



# Bitcoin, Blockchain, and Crypto



# Important Disclosures



The Units or Shares of the Bitwise Funds offered are speculative and involve a significant degree of risk. Investment in any of the Funds is suitable only for sophisticated investors and requires the financial ability and willingness to accept the high risks and limited liquidity inherent in the Units or Shares. There can be no assurance that the Fund will be successful or that losses will not be incurred by the Fund. Each investor in the Fund must have the ability to bear the risk of loss of his, her or its entire investment. Investors in the Fund must be prepared to bear such risks for an extended period of time. No assurance can be given that the Fund's investment objectives will be achieved or that investors will receive a return of their capital. Please refer to the more specific information contained in the offering documents.

Cryptocurrency is a digital representation of value that functions as a medium of exchange, a unit of account, or a store of value, but it does not have legal tender status. Cryptocurrencies are sometimes exchanged for U.S. dollars or other currencies around the world, but they are not currently backed nor supported by any government or central bank. Their value is completely derived by market forces of supply and demand, and they are more volatile than traditional currencies, stocks, bonds or other traditional asset classes. The value of cryptocurrency may be derived from the continued willingness of market participants to exchange fiat currency for cryptocurrency, which may result in the potential for permanent and total loss of value of a particular cryptocurrency should the market for that cryptocurrency disappear. Cryptocurrencies are not covered by either FDIC or SIPC insurance. Legislative and regulatory changes or actions at the state, federal, or international level may adversely affect the use, transfer, exchange, and value of cryptocurrency.

Trading (buying/selling) in cryptocurrencies comes with significant risks, including volatile market price swings or flash crashes, market manipulation, and cybersecurity risks and risk of losing principal or all of your investment. In addition, cryptocurrency markets and exchanges are not regulated with the same controls or customer protections available in equity, option, futures, or foreign exchange investing. Cryptocurrency trading requires knowledge of cryptocurrency markets. In attempting to profit through cryptocurrency trading, you must compete with traders worldwide. You should have appropriate knowledge and experience before engaging in substantial cryptocurrency trading.

Cryptocurrency trading may not generally be appropriate, particularly with funds drawn from retirement savings, student loans, mortgages, emergency funds, or funds set aside for other purposes. Cryptocurrency trading can lead to large and immediate financial losses. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a particular cryptocurrency suddenly drops, or if trading is halted due to recent news events, unusual trading activity, or changes in the underlying cryptocurrency system.

# Agenda



1. Who is Bitwise?
2. What is crypto and why does it matter?
3. Why is there more than one crypto asset?
4. Crypto in a portfolio
5. Crypto market update
6. Questions



# Who is Bitwise?



*Institutional Use Only / Not for Retail Use*

**Bitwise**<sup>®</sup>

# Bitwise at a Glance



## Pioneer

Founded in 2017, it's the largest crypto index fund manager in the world. As of March 31, 2022, Bitwise managed \$1.2 billion across its public and private funds.

## Leading brand

Industry-leading research & education. Authored CFA's "Guide to Crypto."

## Professional-focused

Focus on RIAs, institutions, hedge funds & family offices.

## Dedicated

Sole focus on crypto asset management, indexing, and research.

## Experienced

Team of over 60 professionals helps thousands of investors access and understand this fast-moving market.



# Executive Team: Bridging expertise in tech & asset management



**Hunter Horsley**  
**CEO**  
*Technology Expertise*

Product Manager, Facebook  
 Product Manager, Instagram  
 Economics, Wharton  
 Forbes 30 Under 30



**Katherine Dowling**  
**General Counsel & Chief Compliance Officer**  
*Legal Expertise*

MD, COO and CCO, Luminate Capital Partners  
 General Counsel and CCO, True Capital Management  
 Assistant U.S. Attorney, Economic Crimes Unit of the U.S.  
 Attorney's Office for the Northern District of California



**Teddy Fusaro**  
**President**  
*Expert in Alts Portfolio Management*

10-year ETF Veteran  
 SVP, NYLife Investments (\$550B AUM)  
 SVP & Head of PM, IndexIQ (\$5B AUM)  
 VP & Senior PM, Direxion (\$10B AUM)  
 Analyst, Goldman Sachs



**Hong Kim**  
**Chief Technology Officer**  
*Software Security Expertise*

Software Security Research, Korean Military  
 Software Engineer, Google  
 Computer Science, University of Pennsylvania



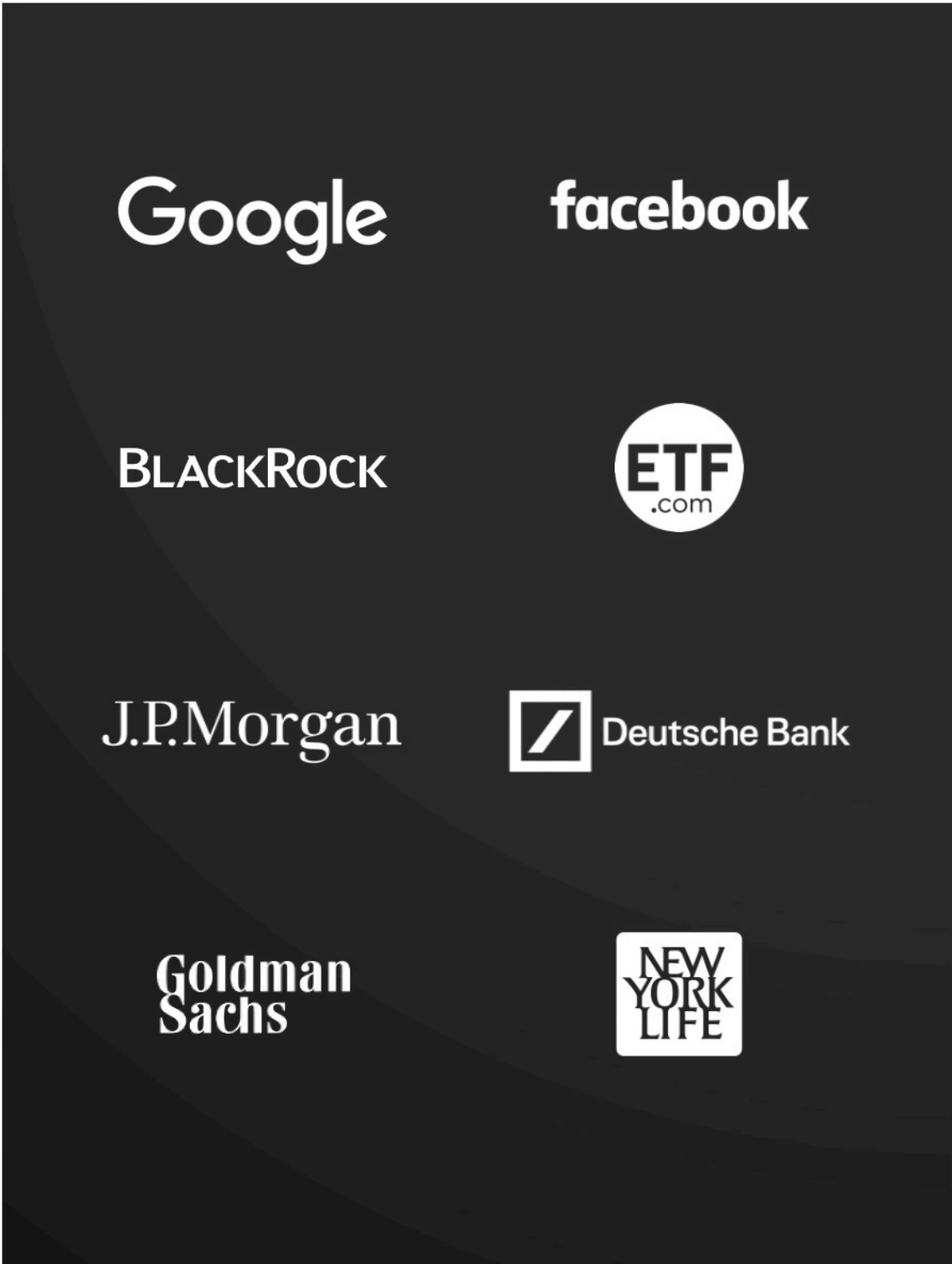
**Matt Hougan**  
**Chief Investment Officer**  
*Renowned ETF Educator & Expert*

15-year ETF Veteran  
 CEO, ETF.com and Inside ETFs  
 Co-author, CFA Institute's "Guide to ETFs"  
 and "Guide to Bitcoin, Blockchain and  
 Cryptocurrencies"  
 Columnist, Forbes

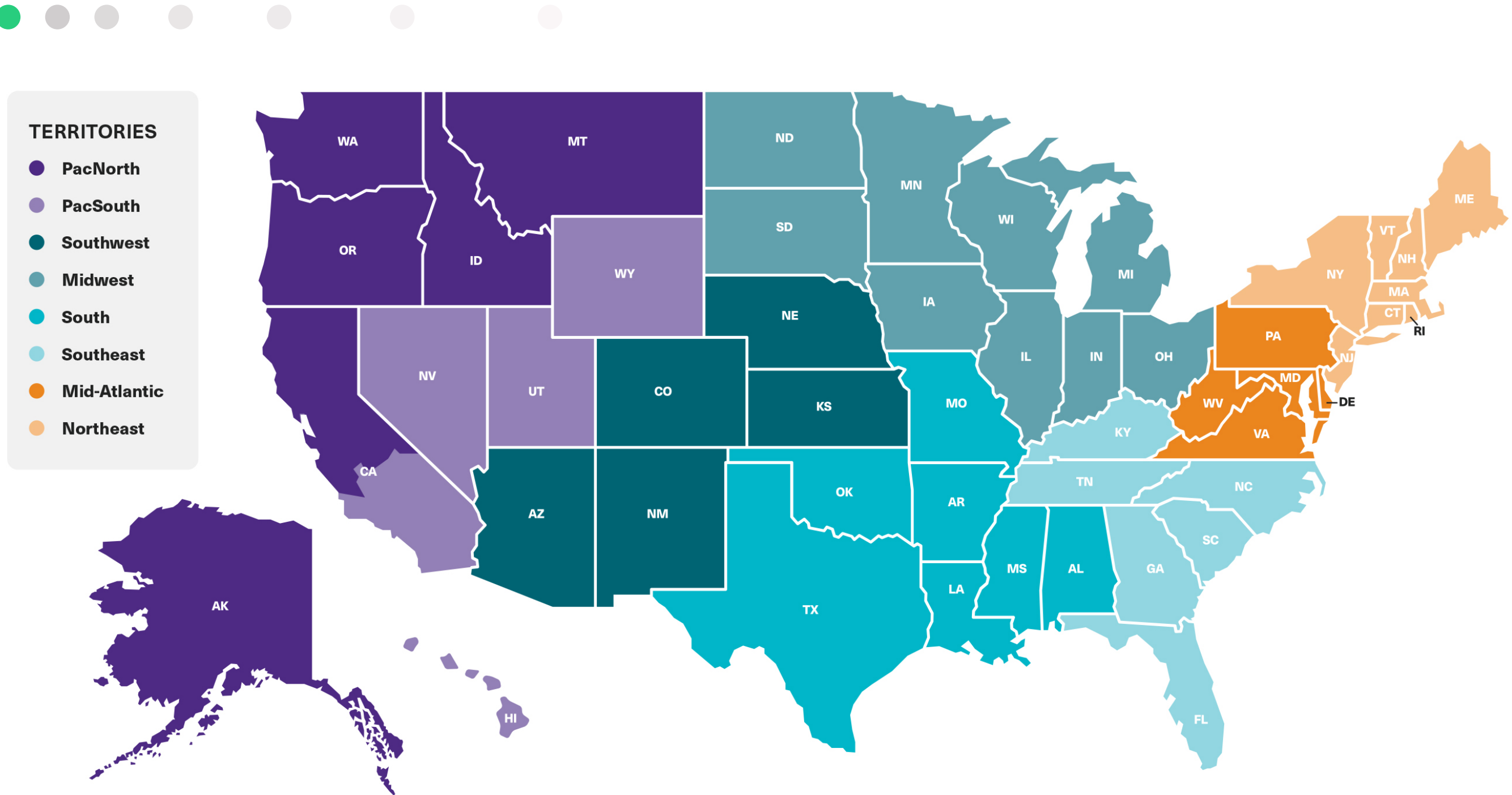


**Mick McLaughlin**  
**Chief Distribution Officer**  
*Built \$20B ETF Franchise from \$0*

15-year ETF Veteran  
 MD, Head of ETF Sales, Deutsche Bank (\$20B)  
 Manager, Russell Investments (\$300B)  
 Director, BlackRock iShares (\$6T)



# Full distribution and advisor support



**Mick McLaughlin**  
 Chief Distribution Officer  
 (925) 357-7459  
 mick@bitwiseinvestments.com

**Brian Raimondi**  
 Head of Institutional Sales  
 (631) 433-5363  
 brian@bitwiseinvestments.com

**Jim Machuga**  
 Director of National Accounts  
 (860) 930-7085  
 jim@bitwiseinvestments.com

**Wade Hampton**  
 Private Client Manager  
 (415) 728-3397  
 wade@bitwiseinvestments.com

**Carlie Donovan**  
 Manager, Business Development Associates  
 (857) 348-8525  
 carlie@bitwiseinvestments.com

**Alexandra Zen Ruffin**  
 Institutional Business Development Associate  
 (808) 284-6338  
 zen@bitwiseinvestments.com

**Jennifer Dwyer**  
 National Accounts, Business Development Associate  
 (617) 686-4058  
 jennifer@bitwiseinvestments.com

**Rich Pugh**  
 Key Accounts, Business Development Officer  
 (718) 986-8005  
 rich@bitwiseinvestments.com

**Alissa Sharp**  
 Business Development Officer  
 (650) 374-5516  
 alissa@bitwiseinvestments.com

**Sal DiPrinzio**  
 Sr. Business Development Associate  
 (610) 425-7117  
 sal@bitwiseinvestments.com

**Daniella Sucato**  
 Business Development Officer  
 (310) 795-4161  
 daniella@bitwiseinvestments.com

**Lauren Reed**  
 Business Development Associate  
 (310) 330-6801  
 lauren@bitwiseinvestments.com

**Ryan McKean**  
 Business Development Officer  
 (480) 703-5032  
 ryanm@bitwiseinvestments.com

**John Stec**  
 Business Development Officer  
 (925) 457-2154  
 johnj@bitwiseinvestments.com

**Garrett Vanhal**  
 Business Development Associate  
 (630) 862-0486  
 garrett@bitwiseinvestments.com

**Connor Sweet**  
 Business Development Officer  
 (646) 269-5732  
 connor@bitwiseinvestments.com

**Carlina Miles**  
 Business Development Associate  
 (469) 928-5008  
 carlina@bitwiseinvestments.com

**Sophie Mullin**  
 Business Development Officer  
 (423) 790-2321  
 sophie@bitwiseinvestments.com

**Aubrey Klaseen Nunez**  
 Sr. Business Development Associate  
 (786) 812-5808  
 aubrey@bitwiseinvestments.com

**Alec Strain**  
 Business Development Officer  
 (774) 994-0741  
 alec@bitwiseinvestments.com

**Howie Levine**  
 Business Development Associate  
 (415) 813-0732  
 howie@bitwiseinvestments.com

**Alec Strain**  
 Business Development Officer  
 (774) 994-0741  
 alec@bitwiseinvestments.com

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 (415) 813-0732  
 howie@bitwiseinvestments.com

# High-Quality Educational Materials



## Webcasts

In-depth educational sessions on critical topics.

## Educational Videos

Two-to-five-minute custom educational videos.

## High-Profile Media Appearances

Bitwise experts are regular guests on TV, podcasts, print, and other media.

## CFA Institute Research Brief

Bitwise partners with global leaders in education.

## Surveys

Peer benchmarking studies with exclusive data.

## White Papers

Analytical deep dives into critical topics.



# The Bitwise 10 Crypto Index Fund (Ticker: BITW)

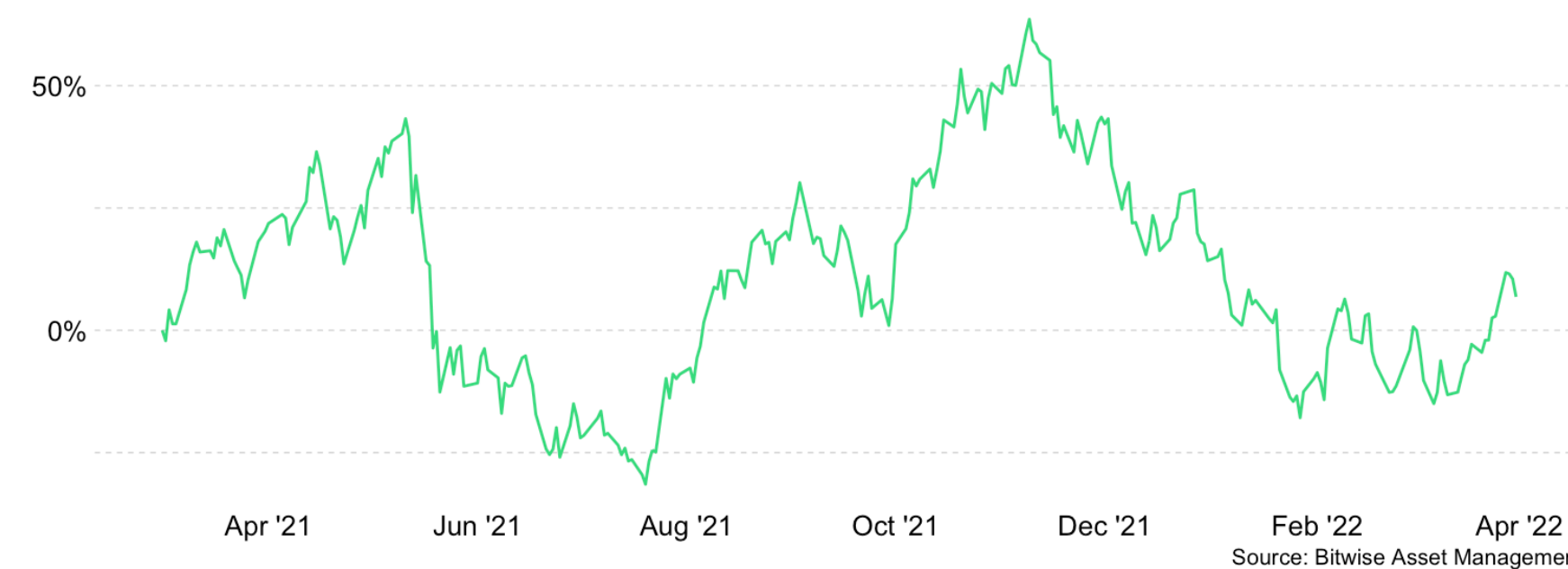
## Fund Characteristics

<b>OVERVIEW</b>	The first publicly traded crypto index fund in the U.S. Shares are accessible through traditional brokerage accounts.
<b>INVESTMENT OBJECTIVE</b>	Seeks to track the Bitwise 10 Large Cap Crypto Index, a market-cap-weighted index of the 10 largest cryptocurrencies.
<b>TICKER</b>	BITW
<b>CUSIP</b>	91749101
<b>ASSETS UNDER MANAGEMENT</b>	\$911.5M (as of March 31, 2022)
<b>EXPENSE RATIO</b>	2.5%*
<b>CUSTODY</b>	Coinbase Custody Trust Co., a regulated third-party custodian.
<b>TAXATION</b>	Pass-through partnership for tax purposes. K-1s are prepared for investors & advisors.
<b>INVESTOR QUALIFICATIONS</b>	Publicly traded shares available to all investors.
<b>PREMIUMS/ DISCOUNTS</b>	Publicly traded shares may trade at a substantial premium or discount to net asset value. Please see <a href="http://www.otcmarkets.com/BITW">www.otcmarkets.com/BITW</a> for more.

## LTM Fund NAV Return (as of March 31, 2022): -11.15%

### Bitwise 10 Crypto Index Fund - Fund Performance

Total Returns (NAV): March 31, 2021 through March 31, 2022



Performance information is provided for informational purposes only. Actual performance of the Fund may vary substantially from the performance provided in this presentation. Past performance does not guarantee future results.

### Bitwise 10 Large Cap Crypto Index

As of 03/31/2022 at 4:00pm ET

NAME	WEIGHT	NAME	WEIGHT
BITCOIN (BTC)	60.89%	POLKADOT (DOT)	1.65%
ETHEREUM (ETH)	27.75%	POLYGON (MATIC)	0.78%
SOLANA (SOL)	2.81%	LITECOIN (LTC)	0.61%
CARDANO (ADA)	2.59%	COSMOS (ATOM)	0.59%
AVALANCHE (AVAX)	1.78%	CHAINLINK (LINK)	0.55%

bitwiseinvestments.com

Fund holdings may differ from index composition.

\*Expense Ratio includes the management fee, custody charges for holding the fund's assets charged by the custodian, and customary fees and expenses of the fund administrator and auditor.

# The Bitwise DeFi Crypto Index Fund (Private Placement)

## Fund Characteristics

<b>INVESTMENT OBJECTIVE</b>	Seeks to track the Bitwise Decentralized Finance Crypto Index, a market-cap-weighted index of the largest crypto assets in the Decentralized Finance sector of the crypto market.
<b>STRUCTURE</b>	Private placement
<b>SUBSCRIPTIONS &amp; REDEMPTIONS</b>	Weekly at net asset value. Subject to change.
<b>MINIMUM INVESTMENT</b>	\$25,000 (subject to change)
<b>EXPENSE RATIO</b>	2.5%*
<b>CRYPTO CUSTODY</b>	Anchorage Digital Bank, N.A.
<b>TAXATION</b>	Pass-through partnership for tax purposes. K-1s are prepared for investors.
<b>INVESTOR QUALIFICATIONS</b>	Open to Accredited Investors as defined in Regulation D of the U.S. Securities Act of 1933

\*Expense Ratio includes the management fee, custody charges for holding the fund's assets charged by the custodian, and customary fees and expenses of the fund administrator and auditor.

**Bitwise Debuts First DeFi Fund Amid Boom in Crypto Frontier**  
 By Katherine Greifeld and Vildana Hajric  
 February 17, 2021, 5:00 AM PST Updated on February 17, 2021, 8:18 AM PST

- ▶ Bitwise DeFi Crypto Index Fund to track companies, securities
- ▶ Index gives DeFi exposure but minimizes risks, firm says

Exposure to one of the fastest growing and most controversial corners of the crypto world is now available in an index fund format.

The Bitwise DeFi Crypto Index Fund launched on Wednesday, according to a statement from Bitwise Asset Management. The fund will track companies and securities involved in what's been referred to as decentralized finance, in which people borrow and lend money from each other directly, without intermediaries such as banks.

### Bitwise Decentralized Finance Crypto Index

As of 03/31/2022 at 4:00pm ET

NAME	WEIGHT	NAME	WEIGHT
UNISWAP (UNI)	31.45%	COMPOUND (COMP)	6.03%
AAVE (AAVE)	17.45%	SUSHISWAP (SUSHI)	5.16%
MAKER (MKR)	11.48%	YEARN.FINANCE (YFI)	4.96%
LOOPRING (LRC)	8.87%	BANCOR (BNT)	4.24%
CURVE (CRV)	6.34%	OX (ZRX)	4.02%

bitwiseinvestments.com **Bitwise**

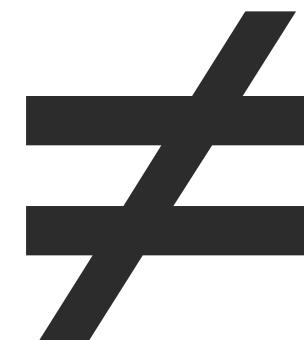
Fund holdings may differ from index composition.



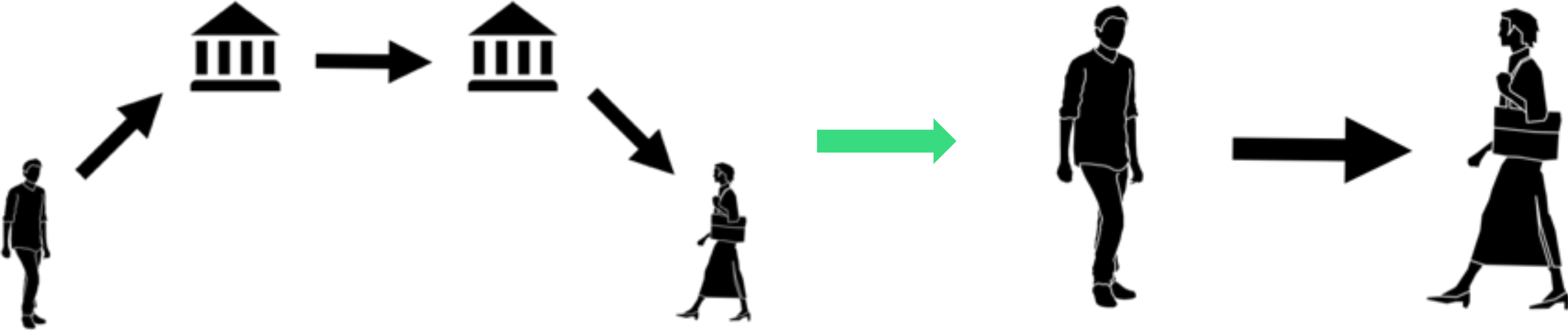
# What is crypto and why does it matter?



# Crypto is not about paying for coffee



Don't think of it just as a currency; think of it as a technology that brings money into the internet era



# An example: Consider Venmo vs. traditional banks



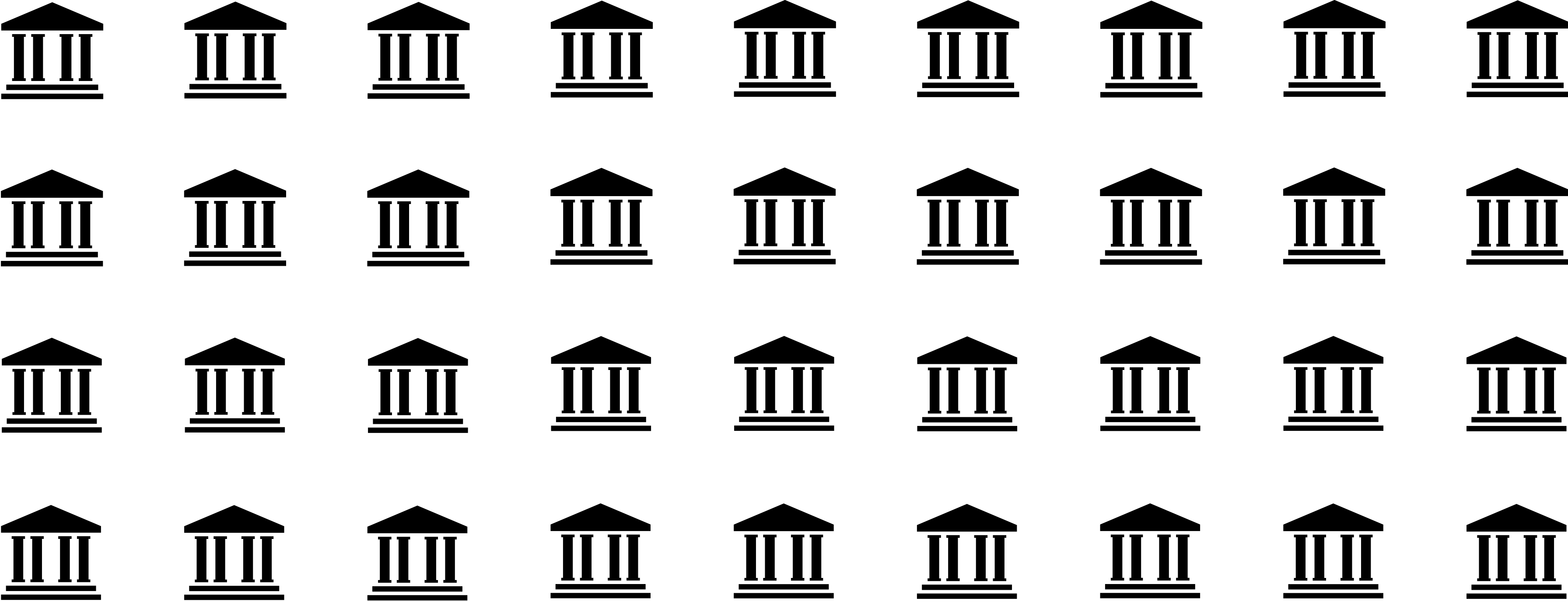
Banks are slow because they each have their own database. Every transaction requires verification and trust.



Venmo is fast because it is a single database. Inside Venmo, transferring money is like updating Excel.



# Public blockchains: A new type of database



# Breakthrough #1: Moving financial goods over the internet



- Blockchain databases allow financial goods to settle essentially instantly.
- By comparison, traditional financial systems are extremely slow:
  - Stocks settle in 2 days
  - Bank wires take 2-4 days
  - Bill pay takes 1-5 days
- Blockchains work 24/7/365 and fees are miniscule.



# Breakthrough #2: The development of programmable money



- Native to the internet, crypto assets can be programmed like software.
- This software can replicate high-cost financial functions at extremely low price points.
- This market already supports billions of dollars in loans, money market-style funds, asset fundraising, and more.



# Breakthrough #3: The creation of digital property rights



- You can own bitcoin without any trusted third party (like a bank) saying you own it.
- As a result, bitcoin is often referred to as “digital gold.” It is the first scarce digital good.
- In fact, bitcoin compares favorably to gold on many of the key features of a safe haven asset.
- Non-Fungible Tokens (NFTs) like NBA Top Shot are another example of this.

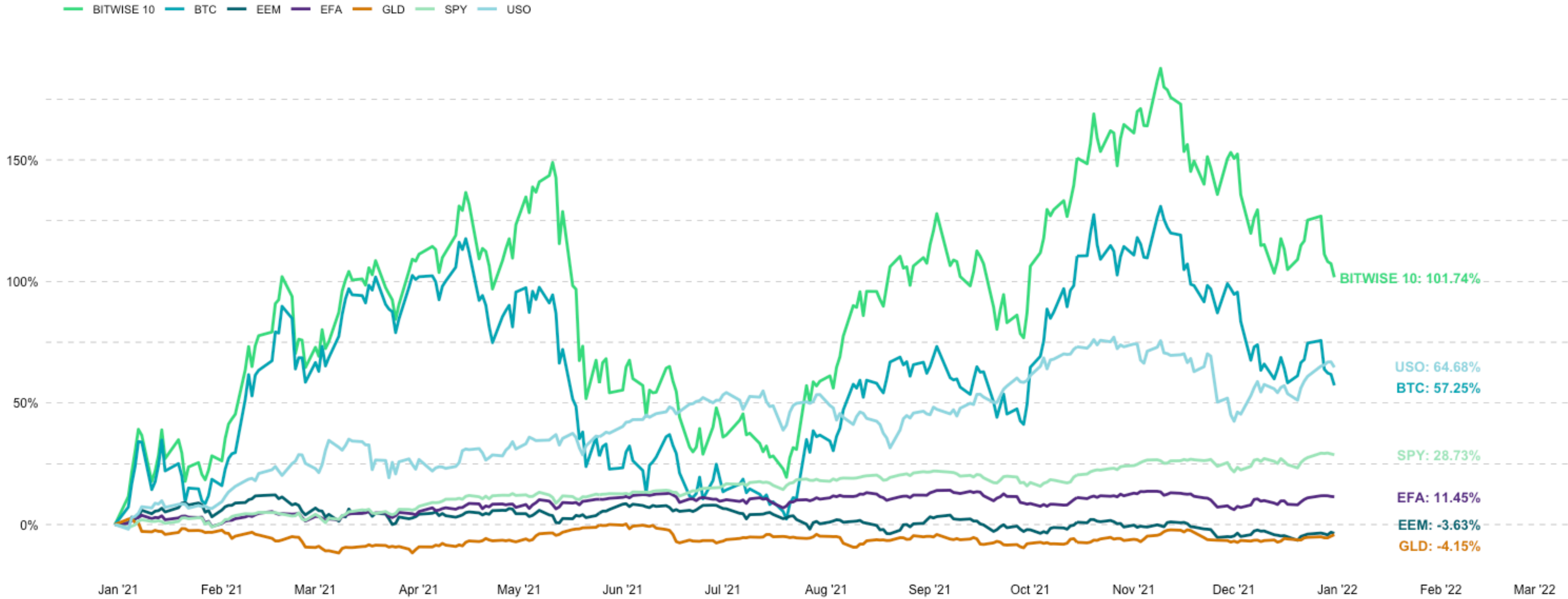


# Crypto outperformed other key asset classes in 2021



## Cumulative Returns: Crypto Assets Versus Major Risk Assets

Data from December 31, 2020 to December 31, 2021



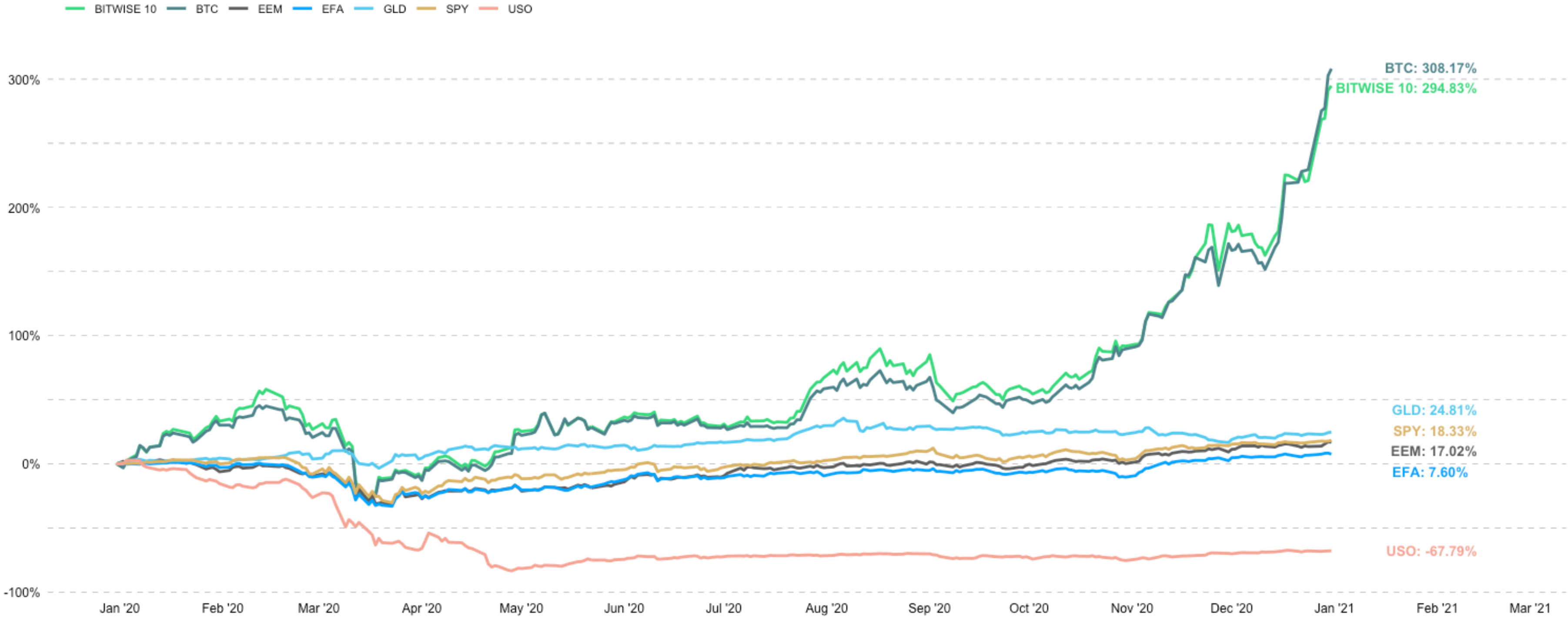
Source: Bitwise Asset Management with data from IEX Cloud for traditional assets. The returns on this chart do not represent the returns of any Fund or account managed by Bitwise or its affiliates. Crypto asset tickers refer to, in alphabetical order: Bitwise 10 Large Cap Crypto Index (BITWISE 10) and Bitcoin (BTC). Major asset classes are defined, in alphabetical order, as: iShares MSCI Emerging Markets ETF (EEM), iShares MSCI EAFE ETF (EFA), SPDR Gold Shares (GLD), SPDR S&P 500 ETF Trust (SPY), and US Oil Fund (USO). The performance of the Bitwise 10 Large Cap Crypto Index does not represent the performance of any account or Fund managed or issued by Bitwise. This represents Index or Index Constituents performance only. The Fund will have losses, liabilities and expenses that will offset its income and gains and therefore the Fund's performance may be below the Index's performance. In addition, the performance of the Fund and the Index may vary somewhat due to other factors such as imperfect correlation between the Fund's investments and Index composition, regulatory restrictions, high portfolio turnover rate, rounding of prices, and timing differences associated with additions to and deletions from the Index and the Fund. The historical performance of Bitcoin (BTC) is not illustrative of the performance of the Bitwise Bitcoin Fund. These returns are historical and unaudited and do not represent the returns of an actual account. These historical returns do not include the fees and expenses that are charged by any Fund. Actual Fund returns may differ materially from the historical returns of Bitcoin (BTC) or the Bitwise 10 Large Cap Crypto Index (BITWISE 10). Please see important disclosure information at the end of this document. Past performance does not guarantee future results.

# Crypto outperformed other key asset classes in 2020



## Cumulative Returns: Crypto Assets Versus Major Risk Assets

Data from December 31, 2019 to December 31, 2020



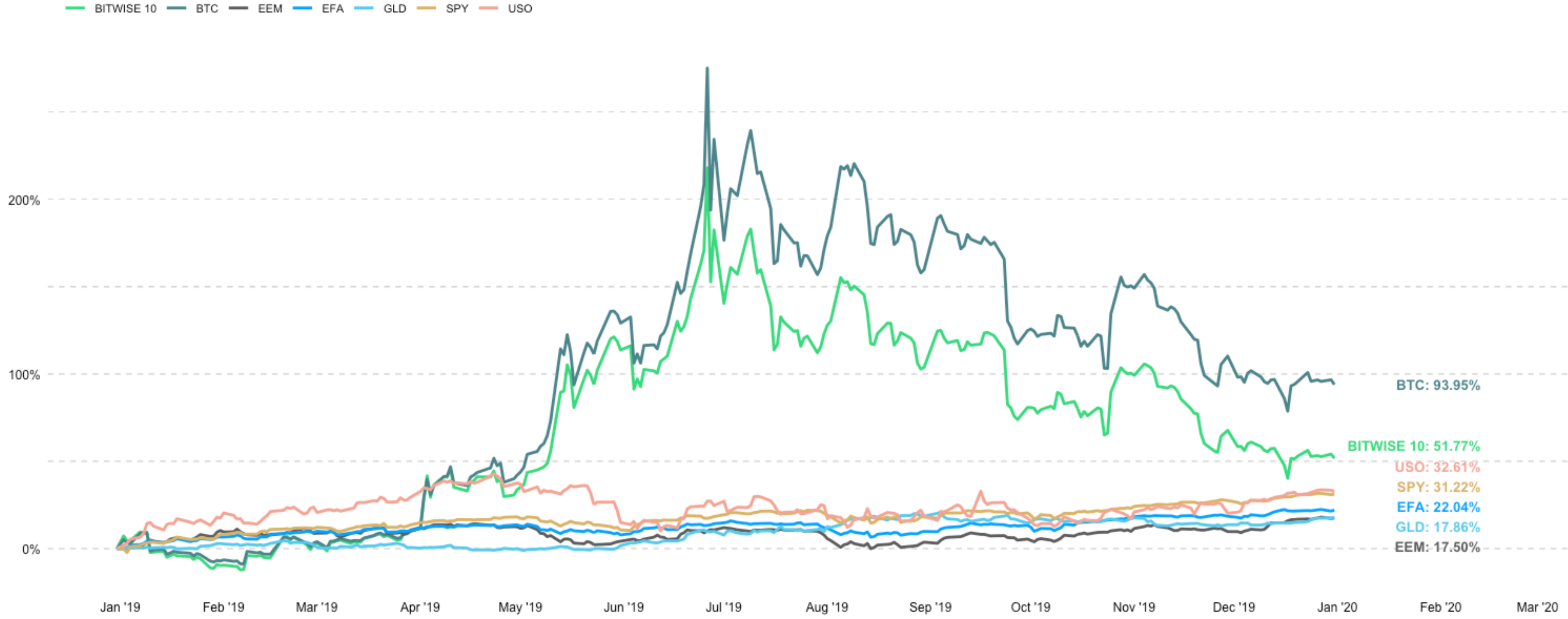
Source: Bitwise Asset Management with data from IEX Cloud for traditional assets. The returns on this chart do not represent the returns of any Fund or account managed by Bitwise or its affiliates. Crypto asset tickers refer to, in alphabetical order: Bitwise 10 Large Cap Crypto Index (BITWISE 10) and Bitcoin (BTC). Major asset classes are defined, in alphabetical order, as: iShares MSCI Emerging Markets ETF (EEM), iShares MSCI EAFE ETF (EFA), SPDR Gold Shares (GLD), SPDR S&P 500 ETF Trust (SPY), and US Oil Fund (USO). The performance of the Bitwise 10 Large Cap Crypto Index does not represent the performance of any account or Fund managed or issued by Bitwise. This represents Index or Index Constituents performance only. The Fund will have losses, liabilities and expenses that will offset its income and gains and therefore the Fund's performance may be below the Index's performance. In addition, the performance of the Fund and the Index may vary somewhat due to other factors such as imperfect correlation between the Fund's investments and Index composition, regulatory restrictions, high portfolio turnover rate, rounding of prices and timing differences associated with additions to and deletions from the Index and the Fund. The historical performance of Bitcoin (BTC) is not illustrative of the performance of the Bitwise Bitcoin Fund. These returns are historical and unaudited and do not represent the returns of an actual account. These historical returns do not include the fees and expenses that are charged by any Fund. Actual Fund returns may differ materially from the historical returns of Bitcoin (BTC) or the Bitwise 10 Large Cap Crypto Index (BITWISE 10). Please see important disclosure information at the end of this document. Past performance does not guarantee future results.

# Crypto outperformed other key asset classes in 2019



## Cumulative Returns: Crypto Assets Versus Major Risk Assets

Data from December 31, 2018 to December 31, 2019



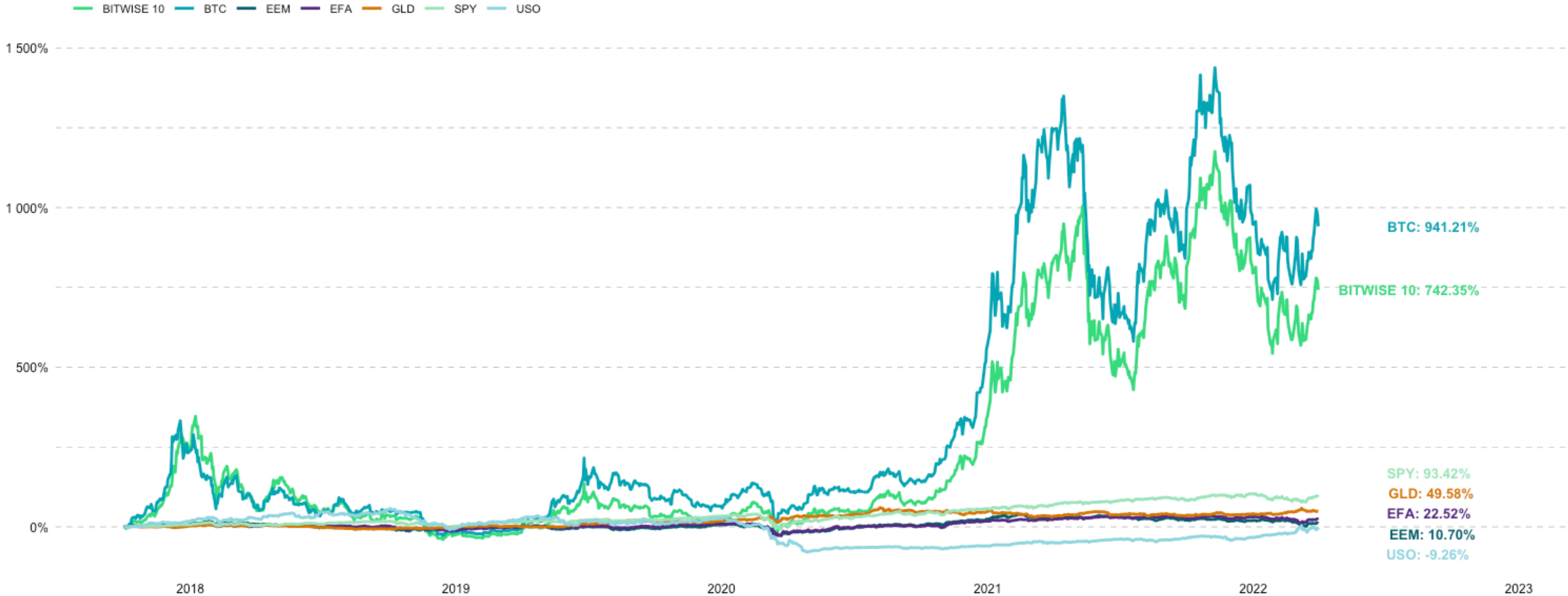
Source: Bitwise Asset Management with data from IEX Cloud for traditional assets. The returns on this chart do not represent the returns of any Fund or account managed by Bitwise or its affiliates. Crypto asset tickers refer to, in alphabetical order: Bitwise 10 Large Cap Crypto Index (BITWISE 10) and Bitcoin (BTC). Major asset classes are defined, in alphabetical order, as: iShares MSCI Emerging Markets ETF (EEM), iShares MSCI EAFE ETF (EFA), SPDR Gold Shares (GLD), SPDR S&P 500 ETF Trust (SPY), and US Oil Fund (USO). The performance of the Bitwise 10 Large Cap Crypto Index does not represent the performance of any account or Fund managed or issued by Bitwise. This represents Index or Index Constituents performance only. The Fund will have losses, liabilities and expenses that will offset its income and gains and therefore the Fund's performance may be below the Index's performance. In addition, the performance of the Fund and the Index may vary somewhat due to other factors such as imperfect correlation between the Fund's investments and Index composition, regulatory restrictions, high portfolio turnover rate, rounding of prices and timing differences associated with additions to and deletions from the Index and the Fund. The historical performance of Bitcoin (BTC) is not illustrative of the performance of the Bitwise Bitcoin Fund. These returns are historical and unaudited and do not represent the returns of an actual account. These historical returns do not include the fees and expenses that are charged by any Fund. Actual Fund returns may differ materially from the historical returns of Bitcoin (BTC) or the Bitwise 10 Large Cap Crypto Index (BITWISE 10). Please see important disclosure information at the end of this document. Past performance does not guarantee future results.

# Crypto has outperformed other key asset classes since 2017



## Cumulative Returns: Crypto Assets Versus Major Risk Assets

Data from October 2, 2017 to March 31, 2022



Source: Bitwise Asset Management with data from IEX Cloud for traditional assets. The returns on this chart do not represent the returns of any Fund or account managed by Bitwise or its affiliates. Crypto asset tickers refer to, in alphabetical order: Bitwise 10 Large Cap Crypto Index (BITWISE 10) and Bitcoin (BTC). Major asset classes are defined, in alphabetical order, as: iShares MSCI Emerging Markets ETF (EEM), iShares MSCI EAFE ETF (EFA), SPDR Gold Shares (GLD), SPDR S&P 500 ETF Trust (SPY), and US Oil Fund (USO). The performance of the Bitwise 10 Large Cap Crypto Index does not represent the performance of any account or Fund managed or issued by Bitwise. This represents Index or Index Constituents performance only. The Fund will have losses, liabilities and expenses that will offset its income and gains and therefore the Fund's performance may be below the Index's performance. In addition, the performance of the Fund and the Index may vary somewhat due to other factors such as imperfect correlation between the Fund's investments and Index composition, regulatory restrictions, high portfolio turnover rate, rounding of prices and timing differences associated with additions to and deletions from the Index and the Fund. The historical performance of Bitcoin (BTC) is not illustrative of the performance of the Bitwise Bitcoin Fund. These returns are historical and unaudited and do not represent the returns of an actual account. These historical returns do not include the fees and expenses that are charged by any Fund. Actual Fund returns may differ materially from the historical returns of Bitcoin (BTC) or the Bitwise 10 Large Cap Crypto Index (BITWISE 10). Please see important disclosure information at the end of this document. Past performance does not guarantee future results.

# It has a history of significant drawdowns. But also has been resilient.



**Bitcoin Return Performance**  
Data from December 31, 2016 to March 31, 2022



Source: Bitwise Asset Management. The historical performance of Bitcoin (BTC) is not illustrative of the performance of the Bitwise Bitcoin Fund. These returns are historical and unaudited and do not represent the returns of an actual account. These historical returns do not include the fees and expenses that are charged by any Fund. Actual Fund returns may differ materially from the historical returns of Bitcoin (BTC) or the Bitwise 10 Large Cap Crypto Index (BITWISE 10). Please see important disclosure information at the end of this document. Past performance does not guarantee future results.

# Still, it has been a remarkable asset historically (2010-2022)



## Cumulative Returns: Crypto Assets Versus Major Risk Assets

Data from December 31, 2010 to March 31, 2022



Source: Bitwise Asset Management with data from IEX Cloud for traditional assets. The returns on this chart do not represent the returns of any Fund or account managed by Bitwise or its affiliates. Crypto asset tickers refer to, in alphabetical order: Bitwise 10 Large Cap Crypto Index (BITWISE 10) and Bitcoin (BTC). Major asset classes are defined, in alphabetical order, as: iShares MSCI Emerging Markets ETF (EEM), iShares MSCI EAFE ETF (EFA), SPDR Gold Shares (GLD), SPDR S&P 500 ETF Trust (SPY), and US Oil Fund (USO). The performance of the Bitwise 10 Large Cap Crypto Index does not represent the performance of any account or Fund managed or issued by Bitwise. This represents Index or Index Constituents performance only. The Fund will have losses, liabilities and expenses that will offset its income and gains and therefore the Fund's performance may be below the Index's performance. In addition, the performance of the Fund and the Index may vary somewhat due to other factors such as imperfect correlation between the Fund's investments and Index composition, regulatory restrictions, high portfolio turnover rate, rounding of prices and timing differences associated with additions to and deletions from the Index and the Fund. The historical performance of Bitcoin (BTC) is not illustrative of the performance of the Bitwise Bitcoin Fund. These returns are historical and unaudited and do not represent the returns of an actual account. These historical returns do not include the fees and expenses that are charged by any Fund. Actual Fund returns may differ materially from the historical returns of Bitcoin (BTC) or the Bitwise 10 Large Cap Crypto Index (BITWISE 10). Please see important disclosure information at the end of this document. Past performance does not guarantee future results.

# This level of technological breakthrough is rare



- TCP/IP: Transmission Control Protocol / Internet Protocol: 1971 – ***The Internet***
- SMTP: Simple Mail Transmission Protocol: 1982 – ***Email***
- HTTP: Hypertext Transfer Protocol: 1989 – ***The World Wide Web***
- SSL: Secure Sockets Layer Protocol: 1994 – ***E-Commerce***
- VOIP: Voice Over Internet Protocol: 1995 – ***Telephony***
- XMPP: Extensible Messaging and Presence Protocol: 1999 – ***Messaging***
- HLS: HTTP Live Streaming Protocol: 2009 – ***Video Streaming***
- BTC: The First Blockchain Protocol: 2009 – ***Money & Finance***



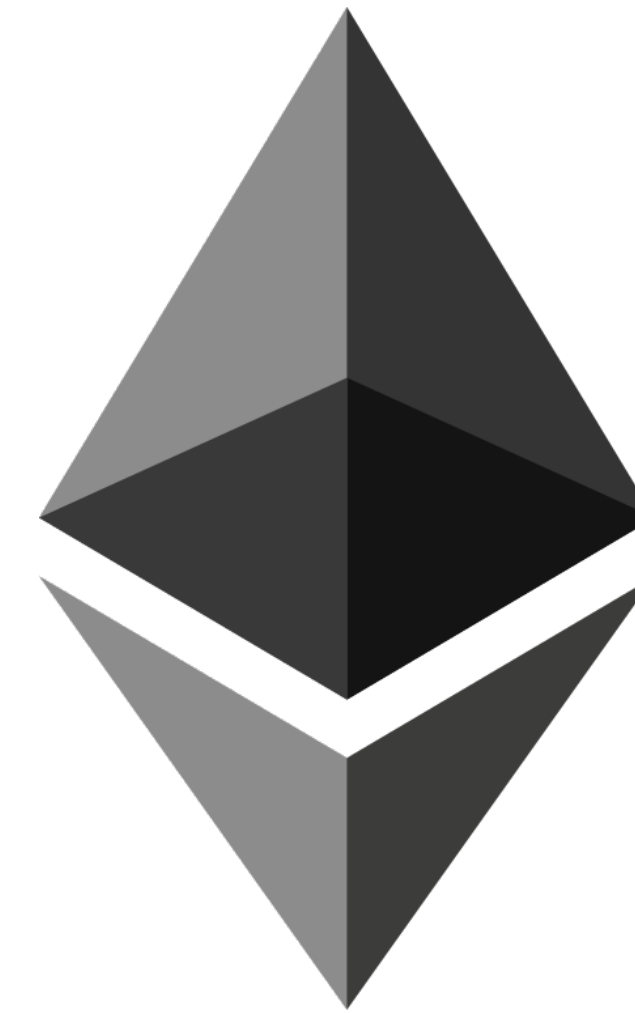
# Why is there more than one crypto asset?



# Different crypto assets are like different software companies



# Different crypto assets are like different software companies



**Chainlink**



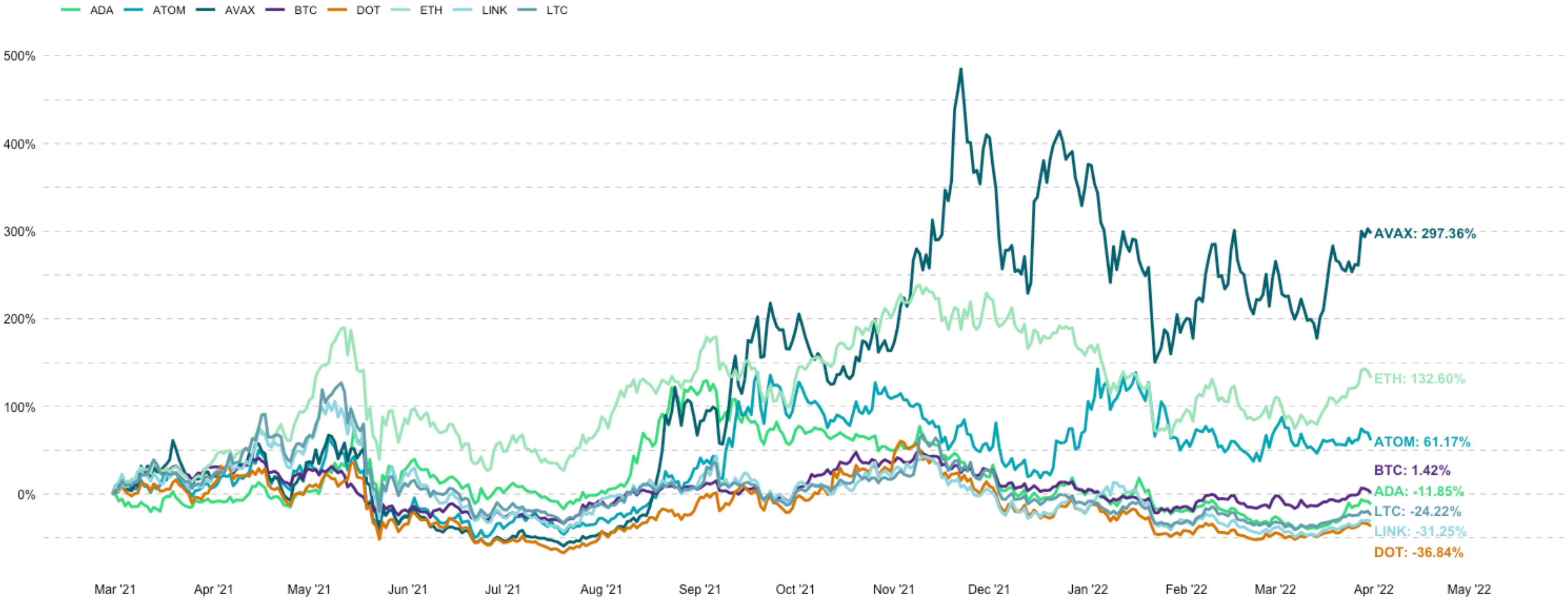
**UNISWAP**

# Crypto assets target different markets and have different returns



## Cumulative Returns: Bitwise 10 Large Cap Crypto Index Current Constituents

Data from February 28, 2021 to March 31, 2022



Source: Bitwise Asset Management with data from IEX Cloud for traditional assets. The returns on this chart do not represent the returns of any Fund or account managed by Bitwise or its affiliates. Crypto asset tickers refer to, in alphabetical order: Cardano (ADA), Cosmos (ATOM), Avalanche (AVAX), Bitcoin (BTC), Polkadot (DOT), Ether (ETH), Chainlink (LINK), Litecoin (LTC), Polygon (MATIC), and Solana (SOL). The performance of the Bitwise 10 Large Cap Crypto Index does not represent the performance of any account or Fund managed or issued by Bitwise. This represents Index or Index Constituent performance only. The Fund will have losses, liabilities and expenses that will offset its income and gains and therefore the Fund's performance may be below the Index's performance. In addition, the performance of the Fund and the Index may vary somewhat due to other factors such as imperfect correlation between the Fund's investments and Index composition, regulatory restrictions, high portfolio turnover rate, rounding of prices, and timing differences associated with additions to and deletions from the Index and the Fund. These returns are historical and unaudited and do not represent the returns of an actual account. Actual Fund returns may differ materially from the historical returns of the Bitwise 10 Large Cap Crypto Index (BITWISE 10) or the returns of its constituents. Please see important disclosure information at the end of this document. Past performance does not guarantee future results.

It's difficult to know which asset(s) will win long term





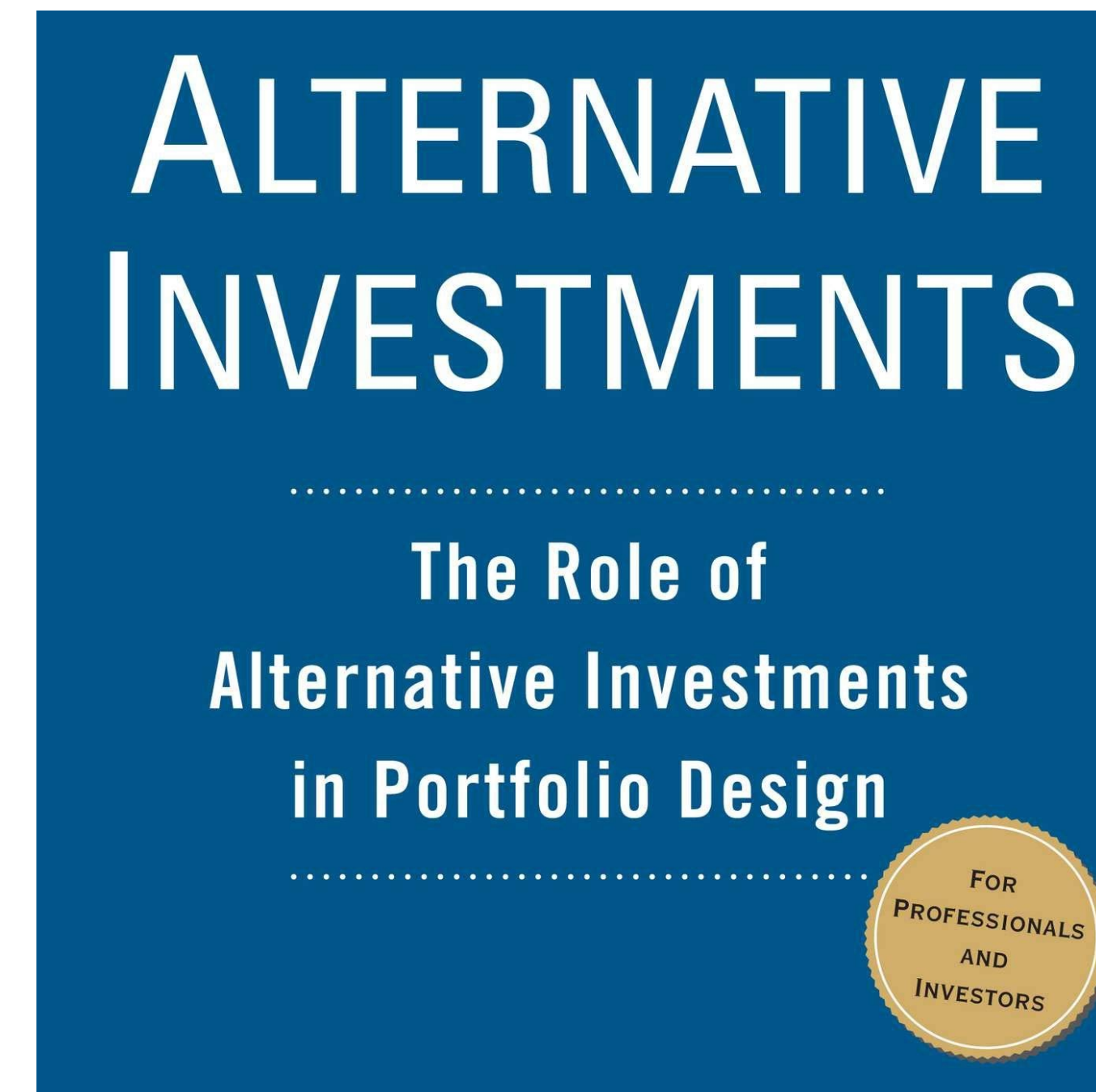
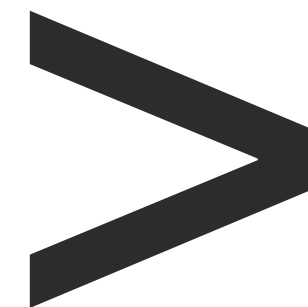
# Crypto in a portfolio



*Institutional Use Only / Not for Retail Use*

**Bitwise**<sup>®</sup>

# Crypto can be extremely powerful in portfolio settings



# Crypto combines high potential returns and low correlations with other asset classes



CORRELATIONS*	S&P 500	US AGG BOND	GOLD
<b>Bitwise 10 Index</b>	0.36	0.01	-0.03
<b>Bitcoin BTC</b>	0.33	-0.01	-0.06
<b>Ethereum ETH</b>	0.33	0.03	0.02

\* Sources: Bitwise and Yahoo Finance. S&P 500 is represented by the SPDR S&P 500 ETF Trust (SPY). US AGG BOND is represented by the iShares Core U.S. Aggregate Bond Fund (AGG). Gold is represented by the SPDR Gold Shares (GLD). Data from 02/26/2021 through 02/28/2022.

Performance and correlation information is provided for informational purposes only. Actual performance and correlation of the Index and the Fund may vary substantially from the performance provided in this presentation. Backward-looking performance cannot predict how any investment strategy will perform in the future.



# A small crypto allocation can go a long way in a portfolio



## PORTFOLIO PERFORMANCE METRICS

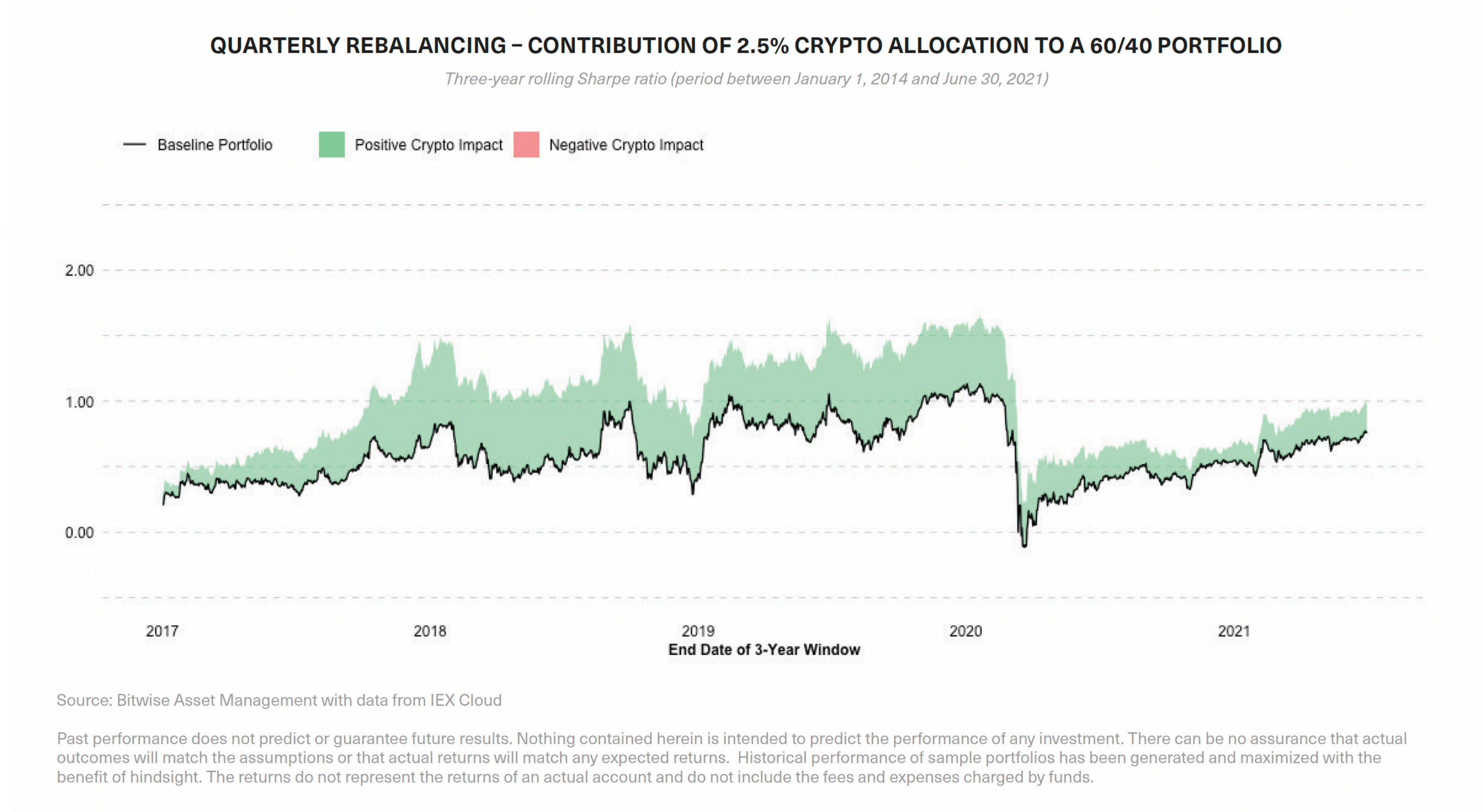
*Period between January 1, 2014 and June 30, 2021 (assuming quarterly rebalancing)*

<b>PORTFOLIO</b>	<b>CUMULATIVE RETURN</b>	<b>ANNUALIZED RETURN</b>	<b>ANNUALIZED VOLATILITY</b>	<b>SHARPE RATIO</b>	<b>MAXIMUM DRAWDOWN</b>
<b>Traditional Portfolio</b>	74.72%	7.75%	10.19%	0.609	21.07%
<b>Traditional Portfolio + 1.0% crypto</b>	89.26%	8.90%	10.21%	0.719	21.32%
<b>Traditional Portfolio + 2.5% crypto</b>	112.73%	10.62%	10.43%	0.867	21.80%
<b>Traditional Portfolio + 5.0% crypto</b>	156.46%	13.42%	11.18%	1.055	22.76%

Source: Bitwise Asset Management with data from IEX Cloud

Past performance does not predict or guarantee future results. Nothing contained herein is intended to predict the performance of any investment. There can be no assurance that actual outcomes will match the assumptions or that actual returns will match any expected returns. Historical performance of sample portfolios has been generated and maximized with the benefit of hindsight. The returns do not represent the returns of an actual account and do not include the fees and expenses charged by funds.

# Bitcoin has positively contributed to a diversified portfolio's 3-year returns even during previous drawdowns





# Crypto market update



*Institutional Use Only / Not for Retail Use*

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# Some hedge funds are now allocating to crypto



Deals

## Paul Tudor Jones Buys Bitcoin as a Hedge Against Inflation

By [Erik Schatzker](#)

May 7, 2020, 9:55 AM PDT

Updated on May 7, 2020, 10:34 AM PDT

- ▶ Becomes one of first big-name investors to embrace crypto
- ▶ Macro investor sees Bitcoin as hedge against inflation



Paul Tudor Jones Photographer: Michael Nagle/Bloomberg

Source: Bloomberg. May 2, 2020

“We are witnessing the Great Monetary Inflation, an unprecedented expansion of every form of money unlike anything the developed world has ever seen.”

- Paul Tudor Jones II  
May 7, 2020

# Some corporations are now allocating to crypto



TECH

## Tesla buys \$1.5 billion in bitcoin, plans to accept it as payment

PUBLISHED MON, FEB 8 2021-7:48 AM EST | UPDATED MON, FEB 8 2021-1:43 PM EST

Steve Kovach  
@STEVAKOVACH

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## Nasdaq-Listed Microstrategy Raises Bitcoin Holdings to \$425 Million After Second Purchase



MARKETS

## Square buys \$50 million in bitcoin, says cryptocurrency 'aligns with company's purpose'

PUBLISHED THU, OCT 8 2020-9:45 AM EDT | UPDATED 6 HOURS AGO

Maggie Fitzgerald  
@MKMFITZGERALD

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# Some Wall Street institutions are now turning toward crypto



## J.P.Morgan

2017

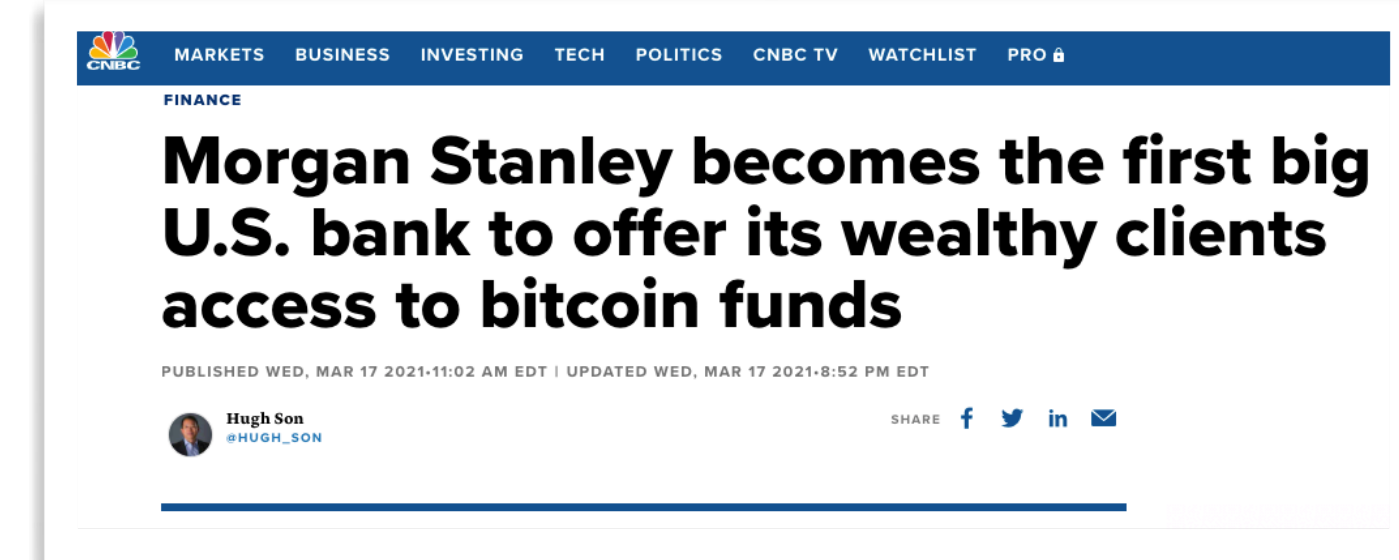
“Bitcoin is a fraud... It’s worse than tulip bulbs. It won’t end well. Someone is going to get killed.”

— Jamie Dimon, CEO

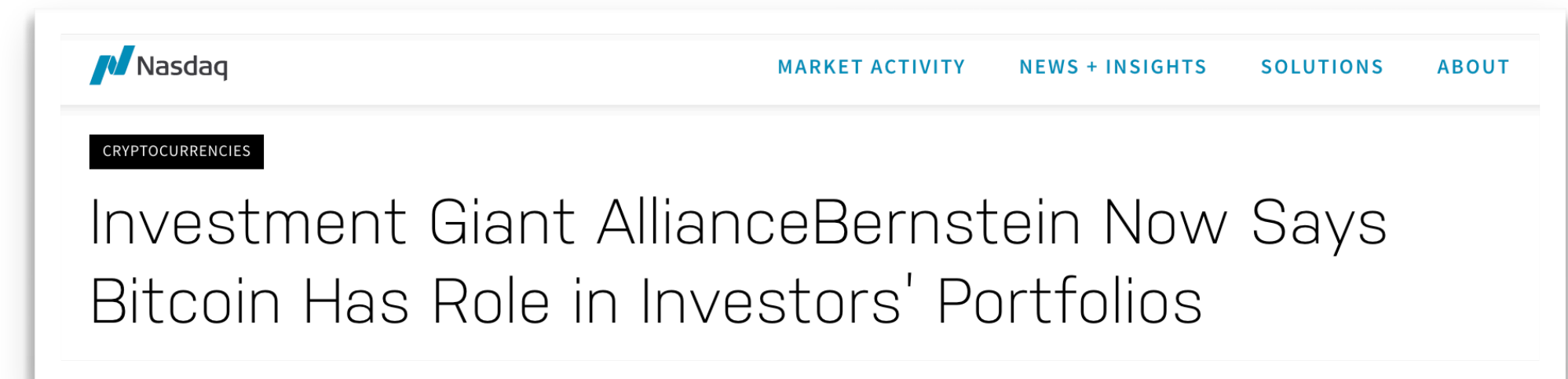
2020

“The potential long-term upside for bitcoin is considerable if it competes more intensely with gold as an alternative currency...”

— Flows & Liquidity  
(Flagship Research Report)



Source: CNBC. March 17, 2021.



Source: Nasdaq. November 30, 2020.



Source: Bloomberg. November 29, 2020.

Some asset managers are now allocating to crypto



PRO

# BlackRock's Rieder says bitcoin can replace gold 'to a large extent' and crypto is 'here to stay'

Source: CNBC. November 20, 2020

# Some major financial technology firms are rushing into the space



## PayPal allows Bitcoin and crypto spending

🕒 21 October



Source: CNBC. October 21, 2020

## Digital currency comes to Visa's settlement platform

With the direct acceptance of payments in USD Coin, Visa forges new connections between digital and traditional currencies.

[f](#) [t](#) [in](#)

Mar 29, 2021 2:00 AM



Source: Visa. March 29, 2021

# Many individual investors continue to allocate to crypto



**coinbase**

**56 million users**



**14 million users**



**11 million users**



**7 million users**



**1 million users**

Sources: Coinbase, Schwab, TD Ameritrade, & Interactive Brokers, from each company's website, reflecting the most recently available data as of December 8, 2020. E\*Trade data from The Wall Street Journal as of April 17, 2019; no more recent data is available from E\*Trade.

# An increasing percentage of financial advisors and RIAs are allocating



Bitwise®

The Bitwise/ETF Trends  
2022 Benchmark Survey of  
Financial Advisor Attitudes  
Toward Crypto Assets

investors@bitwiseinvestments.com | www.bitwiseinvestments.com | 415-745-9166 | January 2022

Do you own crypto in your personal portfolio?

\* 2021: 24%

\* 2022: 47%

Do you allocate to crypto in client portfolios?

\* 2021: 9%

\* 2022: 16%

If not, do you plan to allocate for clients in the next 12 months?

\* 2021: 17%

\* 2022: 17%

The Bitwise/ETF Trends Benchmark Survey of Financial Advisor Attitudes Toward Crypto Assets is conducted each year in December. Surveys are distributed by ETF Trends to a wide variety of financial advisors in December of the preceding year. The 2022 results reflect the input of more than 600 financial advisors.

# Some wirehouse advisors are now allowed to invest as well



## Morgan Stanley becomes the first big U.S. bank to offer its wealthy clients access to bitcoin funds

PUBLISHED WED, MAR 17 2021-11:02 AM EDT | UPDATED WED, MAR 17 2021-1:56 PM EDT



As for what form that exposure might look like, the Morgan Stanley report outlines during its executive summary:

*"As with any asset class still in its speculative phase, there are a multitude of risks—some predictable, some identified and some yet to be uncovered. Such risk characteristics limit prudent advice to having exposures in small positions in a highly diversified form, akin to how one might approach venture capital investing. Our initial modeling, replicated in spirit by a recently published CFA Institute study, suggests diversification benefits from the low correlation of cryptocurrency to other assets and that Sharpe ratio improvements can be achieved with positions no greater than 2.5%. It is important to keep in mind that we are only in the top of the first inning."*

# Even a country is now giving bitcoin legal tender status



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CRYPTOCURRENCY

## Bitcoin jumps above \$37,000 after El Salvador passes law to adopt it as legal tender

PUBLISHED WED, JUN 9 2021-11:52 PM EDT | UPDATED THU, JUN 10 2021-12:06 PM EDT

Arjun Kharpal @ARJUNKHARPAL

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**KEY POINTS**

- Bitcoin surged on Thursday, a day after El Salvador passed a law to adopt bitcoin as legal tender.
- The cryptocurrency jumped 6% to more than \$37,000. It last changed hands at \$37,653.44 at about 8:18 a.m. ET, according to CoinDesk data.
- Bitcoin proponents, who have long seen the digital coin as a viable alternative to fiat currencies, welcomed El Salvador's moves.

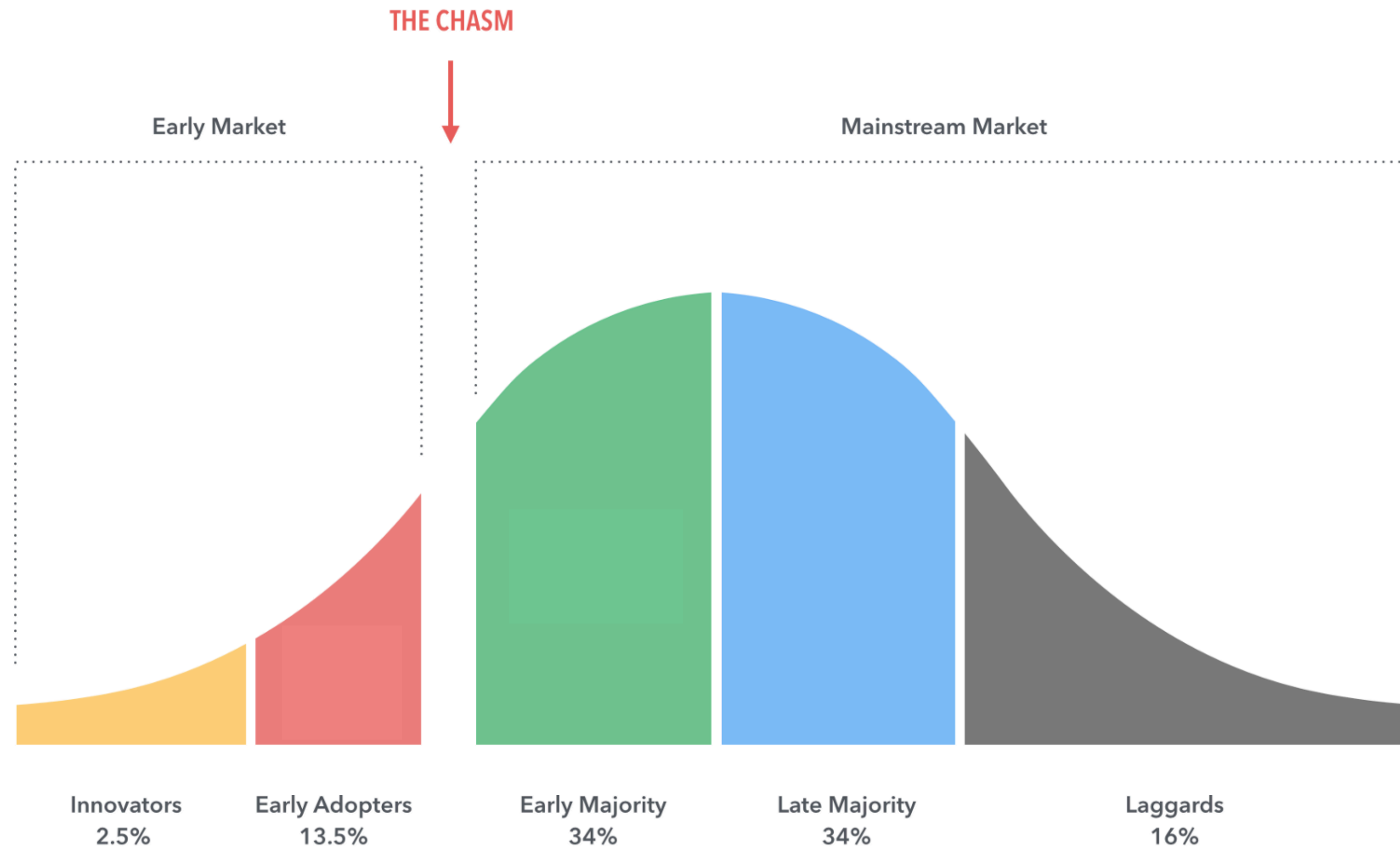
DECREE No.

THE LEGISLATIVE ASSEMBLY OF THE REPUBLIC OF EL SALVADOR

CONSIDERING:

- I. That in accordance with Article 102 of the Constitution of the Republic, the State is under the obligation to promote and protect private enterprise, generating the necessary conditions to increase national wealth for the benefit of the greatest number of inhabitants.
- II. That under Legislative Decree No. 201, published in Official Gazette number 241, Volume 349, dated December 22, 2000, the United States dollar was adopted as legal tender.
- III. That approximately seventy percent of the population does not have access to traditional financial services.
- IV. That it is the obligation of the State to facilitate the financial inclusion of its citizens in order to better guarantee their rights.
- V. That in order to promote the economic growth of the nation, it is necessary to authorize the circulation of a digital currency whose value answers exclusively to free-market criteria, in order to increase national wealth for the benefit of the greatest number of inhabitants.
- VI. That according to the previous considerations, it is essential to issue the basic rules that will regulate the legal course of bitcoin.

# TLDR: Crypto is entering the mainstream market





# Questions



# Important Disclosures



Carefully consider the risk factors, investment objectives, fees, expenses, and other information associated with each of the following: Bitwise 10 Crypto Index Fund, Bitwise 10 ex Bitcoin Crypto Index Fund, Bitwise 10 Crypto Index Fund (non-OTC Trust), Bitwise DeFi Index Fund, Bitwise Blue-Chip NFT Index Fund, Bitwise 10 Index Offshore Fund, Ltd., Digital Asset Index Fund, LLC, Bitwise Aave Fund, Bitwise Bitcoin Fund, Bitwise Compound Fund, Bitwise Ethereum Fund, LLC, Bitwise Polygon Fund, Bitwise Uniswap Fund (the “Funds”) or the units or shares of said Funds (the “Shares”) before making an investment decision regarding any of the Funds. Such risk factors, investment objectives, fees, expenses and other important information, can be found in each Fund’s Private Placement Memorandum, which can be obtained from Bitwise Asset Management, Inc. and its affiliates (collectively “Bitwise”). For the Bitwise 10 Crypto Index Fund (Symbol: BITW), the shares of which are registered with the Securities and Exchange Commission pursuant to Section 12(g) of the Securities and Exchange Act of 1934, as amended, and are quoted on the OTCQX, the public filings and disclosures can be located on the website of the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov). Such documents may not contain all of the information necessary for a prospective investor to make a fully informed investment decision, and all investors are encouraged to read all available documents prior to making an investment decision.

All Funds are speculative investments that involve a high degree of risk, uncertainty, and are not suitable for investors that cannot afford loss of the entire investment. For each Fund that has issued Shares that are available for trading on the OTCQX Best Market, including the Bitwise 10 Crypto Index Fund (Symbol: BITW), there can be no assurance that the value of the Shares, if traded on any secondary market, will reflect the value of the Trust’s net assets. Such Shares may trade at a substantial premium over, or a substantial discount to, the value of the Trust’s net assets, because, among other factors, such Funds do not currently operate a redemption program, and because, among other factors, such Funds’ Shares when initially issued are subject to the holding period under Rule 144 of the Securities Act. As a result of these factors, there is no arbitrage mechanism to keep the price of the Shares closely linked to the value of the trusts net assets, and the Shares may trade at a substantial premium over, or substantial discount to, the value of the Funds’ net assets, and therefore the performance of the Funds’ Shares may deviate significantly from the performance of the Funds’ Net Asset Value per share (“NAV”). There is no guarantee that any Fund will meet its investment objective.

No Advice on Investment; Risk of Loss: Prior to making any investment decision in respect of any Fund or Shares of any Fund, each investor must undertake its own independent examination and investigation of the Fund, including the merits and risks involved in an investment in the Fund or Shares, and must base its investment decision – including a determination whether Shares would be a suitable investment for the investor – on such examination and investigation and must not rely on Bitwise or the Funds in making such investment decision. Prospective investors must not construe the contents of this website as legal, tax, investment, or other advice. Each prospective investor is urged to consult with its own advisors with respect to legal, tax, regulatory, financial, accounting and similar consequences of investing in any Fund, the suitability of the investment for such investor and other relevant matters concerning an investment in the Fund. This website contains an overview summary of the terms of the Fund. The summary set forth on this website does not purport to be complete, and is qualified in its entirety by reference to the definitive offering documents relating to each Fund and/or in each case, if available in addition, the Fund’s Annual Report or Information Statement and Quarterly Reports, which can be found on [www.otcmarts.com](http://www.otcmarts.com) for the Bitwise 10 Crypto Index Fund (Symbol: BITW). Do not place undue reliance on this website.

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