



## Letter from the CEO

### 2021 CEO MIDYEAR INVESTOR LETTER

Dear Grayscale Investors,

I am honored to write to you for the first time as Grayscale Investments' CEO. The past six months have been a revolutionary time for both Grayscale and the digital currency ecosystem at large. We have seen Bitcoin become a treasury management tool for large corporations. Nation states now recognize Bitcoin as legal tender. Around the world, digital currencies are witnessing impressive adoption. And throughout, I have had deep conversations with you about the growth of this remarkable asset class.

Grayscale has been hard at work on your behalf. We launched six new **investment products** -- five single-asset trusts, and our **second diversified vehicle**, Grayscale Decentralized Finance (DeFi) Fund. We also continue to have strong engagement with regulators, including Grayscale Digital Large Cap Fund **recently becoming** our third SEC-reporting investment vehicle, as well as the submission of several additional voluntary regulatory filings, to name a few. Importantly, these milestones underscore that we are 100% committed to converting Grayscale Bitcoin Trust (symbol: GBTC), Grayscale Ethereum Trust (symbol: ETHE), and our other investment products into ETFs.

We are eager to see the crypto ecosystem reach a point of maturation to give U.S. regulators and policymakers the requisite comfort to approve digital currency ETFs, though timelines remain uncertain. In the meantime, we continue to grow and strengthen Grayscale's business. We are constantly engaging with the investment community -- institutional and individual investors alike -- and exploring digital assets, so we can continue to create investment vehicles that provide access to a wide variety of protocols.

Our mission remains the same: to be your leading partner in navigating and deploying capital into this new and ever-evolving asset class. As part of that mission our responsibility is to ensure Grayscale's business is deliberate, agile, and continues to be the pioneering industry leader in digital currency asset management.



We call this “Responsible Growth” -- an ethos that governs the way we conduct business and underpins the Grayscale brand.

To grow responsibly is to build our business mindfully and with a clear value proposition. For us, that is serving as a resource and advisor to investors, regulators, and influencers looking to explore or deepen their knowledge of the digital asset ecosystem. That’s why we created Grayscale Advisors, LLC, our Registered Investment Advisor (RIA). We will use this new, regulated entity to broaden our product lineup, ensuring that investors can participate in structures that are secure, transparent, and familiar. The investment community continues to express interest in the digital currency asset class, and the crypto ecosystem more broadly, and as these assets gain mainstream adoption, we anticipate investors will seek new ways to access digital currencies to further diversify their portfolios.

To grow responsibly is to acknowledge that our organization needs to have the right policies and procedures in place to ensure we scale thoughtfully. The c-suite executives that have recently joined Grayscale’s leadership team -- many from traditional financial services backgrounds with a deep understanding and appreciation for legal and compliance requirements -- are working to ensure that responsible growth policies and procedures underscore every part of our business operations. We will continue to strive for transparency in the products we deliver to the investing public, not only through the Grayscale product life cycle [we outlined](#) earlier this year, but also by selecting trusted, proven industry leaders as counterparties and service providers, such as [BNY Mellon](#).

To grow responsibly is to rely on data -- both qualitative and quantitative -- across every part of our business: from listening to your feedback through our growing Investor Relations function, to measuring the success of our innovative campaigns and strategic partnerships through our Communications and Marketing functions, to analyzing financial data and investing trends through our Finance and Research functions, to evaluating and investing in best-in-class technology to create a smoother client experience through our Operations function.

To grow responsibly is to always consider people and culture, ensuring that -- together -- we are building a workplace that will define the future of asset management. We will do this by creating an inclusive culture. We are just beginning this part of our journey, and I am personally committed to building a workplace that brings together best-in-class talent, representing diverse backgrounds and experiences, to reimagine the asset management business. We not only are changing what asset management companies look like, but more importantly, how they function and how people treat one another.

Last month, the Grayscale team had an opportunity to come together safely for the first time in over a year. Many of our now 40-person team had never met, and while I got sufficiently teased for being “much taller” in real life than I look on Zoom, the energy and excitement of being together was a reminder and an inspiration. Despite the difficult circumstances of the last year, the Grayscale team members show up to their roles each and every day with a commitment to our investors and this asset class. This dedication and conviction, partnered with the clearly compelling business case for the asset class, has me feeling more confident in the staying power of decentralized protocols than ever before.

Our position as a leader is fortified with each passing milestone, and as the industry grows, we will continue to bridge the legacy financial services industry and the crypto ecosystem. It is still early days; the digital currency asset class is barely a decade old and will continue to advance in the weeks, months, and years ahead.

Thank you for being a part of this journey with us. We sincerely appreciate your continued trust in Grayscale.

To growing responsibly -- together,

**Michael Sonnenshein**  
CEO, Grayscale Investments

### About Grayscale Investments®

Founded in 2013, Grayscale Investments is the world’s largest digital currency asset manager, with more than \$30B in assets under management as of July 9, 2021. Through its family of investment products, Grayscale provides access and exposure to the digital currency asset class in the form of a security without the challenges of buying, storing, and safekeeping digital currencies directly. With a proven track record and unrivaled experience, Grayscale’s products operate within existing regulatory frameworks, creating secure and compliant exposure for investors. Grayscale products are distributed by Genesis Global Trading, Inc. (Member FINRA/SIPC, MSRB Registered).

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