

Cryptocurrency Investing: Meet the Digital Age of Finance



Featuring:  GRAYSCALE®





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Q&A Time

Meet Your Host

Mindy Gayer

Business Development Manager at The Entrust Group



Years in retirement industry administration



Educating people on investing in alternative assets with an IRA



B.S. in Business Management from Southern Illinois University

About Entrust



\$4B

Assets Under
Administration



22k

Active
Accounts



40

Years of
Service



1

Point of
Contact

About Entrust

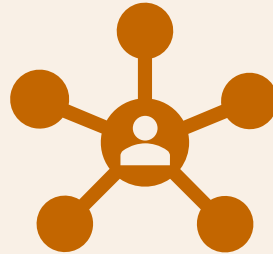


- Self-Directed IRA administrators
- Knowledgeable Staff with CISP designations
- Nationwide offices
- National CE program
- In-person events and webinars
- Annual IRA Academy

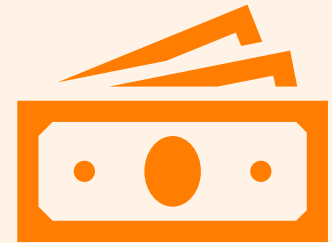
Benefits of Self-Direction



Take Control



Diversification



Tax Benefits

A New Asset Class

Digital assets have a distinct set of properties unlike any other asset class:

DIGITAL CURRENCIES

- **Store-of-value** characteristics similar to physical assets, like precious metals
- **Global transaction network**
- **Global distributed ledger** for real-time tracking and settlement

OTHER DIGITAL ASSETS

- Decentralized applications (DApps)
- File storage
- Social networks
- Media platforms
- Asset tracking and transfer

Because of these properties, digital assets may have the potential to provide both inflation protection and growth exposure concurrently.*

*However, as a new asset class, digital assets may be substantially riskier than assets with a longer track record. See "Risk Factors" at the end of this presentation.



Grayscale

A leader in the digital currency investing

**WORLD'S LARGEST DIGITAL
CURRENCY ASSET MANAGER
WITH \$30B AUM**

**GRAYSCALE PROVIDES
OPPORTUNITIES FOR
INVESTORS TO GAIN
EXPOSURE TO DIGITAL
CURRENCIES**

Grayscale Basic Attention Trust	
Grayscale Bitcoin Trust	(OTCQX: GBTC)
Grayscale Bitcoin Cash Trust	(OTCQX: BCHG)
Grayscale Chainlink Trust	
Grayscale Digital Large Cap Fund	(OTCQX: GDLC)
Grayscale Decentraland Trust	
Grayscale Ethereum Trust	(OTCQX: ETHE)
Grayscale Ethereum Classic Trust	(OTCQX: ETCG)
Grayscale Filecoin Trust	
Grayscale Horizen Trust	
Grayscale Litecoin Trust	(OTCQX: LTCN)
Grayscale Livepeer Trust	
Grayscale Stellar Lumens Trust	
Grayscale Zcash Trust	



Overview

What are Digital Assets?

- **Cryptocurrencies** are decentralized digital assets that are secured by cryptography, with transactions recorded on a blockchain.
- **Blockchain** is a public transaction ledger that records digital currency transactions (“blocks”).
- **Mining** is a record-keeping service performed by computer processing power throughout the world.
 - Miners keep the blockchain consistent, complete, and unalterable by repeatedly grouping newly broadcast transactions into a block, which is then broadcast to the network and verified by recipient nodes.
- Cryptocurrencies are **decentralized**, meaning there is no central bank or single administrator that controls issuance and supply.



Overview

Use Case for Digital Assets

- The **use case** varies from asset to asset

Store of Value

Decentralized
Applications

Privacy

Data Services



Overview

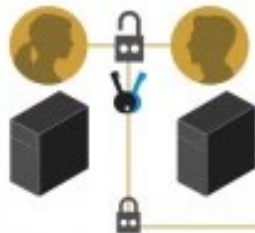
Bitcoin Economy

Bitcoin is a digital currency that enables payment in a decentralised peer-to-peer (P2P) network that is powered and approved by the consensus of its users. There is no central authority or middleman that controls it.

Transactions

- 1 A user generates a request to transfer a bitcoin value from their account to another using a mobile device or computer.

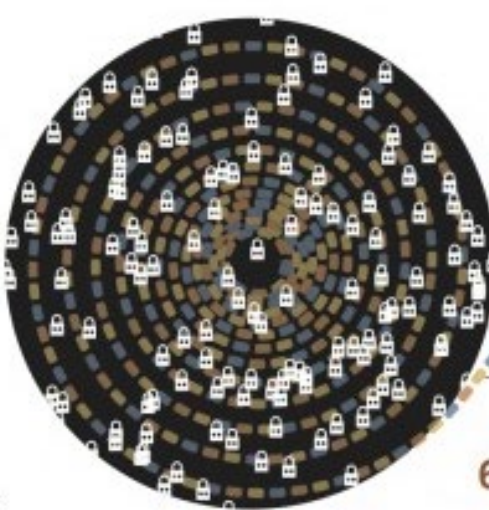
Transaction



Bitcoin client software is required to create a **virtual wallet**, a **private key**, and **public key** for authenticating and securing each transaction.

- 2 The request floats on the **bitcoin network** until users in the network called "miners" pick it up for **processing**.

Bitcoin network



Mining

- 3 During the mining process, transactions are packed into data **blocks** and are randomly assigned with a header.

- 4 Miners compete to match the block's **header** with a **nonce**, an arbitrary number used only once, to get a short alphanumeric code called **hash**, which must have a value below a certain difficulty target.

Miners



- 5 Each hash accepted by the bitcoin network is **rewarded with bitcoins**, currently at 25, but this will exponentially decrease as more miners join the network.

It takes about 10 minutes to process a transaction and once it's done, it is irreversible.

- 6 The hash values are then added to the next block's header, creating a **block chain** which serves as the public ledger of all transactions ever made in the bitcoin network.

Block

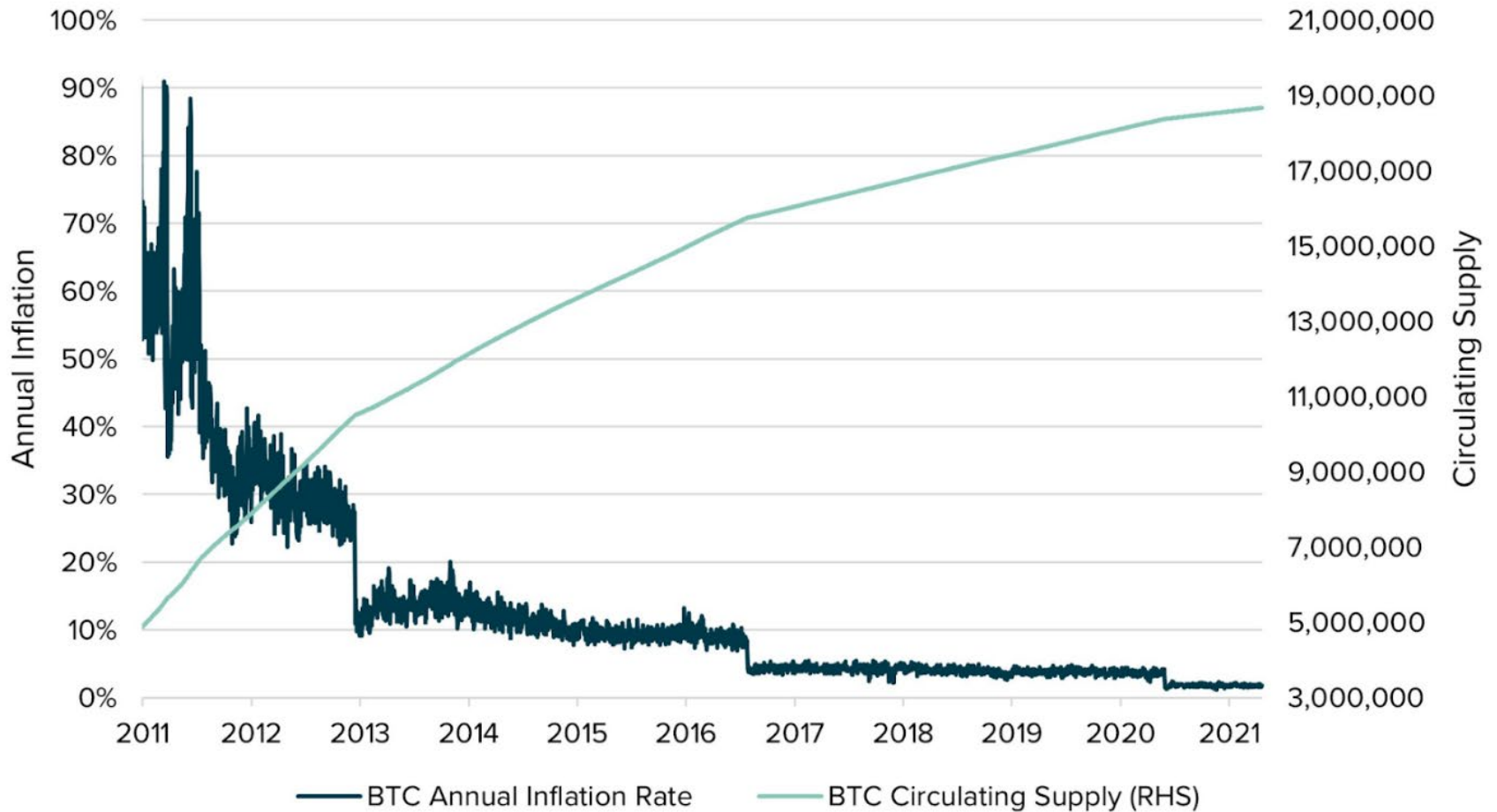
Nonce

Hash



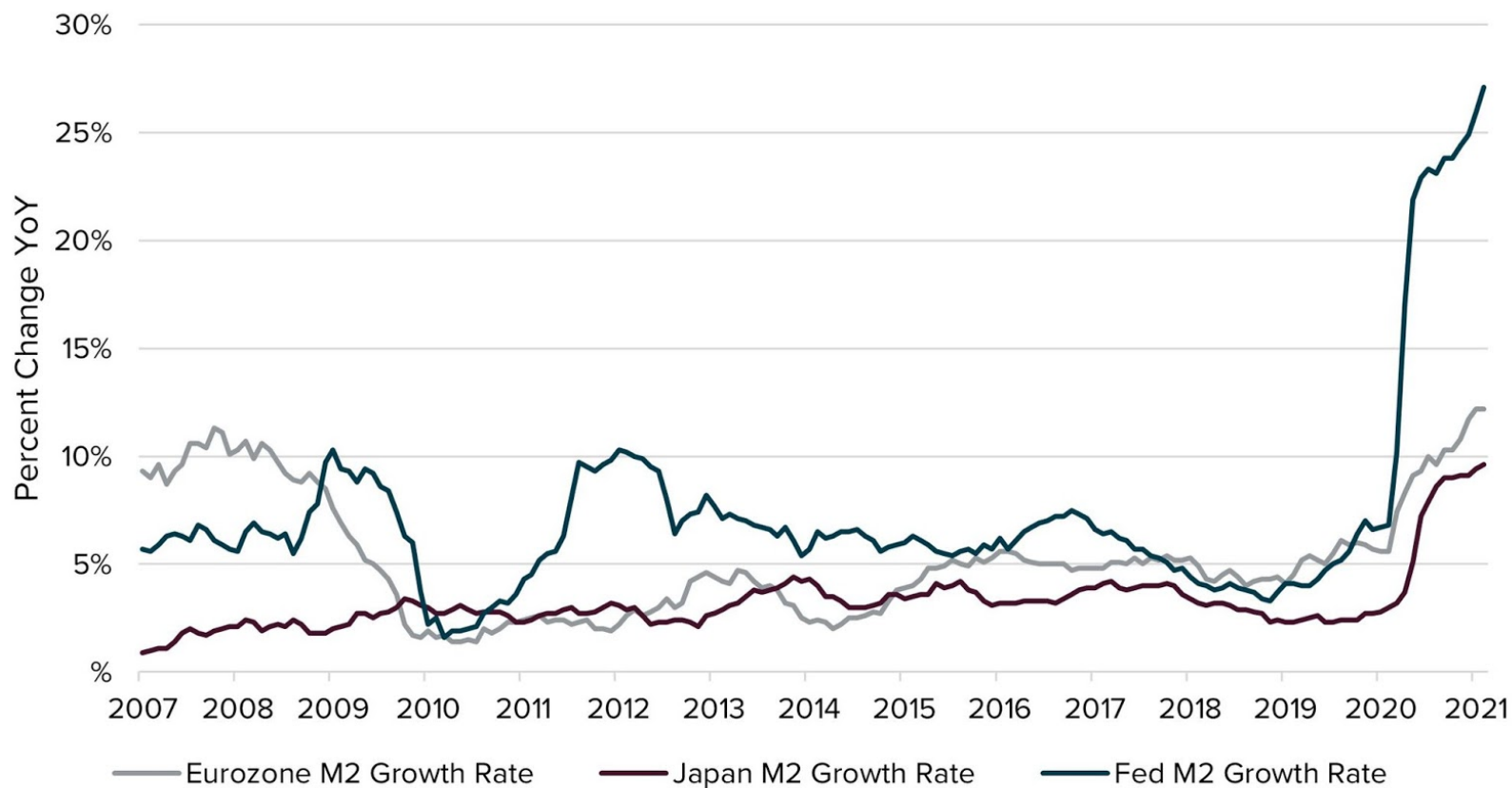
Overview

Bitcoin Supply



Overview

Fiat Supply: Unprecedented monetary stimulus



Overview














Potential Risks of Digital Asset Investment

- Competition
- Token Mechanics
- Governance
- Volatility
- Token Distribution
- Regulatory



Digital Asset Market














Snapshot – August 2019

#	Name	Symbol	Market Cap	Price	Circulating Supply	Volume (24h)
1	 Bitcoin	BTC	\$210,961,132,924	\$11810.96	17,861,475	\$23,091,950,229
2	 Ethereum	ETH	\$24,687,942,215	\$230.27	107,210,811	\$7,544,723,767
3	 XRP	XRP	\$13,535,651,570	\$0.315718	42,872,646,068 *	\$1,048,632,345
4	 Bitcoin Cash	BCH	\$6,116,482,140	\$341.08	17,932,750	\$1,589,898,148
5	 Litecoin	LTC	\$6,003,579,408	\$95.32	62,982,918	\$3,370,180,211
6	 Binance Coin	BNB	\$4,322,454,074	\$27.79	155,536,713 *	\$188,530,325
7	 Tether	USDT	\$4,045,901,945	\$1.00	4,039,892,173 *	\$22,472,059,116
8	 EOS	EOS	\$4,006,664,282	\$4.33	926,347,165 *	\$1,565,972,291
9	 Bitcoin SV	BSV	\$2,737,306,158	\$153.31	17,854,986	\$367,872,653
10	 Monero	XMR	\$1,598,317,075	\$93.25	17,140,013	\$101,982,433
11	 Stellar	XLM	\$1,552,692,228	\$0.079144	19,618,463,875 *	\$96,649,421
12	 TRON	TRX	\$1,491,824,637	\$0.022372	66,682,072,191	\$455,134,575
13	 Cardano	ADA	\$1,421,193,550	\$0.054815	25,927,070,538	\$48,388,887



Digital Asset Market

Snapshot – July 12, 2021

#	Name	Price	Market Cap ⓘ	Circulating Supply ⓘ	Volume(24h) ⓘ
1	 Bitcoin BTC Buy	\$32,905.00	\$616,894,766,016	18,754,631 BTC	\$24,392,879,209 741,584 BTC
2	 Ethereum ETH Buy	\$2,033.25	\$236,983,931,713	116,666,780 ETH	\$17,632,155,474 8,680,280 ETH
3	 Tether USDT Buy	\$1.00	\$62,226,402,247	62,205,422,762 USDT	\$40,957,403,655 40,943,594,963 USDT
4	 Binance Coin BNB Buy	\$313.95	\$48,169,329,805	153,432,897 BNB	\$1,599,174,451 5,093,822 BNB
5	 Cardano ADA	\$1.31	\$41,900,872,631	32,041,069,499 ADA	\$1,209,776,452 925,100,814 ADA
6	 XRP XRP	\$0.6268	\$28,878,017,657	46,171,815,477 XRP	\$1,905,683,929 3,046,915,746 XRP
7	 Dogecoin DOGE Buy	\$0.2102	\$27,410,402,454	130,412,200,079 DOGE	\$972,237,790 4,625,677,035 DOGE
8	 USD Coin USDC	\$1.00	\$26,171,727,927	26,163,473,545 USDC	\$1,862,097,008 1,861,509,716 USDC
9	 Polkadot DOT Buy	\$14.76	\$14,384,438,254	974,806,999 DOT	\$681,959,813 46,215,166 DOT
10	 Uniswap UNI	\$19.49	\$11,452,705,647	587,289,471 UNI	\$365,927,398 18,764,588 UNI
11	 Binance USD BUSD	\$1.00	\$10,488,053,464	10,484,120,217 BUSD	\$3,059,718,801 3,058,571,340 BUSD
12	 Bitcoin Cash BCH Buy	\$479.82	\$9,010,932,453	18,787,738 BCH	\$1,345,010,373 2,804,338 BCH
13	 Litecoin LTC	\$132.70	\$8,867,837,044	66,752,415 LTC	\$1,670,169,641 12,572,159 LTC

Total Global Crypto Market Cap: \$1.36 Trillion

Source: Coinmarketcap.com, July 12, 2021



Digital Assets Overview

Large-Cap Tokens



■ BTC & ETH Combined Market Cap: \$853B (BTC: \$616.9B, ETH: \$236.9B).
Other large market cap tokens include Bitcoin Cash, Litecoin, and Chainlink

■ Circulating Supply: 18.7M BTC, 11M ETH

■ Capped vs Uncapped Supply

■ Digital Gold vs Decentralized Apps & Smart Contracts

■ No Physical Backing



Digital Assets Overview

Small -Cap Tokens



■ All Crypto Market Cap: \$1.36 Trillion

■ Diversification

■ NFTs, DeFi, Privacy Tokens

■ Often built on the Ethereum network

■ Examples: Brave/Basic Attention Token, Filecoin, Zcash, Decentraland/MANA

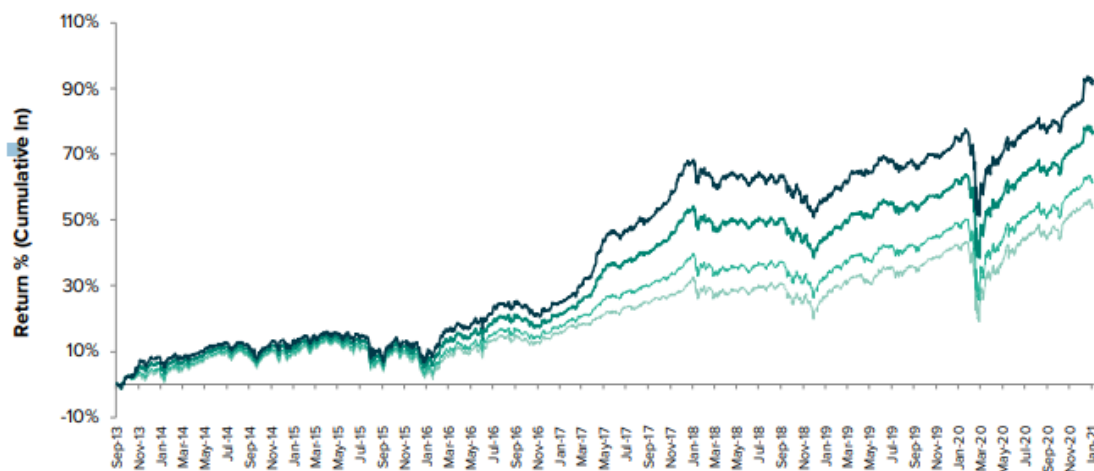


Portfolio Diversification

HYPOTHETICAL SIMULATED PORTFOLIO PERFORMANCE

September 24, 2013 through January 29, 2021

PORTFOLIO	Global 60/40	Global 60/40 +1% Digital Assets	Global 60/40 +3% Digital Assets	Global 60/40 +5% Digital Assets
Total Return (Cumulative)	70.9%	84.5%	114.8%	149.7%
Total Return (Annualized)	7.6%	8.8%	11.1%	13.4%
Risk (Annualized Std Dev)	10.4%	10.4%	10.6%	11.1%
Sharpe Ratio	0.66	0.77	0.97	1.14%
Ratio Improvement	--	16.2%	46.0%	71.8%



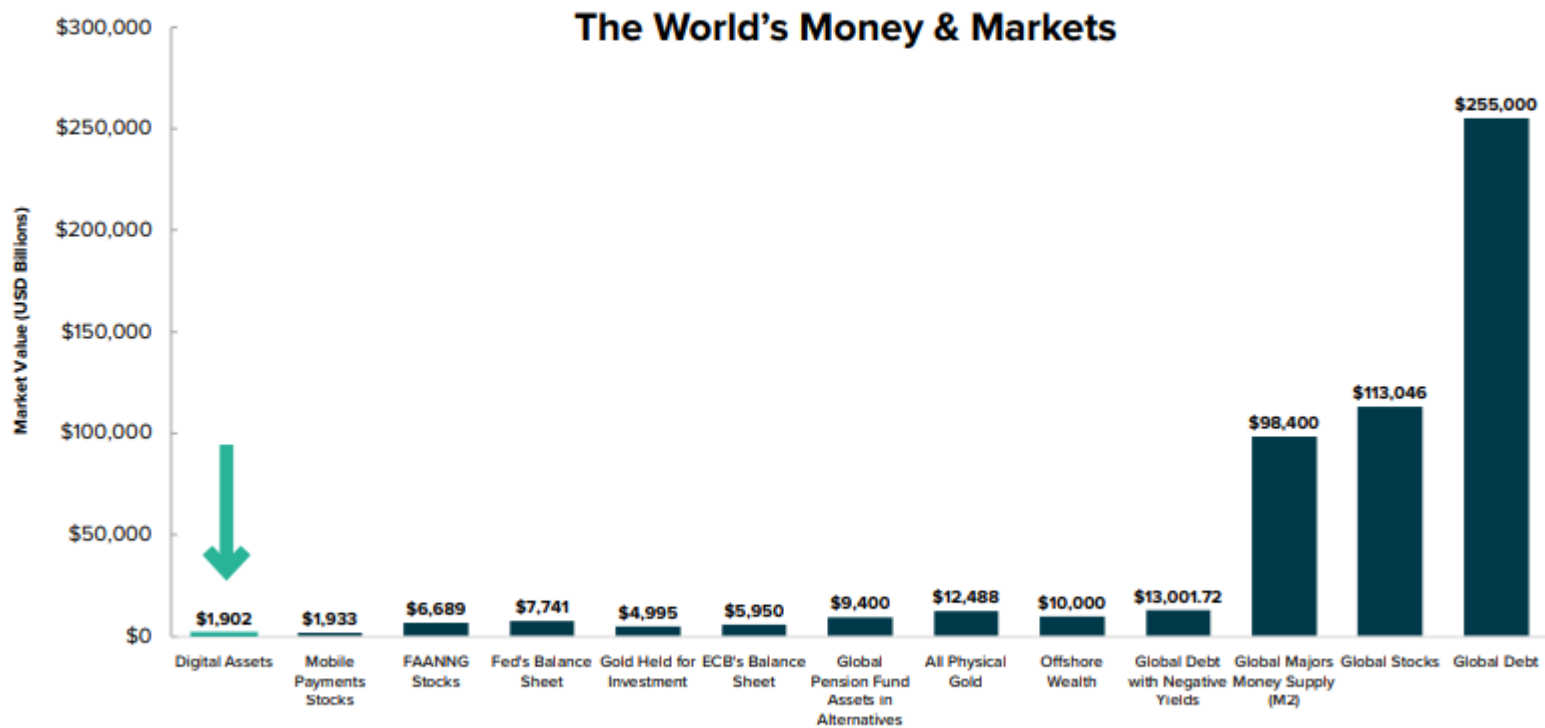
HYPOTHETICAL SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. There is no guarantee that the market conditions during the past period will be present in the future. Rather, it is most likely that the future market conditions will differ significantly from those of this past period, which could have a materially adverse impact on future returns. Unlike an actual performance record, simulated results do not represent actual trading or the costs of managing the portfolio. Also, since the trades have not actually been executed, the results may have under or over compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. We selected the timeframe for our analysis because we believe it broadly constitutes the most complete historical dataset for the digital assets that we have chosen to analyze. For the sake of consistency and for comparison purposes, we will use this timeframe throughout this presentation.

Source: Bloomberg, CoinMarketCap.com. Performance is shown from September 24, 2013 through January 29, 2021. Annualized figures are based on 252 trading days. "Global 60/40" consists of a 60% allocation to the iShares MSCI ACWI and a 40% allocation to the Vanguard Total International Bond ETF. "Digital Assets" consists of an equal-weighted mix of Bitcoin (BTC), Bitcoin Cash (BCH), Ethereum (ETH), Ethereum Classic (ETC), Litecoin (LTC), Stellar Lumens (XLM), Zcash (ZEC), and Zen (ZEN). THE GLOBAL 60/40 + 1%/3%/5% DIGITAL ASSETS RESULTS ARE HYPOTHETICAL AND ARE NOT BASED ON ACTUAL RETURNS OR HISTORICAL PERFORMANCE. DIGITAL ASSETS HAVE HISTORICALLY EXPERIENCED SIGNIFICANT INTRADAY AND LONG-TERM PRICE SWINGS AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. Component asset weights are held constant over the period. The Sharpe Ratio is calculated as the annualized excess return of the portfolio over the 3-month US T-Bill divided by the standard deviation of excess returns. Ratio improvement is calculated by taking the Sharpe Ratio of the Global 60/40 + 1%/3%/5% Digital Assets Portfolios and dividing each by the Sharpe Ratio of the Global 60/40 Portfolio.



It's Still Early

Digital assets are still only a tiny fraction of the size of other markets.



Bitcoin Investor Study

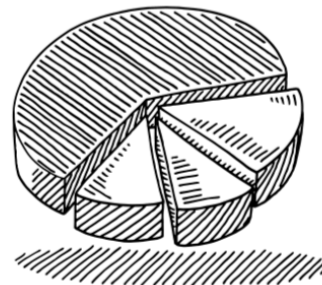
Small-Cap Tokens

What's Driving Investors to Bitcoin?

1

You can start small

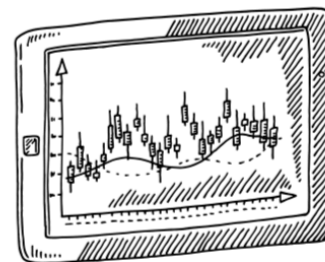
83% are strongly motivated by the idea that they could invest small amounts in Bitcoin today, see how their investments performed, and add to their positions later.



2

Bitcoin has significant potential for growth

79% are swayed by Bitcoin's growth potential.



3

Scarcity creates value

75% of this group liked the idea that Bitcoin, often called "Digital Gold" because of its similarities to the precious metal, is a finite asset, meaning its value could increase as investors compete for a limited pool of Bitcoin.



How to Gain Access

Choices for Digital Asset Exposure

- Exchanges
- FinTech Companies
- Private Placements
- Public Quotations
- Derivatives



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Risk Factors

There are substantial risks in investing in Grayscale's Products.

For a complete list of all risk factors, please refer to the Private Placement Memorandum (the "Memorandum") for each Product as well as the disclaimer at the end of this presentation.

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.

NO SHAREHOLDER CONTROL

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POTENTIAL RELIANCE ON THIRD-PARTY MANAGEMENT; CONFLICTS OF INTEREST

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FEES AND EXPENSES

Each Product's fees and expenses (which may be substantial regardless of any returns on investment) will offset each Product's trading profits.



How to Invest in Cryptocurrency With A Self-Directed IRA

1

Open your Self-Directed IRA & Fund it via a Transfer, a Rollover, or a Cash Contribution

2

Choose Your Strategy: Private Funds, Direct Holdings or LLC

3

Submit a subscription/purchase agreement and a Buy Direction Letter for Private Placement

What's Next?



Upcoming Webinar: Direct Purchase vs. REITs

➔ Register now & join us on August 18!



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Time for Questions



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Mindy Gayer



Business Development Manager



mgayer@theentrustgroup.com



(615) 900-4015



**Rayhaneh
Sharif-Askary**



Director of Investor Relations
and Business Development



ray@grayscale.com



(212) 668-6687

“

An **investment in knowledge**
pays the best interest.

- Benjamin Franklin

