



# Grayscale<sup>®</sup> Decentralized Finance (DeFi) Fund LLC

DeFi digital asset exposure through an investment vehicle<sup>1</sup>

Returns (as of 12/31/21) <sup>2</sup>	Holdings / Share
1 Month	-10.39%
3 Months	-10.70%
YTD	N/A
12 Months	N/A
Since Inception (07/14/21)	5.20%

## Investment Objective & Approach

Grayscale Decentralized Finance (DeFi) Fund (the “Fund”) holds digital assets that make up the CoinDesk DeFi Index. These digital assets are drawn from the universe of investable digital assets native to decentralized finance or DeFi.

By removing centralized third-party intermediaries such as centralized clearing parties, custodians, banks or transfer agents, DeFi protocols provide decentralized access to financial services including digital asset borrowing, lending, custody, trading, derivatives, asset management and insurance. The Fund provides access in the form of a security without the challenges of buying, storing, and safekeeping digital currencies directly.<sup>3</sup> The Fund’s shares are among the first securities solely invested in, and deriving value from, a basket of DeFi assets. The Fund has no current plans to engage in on-chain activities such as staking.

## About Grayscale Investments

Grayscale Investments is the world’s largest digital currency asset manager with more than \$43 Billion in assets under management as of December 31, 2021. Through its family of investment products, Grayscale provides accredited investors with secure 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 since 2013, Grayscale provides access to digital currency products that operate within existing regulatory frameworks, creating secure and compliant exposure for investors.

[www.grayscale.com](http://www.grayscale.com)

Fund Composition (01/03/22)		Weight
Uniswap	UNI 	42.34%
Aave	AAVE 	13.06%
Curve	CRV 	10.62%
MakerDAO	MKR 	8.99%
AMP	AMP 	7.39%
Yearn Finance	YFI 	6.34%
Compound Finance	COMP 	5.02%
Synthetix	SNX 	3.15%
SushiSwap	SUSHI 	3.09%

## Why Invest in Grayscale DeFi Fund?

### Titled, auditable ownership through an investment vehicle

Shares are securities titled in the investor’s name, providing a familiar structure for financial and tax advisors and easy transferability to beneficiaries under estate laws.

### Eligible for tax-advantaged accounts

Shares are eligible to be held in certain IRA, Roth IRA, and other brokerage and investor accounts.

### Publicly quoted

Grayscale intends to attempt to have Shares of new products quoted on a secondary market. However there is no guarantee that we will be successful.

### Robust security and storage

The Fund’s constituents are stored in offline or “cold” storage with Coinbase Custody Trust Company, a fiduciary under §100 of the New York Banking Law and a qualified custodian for purposes of Rule 206(4)-2(d)(6) under the Investment Advisers Act of 1940.

### Supported by a network of trusted, best-in-class service providers

Davis Polk & Wardwell LLP serves as legal counsel to the Manager of Grayscale DeFi Fund. Financial statements for Grayscale DeFi Fund are audited annually by Friedman LLP.



## Investment Terms

Investment Objective	Shares are intended to reflect the value of the Fund Components as determined by reference to their respective Digital Asset Reference Rates and Fund Weightings, less fees and expenses <sup>4</sup>
Rebalance Review Frequency	Quarterly, beginning on the first business day of January, April, July, and October of each year.
Benchmark Index	CoinDesk DeFi Index. For more information, visit: <a href="https://tradeblock.com/markets/dfx/">https://tradeblock.com/markets/dfx/</a>
CUSIP	38965G107
Inception Date	07/14/21
Assets Under Management	\$10.97 million
Investor Qualifications	Accredited Investor <sup>5</sup>
Minimum Investment	\$50,000
Manager's Fee	2.5% Annually
Performance Fee	0%
Subscriptions	Daily
Extraordinary Expenses	The Fund may from time to time incur certain extraordinary expenses, which are payable by the Fund
Digital Asset Holdings per Share (\$)	Calculated and published on business days at 4:00pm ET time
Redemptions	Redemptions of shares are not currently authorized
Secondary Market Trading	Following a one-year holding period, Grayscale intends to attempt to have Shares of new products quoted on a secondary market. However there is no guarantee that we will be successful <sup>6</sup>
IRA Eligibility & Other Self-Directed Accounts	Subscriptions can be made with IRA assets through Pacific Premier Trust, Millennium Trust, The Entrust Group, Alto IRA, and others
Shares Outstanding	2,085,200 shares <sup>7</sup>
Fund Registration	Cayman LLC

## Service Providers

Manager	Grayscale Investments, LLC
Index Provider	TradeBlock, Inc., wholly owned by CoinDesk
Auditor	Friedman LLP
Legal Counsel to Manager	Davis Polk & Wardwell LLP
Custodian	Coinbase Custody Trust Company, LLC
Cayman Counsel	Maples and Calder
Transfer Agent	Continental Stock Transfer & Trust Company
Distribution and Marketing Agent	Genesis Global Trading, Inc.
Authorized Participant	Genesis Global Trading, Inc.

1. Grayscale Products issue shares on a continuous basis or periodic basis. Investments in the Products are speculative investments that involve high degrees of risk, including a partial or total loss of invested funds. Grayscale Products are not suitable for any investor that cannot afford loss of the entire investment. The information herein is only provided with respect to shares purchased directly from the Product, and prospective investors are not to construe the contents of this document as a recommendation to purchase the shares of the Product on any secondary market, including, without limitation, OTC Markets.

2. Past performance is not indicative of future returns. Performance information contained herein reflects the Product's ongoing private placement of restricted shares or, as applicable for publicly quoted shares, the closing price of the Product's shares at 4pm, New York time, on OTC Markets. For private placement shares, each Product uses the applicable digital asset(s)'s CoinDesk 24-hour VWAP (the "Digital Asset Reference Rate") at 4 p.m., New York time, to calculate its Digital Asset Holdings, which is the aggregate U.S. Dollar value of the applicable digital asset(s) in the Product, calculated using the Digital Asset Reference Rate, less the U.S. Dollar value of its liabilities and expenses. Digital Asset Holdings is calculated using non-GAAP methodology. Digital Asset Holdings per Share is calculated by dividing Digital Asset Holdings by the number of shares currently outstanding.

3. Restricted Shares - Qualified accredited investors are eligible to invest in the Product and purchase shares at the daily Digital Asset Holdings per Share (as described below). Shares purchased from the Product are restricted shares and subject to significant limitation on resale.

4. The shares of each Product are intended to reflect the price of the digital asset(s) held by such Product (based on digital asset(s) per share), less such Product's expenses and other liabilities. Because each Product does not currently operate a redemption program, there can be no assurance that the value of such Product's shares will reflect the value of the assets held by such Product, less such Product's expenses and other liabilities, and the shares of such Product, if traded on any secondary market, may trade at a substantial premium over, or a substantial discount to, the value of the assets held by such Product, less such Product's expenses and other liabilities, and such Product may be unable to meet its investment objective.

5. Grayscale's private placements are only available to Accredited Investors as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"). Most individuals are not Accredited Investors. An individual must earn more than \$200,000 a year (or \$300,000 per year with a spouse or spousal equivalent), have a net worth over \$1 million either alone or together with a spouse or spousal equivalent, excluding their primary residence, or hold in good standing their Series 7, Series 65, or Series 82 professional certifications. Entities must have \$5 million in liquid assets, or all beneficial owners must be Accredited Investors.

6. For publicly quoted shares, eligible for resale in accordance with Rule 144 under the Securities Act following a one-year or six-month holding period. For Products that have been subject to the reporting requirements of Section 13 under the Exchange Act for a period of 90 days, the holding period is six months. For all other Products, the holding period is one-year. We cannot assure you that a secondary market will develop for any Product that does not have publicly quoted shares.

7. The Product will not generate any income and regularly sells/distributes the digital assets it holds to pay for its ongoing expenses. Therefore, the amount of the applicable digital asset represented by each share will gradually decline over time.

Carefully consider each Product's investment objectives, risk factors, fees and expenses before investing. This and other information can be found in each Product's private placement memorandum, which may be obtained from Grayscale and, for each Product registered with the SEC and/or listed on the OTC Markets, such Product's annual report or information statement, which may be obtained by visiting the SEC's website for Products that are SEC reporting companies or the OTC Markets website for Products that report under the Alternative Reporting Standards of OTC Markets Group. Reports on OTC Markets are not prepared in accordance with SEC requirements and may not contain all information that is useful for an informed investment decision. Read these documents carefully before investing.

This information should not be relied upon as research, investment advice, or a recommendation regarding any products, strategies, or any security in particular. This material is strictly for illustrative, educational, or informational purposes and is subject to change.

The shares of each Product are not registered under the Securities Act of 1933 (the "Securities Act"), the Securities Exchange Act of 1934 (except for the Products that are SEC reporting companies), the Investment Company Act of 1940, or any state securities laws.

The Products are offered in private placements pursuant to the exemption from registration provided by Rule 506(c) under Regulation D of the Securities Act and are only available to accredited investors. As a result, the shares of each Product are restricted and subject to significant limitations on resales and transfers. Potential investors in any Product should carefully consider the long-term nature of an investment in that Product prior to making an investment decision. The shares of certain Products are also publicly quoted on OTC Markets and shares that have become unrestricted in accordance with the rules and regulations of the SEC may be bought and sold throughout the day through any brokerage account. Although the shares of certain products have been approved for trading on a secondary market, investors in non-publicly quoted products should not assume that the shares will ever obtain such an approval due to a variety of factors, including questions regulators such as the SEC, FINRA or other regulatory bodies may have regarding such products. As a result, shareholders of such products should be prepared to bear the risk of investment in the shares indefinitely.

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