



Bitwise Investment Manager, LLC

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**FORM ADV PART 2A
(THE “BROCHURE”)**

This Brochure provides information about the qualifications and business practices of Bitwise Investment Manager, LLC. If you have any questions about the contents of this Brochure, please contact us at (415) 968-1843. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Bitwise Investment Manager, LLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

Additional information about Bitwise Investment Manager, LLC is available on its website, www.bwebetf.com and will be available on the SEC’s website at: www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

As Bitwise Investment Manager, LLC is a newly-registered investment advisor, this is its initial Brochure and therefore there are no material changes to disclose.

As a result, this “Brochure” should be considered “materially” new. In future filings, this section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website at www.adviserinfo.sec.gov.

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ITEM 4 – ADVISORY BUSINESS

A. Description of the Advisory Firm

Bitwise Investment Manager, LLC (“Bitwise” or the “Adviser”) is a limited liability company organized in Delaware in 2022. Bitwise is a specialist crypto asset manager that serves the financial advisor community. Bitwise aims to offer asset management, research and other services in the emerging crypto asset class and securities related to the crypto industry. Bitwise Asset Management, Inc. is the parent company of Bitwise.

Bitwise currently offers investment advisory services to private pooled investment funds (each, a “Private Fund”) relying on Rule 506 of SEC Regulation D under the Securities Act of 1933, as amended (the “Securities Act”) and Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “1940 Act”).

Bitwise intends to offer investment advisory services to additional Private Funds and to investment companies registered with the SEC pursuant to the 1940 Act (“Registered Funds,” and collectively with Private Funds, “Funds”). While contemplated Private Funds and Registered Funds are still currently being formed, certain statements in this Brochure, including those made in the present tense, describe the prospective business of Bitwise.

B. Types of Advisory Services

Bitwise offers investment advisory services to Private Funds relying on the Section 3(c)(7) of the 1940 Act exemption from SEC registration. Bitwise may also provide services to Private Funds relying on the exemption afforded by Section 3(c)(1) of the 1940 Act. The securities issued by Private Funds are offered to accredited investors and qualified purchasers on a private placement basis.

Bitwise also serves as the investment adviser to one or more Registered Funds. To the extent that such Registered Funds are structured as exchange-traded funds (“ETFs”) or mutual funds, they are expected to be issued as series of the Bitwise Funds Trust (the “Bitwise Trust”), a Delaware statutory trust. Bitwise will provide advisory services to Registered Funds pursuant to an investment advisory agreement. The types of investment advice that Bitwise will provide to Registered Funds will include, but is not limited to, the determination and selection of what assets will be purchased, sold, or retained and what portion of those assets will be invested or held uninvested in cash as permitted in accordance with the terms and conditions of the Registered Funds’ investment advisory agreements. It is anticipated that Bitwise will engage one or more investment sub-advisers (each, a “Sub-Adviser”) to assist in the management of the Registered Funds. It is expected that each Sub-Adviser would be responsible for executing transactions on behalf of a Registered Fund and selecting broker-dealers. Bitwise will continue to have responsibility for all services provided to a Registered Fund under the terms of the investment advisory agreement and will oversee and review a Sub-Adviser’s performance of its duties pursuant to the terms of an investment sub-advisory agreement.

Currently, Bitwise provides investment advisory services to the following Fund(s) set forth below:

(1) *Bitwise USD Income Fund (Private Fund)*

The Bitwise USD Income Fund (the “Bitwise Income Fund”) seeks to generate risk-adjusted returns primarily consisting of current income from lending activity in the U.S.-based institutional stablecoin lending markets with an emphasis on capital preservation, low volatility and low correlation to the broader markets.

(2) *Bitwise Web3 ETF (Registered Fund)*

As of the date of this Brochure, a registration statement has been filed seeking to register with the

SEC the shares of the Bitwise Web3 ETF. The Bitwise Web3 ETF seeks investment results that, before fees and expenses, correspond generally to the performance of the Bitwise Web3 Equities Index, an index seeking to provide focused exposure to companies that are well-positioned to benefit from the emergence of Web3 and Web3 technologies.

C. *Client-Tailored Services*

Bitwise provides investment advisory services to Private Funds and Registered Funds based on the investment objectives, strategies and restrictions as set forth in each Fund's prospectus or offering document.

D. *Participation in Wrap Fee Program*

Bitwise does not offer or participate in wrap fee programs.

E. *Assets Under Management*

Bitwise reasonably anticipates that it will be eligible for registration with the SEC by the end of the 120-day period following its approval as an SEC-registered investment advisor. As of the date of this filing, Bitwise manages approximately \$10,857,403 in assets on a discretionary basis and \$0 on a non-discretionary basis.

F. *Other Clients*

Currently, Bitwise does not offer separately managed accounts to or conduct business with clients other than Funds.

ITEM 5 – FEES AND COMPENSATION

A. *Fees for Advisory Services and Payment of Fees*

For discretionary investment advisory services provided to Registered Funds, Bitwise charges an annual advisory fee equal to a percentage of a Registered Fund's average daily net assets that is agreed upon prior to the commencement of services and is set forth in an investment advisory agreement executed by Bitwise and the Registered Fund, as detailed in the Fund's offering documents. Such fees are generally calculated and accrued daily, while paid monthly or quarterly in arrears. These investment advisory fees are generally structured as "unitary fees," from which Bitwise is responsible for paying a Fund's expenses, including the cost of transfer agency, custody, fund administration, legal, audit and other services ("Unitary Fee"). The expenses to be paid as part of the Unitary Fee do not include interest, taxes, acquired fund fees and expenses, if any, brokerage commissions, other portfolio transaction execution costs, distribution fees, Rule 12b-1 fees, extraordinary expenses or fee payments under the investment advisory agreement.

For discretionary investment advisory services provided to the Bitwise Income Fund, Bitwise is paid management fees payable monthly, in arrears, in an amount equal to 0.95% per annum (1/12th of 0.95% per month) of the sum (determined at the end of each month) of each NAV Balance (as defined in the offering document) during such month (the "Management Fee"). The Management Fee may be modified from time to time. Management Fees for additional Private Funds will vary and will be disclosed in the applicable offering document.

B. *Additional Fees and Expenses*

The expenses attributable to each specific Fund are detailed in each Fund's organizational documents. For Registered Funds, in addition to the Unitary Fee, each Fund will pay for distribution and service fees payable pursuant to a Rule 12b-1 plan, if any, brokerage commissions and other expenses connected with the execution

of portfolio transactions, taxes, interest, and extraordinary expenses.

For the Private Funds, each Fund is responsible for paying trading costs and extraordinary expenses. Trading costs include, but are not limited to, brokerage commissions and other transaction costs, clearing and settlement charges, and, if applicable, interest expense and commitment fees on debit balances or borrowings. Extraordinary expenses are expenses outside of a Fund's normal business operations, and include, but are not limited to, any non-customary costs and expenses including indemnification and extraordinary costs of the administrator and auditor, costs of any litigation or investigation involving each Fund's activities, and workout and restructuring and indemnification expenses.

C. Prepayment of Fees

It is not anticipated that Bitwise will require or accept the payment of fees in advance. In the unforeseen event that fees are pre-paid, Bitwise will refund any pre-paid fees that have not been earned at the termination of the investment advisory agreement with a Fund. Any refund will generally be calculated on a pro-rata basis based upon the number of days in the period and the termination date.

D. Outside Compensation for the Sale of Securities or Other Investment Products to Clients

Bitwise does not receive compensation for securities transactions in any Fund account, other than the investment advisory fees noted above.

ITEM 6 – PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Bitwise does not currently charge performance-based fees or participate in side-by-side management.

ITEM 7 – TYPES OF CLIENTS

Bitwise's clients include Private Funds and Registered Funds.

For Private Funds offered or managed by Bitwise, U.S. investors must generally satisfy certain investor sophistication requirements, including that the investor qualifies as an "accredited investor" under Rule 501(a) of Regulation D under the Securities Act and a "qualified client" within the meaning of Rule 205-3 under the Advisers Act. Certain Private Funds may only offer securities to "qualified purchasers" as defined in Section 2(a)(51)(A) of the 1940 Act. Investors in the Private Funds must also meet certain other suitability qualifications prior to making an investment in the Private Funds. The Private Funds are not registered or required to be registered under the 1940 Act, are not made available to the general public and their securities are not registered or required to be registered under the Securities Act. Private Fund interests are privately placed to qualified investors, including (i) in the United States, people or organizations who meet certain net worth, income and/or financial sophistication requirements as described above or (ii) in other countries as permitted by the relevant securities laws in such jurisdiction and in compliance with any foreign offering provisions applicable to Bitwise and/or the Private Funds. The Private Funds have required minimum capital commitments from each investor, which have generally been \$500,000. Bitwise may waive or otherwise reduce the minimum investment at its discretion.

The investors participating in the Private Funds and the Registered Funds may include individuals, other investment entities and private funds, university endowments, family offices, pension and profit-sharing plans, trusts, estates or other corporations or business entities and include, directly or indirectly, principals or other employees of Bitwise and its affiliates and members of their families, as well as service providers retained by Bitwise.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

Investment strategies, methodologies and objectives associated with the Registered Funds are discussed in detail in the publicly available offering materials of each such Fund. Investment strategies, methodologies and objectives associated with Private Funds are discussed in detail in the offering document or operating agreement of each such Fund.

Bitwise primarily employs fundamental analysis methods in developing investment strategies for its Funds. Bitwise's research and analysis is based on numerous sources, including third-party research materials and publicly available materials, such as company annual reports, prospectuses and press releases.

Bitwise selects assets and products from across many asset classes, including global and domestic equities, taxable and non-taxable fixed income (including loans), ETFs, as well as digital currencies, cryptocurrencies, stablecoins, decentralized application tokens and protocol tokens, smart contracts, blockchain-based assets, cryptoassets and other crypto-finance and network-based digital assets that currently exist, or may exist in the future (collectively, "Digital Assets"). Overall investment strategies recommended to each Fund seek to provide capital appreciation, income or some combination thereof.

(1) *Bitwise USD Income Fund (Private Fund)*

The Bitwise Income Fund seeks to generate risk-adjusted returns primarily consisting of current income from lending activity in the U.S.-based institutional stablecoin lending markets with an emphasis on capital preservation, low volatility and low correlation to the broader markets. Stablecoins are crypto assets that aim to maintain a peg to a predefined target price, most commonly the price of \$1 U.S. dollar.

Bitwise will diligence, monitor and select a limited number of lending counterparties so as to access competitive yield opportunities that exist in the U.S.-based institutional stablecoin lending markets. With respect to such markets, and in evaluating opportunities, Bitwise performs an analysis spanning compliance, credit history, collateralization, use of funds, interest rates, liquidity, demand, references, and other considerations with the priorities of capital preservation and maximizing income.

(2) *Bitwise Web3 ETF (Registered Fund)*

As of the date of this Brochure, a registration statement has been filed seeking to register with the SEC the shares of the Bitwise Web3 ETF. The Bitwise Web3 ETF seeks investment results that, before fees and expenses, correspond generally to the performance of the Bitwise Web3 Equities Index (the "Index"), an index seeking to provide focused exposure to companies that are well-positioned to benefit from the emergence of Web3 and Web3 technologies. The Index's initial selection universe is composed of exchange-traded equity securities (including depositary receipts) and preferred shares sold on U.S. and certain non-U.S. securities exchanges. The Index then seeks to identify those securities that comprise one of five segments that the Index Provider believes will benefit from the emergence of Web3 and Web3 technologies: 1) Web3 Finance, 2) Web3 Infrastructure Providers, 3) Web3-Enabled Creator Economy, 4) Web3-Enabled Metaverse and Digital Worlds, and 5) Web3 Development and Governance.

B. Material Investment Risks

All investments in securities, as well as in Digital Assets, include a risk of loss of principal (invested amount) and any profits that have not been realized (securities that have not been sold to "lock in" the profit), which

investors in the Funds should be prepared to bear. As a result, there is a risk of loss in the value of the assets Bitwise manages for the Funds. Bitwise cannot guarantee any level of performance or that Funds will not experience a loss in their account assets. Past performance of a fund is not necessarily indicative of future performance or risk of loss.

The investment strategies and methodologies employed by Bitwise subject a Fund and its investors to various risks. Investing in securities and other assets involves risk of loss that a Fund and its investors should be prepared to bear. An investment in a Fund managed by Bitwise involves the risk that the Fund may not achieve its investment objective. A Fund's value may vary based on market fluctuations caused by such factors as economic and political developments, changes in interest rates, and perceived trends in security prices. The investment performance of a Fund utilizing the particular methods of analysis employed by Bitwise, including various methods of technical or fundamental analysis, may result in a Fund performing less well than a Fund managed by utilizing other methods of analysis or in a Fund not meeting its investment objective. Investment in a Fund managed by Bitwise involves the risk of losing money. Investing in securities involves the risk of loss that Fund investors should be prepared to bear.

The following risks could cause the investments managed by the Funds to decrease in value:

Market Risk. A Fund's investments are subject to changes in general economic conditions, general market fluctuations and the risks inherent in investing in securities markets. Investment markets can be volatile and prices of investments can change substantially due to various factors including, but not limited to, economic growth or recession, changes in interest rates, changes in the actual or perceived creditworthiness of issuers, and general market liquidity. A Fund is subject to the risk that geopolitical events will disrupt securities markets and adversely affect global economies and markets. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, or other events could have a significant impact on the Fund and its investments.

Inflation Risk. Inflation risk is the risk that the value of assets or income from investments will be less in the future because inflation decreases the value of money. As inflation increases, the present value of a Fund's assets and distributions may decline.

Interest Rate Risk. Interest rate risk is the risk that the value of the debt securities in a Fund's portfolio will decline because of rising market interest rates. Interest rate risk is generally lower for shorter term debt securities and higher for longer-term debt securities. A Fund may be subject to a greater risk of rising interest rates than would normally be the case due to the current period of historically low interest rates and the effect of potential government fiscal policy initiatives and resulting market reaction to those initiatives.

Liquidity Risk. A Fund may hold certain investments that may be subject to restrictions on resale, trade over-the-counter or in limited volume, or lack an active trading market. Accordingly, a Fund may not be able to sell or close out of such investments at favorable times or prices (or at all), or at the prices approximating those at which a Fund currently values them. Illiquid securities may trade at a discount from comparable, more liquid investments and may be subject to wide fluctuations in market value.

Valuation Risk. A Fund may hold securities or other assets that may be valued on the basis of factors other than market quotations. This may occur because the asset or security does not trade on a centralized exchange, or in times of market turmoil or reduced liquidity. The value established for any portfolio holding at a point in time might differ from what would be produced using a different methodology or if it had been priced using market quotations. Portfolio holdings that are valued using techniques other than market quotations, including "fair valued" assets or securities, may be subject to greater fluctuation in their valuations from one day to the next than if market quotations were used. In addition, there is no assurance that a Fund could sell or close out a portfolio position for the value established for it at any time, and it is possible that the Fund would incur a

loss because a portfolio position is sold or closed out at a discount to the valuation established by the Fund at that time.

Credit Risk. A Fund may hold securities subjecting it to credit risk. An issuer or other obligated party of a debt security may be unable or unwilling to make dividend, interest and/or principal payments when due. In addition, the value of a debt security may decline because of concerns about the issuer's ability or unwillingness to make such payments.

Counterparty Risk. Fund transactions involving a counterparty are subject to the risk that the counterparty will not fulfill its obligation to a Fund. Counterparty risk may arise because of the counterparty's financial condition (i.e., financial difficulties, bankruptcy, or insolvency), market activities and developments, or other reasons, whether foreseen or not. A counterparty's inability to fulfill its obligation may result in significant financial loss to a Fund. A Fund may be unable to recover its investment from the counterparty or may obtain a limited recovery, and/or recovery may be delayed.

Concentration Risk. Certain Funds may be concentrated in a particular sector or sectors or industry or group of industries. To the extent a Fund is concentrated in a particular sector or sectors or industry or group of industries, the Fund will be subject to the risk that economic, political or other conditions that have a negative effect on that sector or sectors or industry or group of industries will negatively impact the Fund to a greater extent than if the Fund's assets were invested in a wider variety of sectors or industries. As used in this risk disclosure, the term sector includes: one particular Digital Asset, a concentrated position in a group of Digital Assets, or a concentrated position in a variety of companies that are well-positioned to benefit from the emergence of Web3 and Web3 technologies.

Cybersecurity Risk. A Fund is susceptible to operational risks through breaches in cybersecurity. A breach in cybersecurity refers to both intentional and unintentional events that may cause a Fund to lose proprietary information, suffer data corruption or lose operational capacity. Such events could cause the Fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. Cybersecurity breaches may involve unauthorized access to a Fund's digital information systems through "hacking" or malicious software coding but may also result from outside attacks such as denial-of-service attacks through efforts to make network services unavailable to intended users.

Operational Risk. A Fund is subject to risks arising from various operational factors, including, but not limited to, human error, processing and communication errors, errors by a Fund's service providers, counterparties or other third-parties, failed or inadequate processes and technology or systems failures. A Fund relies on third-parties for a range of services, including custody. Any delay or failure relating to engaging or maintaining such service providers may affect the Fund's ability to meet its investment objective.

Private Fund Conflicts of Interest. Bitwise will manage the affairs of the Private Funds. Conflicts of interest may arise among Bitwise and its affiliates, on one hand, and a Private Fund and its investors, on the other. As a result of these conflicts, Bitwise may consider its own interests and the interests of its affiliates without any obligation to consider the interests of the investors. These potential conflicts include, among others, the following:

- Bitwise is allowed to take into account the interests of parties other than a Private Fund and its Investors in resolving conflicts of interest;
- A Private Fund has agreed to indemnify Bitwise and its affiliates pursuant to the operating documents;
- Bitwise is responsible for allocating its own limited resources among different clients and potential future business ventures, to each of which it owes fiduciary duties;
- Bitwise and its staff also service its affiliates, and cannot devote all of its, or their,

- respective time or resources to the management of the affairs of a Fund;
- Bitwise decides whether to retain separate counsel, accountants or others to perform services for a Fund; and
- Bitwise has consulted with counsel, accountants and other advisers regarding the formation and operation of the Private Funds. No counsel was appointed to represent investors in connection with the formation of the Funds or the establishment of the terms of the operating documents. Moreover, no counsel has been appointed to represent investors in connection with an investment in the Fund. Accordingly, an investor should consult his, her or its own legal, tax and financial advisers regarding the desirability of an investment in the Funds.

C. *Risks of Specific Securities or Investments*

Digital Asset Risk. Certain Funds may invest in Digital Assets. Digital Assets are loosely regulated and there is no central marketplace for currency exchange. Supply is determined by a computer code, not by a central bank, and prices have been and will likely continue to be extremely volatile. Digital Asset exchanges have been closed and/or highly regulated due to fraud, failure or security breaches. Any of a Fund's Digital Assets that reside on an exchange that shuts down may be lost.

Several factors may affect the price of Digital Assets, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of Digital Assets or the use of Digital Assets as a form of payment. There is no assurance that Digital Assets will maintain any long-term value in terms of purchasing power in the future, or that acceptance of Digital Asset payments by mainstream retail merchants and commercial businesses will continue to grow. Further, many Digital Assets have been hacked or may become vulnerable due to flaws in fundamental core code.

Bitwise will invest in Digital Assets on behalf of certain Funds, and such Funds will be subject to the below risks.

- Digital Asset networks and the software used to operate them are in the early stages of development. Digital Assets have experienced, and Bitwise expects will experience in the future, sharp fluctuations in value. Given the infancy of the development of Digital Asset networks, parties may be unwilling to transact in Digital Assets, which would dampen the growth, if any, of Digital Asset networks.
- The trading prices of many Digital Assets are derived from a variety of factors including supply and demand for Digital Assets, as well as more indirect and macro factors such as interest rates, monetary policy, broader market uncertainty and geopolitical, social and economic events.
- Digital Asset regulation is in its infancy and future regulatory change is unpredictable.
- The trading prices of many Digital Assets have experienced extreme volatility in recent periods and may continue to do so. For instance, there were steep increases in the value of certain Digital Assets, such as bitcoin, over the course of 2017, and multiple market observers asserted that Digital Assets were experiencing a "bubble." These increases were followed by steep drawdowns throughout 2018 in Digital Asset trading prices, including for bitcoin. These drawdowns notwithstanding, in general Digital Asset prices increased significantly again during 2019, decreased significantly again in 2020 amidst broader market declines as a result of the novel coronavirus outbreak, and increased again in 2021 to reach all-time highs only to decrease once again in 2022 due to myriad macroeconomic and geopolitical factors. The Digital Asset markets may still be experiencing a bubble or may experience a bubble again in the future. Extreme

volatility in the future, including further declines in the trading prices of Digital Assets, could have a material adverse effect on the value of the interests in the Funds and such interests could lose all or substantially all of their value.

- Digital Asset networks are dependent upon the internet. A disruption of the internet or a Digital Asset network would affect the ability to transfer Digital Assets and, consequently, their value.
- The loss or destruction of a private key required to access a Digital Asset may be irreversible.
- Miners, developers and users may switch to or adopt certain Digital Assets at the expense of their engagement with other Digital Asset networks, which may negatively impact the Digital Asset networks.
- Over the past several years, Digital Asset mining operations have evolved from individual users mining with computer processors, graphics processing units and first-generation, application-specific integrated circuit machines to “professionalized” mining operations using proprietary hardware or sophisticated machines. If the profit margins of Digital Asset mining operations are not sufficiently high, Digital Asset miners are more likely to immediately sell tokens earned by mining, resulting in an increase in the liquid supply of that Digital Asset, which would generally tend to reduce that Digital Asset’s market price.
- To the extent that any miners cease to record transactions that do not include the payment of a transaction fee in solved blocks or do not record a transaction because the transaction fee is too low, such transactions will not be recorded on the blockchain until a block is solved by a miner who does not require the payment of transaction fees or is willing to accept a lower fee. Any widespread delays in the recording of transactions could result in a loss of confidence in the Digital Asset network.
- Many Digital Asset networks face significant scaling challenges and are being upgraded with various features to increase the speed and throughput of Digital Asset transactions. These attempts to increase the volume of transactions may not be effective.
- The open-source structure of many Digital Asset network protocols, such as the protocol for the Bitcoin network, means that developers and other contributors are generally not directly compensated for their contributions in maintaining and developing such protocols. As a result, the developers and other contributors of a particular Digital Asset may lack a financial incentive to maintain or develop the particular network, or may lack the resources to adequately address emerging issues. Alternatively, some developers may be funded by companies whose interests are at odds with other participants in a particular Digital Asset network. A failure to properly monitor and upgrade the protocol of such network could damage that network.
- The acceptance of software patches or upgrades by a significant, but not overwhelming, percentage of the users and miners in a Digital Asset network could result in a “fork” in such network’s blockchain, resulting in the operation of multiple separate networks.
- Banks and other financial institutions may not provide banking services, or may cut off banking services, to businesses that provide Digital Asset-related services or that accept Digital Assets as payment, which could dampen liquidity in the market and damage the public perception of Digital Assets generally or any one Digital Asset in particular, and their or its utility as a payment system, which could decrease the price of Digital Assets generally or individually.

Moreover, because Digital Assets have been in existence for a short period of time and are continuing to develop, there may be additional risks in the future that are impossible to predict.

Regulatory Risk Related to Digital Assets. Both domestic and foreign regulators and governments have focused on regulation of Digital Assets. In the U.S., Digital Assets may be regulated by both federal and state authorities, depending on the context of its usage. The SEC has stated that depending on how a Digital Asset is created, a Digital Asset could be a security, and the Commodity Futures Trading Commission (the “CFTC”) has asserted that certain Digital Assets are commodities. To the extent the SEC determines that a Digital Asset is a security, the value of the Digital Assets determined to be securities could diminish and trading or ownership in such Digital Asset or the Funds may be adversely affected. In addition, to the extent that future regulatory actions or policies limit or restrict Digital Asset usage, Digital Asset trading or the ability to convert Digital Assets to government currencies, the demand for Digital Assets may be reduced. Some foreign jurisdictions have explicitly banned or restricted the use of Digital Assets as a method or payment, while allowing it to be traded on the market, while others have taken a different approach. Regulation of Digital Assets continues to evolve. Digital Asset market disruptions and resulting governmental interventions are unpredictable, and may make Digital Assets illegal altogether. Future foreign regulations and directives may conflict with those in the U.S., and such regulatory actions may restrict or make Digital Assets illegal in foreign jurisdictions. Future regulations and directives in regulation may impact the demand for Digital Assets, and may also affect the ability of Digital Asset exchanges to operate and for OTC participants to enter into Digital Asset transactions. Such regulations may have an adverse effect on a Fund and the value of the Fund.

The securities and commodities markets, and related derivatives markets, are subject to comprehensive statutes, regulations and margin requirements. In addition, the SEC, the CFTC, regulatory agencies of other jurisdictions and the exchanges involved in various regulated markets are authorized to take extraordinary actions in the event of a market emergency, including, for example, classification of instruments as securities or commodities, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily price limits and the suspension of trading. The regulation of securities, commodities and derivatives both inside and outside the U.S. is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on a Fund is impossible to predict, but could be substantial and adverse.

Stablecoins. Certain Funds may hold stablecoins. Fiat or crypto-collateralized stablecoins are backed by collateral that, if for whatever reason are found to be not equivalent to or more than to the total outstanding supply of the stablecoins, could result in the stablecoins permanently losing their peg to the underlying asset. Fiat-collateralized stablecoins, for example, could lose their peg to the underlying fiat asset if the issuer is found to not hold adequate fiat reserves for the stablecoin. Crypto-collateralized stablecoins, for example, could lose their peg to the underlying asset if the price of the reserves held by the issuer or issuing protocol falls dramatically. The mere prospect of a stablecoin not holding adequate collateral could result in a sudden loss of confidence in the peg of the stablecoin. If certain stablecoins are determined to be a “security” under federal or state securities laws by the SEC or any other agency, or in a proceeding in a court of law or otherwise, it may have material adverse consequences for such stablecoins. It may, for example, become more difficult for stablecoins to be traded, cleared and custodied as compared to other Digital Assets that are not considered to be securities, which could in turn negatively affect the liquidity and general acceptance of stablecoins and cause users to migrate to other crypto assets. Further, if other Digital Assets are determined to be “securities” under federal or state securities laws by the SEC or any other agency, or in a proceeding in a court of law or otherwise, it may have material adverse consequences for stablecoins due to negative publicity or a decline in the general acceptance of Digital Assets. As such, any determination that stablecoins or any other Digital Asset is a security under federal or state securities laws may adversely affect the stablecoin lending market, the value of stablecoins or the ability of a stablecoin to maintain its stable value against an underlying asset. To the extent that a Fund has lent stablecoins to a lending facility, such a determination may have an adverse effect on the ability of the lending facilities to fulfill some or all of their repayment obligations to the Fund.

Blockchain Technologies. Certain Funds hold securities issued by companies for whom blockchain

technology is essential for their business. Blockchain technology is relatively new and untested technology which operates as a distributed ledger. All of the risks associated with blockchain technology may not emerge until the technology is widely used. Blockchain systems could be vulnerable to fraud, particularly if a significant minority of participants colluded to defraud the rest. Access to a given blockchain requires an individualized key, which, if compromised, could result in loss due to theft, destruction or inaccessibility. There is little regulation of blockchain technology other than the intrinsic public nature of the blockchain system. Any future regulatory developments could affect the viability and expansion of the use of blockchain technology. Because blockchain technology systems may operate across many national boundaries and regulatory jurisdictions, it is possible that blockchain technology may be subject to widespread and inconsistent regulation. Blockchain technology is not a product or service that provides identifiable revenue for companies that implement, or otherwise use it. Therefore, the values of the companies included in a Fund may not be a reflection of their connection to blockchain technology, but may be based on other business operations. Blockchain technology also may never be implemented to a scale that provides identifiable economic benefit to the companies included in a Fund. There are currently a number of competing blockchain platforms with competing intellectual property claims. The uncertainty inherent in these competing technologies could cause companies to use alternatives to blockchain.

Debt Securities Risk. Certain Funds may invest in loans and other debt securities. Investments in debt securities subject the holder to the credit risk of the issuer. Credit risk refers to the possibility that the issuer or other obligor of a security will not be able or willing to make payments of interest and principal when due. Generally, the value of debt securities will change inversely with changes in interest rates. To the extent that interest rates rise, certain underlying obligations may be paid off substantially slower than originally anticipated and the value of those securities may fall sharply. During periods of falling interest rates, the income received by a Fund may decline. If the principal on a debt security is prepaid before expected, the prepayments of principal may have to be reinvested in obligations paying interest at lower rates. Debt securities generally do not trade on a securities exchange making them generally less liquid and more difficult to value than common stock.

Emerging Markets. Certain Funds may invest securities issued by and companies operating in emerging market countries. Investments in securities issued by governments and companies operating in emerging market countries involve additional risks relating to political, economic, or regulatory conditions not associated with investments in securities and instruments issued by U.S. companies or by companies operating in other developed market countries. Investments in emerging markets securities are generally considered speculative in nature and are subject to the following heightened risks: smaller market capitalization of securities markets which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; possible repatriation of investment income and capital; rapid inflation; and currency convertibility issues. Emerging market countries also often have less uniformity in accounting and reporting requirements, unsettled securities laws, unreliable securities valuation and greater risk associated with custody of securities. Financial and other reporting by companies and government entities also may be less reliable in emerging market countries. Shareholder claims that are available in the U.S., as well as regulatory oversight and authority that is common in the U.S., including for claims based on fraud, may be difficult or impossible for shareholders of securities in emerging market countries or for U.S. authorities to pursue. Furthermore, investors may be required to register the proceeds of sales and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization or creation of government monopolies.

Emerging Technologies. Certain Funds may invest in companies because of their use of emerging technologies. All of the risks associated with such technologies may not fully emerge until the technology is more widely used. The regulatory environment surrounding new technologies is often unclear. There is often uncertainty regarding the application of existing regulation and there can be no guarantee that new regulations will not be enacted that inhibit a technology's widespread adoption or prevent a company from realizing all

of its potential benefits. Companies that initially develop or adopt a novel technology may not be able to capitalize on it and there is no assurance that a company will derive any significant revenue from it in the future. An emerging technology may constitute a small portion of a company's overall business and the success of a technology may not significantly affect the value of the equity securities issued by the company. In addition, a company's stock price may be overvalued by market participants that value the company's securities based upon expectations of a technology that are never realized.

Equity Securities. Certain Funds may invest in equity securities. Equity securities are subject to changes in value, and their values may be more volatile than those of other asset classes. Equity securities prices fluctuate for several reasons, including changes in investors' perceptions of the financial condition of an issuer or the general condition of the relevant equity market, such as market volatility, or when political or economic events affecting an issuer occur. Common stock prices may be particularly sensitive to rising interest rates, as the cost of capital rises and borrowing costs increase. Common stocks generally subject their holders to more risks than preferred stocks and debt securities because common stockholders' claims are subordinated to those of holders of preferred stocks and debt securities upon the bankruptcy of the issuer.

ETF Risk. Certain Funds may invest in ETFs. A Fund's investment in shares of ETFs subjects it to the risks of owning the securities underlying the ETF, as well as certain structural risks set forth below. As a shareholder in another ETF, the Fund bears its proportionate share of the ETF's expenses, subjecting Fund shareholders to duplicative expenses.

- *Authorized Participant Concentration Risk.* Only certain entities (known as "Authorized Participants") may engage in creation or redemption transactions directly with an ETF, and none of those Authorized Participants is obligated to engage in creation and/or redemption transactions. ETFs generally have a limited number of institutions that may act as Authorized Participants on an agency basis (*i.e.*, on behalf of other market participants). To the extent that Authorized Participants exit the business or are unable to proceed with creation or redemption orders with respect to an ETF and no other Authorized Participant is able to step forward to create or redeem, an ETF's shares may be more likely to trade at a premium or discount to NAV and possibly face trading halts or delisting. Authorized Participant concentration risk may be heightened for ETFs that invest in securities issued by non-U.S. issuers or other securities or instruments that have lower trading volumes.
- *Costs of Buying and Selling Fund Shares.* Due to the costs of buying or selling ETF shares, including brokerage commissions imposed by brokers and bid/ask spreads, frequent trading of ETF shares may significantly reduce investment results.
- *Premium/Discount Risk.* ETFs may be bought and sold in the secondary market at market prices. The trading prices of an ETF's shares in the secondary market may differ from the ETFs daily NAV per share and there may be times when the market price of the shares is more than the net asset value per share (premium) or less than the net asset value per share (discount). This risk is heightened in times of market volatility or periods of steep market declines.

High Yield Securities Risk. Certain Funds may invest in high yield securities. High yield securities, or "junk" bonds, are subject to greater market fluctuations, are less liquid and provide a greater risk of loss than investment grade securities, and therefore, are considered to be highly speculative. In general, high yield securities may have a greater risk of default than other types of securities and could cause income and principal losses for a Fund.

Non-U.S. Securities. Certain Funds may invest in non-U.S. securities. Non-U.S. securities are subject to higher volatility than securities of domestic issuers due to possible adverse political, social or economic

developments, restrictions on foreign investment or exchange of securities, capital controls, lack of liquidity, currency exchange rates, excessive taxation, government seizure of assets, the imposition of sanctions by foreign governments, different legal or accounting standards, and less government supervision and regulation of securities exchanges in non-U.S. countries.

Private Fund Risk. An investment in a Private Fund involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the Fund's investment program will be successful. Specific risks pertaining to each Private Fund, including the lack of liquidity and 1940 Act protections are described in its offering document.

ITEM 9 – DISCIPLINARY INFORMATION

Neither Bitwise nor its management persons have been subject to legal or disciplinary events that are material to its advisory business or that would be material to its existing or prospective clients' evaluation of its advisory business or the integrity of its management.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Bitwise is an affiliate of Bitwise Investment Advisers, LLC, a Delaware limited liability company and a wholly owned subsidiary of Bitwise Asset Management, Inc. Bitwise Investment Advisers, LLC provides discretionary investment management services to private trusts that are not registered under the 1940 Act, and whose interests are not registered under the Securities Act (each, an "Other Private Vehicle"). The Other Private Vehicles' offering documents include information about the fees and expenses paid by the Other Private Vehicles. In providing investment management services to its clients, Bitwise relies upon employees of affiliates, including Bitwise Investment Advisers, LLC, for the provision of certain portfolio management, research, operational and administrative tasks. Bitwise does not believe this poses a conflict of interest, as proper controls have been reasonably designed to ensure compliance with applicable law, rule or regulation.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Description of Codes of Ethics

Bitwise has adopted a Code of Ethics (the "Code") in accordance with Rule 17j-1 under the 1940 Act and 204A-1 under the Advisers Act. The Code is based on Bitwise's fiduciary duty to its clients. The Code covers the following areas: (i) Code of Conduct, Fiduciary Standards, and Compliance with Federal Securities Laws; (ii) Reporting Violations and Sanctions; (iii) Whistleblower Policy; (iv) Distribution of Compliance Manual and Code of Ethics and Acknowledgement of Receipt; (v) Conflicts of Interest; (vi) Personal Securities Transactions; (vii) Pre-Clearance Procedures; and (viii) Reporting.

A copy of Bitwise's Code of Ethics is available to any client or Fund investor upon request.

B. Personal Trading in Same Securities as Funds

Bitwise allows employees to purchase or sell the same securities that may be recommended to and purchased on behalf of the Funds. Owning the same securities that are recommended (purchase or sell) to the Funds presents a conflict of interest that, as fiduciaries, must be disclosed and mitigated through internal policies and procedures, which includes a prohibition on any securities transactions that attempt to, or give the appearance of, market manipulation, including any transactions that fall under the category of "Front-Running." As noted above, Bitwise has adopted a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. When trading for personal accounts, Bitwise employees have a conflict of interest if trading in the same securities as the Funds. The fiduciary duty to act in the best

interest of its Funds can be violated if personal trades are made with more advantageous terms than Fund trades, or by trading based on material nonpublic information. This risk is mitigated by Bitwise's required reporting of personal securities trades by employees and required pre-clearance by Bitwise's Chief Compliance Officer of certain personal securities trades by its employees. Bitwise's Chief Compliance Officer will not approve any proposed transaction if the transaction appears to pose a conflict of interest or otherwise appears improper. Bitwise has also adopted written policies and procedures to detect the misuse of material, non-public information.

ITEM 12 – BROKERAGE PRACTICES

Generally, Bitwise has discretionary authority to determine the amount of securities or other instruments to be bought and sold and the specific securities or other instruments to be bought and sold. Limitations on the ability of Bitwise to engage in transactions may include restrictions in the registration statement, offering material or contract agreement applicable to a Fund and regulatory diversification, concentration or other limitations.

Bitwise has instituted policies and procedures to ensure that it will place Fund transactions with appropriate care and diligence, seek best execution, treat all clients fairly, and disclose all material conflicts of interest.

A. Factors Used to Select Broker-Dealers

An important aspect of our discretionary investment management services includes the selection of broker-dealers. It is Bitwise's policy to seek to obtain best price and execution for all trades, to trade assets in a manner that is fair to all clients, and to exercise diligence and care throughout the trading process.

Best execution is not limited solely to the consideration of the lowest available price or commission rate. In selecting a broker-dealer, Bitwise may consider various relevant factors, although no one factor is determinative in Bitwise's decision-making process. These factors include one or more, but are not limited to, best price, current market conditions, time constraints, liquidity, volatility in the markets, volatility in the particular type of security or asset, size and type of transaction, the nature and character of the market for the security or asset in the transaction, confidentiality, execution efficiency, settlement capabilities, financial condition of the broker-dealer, full range and quality of the broker-dealer's services, the responsiveness, reliability and experience of the broker-dealer, the commissions and transaction fees, past effectiveness in executing difficult types of securities or assets or difficult types of orders and the value of brokerage and research services provided.

Bitwise will conduct the following types of reviews to evaluate the qualitative and quantitative factors that influence execution quality:

- Initial and periodic reviews of individual counterparties, exchanges, and over-the-counter trading desks;
- Contemporaneous reviews by Bitwise's portfolio managers;
- Quarterly meetings of Bitwise's portfolio oversight committee; and
- Appropriate Fund benchmarks.

B. Research and Other Soft Dollar Benefits

Bitwise does not direct trades to brokers in exchange for research or other ancillary products and services in

arrangements known as “soft dollar” or “commission sharing” arrangements.

C. Brokerage for Fund Referrals

Bitwise does not recommend broker-dealers based solely on whether or not it may receive client referrals from a broker-dealer or third party. Bitwise currently has no solicitation arrangements in place.

D. Fund-Directed Brokerage

Bitwise does not engage in directed brokerage.

E. Trade Errors

Errors may occur during the trading process. Bitwise has policies and procedures that address identification and correction of errors that may occur in connection with the Adviser’s management of the Registered Funds and Private Funds (“Trade Errors”), consistent with applicable standards of care and any relevant offering documents. Bitwise evaluates and makes a determination regarding Trade Errors pursuant to its policies and procedures on a case-by-case basis, in its discretion. The calculation of the amount of any gain or loss will depend on the particular facts surrounding the Trade Error, and the methodology used by Bitwise to calculate gain or loss may vary.

F. Trade Aggregation

To the extent that Bitwise determines to aggregate Fund orders for the purchase or sale of securities, Bitwise will do so in a fair and equitable manner in accordance with applicable rules promulgated under the Advisers Act and guidance provided by the staff of the SEC and consistent with policies and procedures established by Bitwise.

To the extent that Bitwise has engaged one or more Sub-Advisers to assist in the management of Registered Funds, such Sub-Adviser(s), under the supervision and oversight of Bitwise and to the extent permitted by applicable law and regulations, will aggregate the order for securities to be sold or purchased in a manner that is equitable and consistent with its fiduciary obligations to the Registered Funds.

ITEM 13 – REVIEW OF ACCOUNTS

Bitwise monitors the investment portfolios of each Fund on an ongoing basis. As part of the monitoring process, Bitwise reviews each Fund’s performance against its stated benchmarks and investment objectives. Bitwise also monitors each Fund’s underlying investment allocations and percentages to ensure compliance with applicable diversification requirements under the 1940 Act, where applicable. Factors that might trigger a review, other than a periodic portfolio review, include extraordinary events (e.g., severe market turbulence), change in the tax laws, major investment, or regulatory developments, or any unusual or suspicious activity.

To the extent that Bitwise has engaged one or more Sub-Advisers to assist in the management of Registered Funds, such Sub-Adviser(s), under the supervision and oversight of Bitwise, will also perform a review of accounts of the Fund(s) it manages on an on-going basis, as set forth in its investment sub-advisory agreement.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits Provided by Third Parties for Advice Rendered to Funds

Bitwise does not receive economic benefits from non-clients for providing investment advice or advisory services to Funds.

B. Compensation to Non-Supervised Persons for Fund Referrals

Bitwise may rely on referral arrangements with third-party solicitors.

ITEM 15 – CUSTODY

Bitwise is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from each Fund permitting advisory fees to be paid directly from the Fund's custodian account to Bitwise. Account statements related to clients are sent by qualified custodians to Bitwise.

Bitwise is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception," which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

With regard to the custody of Digital Assets, there are no qualified custodians who provide custody for many Digital Assets. In the event that Bitwise were to custody Digital Assets, pursuant to Bitwise's obligations to customers Bitwise would seek to maintain Digital Assets with a custodian that Bitwise reasonably believed provides the best collection of safety, service, price, and ease of use. If Bitwise were to custody Digital Assets, clients should be aware that maintaining client Digital Assets in this fashion would not technically comply with the Custody Rule, but clients also should be aware that, as far as Bitwise is aware, technical compliance with the Custody Rule is not currently possible for many Digital Assets. If Bitwise were to custody Digital Assets, Bitwise would continue to seek custody arrangements that comply with the Custody Rule, if and when the SEC appropriately updated the Custody Rule, and/or as additional custody services became available,

ITEM 16 – INVESTMENT DISCRETION

Generally, Bitwise has discretionary authority to manage securities accounts on behalf of the Funds. Bitwise's authority to take actions on behalf of each Fund is described and agreed to by each Fund in the investment advisory agreement between Bitwise and each Fund. The investment advisory agreement may include limited powers of attorney granted to Bitwise in connection with its investment management services to a Fund. For Registered Funds, Bitwise's investment discretion may be limited by certain federal securities laws and tax laws that require diversification of investments and impose other limitations.

ITEM 17 – VOTING CLIENT SECURITIES

In accordance with Rule 206(4)-6 under the Advisers Act, Bitwise has adopted and implemented written policies and procedures for voting client proxies it receives. Bitwise will vote proxies on behalf of clients, unless otherwise instructed by the client. Bitwise, when granted proxy voting authority by a client, will fulfill its obligations by voting in a manner that is in the best interest of its client. Bitwise may abstain from voting, but only if Bitwise determines that it is in the client's best interest. Bitwise intends to vote all proxies in accordance with applicable rules and regulations, and in the best interests of clients without influence by real or apparent conflicts of interest. Furthermore, it is understood that any material conflicts between Bitwise's interests and those of each Fund with regard to proxy voting must be resolved before proxies are voted. Funds may request a copy of Bitwise's written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting Bitwise's Chief Compliance Officer.

ITEM 18 – FINANCIAL INFORMATION

A. Balance Sheet

Bitwise does not require prepayment of more than \$1,200 in fees per Fund, six months or more in advance, and therefore does not need to include a balance sheet with this Brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither Bitwise nor its management has any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to Funds.

C. Bankruptcy Petitions in Previous Years

Bitwise has not been the subject of a bankruptcy petition at any time during the past ten years.