \$5,395,137 and \$6,681,784 as of June 30, 2026 and 2025, respectively)	\$ 1,474,288	\$ 4,407,775
Total assets	<u>\$ 1,474,288</u>	<u>\$ 4,407,775</u>
Liabilities:		
Manager's Fee payable, related party	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>
Net assets	<u>\$ 1,474,288</u>	<u>\$ 4,407,775</u>
Shares issued and outstanding, no par value (unlimited Shares authorized)	<u>238,960</u>	<u>237,560</u>
Principal Market NAV per Share	<u>\$ 6.17</u>	<u>\$ 18.55</u>

See accompanying notes to the financial statements.

Grayscale Decentralized Finance (DeFi) Fund LLC
Schedules of Investments

June 30, 2026

	Quantity	Cost	Fair Value	% of Net Assets
Investment in UNI	180,204.98641274	\$ 2,692,583	\$ 501,150	33.99%
Investment in ONDO	1,204,904.32465336	\$ 813,263	\$ 375,315	25.46%
Investment in AAVE	3,812.22586527	\$ 844,849	\$ 324,458	22.01%
Investment in ENA	2,163,191.16576721	\$ 222,152	\$ 153,154	10.39%
Investment in CRV	372,773.04055706	\$ 402,675	\$ 70,380	4.77%
Investment in LDO	210,258.71587052	\$ 419,615	\$ 49,831	3.38%
Total Investments		<u>\$ 5,395,137</u>	<u>\$ 1,474,288</u>	<u>100.00%</u>
Net assets			<u><u>\$ 1,474,288</u></u>	<u><u>100.00%</u></u>

June 30, 2025

	Quantity	Cost	Fair Value	% of Net Assets
Investment in UNI	230,116.42060115	\$ 3,640,620	\$ 1,672,945	37.96%
Investment in AAVE	5,643.16185514	\$ 1,250,505	\$ 1,596,846	36.23%
Investment in MKR	316.98914101	\$ 588,295	\$ 626,535	14.21%
Investment in CRV	488,463.08243337	\$ 530,216	\$ 256,639	5.82%
Investment in LDO	335,718.31339721	\$ 672,148	\$ 254,810	5.78%
Total Investments		<u>\$ 6,681,784</u>	<u>\$ 4,407,775</u>	<u>100.00%</u>
Net assets			<u><u>\$ 4,407,775</u></u>	<u><u>100.00%</u></u>

See accompanying notes to the financial statements.

Grayscale Decentralized Finance (DeFi) Fund LLC
Statements of Operations

	Years Ended June 30,	
	2026	2025
(Amounts in U.S. dollars)		
Investment income:		
Investment income	\$ -	\$ -
Expenses:		
Manager's Fee, related party	78,170	107,806
Net investment loss	(78,170)	(107,806)
Net realized and unrealized loss on investments in digital assets:		
Net realized loss on investments in digital assets	(1,230,451)	(117,573)
Net change in unrealized appreciation/depreciation on investments in digital assets	(1,646,840)	19,582
Net realized and unrealized loss on investments	(2,877,291)	(97,991)
Net decrease in net assets resulting from operations	\$ (2,955,461)	\$ (205,797)

See accompanying notes to the financial statements.

Grayscale Decentralized Finance (DeFi) Fund LLC
Statements of Changes in Net Assets

	Years Ended June 30,	
	2026	2025
(Amounts in U.S. dollars, except change in Shares outstanding)		
Decrease in net assets from operations:		
Net investment loss	\$ (78,170)	\$ (107,806)
Net realized loss on investments in digital assets	(1,230,451)	(117,573)
Net change in unrealized appreciation/depreciation on investments in digital assets	(1,646,840)	19,582
Net decrease in net assets resulting from operations	<u>(2,955,461)</u>	<u>(205,797)</u>
Increase in net assets from capital share transactions:		
Shares issued	<u>21,974</u>	<u>59,547</u>
Net increase in net assets resulting from capital share transactions	<u>21,974</u>	<u>59,547</u>
Total decrease in net assets from operations and capital share transactions	<u>(2,933,487)</u>	<u>(146,250)</u>
Net assets:		
Beginning of period	<u>4,407,775</u>	<u>4,554,025</u>
End of period	<u>\$ 1,474,288</u>	<u>\$ 4,407,775</u>
Change in Shares outstanding:		
Shares outstanding at beginning of period	<u>237,560</u>	<u>233,960</u>
Shares issued	<u>1,400</u>	<u>3,600</u>
Net increase in Shares	<u>1,400</u>	<u>3,600</u>
Shares outstanding at end of period	<u>238,960</u>	<u>237,560</u>

See accompanying notes to financial statements

Grayscale Decentralized Finance (DeFi) Fund LLC

Notes to the Financial Statements

1. Organization

Grayscale Decentralized Finance (DeFi) Fund LLC (the “Fund”) was constituted as a Cayman Islands limited liability company on June 10, 2021 (the inception of the Fund) and commenced operations on July 14, 2021. In general, the Fund will hold digital assets. Digital assets eligible for inclusion in the Fund’s portfolio consist of digital assets that comprise the CoinDesk DeFi Select Index (the “DFX”), as rebalanced from time to time, subject to the Manager’s discretion to exclude individual digital assets in certain cases. The DFX is designed and managed by CoinDesk Indices, Inc. (the “Index Provider”), as discussed in Note 4. As of June 30, 2025, the digital assets included in the Fund’s portfolio were: Uniswap (“UNI”), Aave (“AAVE”), Maker (“MKR”), Lido DAO (“LDO”), and Curve (“CRV”). As of June 30, 2026, the digital assets included in the Fund’s portfolio were: Uniswap (“UNI”), Ondo (“ONDO”), Aave (“AAVE”), Ethena (“ENA”), Curve (“CRV”), and Lido DAO (“LDO”) (collectively, the “Fund Components”). On a quarterly basis during a period beginning 30 days before the last business day of each January, April, July and October (each such period, an “Index Rebalancing Period”), the Manager performs an analysis and may rebalance the Fund’s portfolio based on these results in accordance with policies and procedures as set forth in the Fund’s Limited Liability Company Agreement, as amended by Amendment No. 1 thereto and as the same may be further amended from time to time (the “LLC Agreement”). The Fund is authorized under the LLC Agreement to create and issue an unlimited number of equal, fractional, undivided interests in the profits, losses, distributions, capital and assets of, and ownership of, the Fund (“Shares”) (in minimum baskets of 100 Shares, referred to as “Baskets”) in connection with creations. The redemption of Shares is not currently contemplated and the Fund does not currently operate a redemption program. The Fund currently has no intention of seeking regulatory approval to operate an ongoing redemption program. The Fund’s investment objective is to hold the digital assets that make up the DFX and for the value of the Shares to reflect the value of such Fund Components at any given time, less the Fund’s expenses and other liabilities.

From time to time, the Fund may hold cash in U.S. dollars and positions in digital assets as a result of a fork, airdrop or similar event through which the Fund becomes entitled to another digital asset or other property by virtue of its ownership of one or more of the digital assets it then holds (each such new asset, a “Forked Asset”).

Grayscale Investments, LLC (“GSI”) was the manager of the Fund before January 1, 2025, Grayscale Operating, LLC (“GSO”), was the co-manager of the Fund from January 1, 2025 to May 3, 2025, and Grayscale Investments Sponsors, LLC (“GSIS” or the “Manager”), was the co-manager of the Fund from January 1, 2025 to May 3, 2025 and is the sole remaining manager thereafter. GSI was, and each of GSO and GSIS are, a consolidated subsidiary of Digital Currency Group, Inc. (“DCG”). The Manager is responsible for the day-to-day administration of the Fund pursuant to the provisions of the LLC Agreement. The Manager is responsible for preparing and providing annual and quarterly reports on behalf of the Fund to investors and is also responsible for selecting and monitoring the Fund’s service providers. As partial consideration for the Manager’s services, the Fund pays a fee to the Manager, calculated as 2.5% of the aggregate value of the Fund’s digital asset holdings, less its liabilities (which include any accrued but unpaid expenses up to, but excluding, the date of calculation), as calculated and published by the Manager or its delegates in the manner set forth in the LLC Agreement (the “Manager’s Fee”). The Manager also acts as the sponsor and manager of other single-asset and diversified investment products, each of which is an affiliate of the Fund. Information related to the affiliated investment products can be found on the Manager’s website at www.grayscale.com/resources/regulatory-filings. Any information contained on or linked from such website is not part of nor incorporated by reference into these audited financial statements.

Authorized Participants of the Fund (the “Authorized Participants”) are the only entities who may place orders to create or, if permitted, redeem Baskets. Grayscale Securities, LLC (“Grayscale Securities” or, in such capacity, an “Authorized Participant”), a registered broker-dealer and affiliate of the Manager, is the only Authorized Participant, and is party to a participant agreement with the Manager and the Fund. Additional Authorized Participants may be added at any time, subject to the discretion of the Manager. Service providers that facilitates the purchase of digital assets in connection with the creation of Baskets (the “Liquidity Providers”) who are unaffiliated with the Fund may be engaged from time to time and at any time.

The custodian of the Fund is Coinbase Custody Trust Company, LLC (the “Custodian”), a third-party service provider. The Custodian is responsible for safeguarding the Fund Components and Forked Assets held by the Fund, and holding the private key(s) that provide access to the Fund’s digital wallets and vaults.

Grayscale Decentralized Finance (DeFi) Fund LLC
Notes to the Financial Statements

The transfer agent for the Fund (the “Transfer Agent”) is Continental Stock Transfer & Trust Company. The responsibilities of the Transfer Agent are to maintain creations, redemptions, transfers, and distributions of the Fund’s Shares which are primarily held in book-entry form.

On July 14, 2021, the Fund registered with the Cayman Islands Monetary Authority (the “Authority”) (reference number: 1894701). The Fund is registered and regulated as a private fund under the Private Funds Act (As Revised) of the Cayman Islands (the “Private Funds Act”).

The Fund’s Shares have traded on OTC Markets since December 22, 2022. The Fund’s trading symbol on OTCQB is “DEFG” and the CUSIP number for its Shares is G4070G104.

2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund:

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”). The Fund qualifies as an investment company for accounting purposes pursuant to the accounting and reporting guidance under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, *Financial Services—Investment Companies*. The Fund uses fair value as its method of accounting for digital assets in accordance with its classification as an investment company for accounting purposes. The Fund is not a registered investment company under the Investment Company Act of 1940, as amended (the “Investment Company Act”). U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates and these differences could be material.

The Fund conducts its transactions in Fund Components, including receiving Fund Components for the creation of Shares and delivering Fund Components for the redemption of Shares and for the payment of the Manager’s Fee. At this time, the Fund is not accepting redemption requests from shareholders. Since its inception, the Fund has not held cash or cash equivalents. The Manager will determine the Fund’s net asset value (“NAV”) on each business day as of 4:00 p.m., New York time, or as soon thereafter as practicable.

Principal Market and Fair Value Determination

To determine which market is the Fund’s principal market for each Fund Component (or in the absence of a principal market, the most advantageous market) for purposes of calculating the Fund’s net asset value in accordance with U.S. GAAP (“Principal Market NAV”), the Fund follows ASC Topic 820-10, *Fair Value Measurement*, which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for each Fund Component in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Fund to assume that each Fund Component is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact.

The Fund only receives Fund Components in connection with a creation order from the Authorized Participant (or a Liquidity Provider) and does not itself transact on any Digital Asset Markets. Therefore, the Fund looks to market-based volume and level of activity for Digital Asset Markets. The Authorized Participant(s), or a Liquidity Provider, may transact in a Brokered Market, a Dealer Market, Principal-to-Principal Markets and Exchange Markets (referred to as “Trading Platform Markets” in this Annual Report), each as defined in the FASB ASC Master Glossary (collectively, “Digital Asset Markets”).

In determining which of the eligible Digital Asset Markets is the Fund’s principal market, the Fund reviews these criteria in the following order:

First, the Fund reviews a list of Digital Asset Markets that maintain practices and policies designed to comply with anti-money laundering and know-your-customer regulations, and non-Digital Asset Trading Platform Markets that the Fund

Grayscale Decentralized Finance (DeFi) Fund LLC
Notes to the Financial Statements

reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each market.

Second, the Fund sorts these Digital Asset Markets from high to low by market-based volume and level of activity of each Fund Component traded on each Digital Asset Market in the trailing twelve months.

Third, the Fund then reviews pricing fluctuations and the degree of variances in price on Digital Asset Markets to identify any material notable variances that may impact the volume or price information of a particular Digital Asset Market.

Fourth, the Fund then selects a Digital Asset Market as its principal market based on the highest market-based volume, level of activity and price stability in comparison to the other Digital Asset Markets on the list. Based on information reasonably available to the Fund, Trading Platform Markets have the greatest volume and level of activity for the Fund Components. The Fund therefore looks to accessible Trading Platform Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market for each Fund Component. As a result of the aforementioned analysis, a Trading Platform Market has been selected as the Fund's principal market for each Fund Component.

The Fund determines its principal market (or in the absence of a principal market the most advantageous market) annually and conducts a quarterly analysis to determine (i) if there have been recent changes to each Digital Asset Market's trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Fund has access to, or (iii) if recent changes to each Digital Asset Market's price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Fund's determination of its principal market.

Investment Transactions and Revenue Recognition

The Fund considers investment transactions to be the receipt of Fund Components for Share creations and the delivery of Fund Components for Share redemptions, or for the payment of expenses in Fund Components or the sale of Fund Components when the Manager rebalances the Fund's portfolio. At this time, the Fund is not accepting redemption requests from shareholders. The Fund records its investment transactions on a trade date basis and changes in fair value are reflected as net change in unrealized appreciation or depreciation on investments. Realized gains and losses are calculated using the specific identification method. Realized gains and losses are recognized in connection with transactions including settling obligations for the Manager's Fee and selling Fund Component(s) when the Manager rebalances the Fund's portfolio.

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.

U.S. GAAP utilizes a fair value hierarchy for inputs 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 be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

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. Since valuations are based on quoted prices that are readily and regularly available in an active market, these valuations do not entail a significant degree of judgment.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Grayscale Decentralized Finance (DeFi) Fund LLC
Notes to the Financial Statements

The availability of valuation techniques and observable inputs can vary by investment. To the extent that valuations are based on sources that are less observable or unobservable in the market, the determination of fair value requires more judgment. Fair value estimates do not necessarily represent the amounts that may be ultimately realized by the Fund.

		Fair Value Measurement Using		
	Amount at Fair Value	Level 1	Level 2	Level 3
June 30, 2026				
Assets				
Investment in UNI	\$ 501,150	\$ 501,150	\$ -	\$ -
Investment in ONDO	375,315	375,315	-	-
Investment in AAVE	324,458	324,458	-	-
Investment in ENA	153,154	153,154	-	-
Investment in CRV	70,380	70,380	-	-
Investment in LDO	49,831	49,831	-	-
	<u>\$ 1,474,288</u>	<u>\$ 1,474,288</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2025				
Assets				
Investment in UNI	\$ 1,672,945	\$ 1,672,945	\$ -	\$ -
Investment in AAVE	1,596,846	1,596,846	-	-
Investment in MKR	626,535	626,535	-	-
Investment in CRV	256,639	256,639	-	-
Investment in LDO	254,810	254,810	-	-
	<u>\$ 4,407,775</u>	<u>\$ 4,407,775</u>	<u>\$ -</u>	<u>\$ -</u>

Segment Reporting

The Chief Executive Officer and Chief Financial Officer of the Manager act as the Fund’s chief operating decision maker (“CODM”). The Fund represents a single operating segment, as the CODM monitors the operating results of the Fund as a whole and the Fund’s passive investment objective is pre-determined in accordance with the terms of the LLC Agreement. The financial information in the form of the Fund’s total returns, expense ratios and changes in net assets (i.e., changes in net assets resulting from operations and capital share transactions), which are used by the CODM to assess the segment’s performance, are consistent with that presented within the Fund’s financial statements. Segment assets are reflected on the accompanying Statements of Assets and Liabilities as Total assets and the only significant segment expense, the Manager’s Fee, related party, is included in the accompanying Statements of Operations.

Grayscale Decentralized Finance (DeFi) Fund LLC
Notes to the Financial Statements

3. Fair Value of Investments in Digital Assets

The Fund Components are held by the Custodian on behalf of the Fund and are carried at fair value. The following table represents the fair value of each Fund Component using the price provided at 4:00 p.m., New York time, by the relevant Digital Asset Trading Platform Market considered to be its principal market, as determined by the Fund:

Fund Component	Principal Market	June 30,	
		2026	2025
UNI	Coinbase	\$ 2.78	\$ 7.27
ONDO ⁽¹⁾	Coinbase	\$ 0.31	N/A
AAVE	Coinbase	\$ 85.11	\$ 282.97
ENA ⁽²⁾	Coinbase	\$ 0.07	N/A
CRV	Coinbase	\$ 0.19	\$ 0.53
LDO	Coinbase	\$ 0.24	\$ 0.76
MKR ⁽³⁾	Coinbase	N/A	\$ 1,976.52

- (1) Effective July 3, 2025, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase ONDO in accordance with the DFX Methodology. See Note 4. Portfolio Rebalancing for a description of the portfolio rebalancing.
- (2) Effective April 30, 2026, the Manager removed AERO from the Fund's portfolio and used the cash proceeds to purchase ENA and adjusted the existing Fund Components in proportion to their respective weightings and in accordance with the DFX Methodology. See Note 4. Portfolio Rebalancing for a description of the portfolio rebalancing.
- (3) Effective October 3, 2025, the Manager removed MKR from the Fund's portfolio and used the cash proceeds to purchase AERO and adjusted the existing Fund Components in proportion to their respective weightings and in accordance with the DFX Methodology. See Note 4. Portfolio Rebalancing for a description of the portfolio rebalancing.

The following represents the changes in quantity of each Fund Component and their respective fair values:

	Quantity	Fair Value
UNI balance at June 30, 2024	264,608.68520123	\$ 2,431,754
UNI contributed	3,460.30229838	23,984
Net UNI distributed from portfolio rebalancing	(31,838.09266006)	(548,195)
UNI distributed for Manager's Fee, related party	(6,114.47423840)	(51,518)
Net change in unrealized appreciation/depreciation on investment in UNI	-	(86,619)
Net realized loss on investment in UNI	-	(96,461)
UNI balance at June 30, 2025	230,116.42060115	\$ 1,672,945
UNI contributed	1,142.74787018	7,200
Net UNI distributed from portfolio rebalancing	(46,087.81312422)	(247,328)
UNI distributed for Manager's Fee, related party	(4,966.36893437)	(28,834)
Net change in unrealized appreciation/depreciation on investment in UNI	-	(223,758)
Net realized loss on investment in UNI	-	(679,075)
UNI balance at June 30, 2026	180,204.98641274	\$ 501,150

Grayscale Decentralized Finance (DeFi) Fund LLC
Notes to the Financial Statements

	<u>Quantity</u>	<u>Fair Value</u>
ONDO balance at June 30, 2025	-	\$ -
ONDO contributed	5,843.24997592	4,229
Net ONDO contributed from portfolio rebalancing	1,224,304.18332535	840,826
ONDO distributed for Manager's Fee, related party	(25,243.10864791)	(13,791)
Net change in unrealized appreciation/depreciation on investment in ONDO	-	(437,949)
Net realized loss on investment in ONDO	-	(18,000)
ONDO balance at June 30, 2026	<u>1,204,904.32465336</u>	<u>\$ 375,315</u>
	<u>Quantity</u>	<u>Fair Value</u>
AAVE balance at June 30, 2024	5,125.18895292	\$ 488,584
AAVE contributed	86.25236630	19,233
Net AAVE contributed from portfolio rebalancing	566.33695589	195,041
AAVE distributed for Manager's Fee, related party	(134.61641997)	(26,864)
Net change in unrealized appreciation/depreciation on investment in AAVE	-	928,168
Net realized loss on investment in AAVE	-	(7,316)
AAVE balance at June 30, 2025	<u>5,643.16185514</u>	<u>\$ 1,596,846</u>
AAVE contributed	28.17846514	6,337
Net AAVE distributed from portfolio rebalancing	(1,744.89439778)	(337,272)
AAVE distributed for Manager's Fee, related party	(114.22005723)	(21,211)
Net change in unrealized appreciation/depreciation on investment in AAVE	-	(866,731)
Net realized loss on investment in AAVE	-	(53,511)
AAVE balance at June 30, 2026	<u>3,812.22586527</u>	<u>\$ 324,458</u>
	<u>Quantity</u>	<u>Fair Value</u>
ENA balance at June 30, 2025	-	\$ -
ENA contributed	-	-
Net ENA contributed from portfolio rebalancing	2,172,248.37414081	223,082
ENA distributed for Manager's Fee, related party	(9,057.20837360)	(880)
Net change in unrealized appreciation/depreciation on investment in ENA	-	(68,998)
Net realized loss on investment in ENA	-	(50)
ENA balance at June 30, 2026	<u>2,163,191.16576721</u>	<u>\$ 153,154</u>

Grayscale Decentralized Finance (DeFi) Fund LLC
Notes to the Financial Statements

	<u>Quantity</u>	<u>Fair Value</u>
CRV balance at June 30, 2024	-	\$ -
CRV contributed	7,346.91598774	3,843
Net CRV contributed from portfolio rebalancing	486,960.22202145	529,332
CRV distributed for Manager's Fee, related party	(5,844.05557582)	(3,632)
Net change in unrealized appreciation/depreciation on investment in CRV	-	(273,577)
Net realized gain on investment in CRV	-	673
CRV balance at June 30, 2025	<u>488,463.08243337</u>	<u>\$ 256,639</u>
CRV contributed	2,599.79624086	1,372
Net CRV distributed from portfolio rebalancing	(107,628.82111904)	(39,756)
CRV distributed for Manager's Fee, related party	(10,661.01699813)	(4,887)
Net change in unrealized appreciation/depreciation on investment in CRV	-	(58,718)
Net realized loss on investment in CRV	-	(84,270)
CRV balance at June 30, 2026	<u>372,773.04055706</u>	<u>\$ 70,380</u>
	<u>Quantity</u>	<u>Fair Value</u>
LDO balance at June 30, 2024	308,969.80810615	\$ 602,491
LDO contributed	5,137.89837918	4,232
Net LDO contributed from portfolio rebalancing	29,653.83795475	64,196
LDO distributed for Manager's Fee, related party	(8,043.23104287)	(10,215)
Net change in unrealized appreciation/depreciation on investment in LDO	-	(393,331)
Net realized loss on investment in LDO	-	(12,563)
LDO balance at June 30, 2025	<u>335,718.31339721</u>	<u>\$ 254,810</u>
LDO contributed	1,660.53951000	1,504
Net LDO distributed from portfolio rebalancing	(120,571.15365762)	(77,874)
LDO distributed for Manager's Fee, related party	(6,548.98337907)	(4,528)
Net change in unrealized appreciation/depreciation on investment in LDO	-	47,554
Net realized loss on investment in LDO	-	(171,635)
LDO balance at June 30, 2026	<u>210,258.71587052</u>	<u>\$ 49,831</u>
	<u>Quantity</u>	<u>Fair Value</u>
AERO balance at June 30, 2025	-	\$ -
AERO contributed	1,654.67192464	1,332
Net AERO contributed from portfolio rebalancing	2,281.82817314	212,474
AERO distributed for Manager's Fee, related party	(3,936.50009778)	(2,210)
Net change in unrealized appreciation/depreciation on investment in AERO	-	-
Net realized loss on investment in AERO	-	(211,596)
AERO balance at June 30, 2026	<u>-</u>	<u>\$ -</u>

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	Quantity	Fair Value
MKR balance at June 30, 2024	320.87176591	\$ 808,083
MKR contributed	4.95144042	8,255
Net MKR contributed from portfolio rebalancing	(0.86039620)	6,798
MKR distributed for Manager's Fee, related party	(7.97366912)	(13,068)
Net change in unrealized appreciation/depreciation on investment in MKR	-	(164,796)
Net realized loss on investment in MKR	-	(18,737)
MKR balance at June 30, 2025	316.98914101	\$ 626,535
MKR contributed	-	-
Net MKR distributed from portfolio rebalancing	(315.98641949)	(574,152)
MKR distributed for Manager's Fee, related party	(1.00272152)	(1,829)
Net change in unrealized appreciation/depreciation on investment in MKR	-	(38,240)
Net realized loss on investment in MKR	-	(12,314)
MKR balance at June 30, 2026	-	\$ -

	Quantity	Fair Value
SNX balance at June 30, 2024	113,832.96991812	\$ 223,113
SNX contributed	-	-
Net SNX distributed from portfolio rebalancing	(112,389.73258190)	(247,172)
SNX distributed for Manager's Fee, related party	(1,443.23733622)	(2,509)
Net change in unrealized appreciation/depreciation on investment in SNX	-	9,737
Net realized gain on investment in SNX	-	16,831
SNX balance at June 30, 2025	-	\$ -

4. Portfolio Rebalancing

The Fund Components consist of the digital assets that make up the DFX, as rebalanced from time to time, subject to the Manager's discretion to exclude individual digital assets in certain cases. The DFX is designed and managed by the Index Provider. The process followed by the Index Provider to determine the digital assets included in the DFX and their respective weightings in the DFX is referred to as the "DFX Methodology."

The Index Provider reviews the DFX for rebalancing according to the DFX Methodology quarterly during a period beginning 30 days before the last business day of each January, April, July and October (each such period, an "Index Rebalancing Period"). At the start of each Index Rebalancing Period, the Index Provider applies the DFX Methodology to determine any changes to the Index Components and the respective weightings of the Index Components within DFX, as determined by the Index Provider based on market capitalization criteria (the "Index Weightings"), after which the Manager rebalances the Fund's portfolio accordingly, subject to application of the Exclusion Criteria. In order to rebalance the Fund's portfolio, the Manager will (i) determine whether any Fund Components have been removed from the DFX and should therefore be removed as Fund Components, (ii) determine whether any new digital assets have been added to the DFX and should therefore be included as Fund Components, and (iii) determine how much cash and Forked Assets the Fund holds. If a Fund Component is no longer included in the DFX, the Manager will adjust the Fund's portfolio by selling such Fund Component in the Digital Asset Markets in proportion to their respective fund weightings in the Fund ("Fund Weightings") and using the cash proceeds to purchase additional tokens of the remaining Fund Components and, if applicable, any new Fund Component in proportion to their respective Fund Weightings. The Fund Weightings of each Fund Component are generally expected to be the same as the weighting of each digital asset in the DFX except when the Manager exercises its limited discretion to exclude one or more digital assets included in the DFX from the Fund Components in certain rules-based circumstances, in which case the Fund Weightings are generally expected to be calculated proportionally to the respective Index Weightings for the remaining Index Components. If a

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digital asset not then included in the Fund's portfolio is newly eligible for inclusion in the Fund's portfolio because it was added to the DFX and not excluded through the Exclusion Criteria, the Manager will adjust the Fund's portfolio by selling tokens of the then-current Fund Components in the Digital Asset Markets in proportion to their respective Fund Weightings and using the cash proceeds to purchase tokens of the newly eligible digital assets.

Prior to April 1, 2026, the Manager rebalanced the Fund's portfolio quarterly during a period beginning on the second business day of each January, April, July and October. From and after April 1, 2026, the Manager will rebalance the Fund's portfolio quarterly during a period beginning on the last business day of each January, April, July and October (each such period, a "Fund Rebalancing Period"). The Manager expects each Fund Rebalancing Period to last between one and five business days. The DFX, and therefore the Fund, may also be rebalanced mid-quarter, prior to the Index Rebalancing Period under extraordinary circumstances, if, for example, a digital asset is removed from the Index.

On July 3, 2025, the Index Provider completed the quarterly rebalancing of the DFX and determined that UNI, LDO, MKR, AAVE, CRV, and ONDO met the inclusion criteria of the DFX Index. On July 3, 2025, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase ONDO. As a result of the rebalancing, ONDO was added to the Fund. No existing tokens were removed from the Fund. On July 3, 2025, following the rebalancing, the Fund recognized a net realized loss of (\$276,422) in connection with the sale of 30,677.27202007 UNI, 735.82430286 AAVE, 164.23406837 MKR, 46,565.13611908 CRV and 45,471.74306908 LDO to purchase 1,020,457.8427046 ONDO.

On October 3, 2025, the Index Provider completed the quarterly rebalancing of the DFX and determined that UNI, LDO, AAVE, CRV, ONDO, and AERO met the inclusion criteria of the DFX Index. On October 3, 2025, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by selling MKR and the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase AERO. As a result of the rebalancing, AERO was added and MKR was removed from the Fund. On October 3, 2025, following the rebalancing, the Fund recognized a net realized loss of (\$54,061) in connection with the sale of 3,981.18643904 UNI, 87.70493894 AAVE, 151.75235112 MKR, 6,221.51244320 LDO, and 21,172.29448393 ONDO to purchase 281,159.08637044 AERO and 2,697.4757965300 CRV.

On January 6, 2026, the Index Provider completed the quarterly rebalancing of the DFX and determined that UNI, LDO, AAVE, CRV, ONDO, and AERO met the inclusion criteria of the DFX Index. On January 6, 2026, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase UNI. As a result of the rebalancing, no new tokens were added or removed from the Fund. On January 6, 2026, following the rebalancing, the Fund recognized a net realized loss of (\$90,648) in connection with the sale of 265,01425655 AAVE, 59,516.65463743 ONDO, 10,769.35404579 CRV, 32,028.04752633 LDO, and 12,765.03611598 AERO, to purchase 17,832.05489501 UNI.

On April 30, 2026, the Index Provider completed the quarterly rebalancing of the DFX and determined that UNI, AAVE, ONDO, CRV, LDO, and ENA met the inclusion criteria of the DFX Index. On May 1, 2026, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by selling AERO and existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase ENA. As a result of the rebalancing, ENA was added and AERO was removed from the Fund. On May 1, 2026, following the rebalancing, the Fund recognized a net realized loss of (\$734,140) in connection with the sale of 29,261.40956012 UNI, 656.35089943 AAVE, 266,112.22208132 AERO, 52,991.80675070 CRV, and 36,849.85061901 LDO, to purchase 284,535.28974211 ONDO and 2,172,248.37414081 ENA.

5. Creations and Redemptions of Shares

The Fund creates (and, should the Fund commence a redemption program, redeems) Shares from time to time, but only in one or more Baskets issued to the Authorized Participant in exchange for the delivery of tokens of each Fund Component to the Fund, or the distribution of tokens of each Fund Component by the Fund, plus cash representing the Forked Asset

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portion, if any, and the U.S. Dollar portion, if any. The amount of tokens of each Fund Component required for each Creation Basket or redemption Basket is determined 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 such trade date of a creation or redemption order, after deducting the amount of tokens of each Fund Component payable as the Manager's Fee and the amount of tokens of such Fund Component payable as a portion of Additional Fund Expenses (as defined in Note 7), by (y) the number of Shares outstanding at such time and multiplying the quotient obtained by 100. Each Share represented approximately 0.7541 UNI, 5.0423 ONDO, 0.0160 AAVE, 9.0525 ENA, 1.5600 CRV, and 0.8799 LDO at June 30, 2026. Each Share represented approximately 0.9687 UNI, 0.0238 AAVE, 0.0013 MKR, 2.0562 CRV, and 1.4132 LDO at June 30, 2025. A "Creation Basket" is a Basket of Shares issued by the Fund upon deposits of the Basket Amount required for each such Creation Basket.

At this time, the Fund is not operating a redemption program and is not accepting redemption requests. Subject to receipt of regulatory approval and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. The Fund currently has no intention of seeking regulatory approval to operate an ongoing redemption program. Further, the Fund is registered and regulated as a private fund under the Private Funds Act. The Authority has supervisory and enforcement powers to ensure the Fund's compliance with the Private Funds Act. Before the Fund is able to effect open redemptions as an open-ended Fund, it will be required to meet the requirements of, and register with, the Authority and be regulated as a mutual fund under the Mutual Funds Act (As Revised) of the Cayman Islands.

6. Income Taxes

The Government of the Cayman Islands does not, and will not, under existing Cayman law, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or the shareholders. Interest, dividends and gains payable to the Fund and all distributions by the Fund to shareholders will be received free of any Cayman Islands income or withholding taxes.

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" with the conduct of a trade or business in the United States ("effectively connected income") under the U.S. Internal Revenue Code of 1986, as amended (the "Code") and corresponding tax regulations (e.g., including under Sections 861 through 865). There can, however, be no complete assurance in this regard. 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.

Due to the new and evolving nature of digital assets and a general absence of clearly controlling authority with respect to digital assets, many significant aspects of the U.S. federal income tax treatment of digital assets (including with respect to the amount, timing, and character of income recognition) are uncertain. 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. However, it is possible that the IRS will not agree with the Fund's U.S. federal tax treatment of digital assets.

In accordance with U.S. GAAP, the Fund has defined the threshold for recognizing the benefits of tax positions in the financial statements as "more-likely-than-not" to be sustained by the applicable taxing authority and requires measurement of a tax position meeting the "more-likely-than-not" threshold, based on the largest benefit that is more than

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50% likely to be realized. Tax positions deemed to meet the “more-likely-than-not” threshold are recorded as a tax benefit in the current period. As of and during the years ended June 30, 2026 and 2025, the Fund did not have a liability for any unrecognized tax amounts. However, the Manager’s conclusions concerning its determination of “more likely than not” tax positions may be subject to review and adjustment at a later date based on factors including, but not limited to, further implementation guidance, and ongoing analyses of and changes to tax laws, regulations and interpretations thereof.

The Manager of the Fund has evaluated whether or not there are uncertain tax positions that require financial statement recognition and has determined that no reserves for uncertain tax positions related to federal, state and local income taxes existed as of June 30, 2026 or 2025.

7. Related Parties

The Fund considered the following entities, their directors and certain employees to be related parties of the Fund as of June 30, 2026: DCG, GSO, GSIS, and Grayscale Securities, LLC. As of June 30, 2026 and 2025, 28,129 and 35,509 Shares of the Fund were held by related parties of the Fund, respectively.

On October 22, 2025, GSO Intermediate Holdings Corporation (“GSOIH”), a Delaware corporation which was the sole managing member of GSO, consummated an internal corporate reorganization (the “Management Reorganization”), pursuant to which GSOIH transferred a portion of its common membership units of GSO for Class A shares of Grayscale Investments, Inc. (“Grayscale Investments”), a Delaware corporation incorporated in connection with the Management Reorganization, and ceded its managing member rights in GSO to Grayscale Investments. As a result of the Management Reorganization, Grayscale Investments is now the sole managing member of GSO, the sole member of the Manager. On October 22, 2025, DCG Grayscale Holdco, LLC (“DCG Holdco”), the sole stockholder of Grayscale Investments, elected a board of directors (the “Board”) at Grayscale Investments.

On October 22, 2025, as a result of the Management Reorganization, DCG Grayscale Holdco, LLC (“DCG Holdco”), the sole stockholder of Grayscale Investments, elected a board of directors (the “Board”) at Grayscale Investments. As a result of the Management Reorganization, the Board of Grayscale Investments was responsible for managing and directing the affairs of the Manager from October 22, 2025 to May 4, 2026 and consisted of Barry Silbert, Mark Shifke, Simon Koster, Peter Mintzberg and Edward McGee, mostly the same members as the board of directors of GSOIH prior to the Management Reorganization.

On May 4, 2026, a Board of Managers of Grayscale Investments Sponsors, LLC (the “Board of Managers”) was created to manage and direct the affairs of the Manager, under authority delegated by the Board. While the Board retains overall oversight of Grayscale Investments and its subsidiaries as a whole, including the Manager, from May 4, 2026 until July 2, 2026, the Board of Managers consisted of Peter Mintzberg, Edward McGee, and Craig Salm. Mr. Mintzberg, Mr. McGee, and Mr. Salm were granted authority to manage the day-to-day affairs of the Manager under the amended and restated limited liability company agreement of the Manager.

Effective July 2, 2026, Kathryn Masci was appointed to serve as Interim Chief Financial Officer of the Manager. Ms. Masci was appointed as a member of the Board of Managers and as principal financial and accounting officer of the registrant, and Edward McGee stepped down as Chief Financial Officer, principal financial and accounting officer and a member of the Board of Managers. From and after July 2, 2026, the Board of Managers consists of Peter Mintzberg, Kathryn Masci, and Craig Salm. Mr. Mintzberg, Ms. Masci, and Mr. Salm are granted authority to manage the day-to-day affairs of the Manager under the amended and restated limited liability company agreement of the Manager.

The Manager’s Fee accrues daily in U.S. dollars and is payable in Fund Components then held by the Fund in proportion to their respective Fund Component’s Weighting. The U.S. dollar amount of the Manager’s Fee will be converted into Fund Components on a daily basis by multiplying such U.S. dollar amount by the Weighing for each Fund Component and dividing the resulting product for each Fund Component by the U.S. dollar value for such Fund Component on such day. For purposes of these financial statements, the U.S. dollar value of Fund Components is determined by reference to the Digital Asset Trading Platform Market that the Fund considers its principal market as of 4:00 p.m., New York time, on each valuation date. No Forked Assets have been distributed in payment of the Manager’s Fee during the years ended June 30, 2026 and 2025.

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As partial consideration for receipt of the Manager's Fee, the Manager is obliged under the LLC Agreement to assume and pay all fees and other expenses incurred by the Fund in the ordinary course of its affairs, excluding taxes, but including marketing fees; the administrator fee, if any; custodian fees; transfer agent fees; the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given fiscal year; ordinary course legal fees and expenses; audit fees; regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended; and fees relating to any other regulatory requirements in the Cayman Islands; printing and mailing costs; the costs of maintaining the Fund's website and applicable license fees (together, the "Manager-paid Expenses").

The Fund may incur certain extraordinary, non-recurring expenses that are not Manager-paid Expenses, including, but not limited to, taxes and governmental charges, expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of shareholders (including in connection with any Forked Assets), any indemnification of the Custodian or other agents, service providers or counterparties of the Fund, the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given fiscal year and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters (collectively, "Additional Fund Expenses").

In such circumstances, the Manager or its delegate (i) will instruct the Custodian to withdraw from the digital asset accounts of Fund Components (segregated custody accounts to store private keys, which allow for the transfer of ownership or control of the Fund's digital assets, on the Fund's behalf) in proportion to their respective Fund Weightings at such time and in such quantity as may be necessary to permit payment of such Additional Fund Expenses and (ii) may either (x) cause the Fund to convert such Fund Components into U.S. dollars or other fiat currencies at the price per single unit of each asset (determined net of any associated fees) at which the Fund is able to sell such asset or (y) when the Manager incurs such expenses on behalf of the Fund, cause the Fund (or its delegate) to deliver such Fund Components, and/or Forked Assets in kind to the Manager, in each case in such quantity as may be necessary to permit payment of such Additional Fund Expenses.

For the years ended June 30, 2026 and 2025, the Fund incurred Manager's Fees of \$78,170 and \$107,806, respectively. As of June 30, 2026 and 2025, there were no accrued and unpaid Manager's Fees. In addition, the Manager may pay Additional Fund Expenses on behalf of the Fund, which are reimbursable by the Fund to the Manager. For the years ended June 30, 2026 and 2025, the Manager did not pay any Additional Fund Expenses on behalf of the Fund.

8. Concentration Risk

The Fund's investment portfolio is concentrated in the Fund Components, and its net asset value and results of operations are directly affected by the price of the Fund Components, which have historically been highly volatile. As a result, the Fund may experience significant fluctuations in net asset value, including periods of substantial losses. This concentration also exposes the Fund to risks specific to the Fund Components and their supporting infrastructures, including market liquidity constraints and operational or cybersecurity risks associated with the custody and transfer of the Fund Components.

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9. Financial Highlights Per Share Performance

	Years Ended June 30,	
	2026	2025
Per Share Data:		
Principal Market NAV, beginning of year	\$ 18.55	\$ 19.46
Net decrease in net assets from investment operations		
Net investment loss	(0.33)	(0.46)
Net realized and unrealized loss	(12.05)	(0.45)
Net decrease in net assets resulting from operations	(12.38)	(0.91)
Principal Market NAV, end of year	<u>\$ 6.17</u>	<u>\$ 18.55</u>
Total return	-66.74%	-4.68%
<i>Ratios to average net assets:</i>		
Net investment loss	-2.50%	-2.50%
Expenses	-2.50%	-2.50%

An individual shareholder's return, ratios, and per Share performance may vary from those presented above based on the timing of Share transactions. The amount shown for a Share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the number of Shares issued in Creations occurring at an operational value derived from an operating metric as defined in the LLC Agreement.

Total return is calculated assuming an initial investment made at the Principal Market NAV at the beginning of the year and assuming redemption on the last day of the year.

10. Indemnifications

In the normal course of business, the Fund enters into certain contracts that provide a variety of indemnities, including contracts with the Manager and affiliates of the Manager, DCG and its officers, directors, employees, subsidiaries and affiliates, and the Custodian as well as others relating to services provided to the Fund. The Fund's maximum exposure under these and its other indemnities is unknown. However, no liabilities have arisen under these indemnities in the past and, while there can be no assurances in this regard, there is no expectation that any will occur in the future. Therefore, the Manager does not consider it necessary to record a liability in this regard.

11. Subsequent Events

On July 31, 2026, the Index Provider completed the quarterly rebalancing of the DFX and determined that UNI, ONDO, AAVE, ENA, CRV, and LDO met the inclusion criteria of the DFX Index. On July 31, 2026, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by purchasing and selling the existing Fund Components in proportion to their respective weightings. As a result of the rebalancing, no new tokens were added or removed from the Fund. As of August 3, 2026, following the rebalancing, the Fund Components consisted of 34.16% UNI, 25.44% ONDO, 19.97% AAVE, 12.19% ENA, 4.42% CRV and 3.82% LDO, and each of the Fund's Shares represented 0.6777 UNI, 5.2780 ONDO, 0.0167 AAVE, 10.3609 ENA, 1.6694 CRV and 0.9066 LDO.

The Manager has evaluated all subsequent events through the issuance of the financial statements and has noted no other events requiring adjustment or additional disclosure in the financial statements.