



Bitwise Aave Fund

Single-Asset Fund

Gain direct exposure to one of the leading decentralized applications driving the new crypto economy.

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What is Aave?

Over the past three years, Aave has emerged as the leading decentralized lending platform. Aave enables users to borrow and lend assets at algorithmically defined interest and yield rates, without the intervention or cost of a centralized lending facility. With billions of dollars deposited by users, Aave has become a staple of the decentralized finance (DeFi) ecosystem.

2

How does Aave work?

The Aave lending platform allows users to borrow (or lend) cryptoassets and pay (or receive) interest income. All loans are overcollateralized and the platform is available to anyone with an internet connection. Because the digital assets used for collateral on the platform move instantaneously, these loans can be processed with extreme efficiency and speed, without any human review or credit scoring — 24/7/365.

When lenders provide liquidity to Aave, their funds are pooled together with similar assets in a "liquidity pool." The interest rates for this pool are set by an algorithm, and are designed to ensure that they reflect market demand.

3

What is the AAVE token?

The Aave platform issued a native token, AAVE, in 2020. Holders of AAVE can participate in the governance of the platform, including voting on decisions such as how to deploy cash held by the platform and which new products should be launched. AAVE holders can also stake their tokens as reserve assets to ensure the platform's liquidity, and earn dividend-like payments for supplying this emergency collateral pool. The lending platform is designed to use the fees earned through lending activity to buy and burn AAVE tokens: The more lending activity, the more tokens are burned, potentially increasing the value of the remaining AAVE tokens.

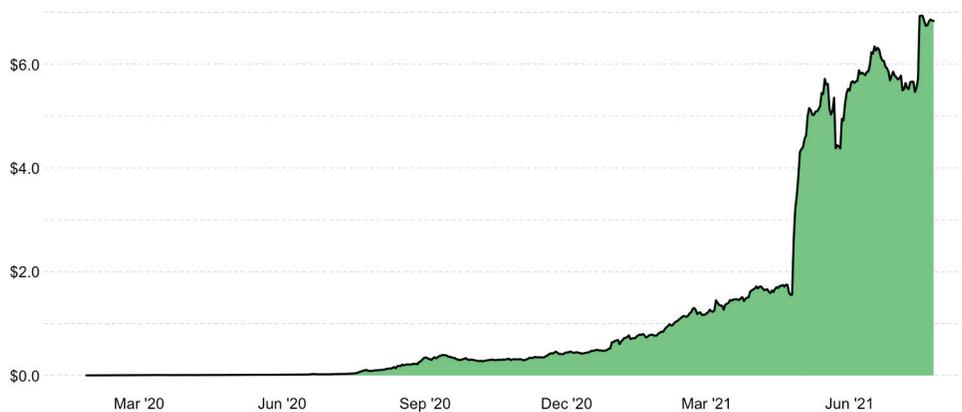
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How has Aave grown?

Since its launch, Aave has become one of the largest DeFi applications in terms of revenue and total deposits. Its annual revenue has grown to over \$125 million and the amount of net capital it secures in its contracts (known as total value locked or TVL) now exceeds \$10 billion. In the first half of 2021, outstanding loans on Aave increased nearly tenfold. Aave has also integrated with 30 other DeFi apps, which funnels more lenders and borrowers into the platform and makes it increasingly a pillar of the DeFi ecosystem.

AAVE OUTSTANDING LOANS

Current loans across all Aave markets, March 2020 to July 2021 (\$ billion)



Nothing contained herein is intended to predict the performance of any investment. There can be no assurance that actual outcomes will match the assumptions or that actual returns will match any expected returns. Past performance does not predict future results. Source: Bitwise Asset Management; data from Dune Analytics as of 7/26/2021.

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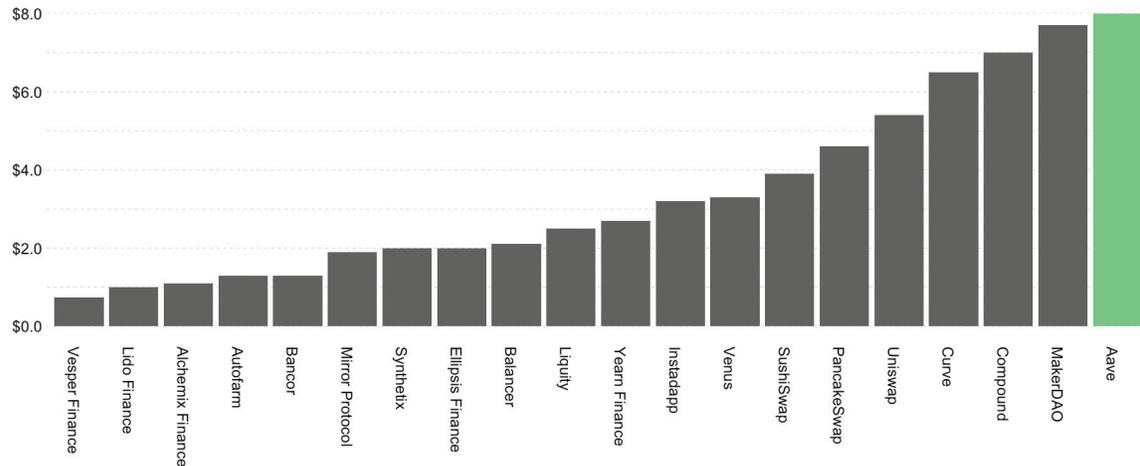
The investment case for gaining exposure to AAVE

Anyone who has access to the internet can use the Aave platform to earn yield on their digital assets, or take out a loan against those assets in minutes. Aave has automated the burdensome process whereby lenders and borrowers search for one another, establish a trustworthy relationship, and negotiate loan terms. These improvements to the lending process combined with the accessibility of the platform have allowed Aave to emerge as a market leader, with more capital committed to it than any other lending application. As a result, in the highly competitive decentralized lending market Aave's share of total revenue has grown significantly, from less than 25% to nearly 50% in the first six months of 2021.

The above description of lending and borrowing describes only the Aave platform, and not the operations of the Bitwise Aave Fund. The Fund's AAVE will be held with a registered and insured cryptoasset custodian and the Fund will not lend its AAVE tokens as liquidity to the Aave platform. The contents of this Information should not be taken as investment advice or as a recommendation to lend or borrow assets on the Aave platform.

AAVE'S LEADERSHIP POSITION IN DECENTRALIZED FINANCE

Leading DeFi applications ranked by Total Value Locked (TVL), in \$ billion, as of July 26, 2021



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With this impressive growth trajectory, and with its efficiency improvements to the lending and borrowing process, Aave is emerging as a material disruptor of traditional financial markets, helping to build a permissionless global financial system, accessible by anyone at any time, and whose health can be monitored and audited in real time.

Important Disclosures

Bitwise Asset Management, Inc. and its affiliates (collectively, "Bitwise") are providing this information ("Information") to sophisticated prospective investors for informational purposes only in relation to a potential opportunity to subscribe for shares ("Shares") in the Bitwise Aave (AAVE) Fund (the "Fund"). This is neither an offer to sell nor a solicitation for an offer to buy Shares in the Fund. Any offer to sell or solicitation of an offer to buy Shares will be made solely through the Fund's definitive offering documents, identified as such, with respect to the Fund in compliance with the terms of all applicable securities and other laws. Such definitive offering documents, if any, will describe risks related to an investment in the Fund (including loss of the entire investment) and will qualify in their entirety the information set forth herein. The Shares will be offered and sold under the exemption provided by Section 4(a)(2) of the Securities Act of 1933 and Rule 506 of Regulation D promulgated thereunder and other exemptions of similar import in the laws of the states and jurisdictions where the offering will be made. The offer and sale of Shares have not been registered with or approved or disapproved by the Securities and Exchange Commission (the "SEC") or the securities commission or regulatory authority of any state or foreign jurisdiction, nor is such registration contemplated.

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