



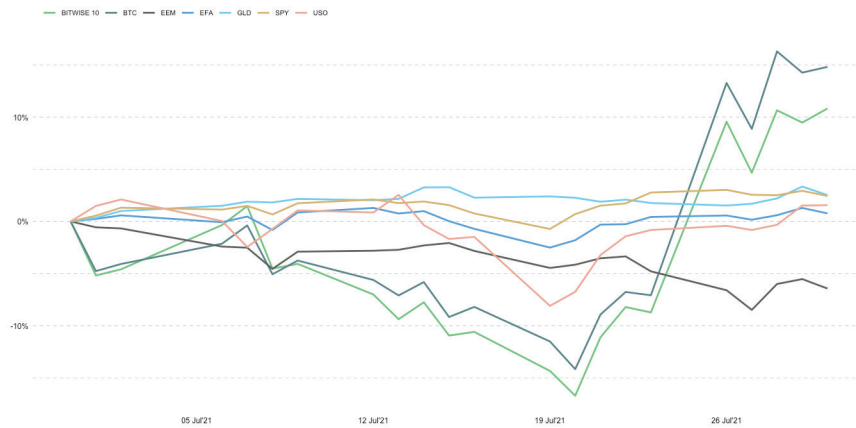
Crypto Jumps 14.61%, Climbing a Wall of Worry

Market Commentary

The Bitwise 10 Large Cap Crypto Index rebounded from a difficult May and June to post a strong 14.61% gain in July. The movement came despite continued concerns about the regulatory pressures facing the crypto industry, with the market "climbing a wall of worry." Bitcoin posted the best return, rising 19.00%, followed by Uniswap, which jumped 16.21%. The Bitwise DeFi Crypto Index also rose sharply, advancing 18.70%.

JULY 2021 RETURNS: CRYPTOASSETS VERSUS MAJOR RISK ASSETS

Data from June 30, 2021 to July 30, 2021



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

Key Developments

THE CRYPTO INDUSTRY IS ... MATURING?

Leading offshore crypto-trading venues like Binance and FTX voluntarily reduced the amount of leverage they offer consumers in July, in a surprising step that came ahead of overt regulatory demands. The firms eliminated previous offers of 125-to-1 and 100-to-1 leverage, respectively, and capped leverage at 20-to-1. Many worried that the high leverage levels could harm consumers and destabilize the market.

CRYPTO SHATTERS QUARTERLY RECORD FOR VC FUNDING

Blockchain fintechs attracted \$4.4 billion in venture capital financing in Q2 2021, according to CBI Insights. This shattered the previous quarterly record of \$2.9 billion, set in Q1 2021. For context, total VC funding to blockchain and crypto firms in 2020 was \$2.8 billion. The largest rounds in Q2 2021 included FTX, which raised \$900 million to power its crypto-trading efforts, and Circle, which raised \$440 million to support the buildout of the USDC stablecoin.

U.S. INFRASTRUCTURE BILL FEATURES CONTROVERSIAL CRYPTO PROVISION

Initial drafts of the \$1 trillion infrastructure bill winding its way through the U.S. Congress at the end of July included provisions that would have dramatically expanded the definition of a "broker" in the digital assets space, threatening the industry's growth. While the controversial clauses were revised during the legislative process thanks to an effective crypto lobbying campaign, the move highlighted the need for clearer and more thoughtful rulemaking in the crypto space.

Bitwise 10 Crypto Index Fund (OTCQX: BITW) Trading Summary

Benchmark Index	Bitwise 10 Large Cap Crypto Index
Ticker	BITW
Inception Date	11/22/2017
Expense Ratio	2.5%
AUM[^]	\$774 million (as of 07/30/2021)
Avg. Daily Volume	\$2.5 million (as of July 2021)
CUSIP	091749101

MARKET PRICE

\$41.66

July 30, 2021

NET ASSET VALUE[^]

\$38.44

July 30, 2021

5.07%

Monthly Return

10.71%

Monthly Return

[^]Net Asset Value (NAV) and Assets Under Management (AUM) reflect non-GAAP, non-audited estimates by Bitwise Asset Management. Please refer to important disclosures at the end of this report.

The Shares of Funds that are publicly quoted on the OTCQX Best Market are Shares that have become "unrestricted" under Rule 144 of the Securities Act one year and a day subsequent to the date that the Shares were originally issued (although Shares held by affiliates and insiders will be subject to additional restrictions on resales, including restrictions on the number of Shares that may be resold within any three-month period). Shares that have become unrestricted may be quoted on the OTCQX Best Market and may be purchased and sold throughout the trading day through any brokerage account with access to such markets.

Index Update: Bitcoin Repeats as Top Asset

Cryptoassets continued to exhibit a wide dispersion of returns in July, as indicated on the Callan-style chart of the Bitwise 10 Large Cap Crypto Index constituents. Bitcoin posted the highest return of any constituent for the second month in a row, rising 19.00%. In total, eight out of 10 assets rose for the month, with only Polygon (MATIC) and Cardano (ADA) retreating, falling 8.68% and 6.30% respectively.

MONTHLY RETURNS OF BITWISE 10 CONSTITUENTS

Monthly performance of each individual constituent of the Bitwise 10 Large Cap Crypto Index

LINK 112.32%	BTC -8.72%	BTC 28.82%	XRP 170.26%	BTC 50.21%	XLM 138.20%	BTC 36.58%	ETH 34.50%	BCH 87.96%	EOS -2.21%	BTC -5.80%	BTC 19.00%
ETH 27.14%	XRP -15.31%	LTC 21.35%	XLM 154.43%	LTC 43.89%	LINK 100.11%	XLM 34.69%	EOS 32.07%	UNI 47.22%	ETH -5.73%	ETH -14.64%	UNI 16.21%
XTZ 15.54%	BCH -18.56%	BCH 16.23%	ADA 81.08%	ETH 23.01%	ADA 89.80%	LTC 28.22%	BTC 30.29%	ETH 46.77%	AAVE -17.61%	FIL -16.55%	LINK 12.35%
XRP 10.40%	ETH -18.69%	LINK 14.06%	ETH 56.82%	BCH 9.32%	ETH 76.17%	UNI 24.02%	UNI 24.46%	LTC 38.88%	LINK -19.88%	LTC -22.97%	ETH 9.64%
LTC 5.16%	EOS -21.17%	ETH 8.59%	LTC 55.20%	ADA 7.30%	XTZ 40.60%	EOS 21.41%	LTC 17.75%	LINK 37.31%	XLM -26.08%	BCH -25.43%	BCH 3.73%
EOS 4.72%	ADA -21.20%	XLM 7.37%	BTC 40.69%	EOS -19.02%	ATOM 29.63%	XTZ 21.35%	BCH 14.97%	XLM 34.86%	BCH -29.31%	XLM -28.77%	XLM 1.79%
BTC 3.60%	LTC -25.19%	XRP 0.43%	EOS 26.71%	XTZ -19.05%	BCH 16.20%	AAVE 18.18%	LINK 13.97%	ATOM 20.23%	LTC -31.49%	UNI -33.73%	LTC 0.99%
XLM 1.23%	XLM -25.39%	EOS -1.47%	LINK 25.89%	LINK -20.21%	BTC 12.85%	BCH 15.10%	AAVE 8.38%	AAVE 15.99%	UNI -32.39%	EOS -36.04%	SOL 0.27%
BCH -7.80%	XTZ -33.70%	ADA -6.27%	XTZ 25.27%	XLM -36.71%	EOS 11.14%	LINK 9.39%	ATOM 6.26%	BTC -2.58%	BTC -35.35%	LINK -37.35%	ADA -6.30%
ADA -9.75%	LINK -40.37%	XTZ -9.24%	BCH 19.15%	XRP -65.90%	LTC 2.81%	ETH 7.62%	XLM -2.87%	FIL -11.65%	FIL -56.16%	MATIC -37.43%	MATIC -8.68%
Aug '20	Sep '20	Oct '20	Nov '20	Dec '20	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21

Source: Bitwise Asset Management. XRP was removed from the Bitwise 10 Large Cap Crypto Index on December 22, 2020; the full-month performance of XRP is shown for illustrative purposes only. Cryptoasset tickers refer to, in alphabetical order: Aave (AAVE), Cardano (ADA), Cosmos (ATOM), Bitcoin Cash (BCH), Bitcoin (BTC), EOS (EOS), Ether (ETH), Filecoin (FIL), Chainlink (LINK), Litecoin (LTC), Solana (SOL), Uniswap (UNI), Stellar Lumens (XLM), XRP (XRP), and Tezos (XTZ). The performance of the Bitwise 10 Large Cap Crypto Index does not represent the performance of any account or Fund managed or issued by Bitwise. This represents Index performance only. The Fund will have losses, liabilities and expenses that will offset its income and gains and therefore the Fund's performance may be below the Index's performance. In addition, the performance of the Fund and the Index may vary somewhat due to other factors such as imperfect correlation between the Fund's investments and Index composition, regulatory restrictions, high portfolio turnover rate, rounding of prices and timing differences associated with additions to and deletions from the Index and the Fund. Also, the historical performance of Bitcoin (BTC) is not illustrative of the performance of the Bitwise Bitcoin Fund. The returns of Bitcoin are historical and unaudited and do not represent the returns of an actual account. These historical returns do not include the fees and expenses that are charged by any Fund. Actual Fund returns may differ materially from the historical returns of Bitcoin (BTC). Please see important disclosure information at the end of this document. Past performance does not guarantee future results.

Chart of the Month

Each month, Bitwise's research team highlights one chart that it monitors to gauge the health of the market.

ETHEREUM'S STRONG YEAR-TO-DATE PERFORMANCE



Source: Bitwise Asset Management

Past performance does not predict or guarantee future results. The returns do not represent the returns of an actual account and do not include the fees and expenses charged by funds.

Why We Care

- 1 Ether (ETH) has posted incredible returns this year, rising 230.20% year-to-date through the end of July. By comparison, BTC — the bellwether cryptoasset — is up just 41.77%. ETH's movement is being driven by rising institutional interest and surging growth in DeFi, NFTs, and other crypto applications that are mainly built on the Ethereum blockchain.
- 2 ETH's price is not the only thing that's growing: Trading volume is surging as well. According to CoinDesk, trading in ETH rose 1,461% in H1 2021 over year-ago levels to \$1.4 trillion, a huge uptick. ETH's trading activity is now within shouting range of BTC's which posted \$2.1 trillion in trading volume in H1 2021.
- 3 Interest in ETH could build in the coming months as investors focus on two major technological upgrades coming to the Ethereum blockchain. The first, dubbed EIP-1559, will take place during the first week of August, while an important phase of the second, ETH 2.0, is scheduled for early 2022.

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Prior to making any investment decision with respect to any Fund, each investor must undertake their own independent examination and investigation of the Fund, including the merits and risks involved in an investment in the Interests, and must base their investment decision — including a determination whether Interests would be a suitable investment for the investor — on such examination and investigation, and must not rely on the Manager or the Fund in making such investment decision. Prospective investors must not construe the contents of this Letter as legal, tax, investment, or other advice. Each prospective investor is urged to consult with its own advisors with respect to legal, tax, regulatory, financial, accounting, and similar consequences of investing in the Fund, the suitability of the investment for such investor, and other relevant matters concerning an investment in the Fund. The summary set forth in this Letter does not purport to be complete, and is qualified in its entirety by reference to the definitive offering documents relating to the Fund. Do not place undue reliance on this Letter. Performance information is provided for informational purposes only. Actual performance of any Fund may vary substantially from the performance provided in this Letter.

Backward-looking performance cannot predict how any investment strategy will perform in the future. Additionally, each Fund will have losses, liabilities and expenses that will offset its income and gains and therefore the Fund's performance may be below the Index's performance. The performance of the Fund and the Index will vary due to other factors such as imperfect correlation between the Fund's investments and Index composition, regulatory restrictions, high portfolio turnover rate, rounding of prices and timing differences associated with additions to and deletions from the Index and the Fund.

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