

Bitwise

Digital Assets Research
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Bitwise TL;DR

- Bitwise is the Vanguard of low-cost, passive, crypto indexing
- Funds offer an attractive long-term crypto exposure solution
- Bitwise 10 Crypto Index Fund is a leading smart beta product
- Publicly listing the Bitwise 10 Crypto Index Fund & Bitwise Bitcoin Fund for mass access
- NAV premium potential offers investors an alpha opportunity
- **Risks:** Listing or premium fail to materialize, illiquidity, volatility

Key Statistics

Fund Performance	1M	YTD	12M
Bitwise 10 Index Fund	28.6%	63.7%	10.3%
Bitwise Bitcoin Fund	23.8%	57.0%	11.5%
Bitwise Ethereum Fund	52.6%	166.4%	60.0%

Note: Performance as of 7/31/2020

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[Access Research Library](#)

Bitwise: Leading Crypto Index Funds & New Alpha Opportunity

Bitwise Asset Management, Inc. (“Bitwise” or “Company”) is a San Francisco-based specialist asset manager founded in 2017. The Company pioneered the first and largest cryptocurrency index fund and is a rising-star provider of liquid, low-cost crypto funds. Bitwise is moving to have its flagship Bitwise 10 Crypto Index Fund and Bitwise Bitcoin Fund publicly tradable. Comparable products have traded at sustained premiums to fund Net Asset Value (NAV) ranging from 40% to 200%, with maximums as high as 2,000%. If listed, we believe Bitwise’s products could justify trading with premiums corresponding to comps, creating a new potential alpha opportunity for funds & accredited investors. This report outlines approaches for capitalizing on such an opportunity ([Slide 30](#)).

- **Bitwise’s professional organization resembles The Vanguard of crypto.** Bitwise has a strong team ([Slide 8](#)) managing a professionalized firm ([Slide 3](#)) that’s well capitalized with backing from leading VCs ([Slide 9](#)). The Company’s cutting-edge research ([Slide 11](#)) has allowed it to pioneer a robust index methodology ([Slide 17](#)) and best-in-class smart beta funds ([Slide 5](#)). Bitwise has institutional-grade operations ([Slide 4](#)), industry-leading service providers ([Slide 10](#)) and an ongoing dialogue with top regulators ([Slide 6](#)). These factors offer signs that point to industry leadership and should instill investors’ trust in the firm.
- **Funds are attractive passive vehicles for convenient, long-term exposure.** Bitwise 10 Crypto Index Fund ([Slide 21](#)), Bitwise Bitcoin Fund ([Slide 26](#)) and Bitwise Ethereum Fund ([Slide 39](#)) offer compelling ways to capture the long-term growth of crypto assets as a category. The funds charge no performance fee and have all in expense ratios below comparable crypto products ([Slide 40](#)). We believe low-cost beta products deserve a core place in investors portfolios ([Slide 7](#)) and see Bitwise as a leading solution for professionally managed, audited, custodial-insured crypto exposure via a traditional vehicle.
- **Bitwise 10 Crypto Index Fund offers smart beta exposure to large cap crypto winners.** Selecting the top performing assets or active fund managers is challenging. Bitwise 10 Crypto Index Fund offers market cap weighted passive exposure to ~80% of the market. A robust rules-based monthly rebalancing methodology provides exposure to large cap assets outperforming Bitcoin ([Slide 18](#)) while the index has outperformed the Eureka Hedge Crypto Hedge Fund Index by 350% since inception ([Slide 16](#)).
- **Publicly listing Bitwise shares would open the door for retail and financial advisors.** Investors in the US have limited means for gaining convenient crypto exposure due to structural constraints ([Slide 28](#)). Bitwise is pursuing approval to have shares of its Bitwise 10 Crypto Index and Bitwise Bitcoin Fund publicly quoted and tradable in traditional brokerage accounts (Schwab, E*TRADE, etc.) via OTCQX ([Slide 42](#)).
- **Shares have potential to trade at NAV premiums corresponding to GBTC and ETHE.** Bitwise’s listed funds most comparable products would likely be GBTC & ETHE due to similar structures and ~90% - 100% underlying asset overlap. GBTC & ETHE have NAV premiums that currently sit at 24% and 102%, respectively, while both have sizable market caps and trading volume that evidence real demand ([Slide 29](#)). Listed Bitwise funds could trade at corresponding premiums.
- **Multiple Bitwise alpha strategies exist for hedge funds and accredited investors.** Investors could capitalize on a possible premium by purchasing Bitwise funds’ shares in a private placement at NAV and selling them on the open market once tradable. We illustrate a range of hypothetical opportunistic, long-term, and crypto-hedged trade scenarios ([Slide 31](#), [Slide 32](#), [Slide 33](#)).
- **What could go wrong?** Listing approval delays or failure. Lack of secondary market liquidity. Negative or lower than expected NAV premiums. Actual returns may differ from our simplified hypothetical model. Crypto volatility. Hedging basis ([Slide 34](#)).

Bottom line: Bitwise has an industry leading team and organization. Professionally managed passive products like Bitwise’s have a core place in a portfolio. Bitwise 10 Crypto Index Fund offers a differentiated and attractive solution. Plans to list Bitwise funds create an opportunity for traders and hedge funds. Bitwise funds have NAV premium alpha potential.

Company Overview

Bitwise 10 Crypto Index Fund

Bitwise Bitcoin Fund

Alpha Opportunity

Appendix Information

Company Overview



Co-Founder and CEO:	Hunter Horsley
Headquarters:	San Francisco, CA
Founded:	2017

Summary

- **Bitwise Asset Management, Inc.** (“the Company”) is the San Francisco based pioneer of the first cryptocurrency index fund. The Company was founded in 2017 and is the leading provider of liquid, index funds for the crypto asset market.
- With the rise of passive investing and the growth of the crypto asset space at large, Bitwise may be positioned as the leading asset manager for offering a variety of products that provide investors secure, liquid, and convenient exposure.

Company Objectives

- **Index Fund Leader.** Solidify position as the **Vanguard for liquid, professionally-managed crypto index funds.**
- **Professionalism.** Provide family offices, RIAs, financial advisors, and hedge funds with best-in-class education and client service.
- **Pioneer.** Bitwise is working to make its crypto index fund the first ever to be publicly tradable in traditional brokerage accounts this Fall. Ongoing work on an

ETF.

Source: FSInsight, Bitwise

Value Proposition

- **Liquid, low-fee, professionally-managed** way to invest in the asset class.
- **Capture crypto returns & avoid manager selection risk.** Index is up 975% since start of 2017 and has consistently outperformed EurekaHedge crypto hedge fund index.
- **Team of tech and asset management veterans** positioned to provide first rate research and client service.
- **OTCQX listing would provide a unique new potential alpha opportunity** for opportunistic investors and traders.

Financing History

- The firm is well capitalized, **having raised over \$18M in equity capital to date.**
- Bitwise is backed by leading VCs, including **Khosla Ventures, Highland Capital Partners, General Catalyst, Blockchain Capital, Craft Ventures, and others.**
- Bitwise is also backed by former industry executives, **including the former CFO of Barclays Global Investors, former Head of Alternatives for BlackRock, former CEO of Wealthfront, former COO of PayPal, former COO of Square, Naval Ravikant, and others.**

Bitwise provides investors best-in-class institutional-grade solutions

Liquid, smart, low cost strategy



- ✓ Bitwise 10 Crypto Index Fund holds the top 10 coins that make up 80% of the total liquid crypto market cap and rebalances monthly to help investors capture exposure to outperformers
- ✓ Bitwise crypto asset funds offer liquidity by allowing weekly subscription & redemptions
- ✓ Shares may soon be tradable in traditional brokerage accounts (i.e. Schwab, TD, Fidelity)
- ✓ Low cost with no performance fee, just one all-in transparent expense ratio
- ✓ Streamlined onboarding, with paperwork that can be filled out online in <15 minutes

Industry leading security



- ✓ 100% of assets are stored with regulated third-party custodians
- ✓ Custodian insurance policies protect against loss of assets in cold storage
- ✓ Best-in-class trading execution afforded by industry position and manager experience
- ✓ Professional fund administration, tax, and independent audit services

Avoid manager selection risk



- ✓ Short crypto track records make selecting active crypto fund managers difficult
- ✓ Bitwise 10 Crypto Index has outperformed the Eureka Hedge Active Crypto Manager index
- ✓ Crypto market rapidly maturing, possibly eroding the durability of certain edges
- ✓ Beta upside remains attractive, if uncompensated risks are properly managed
- ✓ Bitwise's team includes experienced tech and asset management professionals












Partner to institutions, advisors and regulators



- ✓ Dedicated investment relations team available to answer inquiries
- ✓ Research team providing industry-respected market insight and ongoing commentary
- ✓ Firm can support conversations with clients, trustees, and committees
- ✓ Executive leadership team expertise in software, indexing & asset management

Source: FSInsight, Bitwise

Offering cutting-edge investable products, indices and research

	 Investable Products	 Crypto Indices	 Research & Education
Products/Services	<p>Bitwise 10 Crypto Index Fund</p> <ul style="list-style-type: none"> Invests in Bitwise 10 Large Cap Index assets <p>Bitwise Bitcoin Fund</p> <ul style="list-style-type: none"> Invests in Bitcoin (BTC) <p>Bitwise Ethereum Fund</p> <ul style="list-style-type: none"> Invests in Ethereum (ETH) <p>Bitwise 10 Index Offshore Fund</p> <ul style="list-style-type: none"> Invests in cryptocurrencies in the Bitwise 10 Large Cap Index; available to non-US or tax-exempt U.S. accredited investors 	<p>Bitwise 10 Large Cap Index (BITX)</p> <ul style="list-style-type: none"> Tracks total return of the 10 largest cryptoassets <p>Bitwise 20 Mid Cap Index (BITW20)</p> <ul style="list-style-type: none"> Tracks total return of the 20 largest cryptoassets not included in BITX <p>Bitwise 70 Small Cap Index (BITW70)</p> <ul style="list-style-type: none"> Tracks total return of the 70 largest cryptoassets not included in BITX, and BITW20 <p>Bitwise 100 Total Market Cap Index (BITW100)</p> <ul style="list-style-type: none"> Tracks the total return of the 100 largest cryptoassets 	<p>Cutting Edge Research</p> <ul style="list-style-type: none"> Industry research briefs, market commentary, and benchmark surveys <p>RIA Dialogue and Education</p> <ul style="list-style-type: none"> Discussion with hundreds of RIAs over the past two years regarding crypto assets <p>Regulatory Engagement</p> <ul style="list-style-type: none"> Frequent dialogue with SEC regarding Bitcoin and crypto asset ETFs Presentation to SEC in 2019 provides unprecedented clarity and insight into crypto market structure
Key Attributes	<ul style="list-style-type: none"> Simplified and secure ways to get exposure to index funds and select crypto assets Low-Cost Leader: All-in expense ratios provide transparent product pricing Best-in-class trading execution - Counterparties include: <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;"> <div style="text-align: center;">  <small>A Digital Currency Group Company</small> </div> <div style="text-align: center;">  <small>A DRW COMPANY</small> </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> World-Class Custody Services - Providers include: <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> Intention to quote shares of certain funds on OTCQX creates opportunity for secondary market trading of shares through brokerage accounts 	<ul style="list-style-type: none"> Available for benchmarking and tracking Clear, rules-based crypto asset indices that are investable and replicable Oversight provided by the Bitwise Crypto Index Advisory Board, a panel of industry experts that routinely monitors and refines its index methodology as needed Methodology includes criteria surrounding: <ul style="list-style-type: none"> Crypto asset eligibility <ul style="list-style-type: none"> ✓ Sufficient liquidity ✓ Regulated custodian support Exchange eligibility <ul style="list-style-type: none"> ✓ Regulatory compliance ✓ Sufficient volume; no significant downtime or known security issues Crypto asset pricing methodology <ul style="list-style-type: none"> ✓ Bitwise Crypto asset Price (CAP) methodology ✓ Treatment of distributions (hard forks, airdrops, etc..) 	<ul style="list-style-type: none"> Industry thought leader for Bitcoin and crypto asset ETF research Setting new standards for market transparency and investor education through research efforts In constant dialogue with the US Securities and Exchange Commission (SEC) regarding ETF proposals At forefront of educating Registered Investment Advisors (RIAs) on crypto as an asset class Experienced sales organization with decades of experience leading investor outreach efforts and education Appearances on CNBC, Bloomberg and other financial media outlets <div style="display: flex; justify-content: center; align-items: center; margin-top: 20px;">   </div>

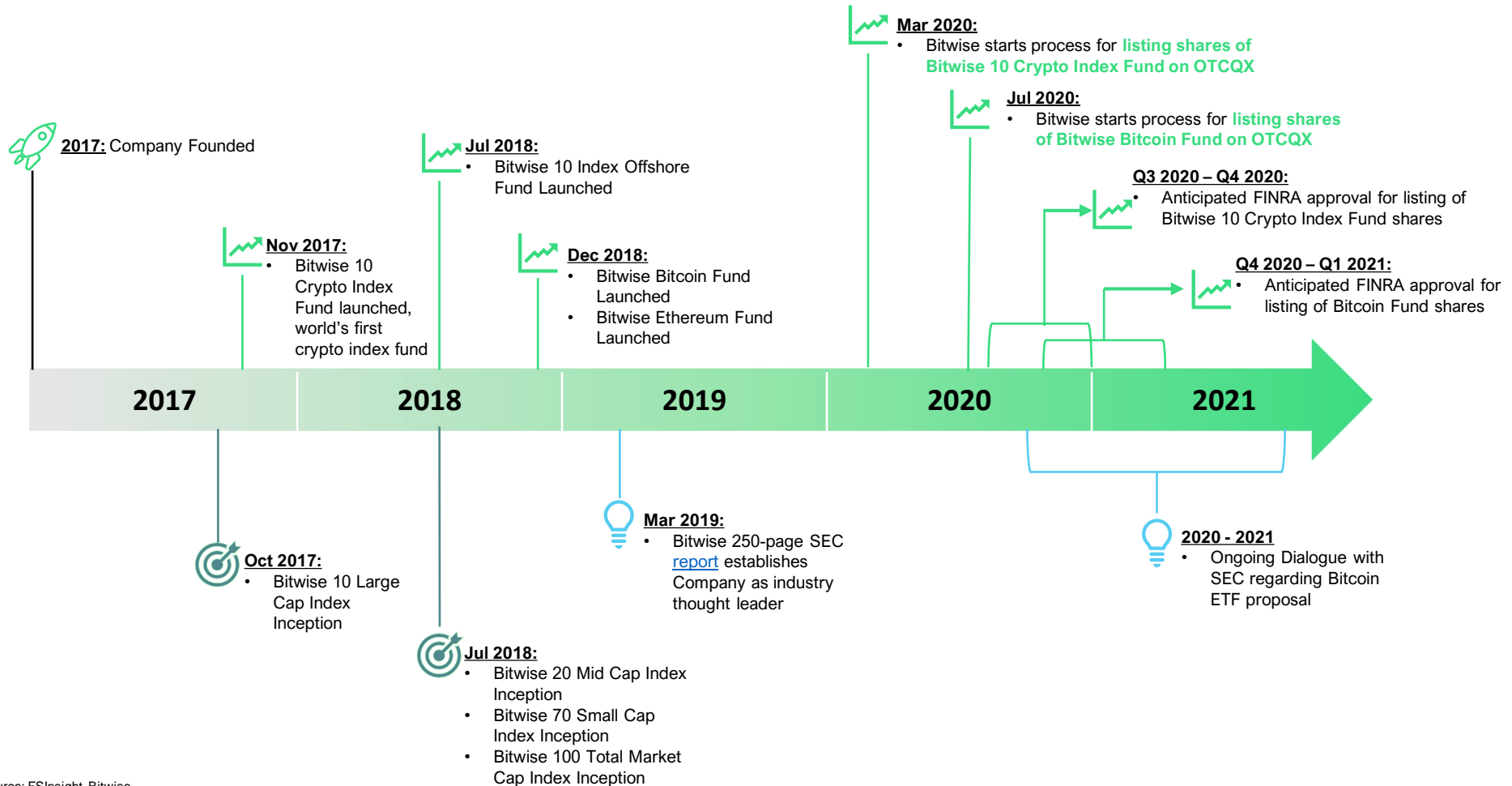
Source: FSInsight, Bitwise

Positioning itself as the Vanguard of low-cost crypto index investing

Bitwise has been one of the firms at the forefront of the crypto asset investment industry since its inception in 2017.

- In March 2020, the Company announced that it began the process for making Bitwise 10 Crypto Index Fund shares tradable via OTC Markets (OTCQX). **If approved, the Bitwise 10 Crypto Index Fund would be the first crypto index fund available to all public investors in a traditional brokerage account (i.e. Schwab, TD Ameritrade, Fidelity, eTrade, etc.)**
- In July 2020, Bitwise also announced that it began the process for making Bitwise Bitcoin Fund shares tradable on OTCQX.

Figure: Company Timeline



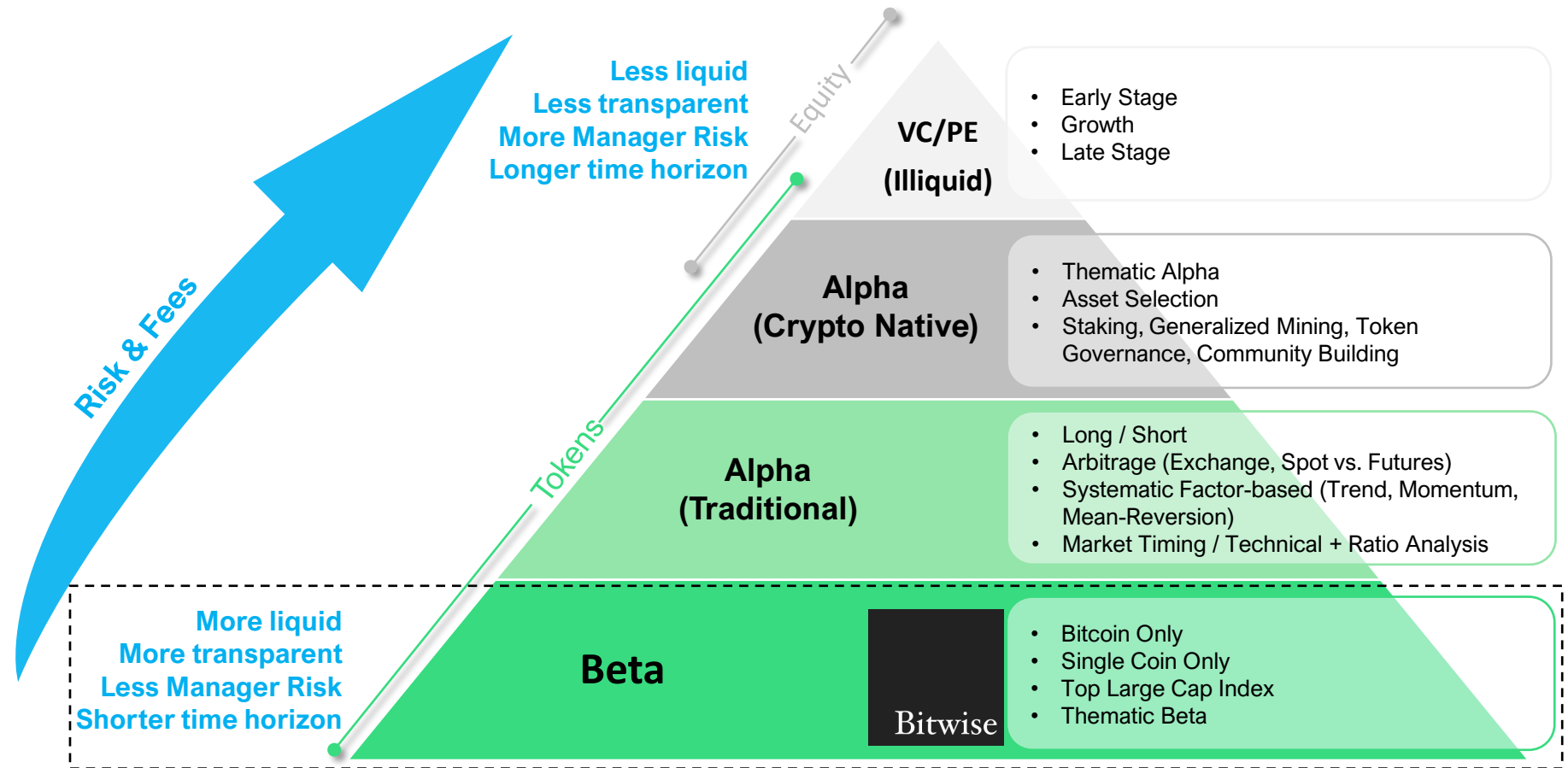
Source: FSInsight, Bitwise

Delivering passive products with a core place in crypto and traditional portfolios

Investors have several investment strategies and products at their disposal to capitalize on the growth of the crypto asset ecosystem, but each offers varying degrees of risk, fees and expected returns.

- Bitwise’s investment products represent a liquid and transparent option for gaining broad-based, low cost, passive exposure to the crypto asset ecosystem at the network protocol level.
- Passive beta products like Bitwise’s funds will likely have a core place in investors’ portfolios alongside other solutions.

Figure: Digital Asset Portfolio Construction Pyramid



Source: FSInsight, Vision Hill Group

Leveraging decades of experience in technology, asset and index management



Hunter Horsely

CEO and Co-Founder

- Product Manager at Facebook, Branded Content & Monetization products
- Product Manager at Instagram, Ads & Monetization products
- Forbes 30 under 30 2019; Guest on CNBC
- Bachelor of Science from the Wharton School at UPenn

Matt Hougan

MD, Global Head of Research

- CEO of Inside ETFs and Managing Director at Informa PLC
- CEO of ETF.com; sold to Bats Global Markets
- Three-time member of the Barron's ETF Roundtable ; Guest on CNBC
- Co-author of CFA Institute's ETF monograph

Teddy Fusaro

Chief Operating Officer

- Head of Portfolio Management and Capital Markets at IndexIQ
- VP of Portfolio Management and co-head of Trading and Ops at Direxion Investments
- Equity derivatives and credit derivatives at Goldman Sachs

Hong Kim

CTO and Co-Founder

- Software Security Researcher in the South Korean military
- Worked on back-end infrastructure for Google Drive while in college
- Bachelor of Science in Computer Science from UPenn

Mick McLaughlin













MD, Head of Business Development

- Head of ETF Distribution, Americas, for Deutsche Bank
- One of the early ETF pioneers
- Spent a decade helping to build the iShares franchise at Barclays Global Investors and BlackRock.
- Business Development Manager for Russell Investments

Previous Experience



Source: FSInsight, Bitwise Asset Management

VC Investors	Investors & Advisors	Advisor Experience
	 <p>Corey Mulloy- GP at Highland Capital Partners for over 20 years. Board member for several private and public companies. Swarthmore College Endowment Investment Committee member.</p>	
	 <p>Keith Rabois - GP at Founders Fund. Former Managing Director at Khosla Ventures. Cofounder of Opendoor. Previously executive at Square, PayPal, LinkedIn. Investor Stripe, Affirm, YouTube, Airbnb, Ellevest, Palantir.</p>	
	 <p>Srikant Dash – Former Global Head of Indexes for Bloomberg LP, former Managing Director of Indices for S&P, former member of index committee S&P 500.</p>	
	 <p>Naval Ravikant - Cofounder of AngelList and CoinList. Partner at Metastable. Investor in Uber, Twitter, Kraken, Korbit, Blockstack, Protocol Labs.</p>	
	 <p>David Sacks - GP at Craft Ventures. Former CEO Zenefits, Founder of Yammer, Founder of Geni, COO at PayPal. Investor: SpaceX, Facebook, Addepar, Uber, PayPal.</p>	
	 <p>Alison Davis - Board Director, Royal Bank of Scotland, Fiserv, and Blockchain Capital. Previously CFO at Barclays Global Investors and Partner at AT Kearney.</p>	







Source: FSInsight, Bitwise; A full list of advisors can be found [here](#).

Supported by the industry's most well-respected service providers

Bitwise has partnered with best-in-class service providers that specialize in serving the digital asset industry and crypto-focused investment vehicles.

- **Bitwise evaluates the landscape of providers on an ongoing basis and selects the service providers based on ability to execute, reputation, and cost effectiveness.**

Figure: Select Bitwise services providers

Custody	Coinbase Custody Trust Company, Fidelity Digital Assets	 
Fund Administration	Theorem Fund Services	
Audit & Tax	Cohen and Company	
Attorney	Wilson Sonsini Goodrich & Rosati	
Trading Counterparties	Jane Street, Susquehanna, Coinbase Pro, Genesis, Kraken, Cumberland	     

Source: FSInsight, Bitwise

Presentation to U.S. Securities and Exchange Commission ([Link](#))

This Data Is Widely Reported ... And Extremely Wrong

This data comes from CoinMarketCap.com, the most widely cited source for bitcoin volume. It is used by every major media outlet in the world (examples shown to the right).

Despite its widespread use, the [CoinMarketCap.com](#) data is wrong. It includes a large amount of fake and/or non-economic trading volume, thereby giving a fundamentally mistaken impression of the true size and nature of the bitcoin market.

We will demonstrate in multiple different ways that approximately 95% of this volume is fake and/or non-economic in nature, and that the real market for bitcoin is significantly smaller, more orderly, and more regulated than commonly understood.

"Binance, currently the largest online exchange by volume, according to research site [coinmarketcap.com](#)..."

THE WALL STREET JOURNAL, August 5, 2018

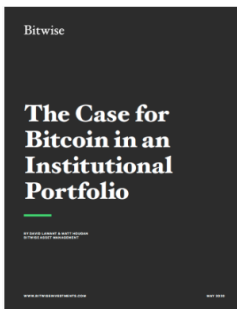
"According to data from the website [coinmarketcap.com](#)..."

The New York Times August 20, 2018

"Digital coins are collectively valued at \$140 billion, according to [coinmarketcap.com](#)..."

BARRON'S November 23, 2018

Industry White Papers ([Link](#))



The Case for Bitcoin in an Institutional Portfolio

This paper examines the case for adding bitcoin to a diversified portfolio under a myriad of different market regimes.

[Download Now](#)

Monthly Investor Letters ([Link](#))

AUGUST 11 2020

August 2020: Playing The Winner's Game — The Case for Indexing in Crypto

The BITX performance is a reminder why indexing is the best approach for most investors. We talk about that and explore some misconceptions.



Research Briefs ([Link](#))

FEBRUARY 26 2020

How to Invest in Bitcoin with a Trust

A common question that's surprisingly difficult to find an easy answer to is: How do I invest in bitcoin or crypto using a trust?



Benchmark Surveys ([Link](#))

JANUARY 15 2020

Bitwise/ETF Trends Release 2020 Benchmark Survey Of Financial Advisor Attitudes Toward Cryptoassets

The new survey of 400+ advisors shows the percentage looking to allocate to crypto is set to more than double in 2020, from 6% to 13%.



Firmly positioning Bitwise as trusted industry experts on passive crypto investing



Hunter Horsley, CEO – CNBC ([Link](#))



Bitwise CEO on pending bitcoin ETFs & what could drive bitcoin higher in 2019



Matt Hougan, Head of Research – CNBC ([Link](#))



The SEC's final bitcoin ETF ruling is on deck. Here's what investors can expect

Bloomberg

Hunter Horsley, Matt Hougan – Bloomberg ([Link](#))



Teddy Fusaro, COO – Cheddar ([Link](#))



Source: FSInsight, Bitwise

Company Overview

Bitwise 10 Crypto Index Fund

Bitwise Bitcoin Fund

Alpha Opportunity

Appendix Information



Bitwise 10 Crypto Index Fund

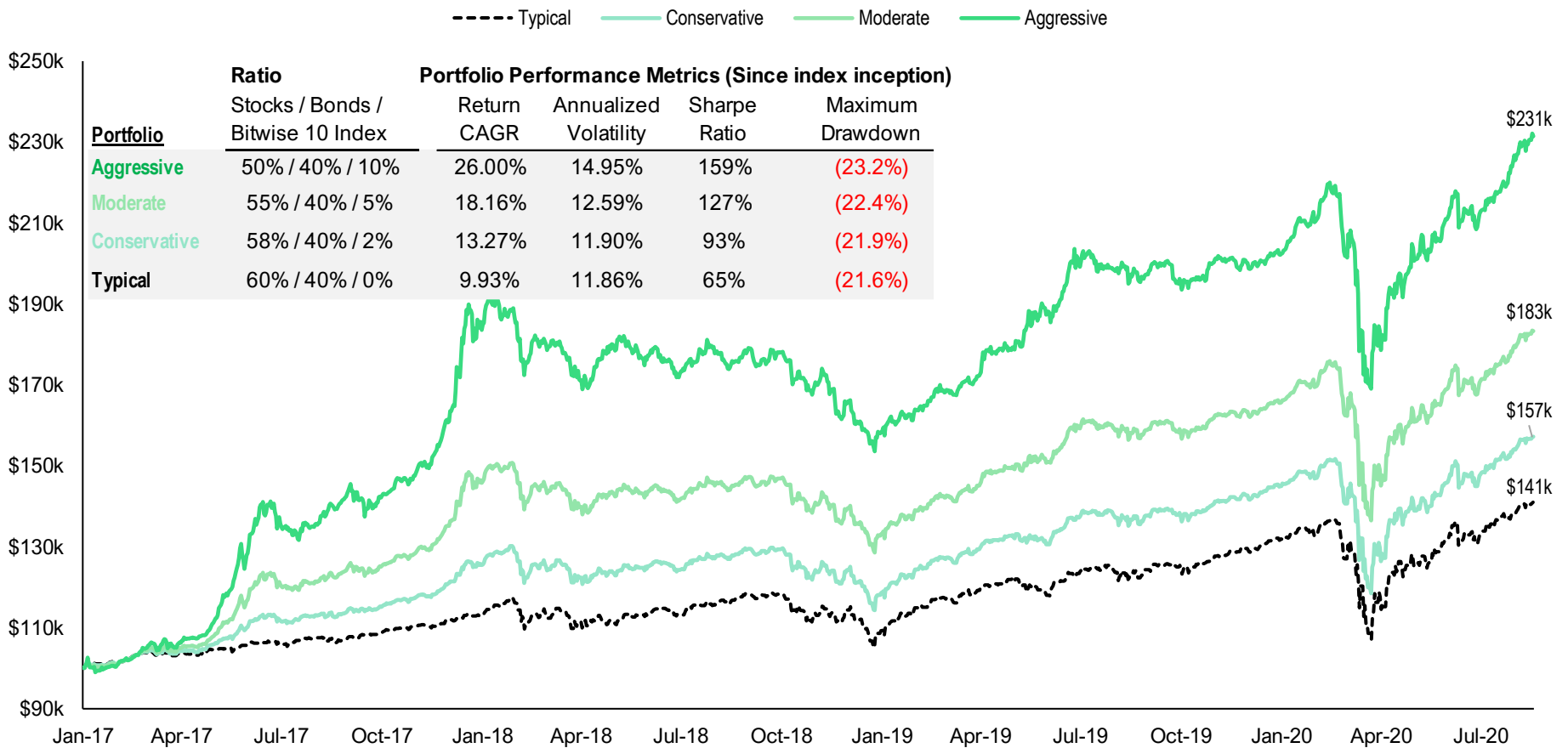
Bitwise 10 Crypto Index Fund ("Bitwise 10") offers investors smart, secure and convenient exposure to the top 10 crypto assets, which comprise ~80% of the market.

Bitwise 10 Crypto Index would've enhanced risk-adjusted portfolio returns

Adding a 2% allocation to assets tracking the Bitwise 10 Large Cap Crypto Index to a typical 60/40 portfolio would have enhanced annualized returns by 330bps. Increasing the allocation to 5% would have nearly doubled the return of a typical portfolio.

- All portfolios analyzed below produced higher Sharpe-ratios than the typical 60/40 portfolio, thus highlighting the diversification benefits that would have been afforded by allocating to Bitwise 10 Index historically.
- Additionally, adding crypto assets had a minimal impact (max of ~160bps) on the maximum portfolio drawdown.

Figure: Comparative 5-Year Portfolio Performance⁽¹⁾
Rebalanced Quarterly



Source: FSI Insight, Bloomberg, Bitwise; ⁽¹⁾ Represents Bitwise 10 Large Cap Index Performance. Actual Bitwise 10 Crypto Index Fund performance may differ.

Bitwise 10 Crypto Index has outperformed many active crypto hedge funds

Investors looking for a way to gain managed exposure to the crypto asset class find themselves choosing between active and passive management solutions. Strong active crypto fund managers exist, but there are hundreds to choose from, and most have short crypto track records, while many have closed their doors. The Bitwise 10 offers a solution to this selection problem.

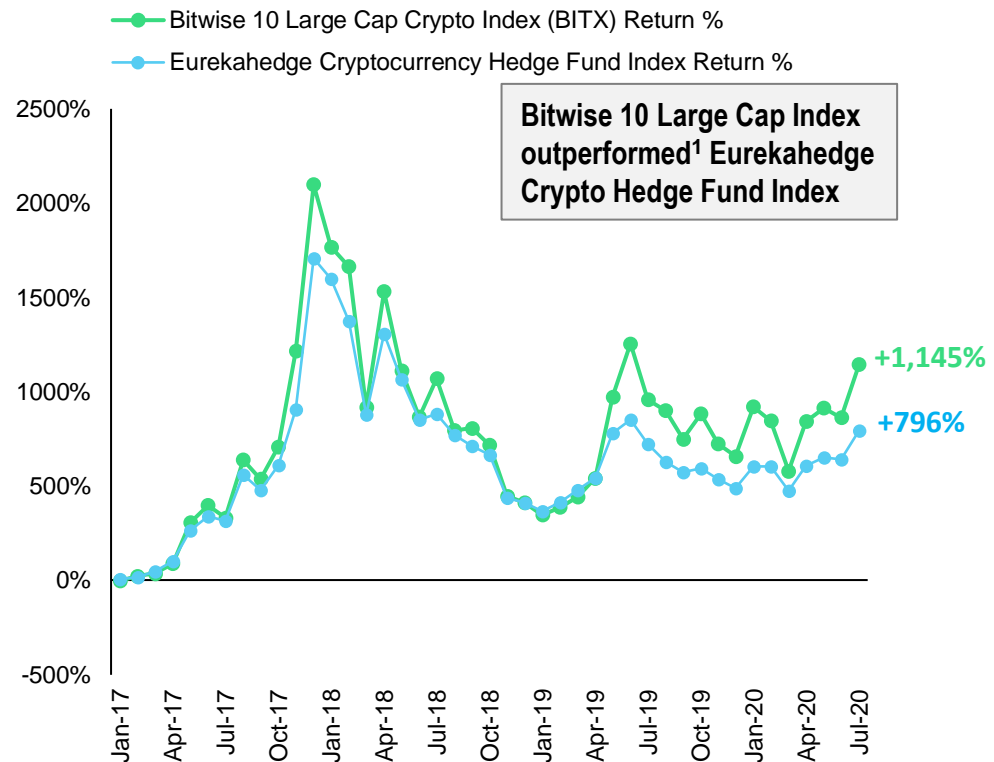
- **Bitwise 10 Index outperformed actively managed crypto hedge funds, measured as the Eurekahedge Crypto Hedge Fund Index, by 350% since inception and has outperformed the index for most of its three-and-a-half-year history.**

Figure: Bitwise 10 Index vs. Crypto Hedge Funds

“Fund investors are confident that they can easily select superior fund managers. They are wrong.”

— John C. Bogle

Bitwise 10 Index vs. Crypto Hedge Funds



Source: FSInsight, Vanguard, ⁽¹⁾ Bitwise 10 Large Cap Index return represents hypothetical index returns and does not include fees. Eurekahedge Cryptocurrency Hedge Fund Index performance presented net of all fees.

Rules-based methodology underlies BITX approach for capturing smart beta

The Bitwise 10 Large Cap Crypto Index (BITX) is comprised of the top 10 crypto assets as measured and weighted by free-float and 5-year inflation adjusted market cap. The Index is rebalanced monthly and has a robust methodology for asset inclusion.

- **Robust inclusion methodology offers investors key safeguard benefits of active manager diligence but in a low-cost vehicle.**

Figure: Bitwise 10 Index Inclusion Criteria

Top Crypto Assets (By market Cap)	Market Cap (\$B) ⁽¹⁾	Member Weight ⁽¹⁾	Inclusion Date	Bitwise 10 Index Member ⁽¹⁾	Select Index Inclusion Criteria (Must meet all) ⁽²⁾					
					Crypto secured bearer instrument	Price is not pegged to crypto/hard assets	Trades on at least 2 eligible exchanges	Approved third-party custodians	No known security vulnerability	Sufficient Liquidity
Bitcoin (BTC)	\$208.9	75.0%	Oct-17	✓	✓	✓	✓	✓	✓	✓
Ethereum (ETH)	\$38.7	12.7%	Oct-17	✓	✓	✓	✓	✓	✓	✓
Ripple (XRP)	\$11.6	4.2%	Oct-17	✓	✓	✓	✓	✓	✓	✓
Tether (USDT)	\$9.9	-	-	x	✓	x	✓	✓	✓	✓
Bitcoin Cash (BCH)	\$5.6	2.0%	Oct-17	✓	✓	✓	✓	✓	✓	✓
Bitcoin SV (BSV)	\$4.3	-	-	x	✓	✓	x	x	✓	✓
Litecoin (LTC)	\$3.8	1.5%	Oct-19	✓	✓	✓	✓	✓	✓	✓
Cardano (ADA)	\$3.6	1.2%	Jun-19	✓	✓	✓	✓	✓	✓	✓
Binance Coin (BNB)	\$3.0	-	-	x	✓	✓	x	✓	✓	✓
Crypto.com (CRO)	\$3.0	-	-	x	✓	✓	x	x	✓	✓
EOS (EOS)	\$2.9	1.1%	Feb-18	✓	✓	✓	✓	✓	✓	✓
Chainlink (LINK)	\$2.7	0.9%	Apr-20	✓	✓	✓	✓	✓	✓	✓
Tezos (XTZ)	\$2.1	0.8%	Dec-19	✓	✓	✓	✓	✓	✓	✓
Stellar (XLM)	\$2.0	0.7%	Feb-18	✓	✓	✓	✓	✓	✓	✓

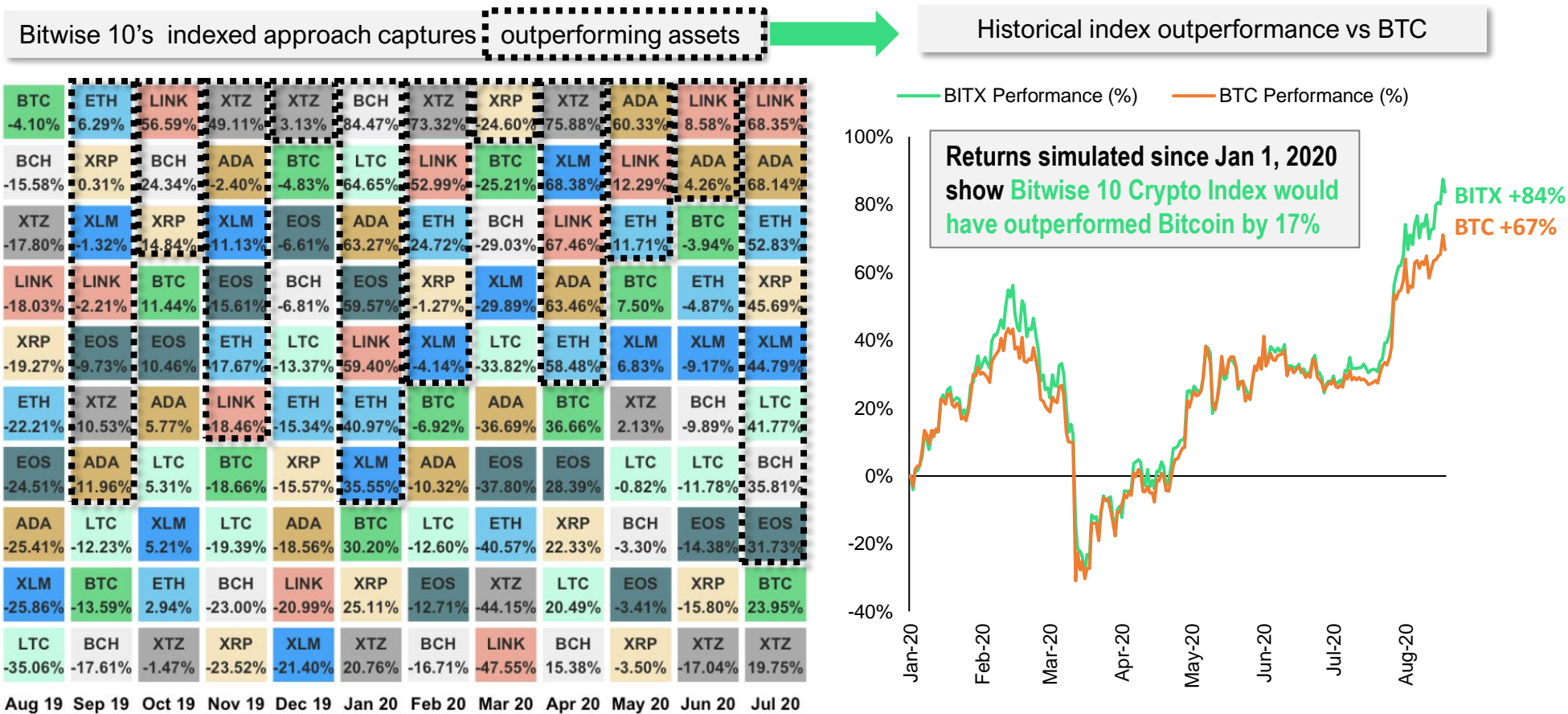
Source: FSInsight, Bitwise, Coinmarketcap; ⁽¹⁾Constituents and market caps as of 7/31/2020 rebalance, ⁽²⁾ A comprehensive list of index selection criteria and related definitions can be found [here](#).
The Bitwise 10 Crypto Index Fund, which tracks the Bitwise 10 Large Cap Crypto Index, may elect not to hold an asset included in the index.

Bitwise 10 Crypto Index captures assets that are outperforming Bitcoin

Bitcoin is the largest crypto asset but that doesn't guarantee it will have the largest returns. Diversification is the only "free lunch" in investing according to Modern Portfolio Theory and it's likely to still be the best way to hedge risk while increasing returns in crypto.

- Over the past 12 months, Bitcoin has only been the top performing asset in the BITX index one month out of the year.
- Bitwise 10 Crypto Index has outperformed Bitcoin since inception by 17% due to its exposure to constituents that often strongly outperform relative to Bitcoin, even with assets entering and leaving the top 10.

Figure: Bitwise 10 Constituent Monthly Performance; Bitwise 10 Performance vs BTC



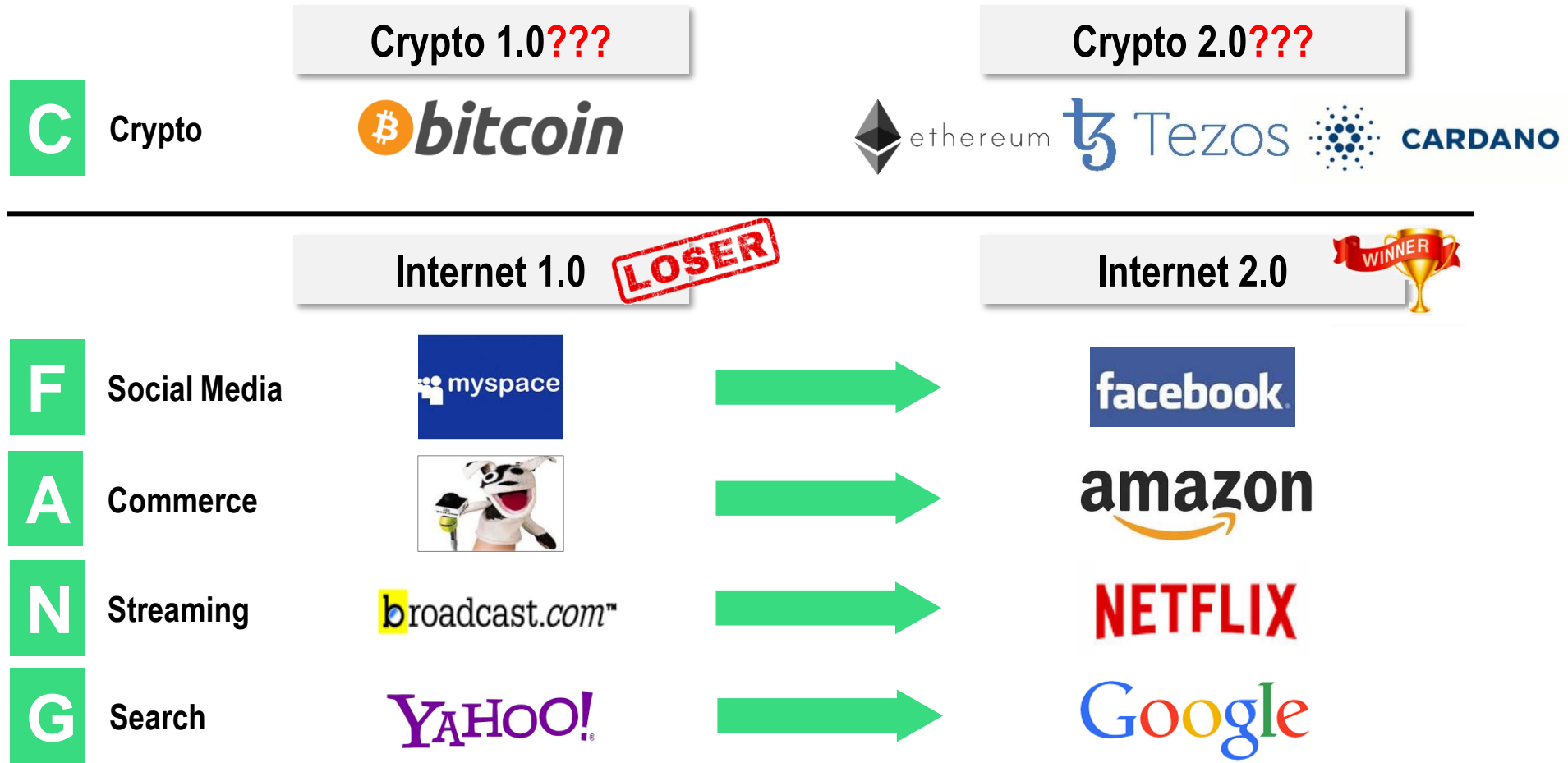
Source: FSInsight, Bitwise

Investors own the crypto winners no matter how Bitcoin plays out

One of the key question investors looking at the crypto space will ask is whether Bitcoin is the myspace, pets.com, broadcast.com or yahoo of the internet—companies that eventually saw a competitor emerge and outpace their business.

- Bitcoin represent a large share of crypto market value today, but that dynamic is not guaranteed to persist, and many investors will likely find a diversified approach most prudent.
- Selected examples are below—the FANG 1.0 version and the survivor—aka internet 2.0.

Figure: FANG vs Internet 2.0 winners



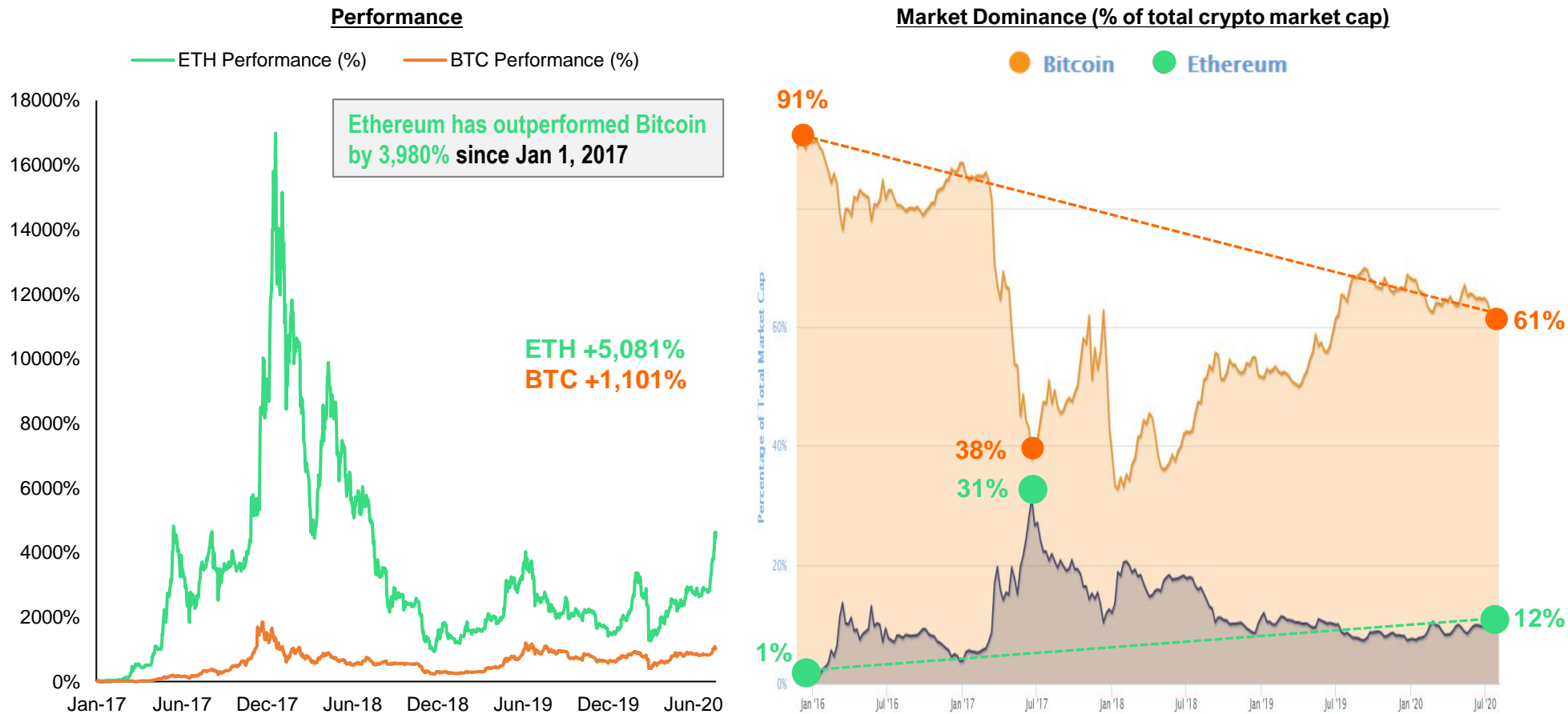
Source: FSInsight

Ensuring exposure to the next Ethereum which “Bitcoin only buyers” missed

Ethereum shows that investors can't “just buy Bitcoin” and come out on top. Ethereum has outperformed Bitcoin by 3,980% since Jan 1, 2017 and is one of the top performing crypto assets this year up ~226% on a YTD basis.

- **As a share of total crypto market cap, Ethereum now accounts for 12% of the total market cap up from 1% in 2015 and is continuing to challenge Bitcoin's dominance.**

Figure: Bitcoin and Ethereum Performance; Bitcoin and Ethereum Market Dominance



Source: FSInsight, Coinmarketcap

Bitwise 10 Crypto Index Fund offers a best-in-class way to gain crypto exposure

**Diversified
Crypto Exposure**

**Professional
Management**

**Traditional
Fund Vehicle**

**Brokerage/IRA
Account Eligible**

**Audited
Financials**

**Secured &
Insured Custody**

Investment Objective	Own the winning coins. Track the Bitwise 10 Large Cap Index which holds the 10 largest crypto assets that comprise ~80% of the market rebalancing
Strategy	Direct ownership of 10 of the top crypto assets, market cap weighted, screened, monitored, and rebalanced monthly
Fund Structure	Delaware Statutory Trust
Investment Qualifications	\$25,000 minimum from U.S. Accredited Investors
Subscriptions	Accepted weekly. US Bank Wires or digital assets in-kind
Redemptions	Weekly, subject to 3% fee during first 12 months ¹
Expense Ratio	2.5% of AUM, annual fee
Sponsor	Bitwise Investment Advisers
Custodian / Auditor	Coinbase Custody Trust Company / Cohen and Company
Administrator / Legal Firm	Theorem Fund Services / Wilson Sonsini Goodrich & Rosati
OTC Markets	Bitwise announced its intention to make shares tradable in traditional brokerage accounts through OTC Markets (review the PPM for more details)
How to receive docs and invest	Email: investors@bitwiseinvestments.com Phone: 415-745-9166 Invest Online: www.bitwiseinvestments.com

⁽¹⁾ Bitwise Asset Management intends to terminate the availability of share redemptions prior to quotation of the shares on the OTCQX. As a result investors may be dependent on the existence of an active secondary market on OTCX to sell their shares

Company Overview

Bitwise 10 Crypto Index Fund

Bitwise Bitcoin Fund

Alpha Opportunity

Appendix Information



Bitwise Bitcoin Fund

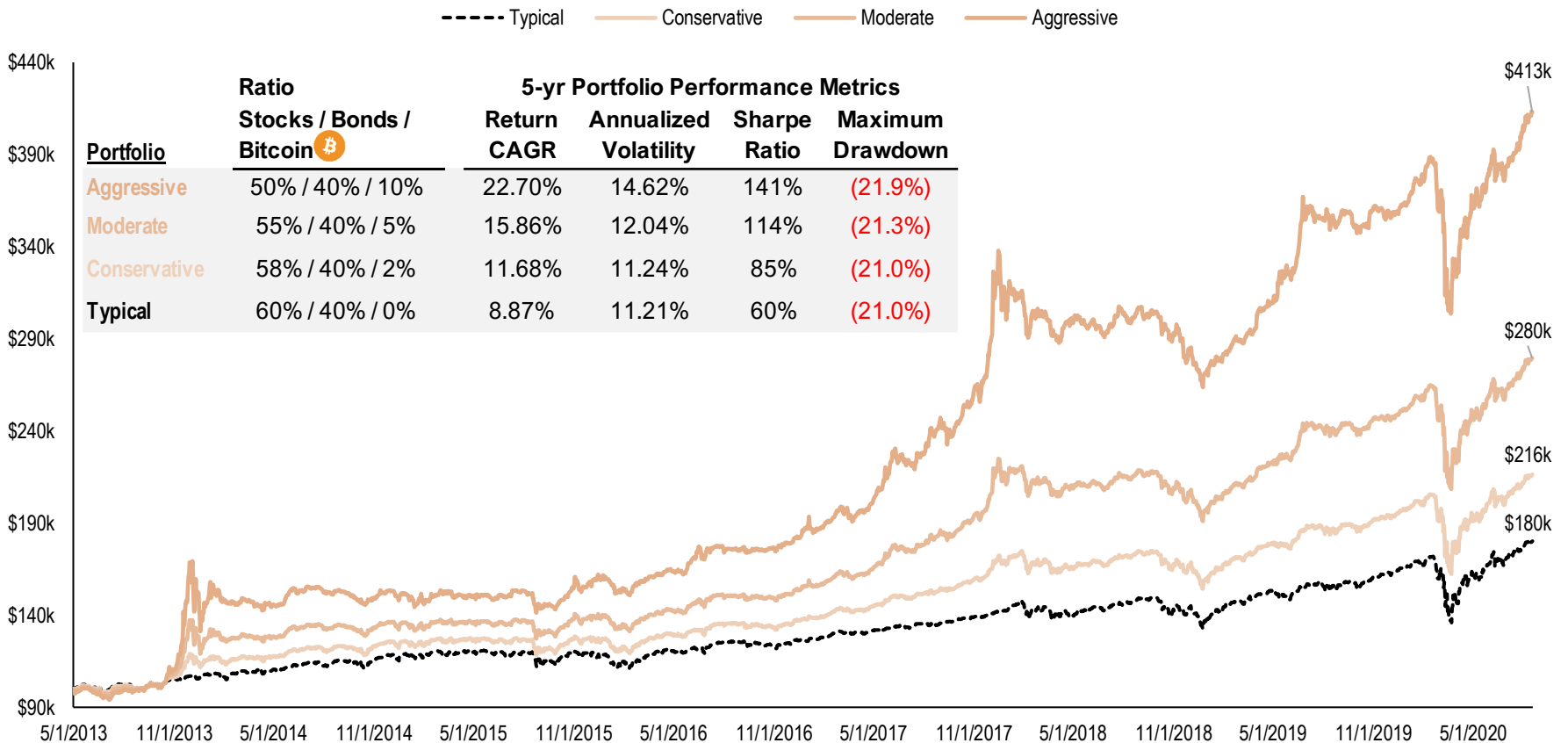
The Bitwise Bitcoin Fund ("Bitcoin Fund") provides investors secure, convenient and professionally-managed exposure to the first and largest crypto asset in the world, Bitcoin.

Bitcoin allocation has historically enhanced risk-adjusted portfolio returns

Adding a 2% allocation to Bitcoin to a typical 60/40 portfolio (reduce equities by 2%) would have enhanced 5-year annualized returns by 280bps. Increasing this allocation to 5% would have nearly doubled the return of a typical portfolio.

- All portfolios analyzed below produced higher Sharpe-ratios than the typical 60/40 portfolio, with minimal impact on drawdowns, thus highlighting the diversification benefits that would've been afforded by allocating to Bitcoin historically.

Figure: Comparative 5-Year Portfolio Performance
Quarterly Rebalancing



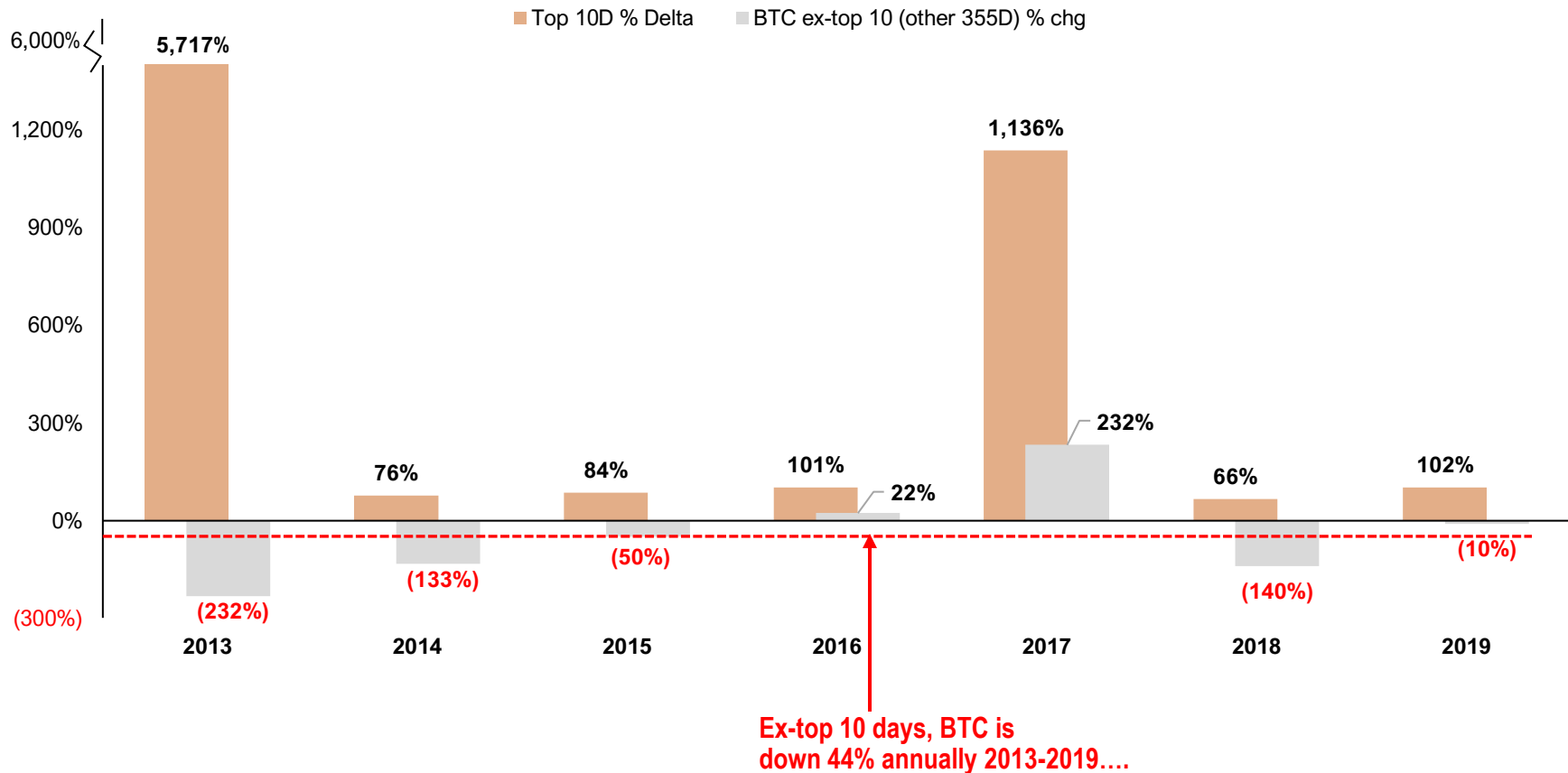
Source: FSInsight, Bloomberg

Buy and Hold has historically been the best strategy for Bitcoin investing

A long-term buy and hold strategy has proven to be the most effective means for capturing Bitcoin returns.

- A handful of days out of each year account for the bulk of gains for Bitcoin returns.
- Bitcoin was down every year (~44% annually), if we exclude the gains from its 10 best days (based on % change).

Figure: Return of BTC based on top 10 days (% chg. daily) vs rest of year
Since 2013



Source: FSInsight, Bloomberg, CoinmarketCap

Bitwise Bitcoin Fund offers a best-in-class way to gain BTC exposure

- Bitcoin Exposure
- Professional Management
- Traditional Fund Vehicle
- Brokerage & IRA Account Eligible
- Audited Financials
- Secured & Insured Custody

Investment Objective	Capture the total return of Bitcoin by tracking the price and realizing all economically significant airdrops and hardforks
Strategy	Direct ownership of BTC
Fund Structure	Delaware Limited Liability Company
Investment Qualifications	\$25,000 minimum from U.S. Accredited Investors
Subscriptions	Accepted weekly. US Bank Wires or bitcoin in-kind
Redemptions	Weekly, no withdrawal fee ¹
Expense Ratio	1.5% of AUM, annual fee
Sponsor	Bitwise Investment Advisers
Custodian / Auditor	Fidelity Digital Asset Services / Cohen and Company
Administrator / Legal Firm	Theorem Fund Services / Wilson Sonsini Goodrich & Rosati
Client Services & Research	Investor relations available for all questions/requests. Monthly Letter to Investors. Ad hoc research memos around market developments.
OTC Markets	Bitwise announced its intention to make shares tradable in traditional brokerage accounts through OTC Markets (review the PPM for more details)
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Company Overview

Bitwise 10 Crypto Index Fund

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Bitwise plans to list its Bitwise 10 Crypto Index & Bitcoin Funds' shares for trading

The lack of a Bitcoin or Crypto ETF, regulatory hurdles, tax incentives, accessibility challenges, costs and several other structural market circumstances have left most retail and institutional investors with limited means for gaining convenient and cost-effective crypto exposure through traditional brokerage accounts and investment vehicles.

- **Bitwise is in the process of reducing these challenges by seeking approval for the Bitwise 10 and Bitcoin Fund shares to be publicly quoted and tradable in brokerage accounts via OTC Markets.**
- **The company expects the process to be completed in Q3 – Q4 2020 for the Bitwise 10, and Q4 2020 – Q1 2021 for the Bitcoin Fund. It requires a FINRA Form 211 approval.**
- **Once approved, listing would make the Bitwise 10 Crypto Index Fund and Bitwise Bitcoin Fund shares tradable by all investors within traditional brokerage accounts like Charles Schwab, TD Ameritrade, E*Trade, Fidelity & others.**
- **The private placement at NAV will also be ongoing. New and existing private placement shareholders would be able to trade their shares after holding for a period of one year from the date of investment.**
- **When trading begins, redemptions will no longer be possible. Instead, investors will access liquidity by selling shares on the secondary market where the price will be set by supply and demand, and may trade at deviations from the NAV of the shares.**

Figure: Select Brokerage Account providers



Source: FSInsight

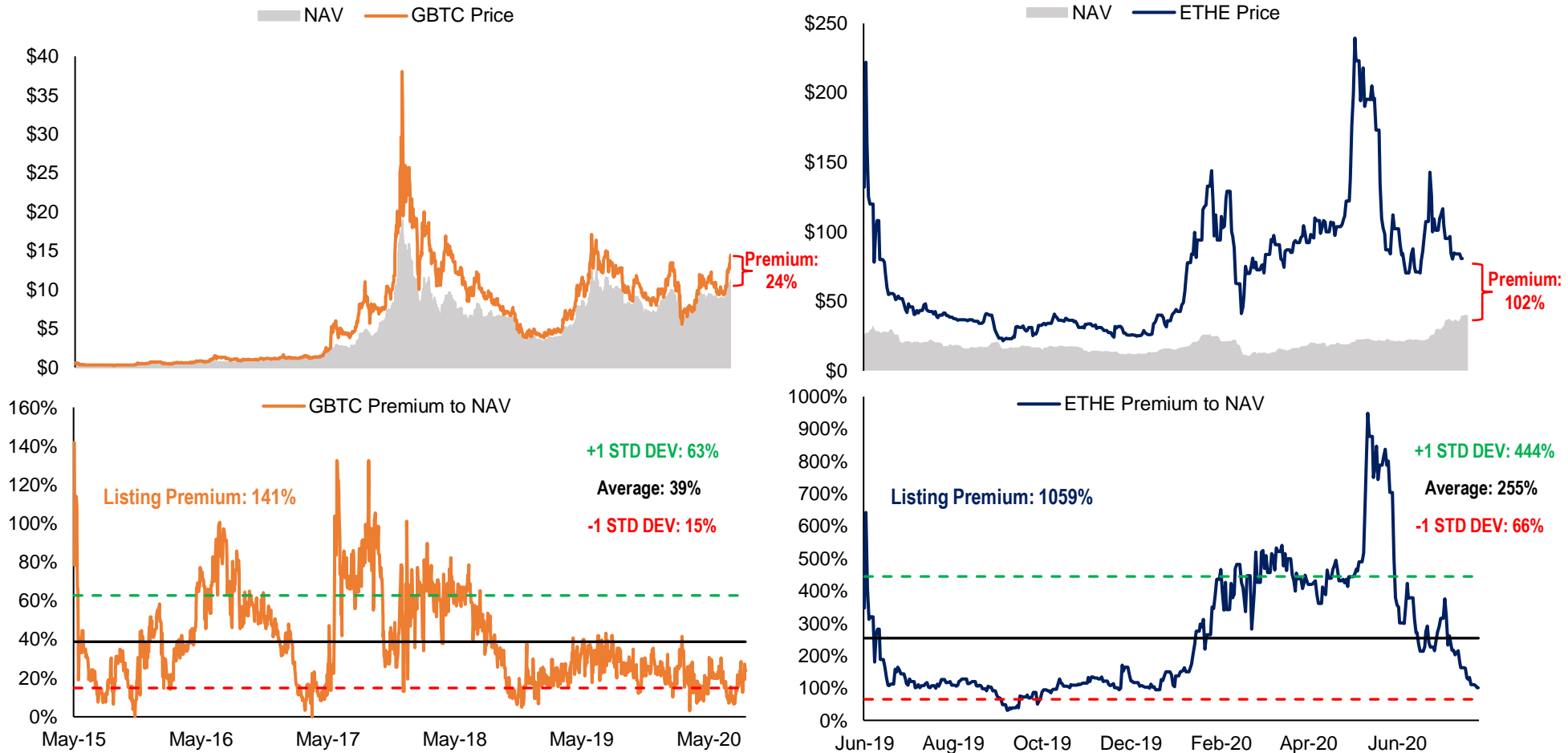
Premiums to NAV on comparable products suggest an opportunity with Bitwise

The two most comparable products to Bitwise's future listed funds are the Grayscale Bitcoin and Ethereum Trusts (Tickers: GBTC, ETHE), which exclusively hold BTC and ETH, respectively. Bitwise's Bitcoin Fund also offers exclusive BTC exposure, while ~90% of the current Bitwise 10 Crypto Index weight is comprised of BTC and ETH.

- Bitwise's comparable products have traded at large and sustained Net Asset Value (NAV) premiums (see below) despite sizable market caps of \$6.3B (GBTC) and \$1.7B (ETHE) and trading liquidity (30d ADV) of \$84M (GBTC) and \$15M (ETHE).

Figure: Historical GBTC & ETHE Price, NAV & Premium

Date: as of 8/18/20



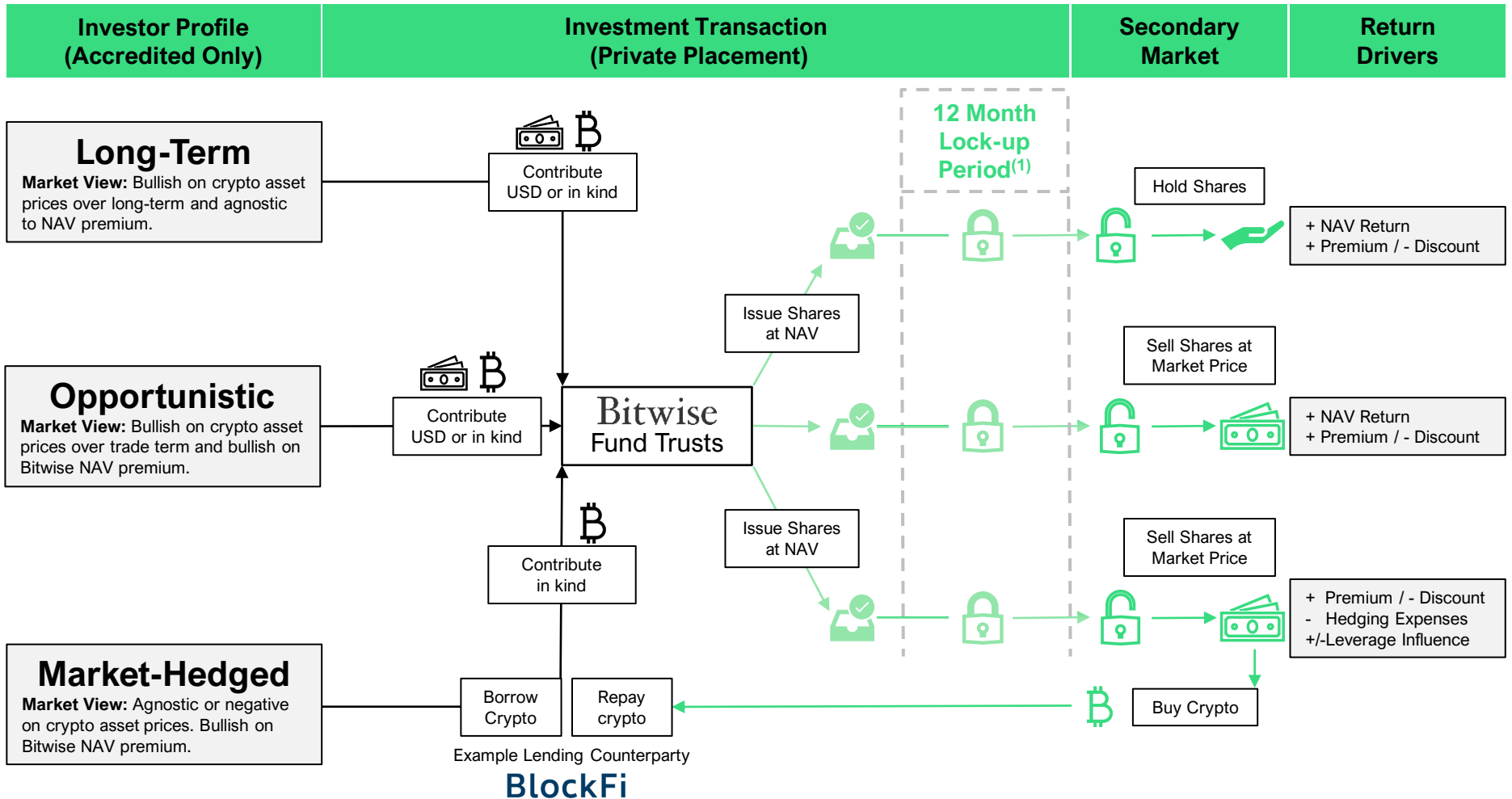
Source: FSInsight, Bloomberg

Bitwise funds offer an opportunity for investors across several strategies

NAV premiums on listed crypto products have allowed accredited investors and hedge funds to capture significant relative and absolute alpha by investing in comp fund trust private placements at NAV and later selling at a premium to NAV in OTC markets.

- We see a similar opportunity unfolding for Bitwise along with a range of strategies that long-term, opportunistic and market hedged investors can use to capitalize on, which are illustrated below.

Figure: Hypothetical Bitwise Investment Opportunities



Source: FSInsight; ⁽¹⁾If Bitwise successfully quotes fund shares on OTCQX, it intends to cease all share redemptions; Thus, there could be a period where investors are unable to redeem their shares and are unable to liquidate shares on the secondary market prior to the expiration of SEC's Rule 144 12 month holding period requirement. Prior to listing, shares can be redeemed weekly at NAV.

Opportunistic investors could capture alpha from a Bitwise NAV premium

Opportunistic traders have the potential to enhance absolute and relative crypto alpha. The hypothetical analysis below illustrates how the value of an investment in Bitwise Funds may perform based on a range of returns and NAV premium scenarios.

- While we do not know how market premiums for peers will unfold, we believe that once listed, Bitwise products will deserve to trade at NAV premiums near their comparables and expect investors will arbitrage spread differences in time.

Figure: Sensitivity of hypothetical Fund returns
Illustrative purposes only

Base Hypothetical Model Assumptions

Investment Amount	a	\$100,000
Management Fee	b	2.50%
Fund Return	c	75.00%
NAV Premium	d	50.00%

Gross Ending NAV	$a * c = e$	\$175,000
Management Fees	$\frac{(a+e)}{2} * b = f$	\$3,438
Net Ending NAV	$e - f = g$	\$171,563

Share Value	$g * (1+d) = h$	\$257,344
Return	$h / a - 1 = i$	157%
Alpha	$i - c = j$	82%

Hypothetical fund return of 75% and NAV premium of 50% could generate a 157% return or alpha of 82% over its underlying assets

		Hypothetical Return (%)										
		Bitwise Fund Return (25% increments)										
		-50%	-25%	0%	25%	50%	75%	100%	125%	150%	175%	200%
Share Premium (10% increments)	0%	(52)	(27)	(3)	22	47	72	96	121	146	170	195
	10%	(47)	(20)	7	34	62	89	116	143	170	197	225
	20%	(42)	(13)	17	47	76	106	136	165	195	224	254
	30%	(37)	(5)	27	59	91	123	155	187	219	251	284
	40%	(33)	2	37	71	106	140	175	209	244	278	313
	50%	(28)	9	46	83	120	157	194	231	268	305	343
	60%	(23)	17	56	96	135	175	214	254	293	333	372
	70%	(18)	24	66	108	150	192	234	276	318	360	402
	80%	(13)	31	76	120	164	209	253	298	342	387	431
	90%	(9)	38	85	132	179	226	273	320	367	414	461
	100%	(4)	46	95	144	194	243	293	342	391	441	490

		Hypothetical Alpha (%)										
		Bitwise Fund Return (25% increments)										
		-50%	-25%	0%	25%	50%	75%	100%	125%	150%	175%	200%
Share Premium (10% increments)	0%	(2)	(2)	(3)	(3)	(3)	(3)	(4)	(4)	(4)	(5)	(5)
	10%	3	5	7	9	12	14	16	18	20	22	25
	20%	8	12	17	22	26	31	36	40	45	49	54
	30%	13	20	27	34	41	48	55	62	69	76	84
	40%	17	27	37	46	56	65	75	84	94	103	113
	50%	22	34	46	58	70	82	94	106	118	130	143
	60%	27	42	56	71	85	100	114	129	143	158	172
	70%	32	49	66	83	100	117	134	151	168	185	202
	80%	37	56	76	95	114	134	153	173	192	212	231
	90%	41	63	85	107	129	151	173	195	217	239	261
	100%	46	71	95	119	144	168	193	217	241	266	290

Source: FSInsight

Note: Model results may not be reflective of actual returns. Model applies fees on an average annual basis to simplify for illustrative purposes. It does not consider the effect of monthly fee timing, compounding or other factors that may alter actual results.

Passive NAV premium investment returns outweigh active alpha after fees

Outperforming market benchmarks is already challenging. After incentive fees, an active crypto fund would need to generate active alpha of 72% on top of Bitwise Index appreciation to match the performance of the Bitwise fund with a 50% premium to NAV.

- **Bitwise Fund shares with a 50% NAV premium would outperform a hedge fund with 50% active alpha above the index by 31% in this hypothetical model. At 25% active alpha, the Bitwise passive premium advantage would increase to 65%.**

Figure: Comparing hypothetical returns from passive NAV premium and active management alpha

Simply a concept

		Bitwise Fund Return (75% Index + 50% Premium)	Crypto Hedge Fund Return (75% Index + 25% Alpha)	Crypto Hedge Fund Return (75% Index + 50% Alpha)	Crypto Hedge Fund Return (75% Index + 72% Alpha)
Initial Investment Amount	a	\$100,000	\$100,000	\$100,000	\$100,000
Bitwise Index Return	b	75%	75%	75%	75%
Active Manager Alpha	c	0%	25%	50%	72%
Total Fund Return	$(1+b)*(1+c)-1=d$	75%	119%	163%	201%
Gross Ending NAV	$a*(1+d)=e$	\$175,000	\$218,750	\$262,500	\$301,000
Average Gross NAV	$(a+e)/2=f$	\$137,500	\$159,375	\$181,250	\$200,500
Management Fee	g	2.50%	2.00%	2.00%	2.00%
Management Fees	$f*g=h$	\$3,438	\$3,188	\$3,625	\$4,010
Investment Appreciation	$e-a=i$	\$75,000	\$118,750	\$162,500	\$201,000
Performance Fee	j	0.00%	20.00%	20.00%	20.00%
Performance Fees	$i*j=k$	\$0	\$23,750	\$32,500	\$40,200
Investment Fees Paid	$h+k=l$	\$3,438	\$26,938	\$36,125	\$44,210
Net Ending NAV	$e-l=m$	\$171,563	\$191,813	\$226,375	\$256,790
NAV Share Price Premium	n	50%	0%	0%	0%
Total Investment Value	$m*(1+n)=o$	\$257,344	\$191,813	\$226,375	\$256,790
Total Investment Return	$o/a-1=p$	157%	92%	126%	157%

Source: FSInsight

Note: Model results may not be reflective of actual returns. Model applies fees on an average annual basis to simplify for illustrative purposes. It doesn't consider effects of monthly fee timing, compounding, high watermarks, rebates or other factors that may influence results.

Hedged investors could capture NAV premium returns agnostic of crypto prices

The analysis below reflects how the hypothetical value of an investment in Bitwise Fund shares could perform upon listing based on a range of fund return and NAV premium scenarios after a crypto loan hedge with a 30-40% initial collateral and 7-10% in-kind interest.

- Investors with a bearish or agnostic crypto price view can gain exposure to Bitwise NAV premium potential with mitigated crypto price risk using a hedged approach.

Figure: Sensitivity of hypothetical hedged Bitwise returns
Illustrative purposes only

Base Hypothetical Model Assumptions

<u>Bitwise Fund</u>		
Investment Amount	a	\$100,000
Management Fee	b	2.5%
Fund Return	c	75%
NAV Premium	d	50%
Gross Ending NAV	$a * (1+c) = e$	\$175,000
Management Fees	$((a+e)/2) * b = f$	\$3,438
Net Ending NAV	$e - f = g$	\$171,563
Bitwise Shares	$g * d = h$	\$257,344

<u>Crypto Loan</u>		
Crypto Borrowed	i	\$100,000
Collateral Deposit	j	30%
Interest Rate	k	7%
Cash Collateral	$i * j = l$	\$30,000
Crypto Liability	$i * (1+c) = m$	\$175,000
Interest Liability	$((i+m)/2) * k = n$	\$9,625

<u>Hedged Return</u>		
Total Assets	$h + l = o$	\$287,344
Loan Liability	$m + n = p$	\$184,625
Net Value	$o - p = q$	\$102,719
Return	$q / l - 1$	242%

Hypothetical Return(%): 30% Collateral & 7% Interest

		Bitwise Fund Return (25% increments)										
		-50%	-25%	0%	25%	50%	75%	100%	125%	150%	175%	200%
Share Premium (10% increments)	0%	(24)	(28)	(32)	(36)	(40)	(44)	(48)	(51)	(55)	(59)	(63)
	10%	(8)	(3)	1	5	9	14	18	22	26	31	35
	20%	8	21	33	46	58	71	83	96	108	121	133
	30%	24	45	66	87	107	128	149	169	190	211	232
	40%	40	69	98	127	156	185	214	243	272	301	330
	50%	56	94	131	168	205	242	280	317	354	391	428
	60%	73	118	163	209	254	300	345	390	436	481	527
	70%	89	142	196	249	303	357	410	464	518	571	625
	80%	105	166	228	290	352	414	476	538	600	661	723
	90%	121	191	261	331	401	471	541	611	681	752	822
	100%	137	215	293	372	450	528	607	685	763	842	920

Hypothetical Return(%): 40% Collateral & 10% Interest

		Bitwise Fund Return (25% increments)										
		-50%	-25%	0%	25%	50%	75%	100%	125%	150%	175%	200%
Share Premium (10% increments)	0%	(23)	(27)	(31)	(35)	(39)	(43)	(47)	(51)	(55)	(59)	(63)
	10%	(11)	(9)	(7)	(5)	(2)	(0)	2	4	7	9	11
	20%	1	9	18	26	34	43	51	60	68	77	85
	30%	13	27	42	56	71	86	100	115	130	144	159
	40%	25	45	66	87	108	129	149	170	191	212	233
	50%	37	64	91	118	145	171	198	225	252	279	306
	60%	49	82	115	148	181	214	248	281	314	347	380
	70%	61	100	139	179	218	257	297	336	375	414	454
	80%	73	118	164	209	255	300	346	391	437	482	528
	90%	85	136	188	240	291	343	395	446	498	550	601
	100%	97	155	213	270	328	386	444	502	559	617	675

Source: FSInsight. Note: Model results may not be reflective of actual returns. Model applies fees on an average annual basis to simplify for illustrative purposes. It doesn't consider effects of monthly fee timing, compounding, high watermarks, rebates or other factors that may influence results. Crypto loan terms may differ from those shown in the model. Analysis assumes a perfectly offsetting crypto loan hedge however, performance of the assets and fund may differ. Investors may be subject to margin calls or other factors leading to return variances.

Downside risks to our thesis

- Our hypothetical model is for illustrative purposes only and actual investment results may differ greatly from our simplified assumptions due to other unforeseen factors.
- Bitwise 10 Crypto Index Fund and the Bitwise Bitcoin Fund shares could have a NAV premium that falls short of expectations or possibly trade at a discount to NAV after listing.
- Bitwise 10 Crypto Index Fund and the Bitwise Bitcoin Fund shares may not receive FINRA approval for listing on the OTCQX or the approval may take indefinitely longer than anticipated.
- Bitwise plans to cease redemptions once shares become listed which may cause private placement investors to be locked up without the ability to redeem shares at NAV and without access to secondary market liquidity.
- Bitwise shares may have limited secondary market trading once listed which may cause investors to experience adverse liquidity risk.
- Hedged returns could be negatively impacted by crypto credit conditions, inability to secure favorable loans terms, margin call requirements, imperfect hedging results, or other unforeseen influences.
- Crypto assets are a highly volatile asset class with the possibility for any asset to quickly lose a significant portion of its value.
- Performance results of the Bitwise funds may differ from their underlying Bitwise indices for unforeseen reasons.
- Bitwise, its custodians or its third-party service providers may experience a negative event not fully covered by insurance causing a partial loss of assets.
- The opinions expressed in this report are the beliefs of the author at the time of publication. FSInsight does not commit to update this report and is not responsible for any independent investment decisions made by a reader, based on this and / or any other sources of information.

Source: FSInsight, Bitwise

Upside potential to our thesis

- Once Bitwise 10 Crypto Index Fund and the Bitwise Bitcoin Fund shares are approved for listing on OTCQX, premiums to NAV could exceed expectations.
 - Our hypothetical return model assumes a 50% NAV premium for Bitwise 10 Crypto Index Fund shares. Given sustained premium levels of ~260% and maximum premiums as high as 2,000% (~20x underlying asset value) for comparable products, there could be upside.
 - Bitwise 10 Crypto Index Fund shares could gain market recognition as the leading product for broad based crypto assets exposure, thus leading to greater than expected levels of secondary market demand.
 - Listing of shares on OTCQX could enhance the products' liquidity profiles and facilitate entry of large investors who were previously constrained from buying shares due to size or volume constraints.
- Bitwise 10 Crypto index Fund one-year performance could exceed our hypothetical return scenario of 75%.
 - BITX Index is already up 84% on a YTD basis and could see substantial upside through the remainder of the year should a sustained crypto asset bull market ensue.
 - BITX Index is up 1,200+% since inception and has seen annual returns far in excess of 75% historically.
 - BITX Index broad based approach could lead to significant index outperformance. For instance, Ethereum (ETH), the second largest BITX constituent has delivered greater than 3X Bitcoin's returns YTD and helped BITX outperform Bitcoin by 17% so far this year.
 - Several crypto assets could emerge as winners, gain widespread product market fit sooner than expected, and experience significant price appreciation: thus driving index outperformance.
- Bitwise Bitcoin Fund price performance could exceed our base case assumption.
- Hedged investors may be able to secure more attractive financing terms than are shown in our model, leading to potentially higher returns.

Source: FSInsight, Bitwise

Company Overview

Bitwise 10 Crypto Index Fund

Bitwise Bitcoin Fund

Alpha Opportunity

Appendix Information



Bitwise Ethereum Fund

The Bitwise Ethereum Fund ("Ethereum Fund") provides investors smart, secure and convenient exposure to the first smart contract platform and second largest crypto asset in the world, Ethereum.

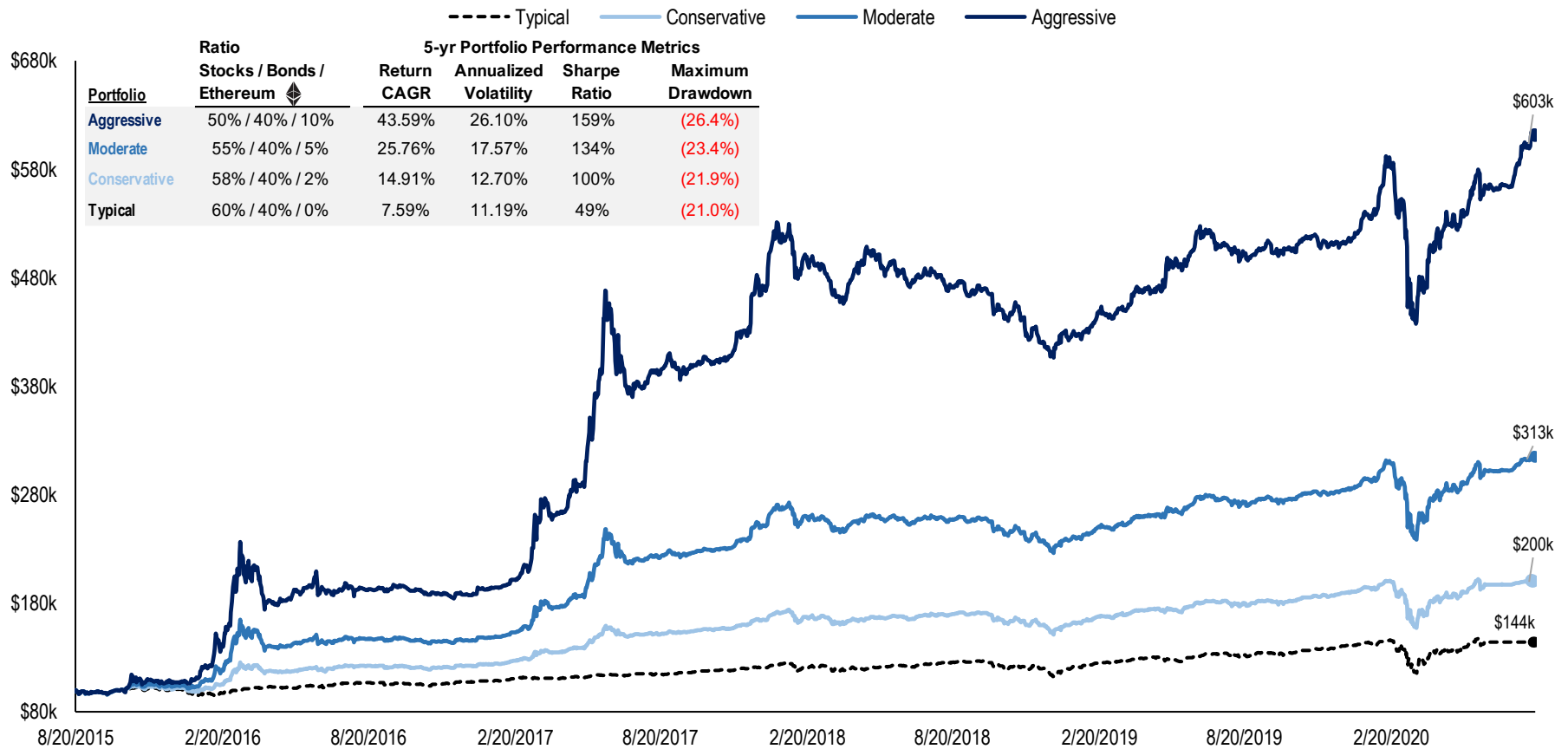
Ethereum allocation would've enhanced risk-adjusted portfolio returns

Adding a 2% allocation to Ethereum to a typical 60/40 portfolio (reduce equities by 2%) would have enhanced 5-year annualized returns by 730bps. Increasing this allocation to 5% would have tripled the return of a typical portfolio.

- All portfolios analyzed below produced higher Sharpe-ratios than the typical 60/40 portfolio with minimal impact on maximum drawdown. Thus, highlighting the diversification benefits that would have been afforded by allocating to Ethereum historically.

Figure: Comparative 5-Year Portfolio Performance

Rebalanced Quarterly



Source: FSInsight, Bloomberg, Coinmetrics

Bitwise Ethereum Fund offers a best-in-class way to gain ETH exposure

Ethereum Exposure

Professional Management

Traditional Fund Vehicle

Brokerage & IRA Account Eligible

Audited Financials

Secured & Insured Custody

Investment Objective	Capture the total return of Ethereum by tracking the price and realizing all economically significant airdrops and hardforks
Strategy	Direct ownership of ETH
Fund Structure	Delaware Statutory Trust ¹
Investment Criteria	\$25,000 minimum from U.S. Accredited Investors
Subscriptions	Accepted weekly. US Bank Wires or Ether in-kind
Redemptions	Weekly, no withdrawal fee
Expense Ratio	1.5% of AUM, annual fee
Sponsor	Bitwise Investment Advisers
Custodian / Auditor	Coinbase Custody Trust Company / Cohen and Company
Administrator / Legal Firm	Theorem Fund Services / Wilson Sonsini Goodrich & Rosati
How to receive docs and invest	Email: investors@bitwiseinvestments.com Phone: 415-745-9166 Invest Online: www.bitwiseinvestments.com

⁽¹⁾ The fund is in the process of conversion from a limited liability company and expects to be complete as of early September.

Bitwise Product Offerings

Figure: Product Overview

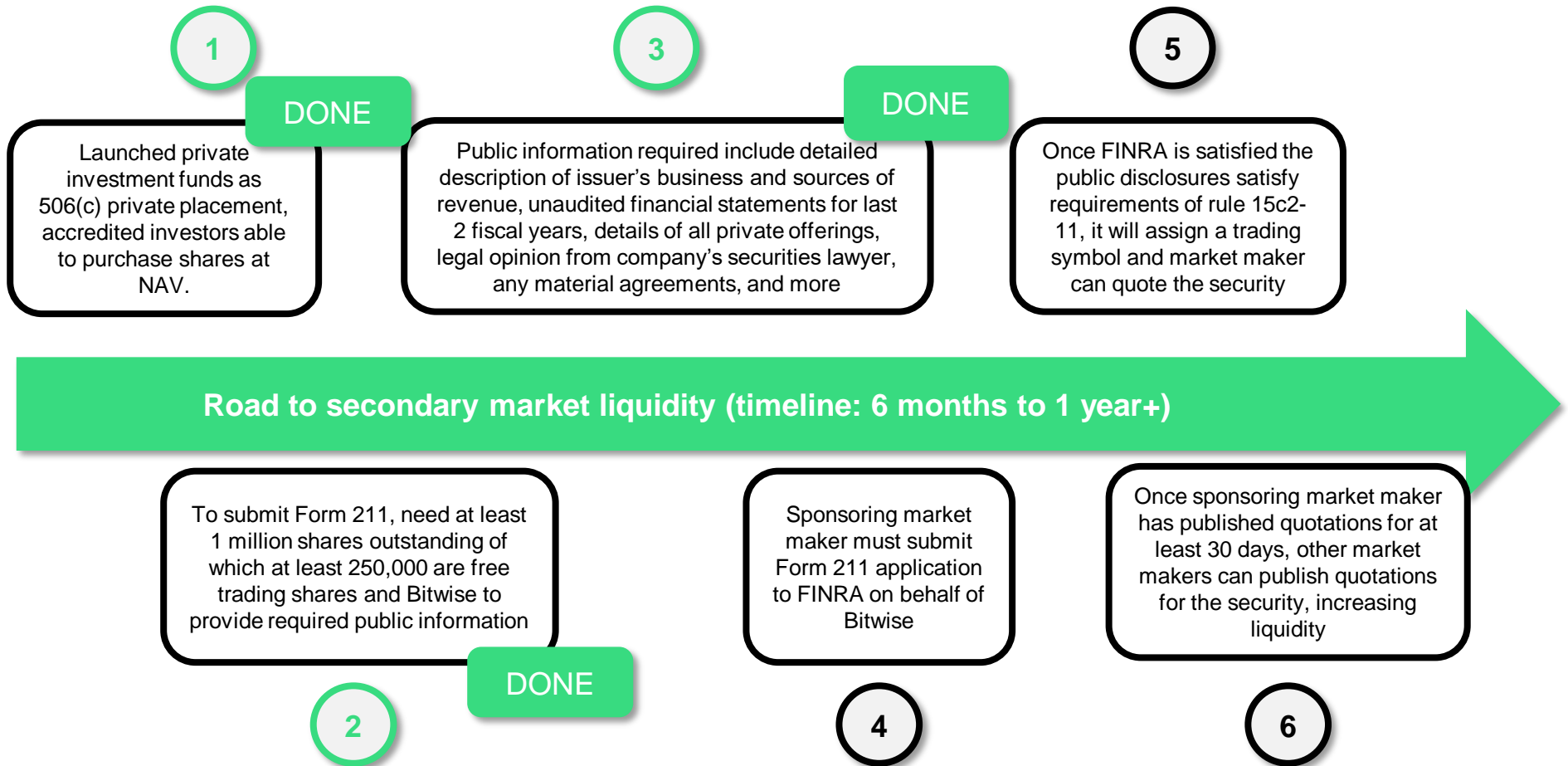
	Bitwise Fund	Minimum Investment	Expense Ratio	Performance Fee	Redemption Window	Redemption Fees	Fund Holdings
Investor Class	Bitwise Bitcoin Fund	\$25,000	1.5%	0.0%	Weekly ⁽¹⁾	0.0%	Bitcoin
	Bitwise Ethereum Fund	\$25,000	1.5%	0.0%	Weekly	0.0%	Ethereum
	Bitwise 10 Crypto Index Fund	\$25,000	2.5%	0.0%	Weekly ⁽¹⁾	First Year: 3% Thereafter: 0%	Bitwise 10 Large Cap Index
	Bitwise 10 Index Offshore Fund	\$100,000	2.5%	0.0%	Weekly	First Year: 3% Thereafter: 0%	Bitwise 10 Large Cap Index
Institutional Class	Bitwise Ethereum Fund	\$1,000,000	1.0%	0.0%	Weekly	0.0%	Ethereum
	Bitwise 10 Index Offshore Fund	\$1,000,000	2.0%	0.0%	Weekly	First Year: 3% Thereafter: 0%	Bitwise 10 Large Cap Index

Source: FSInsight, Bitwise; ⁽¹⁾ Bitwise Asset Management intends to terminate the availability of share redemptions prior to quotation of the shares on the OTCQX. As a result investors may be dependent on the existence of an active secondary market on OTCX to sell their shares

Making the transition to enable secondary market trading

Bitwise is seeking FINRA approval for trading of its Bitwise 10 Index Fund and Bitwise Bitcoin Fund shares on the OTC Markets. The transition follows a Form 211 approval process which is shown below.

Figure: Bitwise Secondary market liquidity timeline



Source: FSInsight

Defined Terms

- **OTC Markets (OTCQX: OTCM)** is a U.S. SEC and FINRA-regulated trading venue that has been in operation since 1913. The market provides price and liquidity information for almost 10,000 over-the-counter (OTC) securities. OTC-traded securities are organized into three markets to inform investors of opportunities and risks: OTCQX, OTCQB and Pink.
- **OTCQX** is the top tier of the OTC Markets venues and requires companies to make adequate, current information publicly available, provide timely public disclosure of any news or information which might reasonably be expected to materially affect the market for its securities, and demonstrate compliance with securities laws and regulations.

Source: FSInsight, Bitwise

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