Percentage of Audience Definitely/Probably Would Consider a Bitcoin Investment

Age 25-34	**67%**	Age 35-44	**68%**	Male	**64%**	Employed	**58%**
Age 45-54	**56%**	Age 55-64	**30%**	Female	**47%**	Retired	**36%**

< College grad	**48%**	Urban	**69%**
College grad	**53%**	Suburban	**49%**
Grad school	**62%**	Rural	**51%**

Investing risk tolerance:

aggressive **75%** moderate **55%**

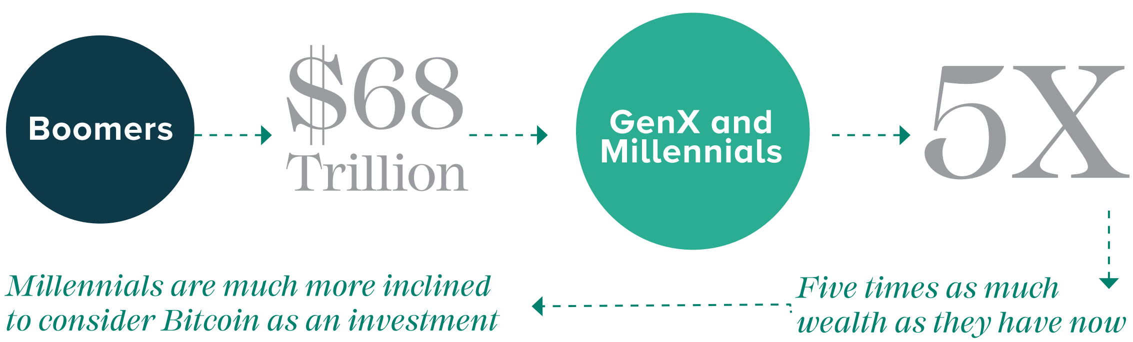
conservative **33%**

Common concerns among survey respondents who were not interested in Bitcoin tended to reflect the circumstances of older investors generally - for instance, the need to access investment income for an approaching retirement. **81%** of those who were not interested in Bitcoin thought the currency was too volatile, and **84%** said it was too risky for their investment profile. This group of investors was also much more likely to identify as risk averse, in keeping with the trend of investors preferring to decrease risk in investment portfolios as they get older.

"It's not tangible, too many variables with its value."
Male investor living in a rural area, age 51. Between $100K and $250K of investable assets.

"Our company computer system was hacked by someone wanting a ransom in Bitcoin. I don't trust it."
Female investor living in a rural area, age 37. Between $25K and $50K of investable assets.

Demographics are an important consideration when evaluating the overall market opportunity for Bitcoin investment products. While older investors currently hold more wealth than their younger counterparts, younger investors stand to inherit considerable wealth from older generations in the future. Both Cerulli Associates and Coldwell Banker estimate that $68 trillion will be passed down from baby boomers to Gen X and millennials within the next few decades. By 2030, millennials—who are much more inclined to consider Bitcoin investments—will hold five times as much wealth as they do today. So, while younger age groups may invest less now, understanding how wealth might be reallocated in years to come is not to be ignored.



That said, not all concerns about Bitcoin are limited to those aged 55 and up. **70%** of all survey respondents indicated a belief that because Bitcoin is digital, it is vulnerable to cyber attacks. However, when properly secured, Bitcoin has proven impossible to hack for even the most sophisticated assailants.

Investors may be conflating cyber attacks with exchange thefts, where hackers have been able to take advantage of inadequate security measures to access digital wallet passwords—essentially, a digital bank robbery of a specific exchange or service provider. But investors do not doubt the security of the dollar because some people have robbed banks and successfully taken money from vaults. While security is a critical issue, it is not an insurmountable one, and substantial progress has already been made as security measures and best practices have improved over the last several years.

63% of investors also cited concerns about Bitcoin's regulatory status, and **62%** of investors inaccurately believed there is no government oversight of Bitcoin.

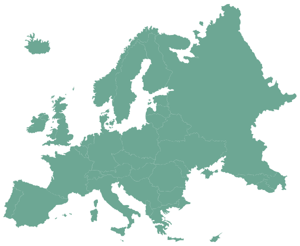
> *"I would definitely invest as a hedge to the current monetary system that is in place today, which could be in big trouble."*
> Male investor living in the suburbs, age 47. Between $250K and $500K investable assets.

> *"I feel I would need a better understanding of how this works and to consult my financial advisor first."*
> Female investor living in the suburbs, age 30. Between $100K and $250K of investable assets.

The reality is that government agencies in the U.S. and around the globe have regulated many aspects of the Bitcoin ecosystem—particularly exchanges, the critical infrastructure where fiat and digital currencies are exchanged for Bitcoin. In recent years, regulators, financial institutions, and investors have all taken steps to enable adoption of Bitcoin investment products. In the U.S., the Internal Revenue Service (IRS), Commodity Futures Trading Commission (CFTC), Financial Crimes Enforcement Network (FinCEN), the Securities and Exchange Commission (SEC), and the Federal Reserve have all recognized and addressed Bitcoin in some manner. And as of 2019, 32 states had introduced or passed legislation accepting or promoting the use of Bitcoin.

Additionally, in a recent Fidelity survey of institutional investors in the U.S. and Europe, **36%** of respondents said they were currently invested in digital assets, and 6 out of 10 believe digital assets have a place in their investment portfolios.

6 out of 10 *Believe digital assets have a place in their investment portfolios*



36% *Respondents who are currently invested in digital assets*

Final Thoughts on the Growing Interest in Bitcoin

Over the course of a single year, Bitcoin seems to be gaining acceptance among the investing public. More than half of U.S. investors - a market of nearly 32 million households, each with more than $10,000 in investable assets - have expressed interest in investing in Bitcoin. As equity markets experience sustained volatility and once-strong correlations between various asset classes have begun to unravel, Bitcoin appears to be gaining steam as market participants seek investments that can act as safe havens within a portfolio. Currencies that are immune from government-controlled monetary policies have been an idea that is looking more promising by the day—even in developed nations. And while financial advisors play an important role in this ecosystem, and may play a bigger role in the years ahead, the data shows that this digital currency revolution has largely been driven from the ground up, by a new generation of well-educated investors who leverage the vast amount of information available online to inform their investment choices.

As this digital generation grows up, it's only natural that they may turn to more digital forms of value. The fact that the majority of current and potential Bitcoin investors haven't even reached their prime earning years yet, coupled with the $68 trillion dollar wealth transfer set to take place over the next 25 years, reveals a potentially huge opportunity for those who see the possibility for long-term growth in Bitcoin. Digital currencies have come a long way in the last decade—but the growing momentum from investors interested in this digital asset class suggests that its brightest days may still be ahead.

"It seems to be a universal type of currency, and could make international transactions easier."
Male investor living in a rural area, age 41. Between $250K and $500K investable assets.

"Seems too risky and I'm not comfortable investing in a completely digital product."
Male investor living in an urban area, age 62. Between $250K and $500K investable assets.

"It is the future. The value for investment now will likely increase multiple times because most don't know about Bitcoin or its value at this time. I want to get in on an emerging market."
Female investor living in the suburbs, age 39. Between $50K and $100K of investable assets.

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- PRICE VOLATILITY
  Digital assets have historically experienced significant intraday and long-term price swings. In addition, none of the Products currently operates a redemption program and may halt creations from time to time. There can be no assurance that the value of the common units of fractional undivided beneficial interest ("Shares") of any Product will approximate the value of the digital assets held by such Product and such Shares may trade at a substantial premium over or discount to the value of the digital assets held by such Product. At this time, none of the Products is operating a redemption program and therefore Shares are not redeemable by any Product. Subject to receipt of regulatory approval from the SEC and approval by Grayscale, in its sole discretion, any Product may in the future operate a redemption program. Because none of the Products believes that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program, none of the Products currently has any intention of seeking regulatory approval from the SEC to operate an ongoing redemption program

- MARKET ADOPTION
  It is possible that digital assets generally or any digital asset in particular will never be broadly adopted by either the retail or commercial marketplace, in which case, one or more digital assets may lose most, if not all, of its value.

- GOVERNMENT REGULATION
  The regulatory framework of digital assets remains unclear and application of existing regulations and/or future restrictions by federal and state authorities may have a significant impact on the value of digital assets.

- SECURITY
  While each Product has implemented security measures for the safe storage of its digital assets, there have been significant incidents of digital asset theft and digital assets remains a potential target for hackers. Digital assets that are lost or stolen cannot be replaced, as transactions are irrevocable.

- TAX TREATMENT OF VIRTUAL CURRENCY
  For U.S. federal income tax purposes, Digital Large Cap Fund will be a passive foreign investment company (a "PFIC") and, in certain circumstances, may be a controlled foreign corporation (a "CFC"). Digital Large Cap Fund will make available a PFIC Annual Information Statement that will include information required to permit each eligible shareholder to make a "qualified electing fund" election (a "QEF Election") with respect to Digital Large Cap Fund. Each of the other Products intends to take the position that it is a grantor trust for U.S. federal income tax purposes. Assuming that a Product is properly treated as a grantor trust, Shareholders of that Product generally will be treated as if they directly owned their respective pro rata shares of the underlying assets held in the Product, directly received their respective pro rata shares of the Product's income and directly incurred their respective pro rata shares of the Product 's expenses. Most state and local tax authorities follow U.S. income tax rules in this regard. Prospective investors should discuss the tax consequences of an investment in a Product with their tax advisors.

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- POTENTIAL RELIANCE ON THIRD-PARTY MANAGEMENT; CONFLICTS OF INTEREST
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