



## **FORM ADV PART 2A: FIRM BROCHURE**

### **Item 1 – Cover Page**

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This Part 2A of Form ADV, otherwise referred to as the “Brochure”, provides information about the qualifications and business practices of Grayscale Advisors, LLC. If you have any questions regarding the contents of this brochure, please do not hesitate to contact our Chief Compliance Officer, Allison Roberts, by telephone at (347) 544-1053 or by email at [allison@grayscale.com](mailto:allison@grayscale.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Grayscale Advisors, LLC is a registered investment advisor. Registration with the U.S. Securities and Exchange Commission or any state securities authority does not imply that the company or any of its management persons have achieved a certain level of skill or training. Additional information about Grayscale Advisors, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 – Material Changes**

- The Firm launched the Grayscale Dynamic Income Fund LP (“GDIF”) on October 2, 2023. Items 4, 5, 7, 8, 12, 13, 15, and 16 were amended to reflect this, and to include the Grayscale Dynamic Income GP LLC as GDIF’s General Partner (the “General Partner”).
- Grayscale Advisors, LLC will update this Brochure at least annually, or sooner, as required to ensure the material accuracy of the information contained herein. Grayscale Advisors, LLC will provide a copy of this Brochure upon request by email at [compliance@grayscale.com](mailto:compliance@grayscale.com); or you may also download a copy on the SEC’s public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 4 – Advisory Business

### A. Description of the Advisory Firm

- Grayscale Advisors, LLC (“Grayscale Advisors”, the “Advisor” or the “Firm”) is a Delaware limited liability company formed in 2018 and registered with the U.S. Securities and Exchange Commission in 2022 (“SEC”). Grayscale Advisors is wholly owned by Grayscale Investments, LLC (“Grayscale Investments” or the “Parent Company”). The sole owner of Grayscale Investments is Digital Currency Group, Inc. The Firm does not have any publicly held intermediate subsidiaries. A description of Grayscale Advisor’s affiliates can be found under Item 10 – Other Financial Industry Activities and Affiliations.
- Grayscale Advisors is a registered investment advisor that provides investment advisory services for the *Grayscale Future of Finance ETF* (“GFOF”), an exchange-traded fund (“ETF”) on the ETF Series Solutions (“ESS”) Trust Platform (“ESS Trust”, “ESS Trust Platform” or the “Trust”) provided by U.S. Bancorp LLC, a registered investment company under the Investment Company Act of 1940, as amended (the “1940 Act”); the non-discretionary market intelligence provider to the *Grayscale Future of Finance UCITS ETF*, a non-U.S. investment fund sponsored by HANetf Management Limited and HANetf Limited (collectively “HANetf”); and *Grayscale Dynamic Income Fund* (“GDIF”), a private fund which is solely available to selected qualified investors. Grayscale Advisors is led by Michael Adam Sonnenshein, its Chief Executive Officer, who is also CEO of Grayscale Investments, LLC.

### B. Types of Advisory Services

Grayscale Advisors is the investment advisor to

1. *Grayscale Future of Finance ETF* (“GFOF”),
2. The non-discretionary market intelligence provider to the *Grayscale Future of Finance UCITS ETF*, a non-U.S. investment fund sponsored by HANetf (the “UCITS ETF”), and
3. *Grayscale Dynamic Income Fund* (“GDIF”), a Delaware limited partnership.

As the investment advisor to the *Grayscale Future of Finance ETF*, Grayscale Advisors has retained Vident Asset Management, LLC (“Vident”) to serve as sub-advisor in its management of the Grayscale Future of Finance ETF.

The Firm manages the *Grayscale Future of Finance ETF* (“GFOF”), a passively managed ETF on the ESS platform that launched on February 2, 2022, and trades on the NYSE Arca. The *Grayscale Future of Finance ETF* seeks long-term growth by investing in U.S. and non-U.S. public equity securities that are involved in the advancement of the digital economy, which includes companies involved in the enabling of buying, selling, and transacting in digital assets, the development of the infrastructure to create applications utilizing blockchain technology, the supply of infrastructure around the digital asset ecosystem, and the mining of digital assets. GFOF tracks the performance, before fees and expenses, of the Bloomberg Grayscale Future of Finance Index (the “Index”).

As the investment advisor, Grayscale Advisors has overall responsibility for management of the *Grayscale Future of Finance ETF*. The Firm provides investment advice to the *Grayscale Future of Finance ETF* including, but 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 Investment Advisory Agreement and Investment Sub-Advisory Agreement with Vident (collectively, the “GFOF Investment Advisory Agreements”).

Under the supervision and oversight of Grayscale Advisors, the sub-advisor shall manage the securities and other assets of the *Grayscale Future of Finance ETF*, including the purchase, retention, and disposition of the securities and assets, in

accordance with the *Grayscale Future of Finance ETF*'s respective investment objectives, guidelines, policies, and restrictions as stated in GFOF's Prospectus and Statement of Additional Information.

As the non-discretionary market intelligence provider to the *Grayscale Future of Finance UCITS ETF*, a non-US investment fund sponsored by HANetf, Grayscale Advisors will provide non-discretionary advice, support HANetf and the investment manager in the tracking of the Index, consult with HANetf regarding the choice of investment manager, as well as provide product specialist services including primary responsibility for research data and commentary on the Index, market commentary for the Index, and the ETF team's synthesis of such information.

The Firm manages the *Grayscale Dynamic Income Fund* ("GDIF"), a Delaware limited partnership. GDIF is a private fund whose objective is to optimize staking rewards from Digital Assets and distribute income quarterly. Capital appreciation from such Digital Assets is a secondary objective. GDIF seeks to allow investors to participate in staking across multiple assets through a single investment vehicle.

As the investment advisor, Grayscale Advisors has overall responsibility for management of GDIF including but not limited to management of the Digital Asset holdings.

Grayscale Advisors does not presently provide investment advisory services to individuals or retail investors nor does the Firm participate in a wrap-fee program.

### **C. Client-Tailored Advisory Services**

- The investment management services and advice provided by Grayscale Advisors with respect to the *Grayscale Future of Finance ETF* is subject to GFOF's investment objectives and guidelines, as set forth in its respective offering documents and investment advisory agreements.
- The non-discretionary market intelligence provider services rendered by Grayscale Advisors with respect to the *Grayscale Future of Finance UCITS ETF* is subject to the Co-operation Agreement, the product offering documents and listing documentation as set forth by HANetf.
- The investment management services and advice provided by Grayscale Advisors with respect to the *Grayscale Dynamic Income Fund* are subject to the investment objectives and guidelines set forth in GDIF's Amended and Restated Limited Partnership Agreement and its Private Placement Memorandum (collectively, the "GDIF Offering Documents") and its investment advisory agreement with Grayscale Advisors (the "GDIF Management Agreement").

### **D. Assets Under Management**

- As of October 31, 2023, Grayscale Advisors manages approximately \$ \$4.7M of client assets on a non-discretionary basis. As of October 2, 2023, Grayscale Advisors manages approximately \$250,000 of client assets on a discretionary basis. See Item 16 for more information regarding investment discretion.

**Item 5 – Fees and Compensation****A. Fees for Advisory Services**

Grayscale Advisors charges an annual advisory fee that is agreed upon with each client and set forth in an advisory agreement executed by the Firm and the client.

The Firm is the investment advisor to the *Grayscale Future of Finance ETF* (“GFOF”), an exchange-traded fund on the ESS Trust Platform provided by U.S. Bancorp LLC, a registered investment company under the 1940 Act. Pursuant to the terms of the GFOF Investment Advisory Agreements, the *Grayscale Future of Finance ETF* will pay Grayscale Advisors a unified management fee for its advisory services, which is calculated daily and paid monthly, at an annual rate of 0.70% (70 basis points) of the Fund’s average daily net assets.

To receive payment of its advisory fee, the Firm obtained written authorization from the Grayscale Future of Finance ETF and the Fund administrator, U.S. Bancorp Fund Services LLC, permitting the Firm’s advisory fees to be paid directly from GFOF’s custodian account to the Firm.

Each month, the Firm will direct GFOF’s custodian to debit from its account and to pay to the Firm the advisory fee due from GFOF based on a periodic assessment.

Grayscale Advisors will, upon receipt of an invoice, pay the sub-advisory fee, which is calculated daily and paid monthly, at an annual rate of the Grayscale Future of Finance ETF’s average daily net assets of 0.045% on the first \$250 million, 0.035% on the next \$250 million, and 0.025% on the net assets in excess of \$500 million, subject to a minimum annual fee of \$20,000 USD.

Pursuant to the terms of the GDIF Management Agreement, GDIF will pay the Firm a monthly management fee at an annual rate of 0.5% of the aggregate value of the digital assets held by GDIF (the “Manager’s Fee”). In addition, at the end of each performance period (typically, a fiscal year), GDIF will reallocate from each capital account of each investor to the capital account of the General Partner an amount equal to the result of the 20% multiplied by the amount of the net capital appreciation allocated to such capital account of such limited partner for such performance period (after reduction by an amount equal to the amount of the Manager’s Fee debited to such capital account for such performance period).

Each month, the Firm will direct GDIF’s custodians to debit from GDIF’s account and to pay to the Firm the management fee due from GDIF based on the periodic assessment.

**B. Fees for Non-Discretionary Market Intelligence Provider Services**

For its non-discretionary market intelligence provider services, Grayscale Advisors’ fee is initially calculated at a total expense ratio yield, whereby, on a quarterly basis HANetf will send an invoice for the total revenue minus the operating expenses for *Grayscale Future of Finance UCITS ETF*. Grayscale Advisors will pay the fees for the operation of *Grayscale Future of Finance UCITS ETF* until such time when it is net profitable.

Thereafter, once performance of *Grayscale Future of Finance UCITS ETF* exceeds the operating expenses, Grayscale Advisors will charge a non-discretionary market intelligence provider fee for its services to *Grayscale Future of Finance UCITS ETF*, which is calculated daily and paid quarterly, at an annual rate of 0.70% (70 basis points) of the Fund’s average daily net assets.

**C. Private Fund Fees**

With respect to its private fund (“Private Fund”) client, the Firm receives fees as set forth in the GDIF Offering Documents, which generally consists of a management fee and, as applicable, a performance fee. A management fee is a fee a firm charges on private fund assets and is generally deducted from an investor’s capital account monthly, in arrears. A performance fee is a fee based on a share of capital gains on, or capital appreciation of, the assets of a fund. Performance fees are generally deducted from an investor’s capital account annually, at the end of every calendar year, but may also be deducted quarterly. Any such performance fees will comply with the applicable requirements of the Advisers Act and specifically Section 205-3 thereof (otherwise referred to as the “Performance Fee Rule”). Private Funds are not appropriate for all investors.

**D. Additional Fees and Expenses**

For its advisory services to the *Grayscale Future of Finance ETF*, Grayscale Advisors will bear the fees and expenses including, but not limited to, custodian, fund administration, transfer agent, audit, regulatory filings, paying agent services, and processing fees among other industry standard operating costs to perform its duties as detailed in *Grayscale Future of Finance ETF’s* Investment Advisory Agreement and the GFOF Investment Sub-Advisory Agreement. A detailed list of expenses attributable to the *Grayscale Future of Finance ETF* is located in its most recent prospectus which can be accessed here: <https://www.grayscale.com/etfs/grayscale-future-of-finance>

For its advisory services to the *Grayscale Dynamic Income Fund*, GDIF will bear the fees and expenses including, but not limited to, custodian, fund administration, audit, regulatory filings, and processing fees among other industry standard operating costs to perform its duties as detailed in the GDIF Management Agreement and the GDIF Offering Documents, subject to a fee cap of 2.0% of the net asset value of GDIF’s assets (the “Fee Cap”). For any given year, any such expenses (but not including the fee paid to the Firm) that exceed the Fee Cap will be paid by the Firm (“Manager-paid Expenses”). Notwithstanding the foregoing, those expenses in respect of litigation or indemnification (or any similar or related extraordinary expenses), expenses incurred through digital asset protocol transaction fees (i.e. gas fees), and staking fees and any other expenses and fees associated with staking, will be disregarded for the purposes of calculating the Fee Cap and will be borne by GDIF, unless and to the extent deemed by the General Partner in its sole discretion to be Manager-paid Expenses. This description of expenses is intended to be a summary and GDIF’s investor(s) should refer to the GDIF Offering Documents for expense and other important information.

**E. Prepayment of Fees**

The Firm will refund any pre-paid fees that have not been earned at the termination of a contract with a fund. The refund will be calculated on a pro-rata basis based upon the number of days in the period and the termination date.

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

- Grayscale Advisors 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**

- Grayscale Advisors does not charge performance-based fees or participate in side-by-side management for *Grayscale Future of Finance ETF*.
- As the non-discretionary market intelligence provider to the *Grayscale Future of Finance UCITS ETF*, Grayscale Advisors acknowledges the potential conflicts of interests that may arise from the side-by-side management of these clients based on the fee structures and similar index methodologies. Grayscale Advisors has implemented the necessary policies and procedures to ensure all clients are treated fairly and to prevent any impropriety in its offering of advisory services and marketing intelligence services.
- The General Partner accepts performance-based compensation for GDIF. Performance-based compensation creates an incentive for the Firm to make investments that are riskier or more speculative than would be the case in the absence of such compensation.

**Item 7 – Types of Clients**

- Grayscale Advisors offers investment advisory services to registered investment companies, private funds and serves as a non-discretionary market intelligence provider to a UCITS (Undertakings for Collective Investment in Transferable Securities) fund.
- Investors in GDIF are required to adhere to the criteria established in the GDIF Offering Documents.

**Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss****A. Methods of Analysis and Investment Strategies**

Grayscale Advisors primarily employs fundamental analysis methods in developing investment strategies for its funds. The research and analysis of Grayscale Advisors is based on numerous sources, including third-party research materials and publicly available materials, such as company annual reports, prospectuses, and press releases.

Grayscale Advisors selects assets and products from across many asset classes, including global and domestic equities, taxable and non-taxable fixed income, exchange-traded funds (“ETFs”) and assets with exposure to blockchain technology, meaning assets housed on, making use of, or connected to a blockchain through cryptographic ownership, including crypto currency coins and tokens (“Digital Assets”). As it relates to ETFs advised by the Firm, if the Firm selects an external adviser to manage a portion of a Fund’s assets, this will not affect the fees or expenses charged to the ETF. Overall investment strategies recommended to each ETF emphasize long-term ownership of a portfolio of marketable and non-marketable investments intended to provide superior after-tax, inflation-adjusted, economic returns.

**Grayscale Future of Finance ETF**

The *Grayscale Future of Finance ETF* employs a passive investment strategy where it seeks to track the performance, before fees and expenses, of the Bloomberg Grayscale Future of Finance Index (the “Index”). The Index is designed by Bloomberg Index Services Limited (the “Index Provider”) to consist of U.S. and non-U.S. equity securities that are involved in the advancement of the digital economy, which includes companies involved in the enabling of buying, selling, and transacting in digital assets, the development of the infrastructure to create applications utilizing blockchain technology, the supply of infrastructure around the digital asset ecosystem, and the mining of digital assets.

To define companies involved in the advancement of the digital economy, the Index is comprised of developed and emerging markets companies that have been classified as providing exposure to the “Future of Finance”, as identified by the intersection of finance, technology, and digital assets (collectively, “Future of Finance Companies”). In constructing the Index, the Index Provider identifies three core categories as the universe of Future of Finance Companies:

- 1) Financial Foundations – includes asset managers, exchanges, brokerages, and wealth managers;
- 2) Technology Solutions – includes companies providing technology through data and transaction processing; and
- 3) Digital Asset Infrastructure – includes companies directly involved in mining, energy management and activities.

The Index Provider determines the Future of Finance Companies eligible for inclusion in the Index through a multi-step process which is constructed to utilize both analyst expertise as well as data analytics. Companies that are identified as part of the universe described above must be a U.S. and/or non-U.S. common stock, ordinary share, or depository receipt and must have a 90-day average value traded of at least US \$1 million. For inclusion in the Index, companies must have a market capitalization of at least US \$100 million.

To achieve its investment objective, the *Grayscale Future of Finance ETF* will utilize a passive “replication” strategy meaning that it will generally invest in all of the component securities of the Index in the same approximate proportions as in the Index.

Grayscale Advisors does not represent, imply, or guarantee that the services or methods of analysis used by Grayscale Advisors or the Index Provider to make investment decisions can or will produce successful results, successfully identify market movements, or insulate the *Grayscale Future of Finance ETF* from losses due to market corrections or crashes. Clients are advised that the recommendations offered by Grayscale Advisors are not legal or tax advice.

Grayscale Future of Finance UCITS ETF

The *Grayscale Future of Finance UCITS ETF* will employ the aforementioned passive investment strategy where it seeks to track the performance, before fees and expenses, of the Index that provides exposure to the performance of companies that have exposure to the digital asset ecosystem.

Grayscale Dynamic Income Fund

*Grayscale Dynamic Income Fund* seeks to optimize staking rewards from Digital Assets and aims to distribute this income quarterly. Capital appreciation from such Digital Assets is a secondary objective. Grayscale Advisors will manage the portfolio by evaluating qualitative and quantitative factors to assess and select a portfolio of “Stakeable Assets,” or Digital Assets that are capable of being staked pursuant to their native blockchain protocol.

*Grayscale Dynamic Income Fund* will seek to gain exposure to select Digital Assets and their respective weightings in proportion to each such Digital Asset’s historical in-kind staking rewards annualized rate (the “Staking Rewards Rate”) relative to the Staking Rewards Rate of the other fund components. GDIF’s Digital Assets will be staked through third-party service providers and GDIF seeks to earn Staking Rewards from such staking activities.

GDIF may also hold tokens native to certain blockchain-based platforms that offer staking services to users that pledge Digital Assets to a staking smart contract.

**B. Material Risks**

- All investments in securities and digital assets include a risk of loss of principal (invested amount) and any profits that have not been realized (securities and digital assets that have not been sold to “lock in” the profit) include a risk of loss, which investors in the Funds should be prepared to bear. The Digital Asset market and public equity securities that are involved in the advancement of the digital economy, among others, can fluctuate substantially over time, and performance of any investment or portfolio is not guaranteed. As a result, there is a risk of loss in the value of the assets we manage for our Funds. We 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 following risks could cause the investments managed for Funds to decrease in value:
- **Market Risk:** The price of Digital Assets and securities may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security’s or fund’s particular underlying circumstances. For example, changes in political, economic, and social conditions may trigger adverse market events.
- **Interest-Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Event Risk:** An adverse event, such as a pandemic or government shutdowns, affecting a particular industry could depress the price of a Fund’s investments in that industry. The company, government or other entity that issued an asset held in a Fund’s portfolio could become less able to, or fail to, repay, service or refinance its debts, or the issuer’s credit rating could be downgraded by a rating agency. Adverse events affecting a particular country, including political and economic instability, could depress the value of investments in issuers headquartered or doing business in that country.
- **Liquidity Risk:** Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities may be infrequently or thinly traded even under normal market conditions.

- **Leverage Risk:** The use of leverage may lead to increased volatility of a fund's NAV and market price relative to its common shares. Leverage is likely to magnify any losses in the fund's portfolio, which may lead to increased market price declines. There is no assurance that a leveraging strategy will be successful.
- **Inflation Risk:** Countries around the globe may be more, or less, prone to inflation than the U.S. economy at any given time.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the U.S. dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This risk is that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Regulatory/Legislative Developments Risk:** Regulators and/or legislators may promulgate rules or pass legislation that places restrictions on, adds procedural hurdles to, affects the liquidity of, and/or alters the risks associated with certain investment transactions or the securities underlying such investment transactions. Such rules/legislation could affect the value associated with such investment transactions or underlying securities.
- **Price Volatility:** A principal risk in trading Digital Assets is the rapid fluctuation of market price. The value of client portfolios will be impacted by the value of Digital Assets held or referenced through an underlying asset in the client portfolio and fluctuations in the price of Digital Assets could adversely affect the net asset value of a client's portfolio. There is no guarantee that a client will be able to achieve a better than average market price for Digital Assets or will purchase Digital Assets at the most favorable price available. The price of Digital Assets achieved by a client may be affected generally by a wide variety of complex and difficult to predict factors such as Digital Asset supply and demand; rewards and transaction fees for the recording of transactions on the blockchain; availability and access to Digital Asset service providers (such as payment processors), exchanges, miners or other Digital Asset users and market participants; perceived or actual Digital Asset network or Digital Asset security vulnerability; inflation levels; fiscal policy; interest rates; and political, natural and economic events.
- **Index Methodology Risk:** The Index may not include all Future of Finance Companies around the globe because the Index includes only those companies meeting the Index criteria, including liquidity and market capitalization requirements. In addition, companies that would otherwise be included in the Index might be excluded from the Index if they omit disclosure of, or do not use key terms associated with, their blockchain technology or digital asset activities in regulatory filings or otherwise keep such work hidden from public (and the Index Provider's) view.
- **Index Provider Risk:** There is no assurance that the Index Provider, or any agents that act on its behalf, will compile the Index accurately, or that the Index will be determined, maintained, constructed, reconstituted, rebalanced, composed, calculated, or disseminated accurately. The Adviser relies upon the Index Provider and its agents to compile, determine, maintain, construct, reconstitute, rebalance, compose, calculate (or arrange for an agent to calculate), and disseminate the Index accurately. Any losses or costs associated with errors made by the Index Provider or its agents generally will be borne by the Fund and its shareholders.
- **Market Capitalization Risk:**
  - *Large-Capitalization Investing.* The securities of large-capitalization companies may be relatively mature compared to smaller companies and therefore subject to slower growth during times of economic expansion. Large-capitalization companies may also be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes.
  - *Mid-Capitalization Investing.* The securities of mid-capitalization companies may be more vulnerable to adverse issuer, market, political, or economic developments than securities of large-capitalization companies, but they may also be subject to slower growth than small-capitalization companies during times of economic expansion. The securities of mid-capitalization companies generally trade in lower volumes

and are subject to greater and more unpredictable price changes than large capitalization stocks or the stock market as a whole, but they may also be nimbler and more responsive to new challenges than large-capitalization companies. Some mid-capitalization companies have limited product lines, markets, financial resources, and management personnel and tend to concentrate on fewer geographical markets relative to large-capitalization companies.

- *Small-Capitalization Investing.* The securities of small-capitalization companies may be more vulnerable to adverse issuer, market, political, or economic developments than securities of larger-capitalization companies. The securities of small capitalization companies generally trade in lower volumes and are subject to greater and more unpredictable price changes than larger capitalization stocks or the stock market as a whole. Some small capitalization companies have limited product lines, markets, and financial and managerial resources and tend to concentrate on fewer geographical markets relative to larger capitalization companies. There is typically less publicly available information concerning smaller-capitalization companies than for larger, more established companies.
- **Illiquid Securities:** Investments in certain Digital Assets or funds investing in Digital Assets may underperform publicly offered and traded securities because such investments:
  - Typically require investors to lock-up their assets for a period and may be unable to meet redemption requests during adverse economic conditions;
  - Have limited or no liquidity because of restrictions on the transfer of, and the absence of a market for, interests in these securities;
  - Are more difficult to monitor and value due to a lack of transparency and publicly available information about these securities;
  - Involve different risks than investing in publicly offered and traded securities. These risks may include those associated with more concentrated, less diversified investment portfolios, investment leverage and investments in less liquid and non-traditional asset classes.

### **C. Material Risks Specific for *Grayscale Future of Finance ETF***

- **Passive Investment Risk:** The *Grayscale Future of Finance ETF* is not actively managed, and its sub-adviser would not sell shares of an equity security due to current or projected underperformance of a security, industry, or sector, unless that security is removed from the Index or the selling of shares of that security is otherwise required upon a reconstitution or rebalancing of the Index in accordance with the Index methodology.
- **Emerging Markets Risk:** GFOF may invest in companies organized in emerging market nations. Investments in securities and instruments traded in developing or emerging markets, or that provide exposure to such securities or markets, can involve additional risks relating to political, economic, or regulatory conditions not associated with investments in U.S. securities and instruments or investments in more developed international markets. Such conditions may impact the ability of the Fund to buy, sell or otherwise transfer securities, adversely affect the trading market and price for Shares and cause the Fund to decline in value.
- **Equity Market Risk:** The equity securities held in the GFOF's portfolio may experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect securities markets generally or factors affecting specific issuers, industries, or sectors in which the Fund invests. Common stocks are generally exposed to greater risk than other types of securities, such as preferred stock and debt obligations, because common stockholders generally have inferior rights to receive payment from issuers. In addition, local, regional or global events such as war, acts of terrorism, spread of infectious diseases or other public health issues, recessions, or other events could have a significant negative impact on the Fund and its investments. For example, the global

pandemic caused by COVID-19, a novel coronavirus, and the aggressive responses taken by many governments, including closing borders, restricting international and domestic travel, and the imposition of prolonged quarantines or similar restrictions, has had negative impacts, and in many cases severe impacts, on markets worldwide. The COVID-19 pandemic has caused prolonged disruptions to the normal business operations of companies around the world and the impact of such disruptions is hard to predict. Such events may affect certain geographic regions, countries, sectors and industries more significantly than others. Such events could adversely affect the prices and liquidity of the Fund's portfolio securities or other instruments and could result in disruptions in the trading markets.

- **Financial Technology Risk:** Companies that are developing financial technologies that seek to disrupt or displace established financial institutions generally face competition from much larger and more established firms. Such companies may not be able to capitalize on their disruptive technologies if they face political and/or legal attacks from competitors, industry groups or local and national governments. Laws generally vary by country, creating some challenges to achieving scale. A financial technology company may not currently derive any revenue, and there is no assurance that such company will derive any revenue from innovative technologies in the future. Additionally, financial technology companies may be adversely impacted by potential rapid product obsolescence, cybersecurity attacks, increased regulatory oversight and disruptions in the technology they depend on.
- **Foreign Securities Risk:** Investments in non-U.S. securities involve certain risks that may not be present with investments in U.S. securities. For example, investments in non-U.S. securities may be subject to risk of loss due to foreign currency fluctuations or to political or economic instability. There may be less information publicly available about a non-U.S. issuer than a U.S. issuer. Non-U.S. issuers may be subject to different accounting, auditing, financial reporting and investor protection standards than U.S. issuers. Investments in non-U.S. securities may be subject to withholding or other taxes and may be subject to additional trading, settlement, custodial, and operational risks. With respect to certain countries, there is the possibility of government intervention and expropriation or nationalization of assets. Because legal systems differ, there is also the possibility that it will be difficult to obtain or enforce legal judgments in certain countries. Since foreign exchanges may be open on days when GFOF does not price its Shares, the value of the securities in GFOF's portfolio may change on days when shareholders will not be able to purchase or sell the Shares. Conversely, Shares may trade on days when foreign exchanges are closed. Each of these factors can make investments in GFOF more volatile and potentially less liquid than other types of investments.
- **Geographic Investment Risk:** To the extent that GFOF invests a significant portion of its assets in the securities of companies of a single country or region, it is more likely to be impacted by events or conditions affecting that country or region. For example, political and economic conditions and changes in regulatory, tax, or economic policy in a country could significantly affect the market in that country and in surrounding or related countries and have a negative impact on the Fund's performance. Currency developments or restrictions, political and social instability, and changing economic conditions have resulted in significant market volatility.

#### **D. Material Risks Specific for Grayscale Dynamic Income Fund**

- **Custody Risk:** Certain regulations applicable to registered investment advisers relating to custody of assets were implemented prior to the existence of digital assets and it may be difficult or impossible for GDIF to comply with such regulations, and further guidance or regulations in respect thereof could adversely affect GDIF.
- **Staking Risk:** Certain digital asset networks operate on a system where only holders of the relevant digital assets (who can "pledge" an amount of their Digital Assets to the network or a smart contract on the network) may validate new blocks on the blockchain; these digital asset networks are said to use a "proof of stake" model and new blocks on the blockchain are sometimes said to be "verified" or "validated," as opposed to "mined." The Firm intends to engage in staking activities on the Partnership's behalf for certain of GDIF's assets to enable GDIF to earn rewards



associated with such staking. GDIF may suffer losses due to staking, delegating, and other related services the Firm intends to engage in on GDIF's behalf.

## **E. Risks of Specific Securities or Investments**

### Use of Sub-Advisor

Grayscale Advisors currently utilizes a sub-advisor, and may utilize other sub-advisors, to manage a portion of its Funds' assets. In these situations, Grayscale Advisors conducts due diligence of such sub-advisors, but the success of such recommendations relies to a great extent on the sub-advisors' ability to successfully implement their investment strategies. In addition, Grayscale Advisors generally does not have the ability to supervise the sub-advisors on a day-to-day basis.

### Digital Assets and Cryptocurrencies

An investment in Digital Assets and cryptocurrency involves risk including the extreme volatility in recent periods that may continue and may create a future material adverse effect on the value of the shares. Digital Assets were introduced within the past two decades, and the medium-to-long term value of the shares is subject to a number of factors relating to the capabilities and development of blockchain technologies and to the fundamental investment characteristics of Digital Assets.

The volatility of Digital Assets and cryptocurrencies are subject to a number of risk factors, including, but not limited to the following: the economic conditions in the Digital Asset industry and market (such as an increase in the global supply of such Digital Asset); manipulative activity on Digital Asset exchanges; forks in the applicable Digital Asset network; scaling challenges in the effort to increase the volume and speed of transactions; changes in laws or regulations, including those concerning taxes made by governmental authorities or regulatory bodies; litigation or regulatory investigations concerning the Digital Assets classification under the federal securities laws and the costs and effect of any litigation or regulatory investigations; general economic, market and business conditions; and other global or regional political, economic or financial conditions, events and situations, such as the novel coronavirus outbreak; hackers or other malicious actors; destruction of Digital Assets; reliance on Digital Asset service providers; general governmental oversight of Digital Assets.

Digital Asset and cryptocurrency investors are necessarily subject to the risk that the Digital Assets represent a new and rapidly evolving industry, and the value of the Funds' assets depends on the acceptance of Digital Assets. The unregulated nature and lack of transparency surrounding the operations of Digital Asset exchanges create an opportunity for investors to experience fraud, security failures or operational problems, which may adversely affect the value of the Digital Assets. Shareholders are also subject to the risk of changes in the governance of Digital Assets and Digital Asset exchanges.

### ETFs

An investment in an ETF involves risk, including the loss of principal. ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.



- *Authorized Participants, Market Makers, and Liquidity Providers Concentration Risk.* The Grayscale Future of Finance ETF has a limited number of financial institutions that may act as Authorized Participants (“APs”). In addition, there may be a limited number of market makers and/or liquidity providers in the marketplace. To the extent either of the following events occur, Shares may trade at a material discount to NAV and possibly face delisting: (i) APs exit the business or otherwise become unable to process creation and/or redemption orders and no other APs step forward to perform these services, or (ii) market makers and/or liquidity providers exit the business or significantly reduce their business activities and no other entities step forward to perform their functions.
- *Costs of Buying or Selling Shares.* Due to the costs of buying or selling Shares, including brokerage commissions imposed by brokers and bid-ask spreads, frequent trading of Shares may significantly reduce investment results and an investment in Shares may not be advisable for investors who anticipate regularly making small investments.
- *Shares May Trade at Prices Other Than NAV.* As with all ETFs, Shares may be bought and sold in the secondary market at market prices. Although it is expected that the market price of Shares will approximate the Fund’s NAV, there may be times when the market price of Shares is more than the NAV intra-day (premium) or less than the NAV intra-day (discount) due to supply and demand of Shares or during periods of market volatility. This risk is heightened in times of market volatility, periods of steep market declines, and periods when there is limited trading activity for Shares in the secondary market, in which case such premiums or discounts may be significant. Because securities held by the Grayscale Future of Finance ETF may trade on foreign exchanges that are closed when the GFOF’s primary listing exchange is open, there are likely to be deviations between the current price of a security and the security’s last quoted price from the closed foreign market. This may result in premiums and discounts that are greater than those experienced by domestic ETFs.
- *Trading.* Although Shares are listed for trading on NYSE Arca, Inc. (the “Exchange”) and may be traded on U.S. exchanges other than the Exchange, there can be no assurance that Shares will trade with any volume, or at all, on any stock exchange. In stressed market conditions, the liquidity of Shares may begin to mirror the liquidity of GFOF’s underlying portfolio holdings, which can be significantly less liquid than Shares, and this could lead to differences between the market price of the Shares and the underlying value of those Shares.

### Cybersecurity

The computer systems, networks and devices used by Grayscale Advisors and service providers to Grayscale Advisors and Funds to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, human error, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A Fund or its investors could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a Fund; impediments to trading; the inability by the Firm and its service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a Fund invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

### Business Continuity Risks

Grayscale Advisors’ business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster, terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolong power outages. Although the Firm has implemented, or expects to implement, measures to manage risks relating to these

types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on the Firm and investments therein.

#### Global Events

An epidemic outbreak or pandemic, and reactions thereto could cause uncertainty in markets and businesses, including Grayscale Advisors' business, and may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. Grayscale Advisors has policies and procedures to address known situations, but because a large epidemic or pandemic may create significant market and business uncertainties and disruptions, not all events that could affect Grayscale Advisors business and/or the markets can be determined and addressed in advance.

**Item 9 – Disciplinary Information**

Grayscale Advisors is required to disclose all material facts regarding any legal or disciplinary events that would be material to a fund's or client's evaluation of Grayscale Advisors and the integrity of Grayscale Advisors' management. Grayscale Advisors has no information to disclose applicable to this Item.

**Item 10 – Other Financial Industry Activities and Affiliations****A. Sub-Advisor Relationships**

Grayscale Advisors entered into an Investment Sub-Advisory Agreement with Vident to serve as the sub-advisor to the *Grayscale Future of Finance ETF* (“GFOF”). The Firm will furnish advisory services to determine the assets to be purchased, retained or sold by GFOF and what portion of such assets will be invested or held uninvested in cash as detailed in the GFOF Investment Sub-Advisory Agreement. Under the GFOF Investment Sub-Advisory Agreement, Vident’s advisory services will be subject to the supervision and oversight of Grayscale Advisors. Vident as the sub-advisor will adhere to the policies, procedures and investment objectives set out by the *Grayscale Future of Finance ETF* and the ESS Trust. The sub-advisor will be responsible for exercising best execution and in performance of its duties and obligations, trade aggregation in accordance with the *Grayscale Future of Finance ETF* policies and procedures, maintain books and records as required under applicable rules and regulations, as well as annual performance and compliance reviews.

The Firm may from time to time engage other sub-advisory relationships in relation to its plans to offer investment advisory services to other exchange-traded funds and private funds.

**B. Non-discretionary Market Intelligence Provider Relationships**

Grayscale Advisors serves as a non-discretionary market intelligence provider to the *Grayscale Future of Finance UCITS ETF*, a non-U.S. investment fund sponsored by HANetf.

**C. Affiliations with Industry Participants****Grayscale Investments**

Grayscale Advisors is a subsidiary of Grayscale Investments, whose business involves facilitating private placements of digital currency trusts and funds. The products include: Grayscale Bitcoin Trust (BTC), Grayscale Bitcoin Cash Trust (BCH), Grayscale Ethereum Trust (ETH), Grayscale Ethereum Classic Trust (ETC), Grayscale Horizen Trust (ZEN), Grayscale Litecoin Trust (LTC), Grayscale Stellar Lumens Trust (XLM), Grayscale Zcash Trust (ZEC), Grayscale Digital Large Cap Fund LLC, Grayscale Basic Attention Token (BAT), Grayscale Filecoin Trust (FIL), Grayscale Chainlink Trust (LINK), Grayscale Livepeer Trust (LPT), Grayscale Decentraland Trust (MANA), Grayscale Decentralized (DeFi) Finance Fund LLC, Grayscale Solana Trust (SOL), and Grayscale Smart Contract Platform Ex-Ethereum Fund LLC.<sup>1</sup> The list of products sponsored and managed by Grayscale Investments will change over time. All purchases are limited to accredited investors and marketing efforts are focused primarily on general solicitation and advertising under Rule 506(c) under Regulation D of the Securities Act of 1933.

The activities of Grayscale Investments also includes the distribution of retail and institutional communications relating to both the specific products as well as general commentary regarding the digital asset marketplace as well as the digital assets that comprise the specific products.

Grayscale Advisors and Grayscale Investments share a Chief Compliance Officer and Chief Executive Officer. The Firm 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.

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<sup>1</sup> The shares of each trust or fund are not registered under the Securities Act, the Securities Exchange Act of 1934 (except for products that are SEC reporting companies), the Investment Company Act of 1940, or any state securities laws, and are offered in private placements pursuant to the exemption from registration provided by Rule 506(c) under Regulation D of the Securities Act. As a result, the shares of each product are restricted and subject to significant limitations on resales and transfers. Shares of Bitcoin Investment Trust (BTC), Ethereum Classic Investment (ETC), Trust Grayscale Bitcoin Cash Trust (BCH), Grayscale Ethereum Trust (ETH), Grayscale Litecoin Trust (LTC), Grayscale Digital Large Cap Fund LLC, Grayscale Stellar Lumens Trust (XLM), Grayscale Zcash Trust (ZEC), Grayscale Horizen Trust (ZEN), and Grayscale Filecoin Trust (FIL) are quoted on The OTC Markets Group..

Grayscale Securities, LLC

In addition, Grayscale Advisors is under common control with Grayscale Securities, LLC (“Grayscale Securities”), a registered broker-dealer who serves as the authorized participant and marketing and distribution agent for the private placements sponsored by Grayscale Investments as set forth above.

Grayscale Advisors and Grayscale Securities share a Chief Compliance Officer. The Firm 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****A. Description of Code of Ethics**

- Grayscale Advisors has adopted a Code of Ethics (the “Code”) providing that each employee places the interests of Firm’s funds ahead of his/her own. The Code includes provisions relating to confidentiality, record keeping requirements, a prohibition on insider trading, disclosure of conflicts or potential conflicts of interest, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, certification of compliance and personal securities trading procedures, among other things. You may obtain a copy of the Firm’s Code upon request using the contact information on the cover of this Brochure.
- In addition, all Firm employees must acknowledge the terms of the Code annually and as amended.

**B. Recommendations Involving Material Financial Interests**

- Grayscale Advisors allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of a fund within the parameters of the Code and the Firm’s Compliance Manual. Grayscale Advisors does not act as principal in any transactions.

**C. Personal Trading in Same Securities as Funds**

- Grayscale Advisors allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of a fund within the parameters of the Code and the Firm’s Compliance Manual. Owning the same securities that are recommended (purchase or sell) to a fund presents a conflict of interest that, as fiduciaries, must be disclosed and mitigated through internal policies and procedures. As noted above, the Firm 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, Supervised Persons of Grayscale Advisors have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of a Fund can be violated if personal trades are made with more advantageous terms than Fund trades, or by trading based on material non-public information. This risk is mitigated by Grayscale Advisors required reporting of personal securities trades by its employees for review by the Chief Compliance Officer. The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information. In addition, the Firm will maintain a Restricted List, which may, but is not obligated to, restrict employee trading in securities purchased by a fund.

## Item 12 – Brokerage Practices

### A. Factors Used to Select Custodians and/or Broker-Dealers

- For GFOF and GDIF, Grayscale Advisors has discretionary authority to select custodians and broker-dealers for custody and execution services. For the *Grayscale Future of Finance UCITS ETF*, HANetf and relevant service providers have discretionary authority to select the custodian and broker-dealer for custody and execution services.
- In connection with its role as Advisor, Grayscale Advisors will periodically review the arrangements with custodians and broker-dealers against other possible arrangements in the marketplace as it strives to achieve best execution on behalf of its Funds.
- Grayscale Advisors, through the sub-advisor, maintains a list of broker-dealers that have been approved for trading fund assets away from a custodian. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including, but not limited to, the following:
  - a broker-dealer's trading expertise, including its ability to complete trades, execute and settle difficult trades, obtain liquidity to minimize market impact and accommodate unusual market conditions, maintain anonymity, and account for its trade errors and correct them in a satisfactory manner;
  - a broker-dealer's infrastructure, including order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume;
  - a broker-dealer's ability to minimize total trading costs while maintaining its financial health, such as whether a broker-dealer can maintain and commit adequate capital when necessary, to complete trades, respond during volatile market periods, and minimize the number of incomplete trades;
  - a broker-dealer's ability to provide research and execution services, including advice as to the value or advisability of investing in or selling securities, analyses and reports concerning such matters as companies, industries, economic trends and political factors, or services incidental to executing securities trades, including clearance, settlement and custody; and
  - a broker-dealer's ability to provide services to accommodate special transaction needs, such as the broker-dealer's ability to execute and account for client-directed arrangements and soft dollar arrangements, participate in underwriting syndicates, and obtain initial public offering shares.
- Grayscale Advisors selects service providers to serve as the custodians of GDIF's Digital Assets (the "GDIF Custodians"). The GDIF Custodians control and secure GDIF's "Digital Asset Account," a segregated custody account to store private keys, which allow for the transfer of ownership or control of GDIF's Digital Assets, on GDIF's behalf. Each of the Custodians is a state-chartered chartered trust company or a federally chartered bank and a qualified custodian for purposes of Rule 206(4)-2(d)(6) under the Advisers Act. When selecting GDIF Custodians, while liquidity is often a significant quantitative factor in best execution, the Firm also evaluates technology integration capabilities, reputation, and integrity of the GDIF Custodians. The determining factor is not the lowest possible cost alone.

### B. Brokerage for Fund Referrals

- Grayscale Advisors does not recommend broker-dealers to the Advisor based solely on whether or not it may receive client referrals from a broker-dealer or third party. The Firm currently has no solicitation arrangements in place.

### C. Fund-Directed Brokerage

- Grayscale Advisors does not permit funds to direct brokerage.

#### **D. Trade Errors**

- Grayscale Advisors' goal is to have trades executed seamlessly and in the best interests of a fund. In the event a trade error occurs, Grayscale Advisors endeavors to identify the error in a timely manner, correct the error so that the fund's account is in the position it would have been had the error not occurred, and, after evaluating the error, assess what action(s) might be necessary to prevent a recurrence of similar errors in the future.

For the *Grayscale Future of Finance ETF*, Vident as the sub-advisor will remediate and escalate trade errors to Grayscale Advisors in a timely manner. In addition, Vident will provide monthly and quarterly reports of any such trade errors for review as well as periodic reports upon request. Grayscale Advisors will conduct reviews of Vident's reports to ensure the investment objectives and guidelines set forth in the *Grayscale Future of Finance ETF's* prospectus, Firm's Compliance Manual and by the ESS Trust Platform.

Grayscale Advisors is not responsible for trade errors in the *Grayscale Future of Finance UCITS ETF*.

For *Grayscale Dynamic Income Fund*, Grayscale Advisors will remediate and escalate trade errors in a timely manner.

#### **E. Trade Aggregation**

- To the extent that the Grayscale Advisors determines to aggregate fund orders for the purchase or sale of securities, the Firm 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 the Firm.
- For the *Grayscale Future of Finance ETF*, under the supervision and oversight of Grayscale Advisors, Vident 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 *Grayscale Future of Finance ETF*.



**Item 13 – Review of Accounts**

Grayscale Advisors monitors the investment portfolios of each fund on an ongoing basis. As part of the monitoring process, Grayscale Advisors reviews each fund's performance against its stated benchmarks and investment objectives. Grayscale Advisors also monitors each fund's underlying investment allocations and percentages to ensure compliance with applicable diversification requirements under the Investment Company Act of 1940 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.

- For the *Grayscale Future of Finance ETF*, under the supervision and oversight of Grayscale Advisors, Vident will perform a review of accounts of the *Grayscale Future of Finance ETF* on an ongoing basis as set forth in the Investment Sub-Advisory Agreement.
- For the *Grayscale Future of Finance UCITS ETF*, HANetf and the appointed investment manager will bear the responsibility for the supervision and oversight for the review of accounts of *Grayscale Future of Finance UCITS ETF*.
- For the *Grayscale Dynamic Income Fund*, GDIF's portfolio is reviewed periodically, taking into account relevant fundamental data of each of its fund components, as well as the appropriateness of the current asset allocation. All reviews will be governed by normal professional standards with regard to asset selection and asset allocation, with particular emphasis upon the stated goals and objectives in the GDIF Offering Documents, as applicable.

**Client Reporting**

For GFOF, the Firm does not send statements to investors. That function is fulfilled by the custodian or brokerage firm selected by the investor in the Fund.

For GDIF, the Firm does not send statements to investors. That function is fulfilled by the Fund Administrator.

**Item 14 – Client Referrals and Other Compensation**

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

- Grayscale Advisors does not receive benefits from third parties for providing investment advice to funds.

**B. Compensation to Non-Supervised Persons for Fund Referrals**

- Grayscale Advisors may rely on referral arrangements with third-party solicitors.

**Item 15 – Custody**

Grayscale Advisors is deemed to have custody of client funds and securities because it has written authority from the Fund permitting the Firm's advisory fees to be paid directly from the Fund's custodian account to the Firm. Account statements related to clients are sent by qualified custodians to Grayscale Advisors.

While Grayscale Advisors is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule") which generally requires an adviser who has custody of client funds or securities to undergo an annual surprise audit examination, Grayscale Advisors will be 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". The Pooled Investment Vehicle exception to the Custody Rule requires that each Fund be subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by the Public Company Accounting Oversight Board ("PCAOB"), that each Fund distribute the audited financial statements to each investor in the pool within 120 days after the pool's fiscal year.

For the *Grayscale Future of Finance ETF*, Grayscale Advisors has appointed U.S. Bank National Association to serve as the qualified custodian to the *Grayscale Future of Finance ETF* in accordance with Section 17(f) of the Investment Company Act of 1940 and rules thereunder. Account statements related to the *Grayscale Future of Finance ETF* will be sent by the qualified custodian to Grayscale Advisors. Thus, under the sub-advisory relationship, Vident will not have custody of the *Grayscale Future of Finance ETF*'s funds or securities as these will be maintained at a qualified custodian as set forth in the offering documents.

Each of the GDIF's custodians is a state-chartered chartered trust company or a federally chartered bank and a qualified custodian for purposes of Rule 206(4)-2(d)(6) under the Advisers Act. At times, Digital Assets are moved to trading platforms in order to effectuate transactions and other portfolio management activities.

**Item 16 – Investment Discretion**

- As the investment advisor to each Fund, we generally have discretionary trading authority to each fund. Our investment decisions and advice with respect to each fund are subject to each fund's investment objectives and guidelines, as set forth in its offering documents and pursuant to the terms of the investment management agreements.
- For the *Grayscale Future of Finance ETF*, under supervision and oversight of Grayscale Advisors, from time-to-time when applicable, Vident will be delegated investment discretion as set out in the GFOF Investment Sub-Advisory Agreement. Presently, although Grayscale Advisors is authorized to exercise discretion over the securities in *Grayscale Future of Finance ETF*, the Firm is operating on a non-discretionary model and the *Grayscale Future of Finance ETF* generally holds the securities that comprise the Index in accordance with its stated investment objectives and policies.

For the *Grayscale Future of Finance UCITS ETF*, Grayscale Advisors does not have investment discretion; as set forth in the offering documents and listing documentation, where applicable, HANetf and the respective investment managers will have investment discretion.

For the *Grayscale Dynamic Income Fund*, Grayscale Advisors will have investment discretion as set forth in the GDIF Offering Documents.

**Item 17 – Voting Fund Securities**

Unless a fund directs otherwise in writing, the Firm is responsible for voting client proxies. Each fund shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets. The Firm understands its duty to vote client proxies and to do so in the best interest of its clients. Furthermore, it is understood that any material conflicts between the Firm's interests and those of the fund with regard to proxy voting must be resolved before proxies are voted.

For *Grayscale Future of Finance ETF*, the Firm has engaged and delegated responsibility for the administration of proxy voting to Institutional Shareholder Services ("ISS"). ISS will process all proxies received in connection with underlying portfolio securities held by the Advisor's clients; apply ISS' proxy voting procedures, which the Advisor has reviewed and determined to be consistent with the views of the Advisor on the various types of proxy proposals; maintain appropriate records of proxy voting that are easily-accessible by appropriate authorized persons of ISS; and in cases where ISS cannot provide a recommendation, they will notify the Advisor, or otherwise will vote "No". To the extent that ISS cannot provide a recommendation, upon notice to the Firm, the Chief Compliance Officer, Chief Legal Officer, or Chief Operating Officer will consider a variety of factors to determine whether the Firm can independently vote and document any such rationale in writing.

- Grayscale Advisors is not responsible for voting proxies in the *Grayscale Future of Finance UCITS ETF*.

**Item 18 – Financial Information**

**A. Balance Sheet**

- The Firm does not require prepayment of more than \$1,200 in fees per ETF, 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 the Firm 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**

- The Firm has not been the subject of a bankruptcy petition.