



Crypto Surges; Bitwise 10 Now Up 108% Year-To-Date

Bitwise®

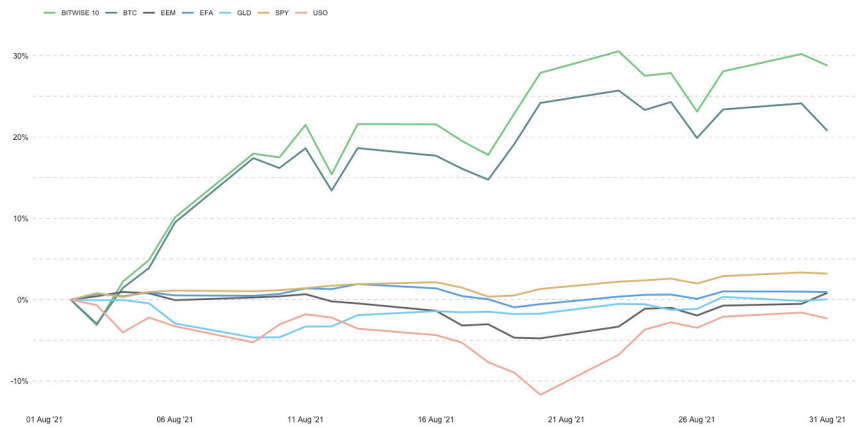
SEPTEMBER 2021

Market Commentary

The Bitwise 10 Large Cap Crypto Index continued the rebound that began in late July, posting a strong 26.24% gain in August. The rise was led by Ethereum competitors Solana (SOL) and Cardano (ADA), which rose 233.57% and 113.27%, respectively. The Bitwise DeFi Crypto Index also rose sharply, advancing 28.95%.

AUGUST 2021 RETURNS: CRYPTOASSETS VERSUS MAJOR RISK ASSETS

Data from August 2, 2021 to August 31, 2021



Source: Bitwise Asset Management with data from IEX Cloud for traditional assets. The returns on this chart are historical and unaudited and 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. 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. Please see important disclosure information at the end of this document. Past performance does not guarantee future results.

Key Developments

ETHEREUM UPGRADE SUCCESSFUL; \$489M IN ETH BURNED IN FIRST MONTH

Ethereum received a major technological upgrade on August 5, which consisted of five Ethereum Improvement Proposals (EIPs). The most important – EIP-1559 – aims to make transaction fees on the network more efficient. It also causes a portion of all transaction fees to be burned, reducing ETH supply. In the first month following the upgrade, this feature "burned" \$489 million in ETH.

CARDANO RALLIES ON SMART CONTRACT ANTICIPATION

Bitwise 10 constituent Cardano (ADA) has posted incredible returns this year, rising 1,461% year-to-date through the end of August to become the third-largest cryptoasset by market capitalization. ADA's movement is being driven by the anticipation of Cardano's long-awaited smart contracts feature, set to go live on September 12. The upgrade will enable its network to offer lucrative services like decentralized finance applications, where Ethereum currently dominates.

FIRST EVER BLOCKCHAIN MERGER TAKES PLACE

Polygon, a "layer 2" platform on the Ethereum blockchain, is merging with scaling solution Hermez Network in the first-ever full merger between two blockchain networks. As Ethereum struggles with transaction bottlenecks, solutions like Hermez's have emerged as the preferred scaling strategy. The acquisition was valued at \$250 million.

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[^]	\$1.006 billion (as of 08/31/2021)
Avg. Daily Volume	\$2.9 million (as of August 2021)
CUSIP	091749101

MARKET PRICE

\$49.50

August 31, 2021

NET ASSET VALUE[^]

\$49.94

August 31, 2021

18.82%

Monthly Return

29.42%

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: Altcoins Lead Bitwise 10 Higher in August

Cryptoassets continued to exhibit a wide dispersion of returns in August, as indicated on the Callan-style chart of the Bitwise 10 Large Cap Crypto Index constituents. Eight of the 10 constituents saw returns in the 10 to 40% range, with Solana (SOL) and Cardano (ADA) seeing outsized returns greater than 100%.

MONTHLY RETURNS OF BITWISE 10 CONSTITUENTS

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

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%	SOL 233.57%
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%	ADA 113.27%
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%	UNI 39.27%
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%	ETH 38.99%
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%	MATIC 28.92%
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%	LINK 24.41%
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 22.35%
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%	LTC 21.14%
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%	BCH 18.09%
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%	BTC 14.43%
Sep '20	Oct '20	Nov '20	Dec '20	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21	Aug '21

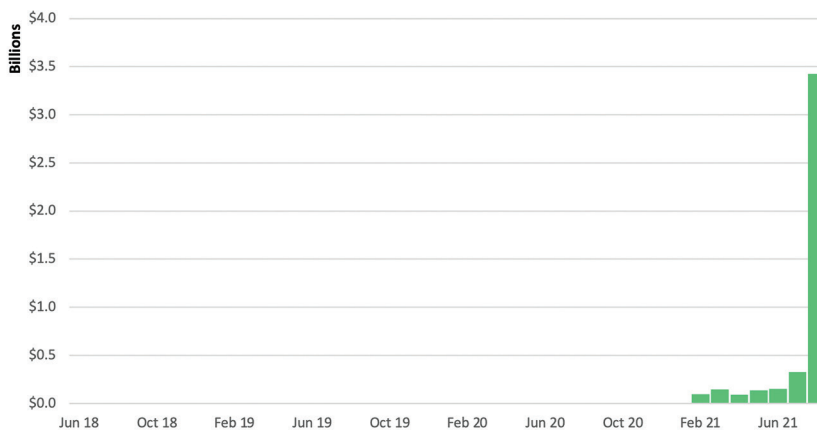
Source: Bitwise Asset Management. XRP was removed from the Bitwise 10 Large Cap Crypto Index on December 22, 2020; the full-month performance of XRP is shown for illustrative purposes only. Cryptoasset tickers refer to, in alphabetical order: Aave (AAVE), Cardano (ADA), Cosmos (ATOM), Bitcoin Cash (BCH),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

NFT TRADING VOLUME HITS MONTHLY RECORD AS SALES SKYROCKET

OpenSea monthly volume from June 2018 to August 2021



Source: Bitwise Asset Management with data from Dune Analytics

Why We Care

- 1 Non-fungible tokens (NFTs), which are often used as digital collectibles or works of art, have surged in popularity this summer. August monthly trading volume at OpenSea, a prominent NFT marketplace, was \$3.3 billion, 10X the previous record of \$325 million set in July.
- 2 NFTs are quickly becoming mainstream. Visa, for instance, announced that the newest acquisition in its art collection was a CryptoPunk NFT for about \$150,000. Budweiser also acquired a fan-art NFT a few days later for \$120,000.
- 3 Ethereum is the platform of choice for NFTs as well as Decentralized Finance (DeFi). Total transaction fees from the two most popular NFT applications (Axie Infinity and OpenSea) reached \$568 million over the last 30 days, beating more established applications like DeFi by a wide margin.

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