UNDERSTANDING THE EMERGING SPACE OF CRYPTO ASSETS

CRYPTO ASSETS—captured under the broader term "digital assets"—are gaining popularity and emerging as a viable new asset class that may have a role in a broadly diversified investment portfolio. Investors are intrigued by some of their attributes, including low correlation to traditional stocks and bonds, a potential hedge against inflation, and a potential alternative store of value other than fiat currencies or gold.

Decentralization, the defining characteristic of the underlying blockchain technology behind crypto assets, means that no central authority or intermediary has control over it. Rather, digital assets rely on peer-to-peer interactions to facilitate transactions. This aspect has catalyzed the growth of this entire asset class and is drawing interest from investors worldwide, including large institutions.

Nevertheless, we acknowledge that investors may be hesitant to embrace crypto given its complexity, the associated volatility and lack of availability in more traditional investment vehicles like mutual funds and ETFs. Despite these hurdles, this innovation has the potential to disrupt the investment landscape. As with most innovations, there's a whole new vocabulary associated with these assets.

To help investors better understand this new asset class and how it might fit into a portfolio, we invite you to read the following educational information. We hope this addresses many of the questions you may have.

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ABOUT THE CRYPTO ASSET CLASS

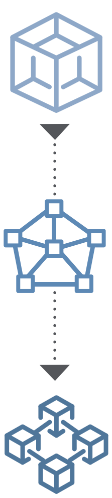
What are digital assets and what is a blockchain?

A "digital asset" is anything that exists in digital form owned by an individual or enterprise. Crypto assets fall into this category; however, they have unique characteristics separate from the broader classification, including the following:

> Use cryptography, a method of protecting information through the use of encoding techniques
> Rely on blockchain technology
> Do not rely on a third-party like a central authority or bank to issue or exchange assets
> Provide common purposes of use as a means of exchange, as an investment, or to access goods and services

It may seem odd that there is no intermediary to keep track of crypto transactions; however, this is where blockchain technology comes into play. A blockchain is a decentralized and public virtual ledger that records information anonymously and permanently through a peer-to-peer network. The illustration below provides a high level overview of how an individual transaction corresponds to a blockchain.

Why consider investing in crypto assets?



Each transaction or record of information is inscribed into a file called a **"block"**

The block is broadcast across a **network** of many computers, decentralizing the stored information

Blocks consisting of multiple, discrete transactions are linked together using cryptography creating a **"blockchain"**

Digitization is one of the most prominent and deeply rooted global trends unfolding today. It intersects with and offers solutions for virtually every industry and aspect of life. On the surface, most investors simply think of crypto assets as a "currency" alternative. In reality, this is just one small application of decentralized digital assets. The potential uses are numerous and new use cases are emerging every day, such as supply chain management and ownership tracking for digital art.

Ultimately, it is this level of utility, application, and in some cases scarcity, that drive the underlying value, leaving potential investors with the question: Is investing in crypto right for me? Crypto assets are highly speculative investments and investment goals, time horizons and risk appetite should all play a part in this decision. We believe a small allocation to crypto assets may offer investors both growth potential and the diversification benefits of a historically uncorrelated asset class at a time of persistent market volatility and macro uncertainty.

If your investment checklist deems crypto as an investible inclusion in your portfolio, you may have questions like "Which crypto assets should I invest in?" or "What type of investment style should be applied?" Crypto assets enable forward-thinking and innovative investors to participate in this massive transition from a previously analog world to a digital one, and we appear to be in the early stages of such a transition.

How does one gain access to crypto?

The space of crypto assets is rapidly evolving and access to crypto is changing along with it. Currently, individuals can access crypto through online exchanges. Some make it as easy as verifyfing one's identity and loading a credit card. Other means of access include private trusts and private funds offered by investment firms. These tend to be more restrictive in terms of investor requirements. It's important to note that this is true for US-investors. Other countries may have different avenues of access.

Should I invest in one crypto asset or multiple?

Given the nascent nature of crypto assets, it is still too early to determine the ultimate "winners." Bitcoin is the largest crypto asset by market capitalization; however, many other crypto assets are vying for dominance. Just as the internet, in its early days, did not produce one "winner-take-all" company, a similar pattern is beginning to unfold among these assets. Similar to how an investor might look to express an investment thesis in technology stocks by purchasing a basket of "FAANG" stocks, some investors in crypto assets may be inclined to diversify their exposure across a basket of exposures, diversifying their investments across this thematic area of growth.

Are crypto assets an inflation hedge?

It is still too early to tell. For now we consider crypto assets to be an opportunistic trade and potentially a hedge against inflation and uncertainty.

What are the risks of buying individual crypto assets as opposed to a fund which may offer a basket of coins?

There are several reasons we think it's better to buy a basket of crypto assets as opposed to betting on the long-term success of individual coins. These include:

DIVERSIFICATION: Index investing has historically offered investors opportunities to capture the upside of new asset classes without having to pick "winners." Investing in this new digital asset class is no different and it may be more important than ever. An indexed approach that allocates to a basket of crypto assets vetted by an expert seems to make sense and allows investors to broadly participate in the overall trend of digitization.

SECURITY: Buying coins directly places the security burden on the individual. We have had thousands of years to master physically securing valuables, but digital security is not intuitive to most of us. Institutional-grade custody is critical.

COST EFFICIENCY: Funds typically have implementation and trade experts managing the buying and selling of crypto assets. In doing so, they may be able to leverage scale economies for trading that are unavailable to smaller investors. Exchange fees and bid-ask spreads paid by individuals can exceed the fees associated with a crypto asset fund.

ESTATE PLANNING: A fund may be more easily captured within a client's estate plan and passed to heirs along with other assets. Holding crypto assets individually in a wallet may not get captured in one's estate and the asset could be lost if the existence of the asset/wallet and private key location have not been shared with others.

Certain crypto assets like Bitcoin share some or several of the same attractive properties of gold that have made it a store of value for millennia. Indeed, many early Bitcoin investors believed that it might have the potential to disrupt gold's role in a portfolio. For example, both gold and Bitcoin are borderless and have no centralized power or government that controls their supply. Both are globally recognized, easily verifiable, and have limited supplies. In fact, Bitcoin will only have 21 million tokens issued, over 18 million of which have already been issued. While there are similarities, its important to note that gold has industrial uses as a commodity, while crypto assets do not share this tangible benefit. Instead, crypto may serve other uses in the broader ecosystem of digital assets.

Many investors believe that Bitcoin could potentially be used to hedge against macroeconomic uncertainty. It may possibly provide a way for people around the world to protect their savings in countries where their fiat currencies are less stable or where they face high levels of inflation. As more investors grow concerned that governments continue to "print money" and therefore reduce its purchasing power, the fixed supply of certain crypto assets has made them more appealing.

How much should investors allocate to this asset class?

Crypto assets are volatile; however, when allocations are weighted appropriately in a portfolio, they can potentially help enhance risk-adjusted returns.

In *Illustration 1* on the next page, we've used Bitcoin, the largest crypto asset, to represent the asset class over a 5-year time horizon. In this hypothetical scenario, Bitcoin allocations range from 1%-5% and are taken from equity allocations. This type of small allocation to crypto may complement traditional portfolio allocations by providing potential upside performance with a marginal increase to risk.

Modern Portfolio Theory (MPT), a trusted analysis often used by investors, assumes that holding assets that are uncorrelated (i.e., their values don't rise or fall at the same time), can provide returns without a proportional increase in risk. Bitcoin, the oldest cryptocurrency, has a 12-year history of long-term positive returns and low or negative correlations to established assets. Despite its volatility, making a small portfolio allocation to Bitcoin has historically increased overall expected return when adjusted for risk. It also potentially diversifies some of the inherent systemic risk in the financial system that exists in most investors' portfolios. To summarize, risk and volatility can be managed by sizing the investment appropriately.

Given the limited correlation to other asset classes, portfolio allocations for crypto assets could be taken from equity allocation — potentially technology or other high-risk allocations.

Is crypto an environmentally friendly investment?

Generally, it will depend on how a particular crypto asset generates the energy it needs to sustain itself. Crypto assets require energy for the process of validating and maintaining a record of transactions through which new coins may be minted as a reward for this work. This is known as "mining" and can be achieved by various means. For definitions of the two most common mining methods, please refer to the *"Terms to Know"* section of this document.

Illustration 1: **Adding Bitcoin to Portfolio** (October 2016 – September 2021)

	MSCI ACWI Index	Bloomberg U.S. Aggregate Index	Bitcoin	60/40 Portfolio	Allocation to Bitcoin within 60/40 Portfolio (Allocation sourced from MSCI ACWI)		
					+1%	+2.5%	+5%
Return of Index of Portfolio	13.20%	2.95%	134.48%	9.28%	10.48%	12.29%	15.33%
Standard Deviation	14.65%	3.31%	91.10%	8.97%	9.11%	9.46%	10.41%
Sharpe Ratio	0.82	0.55	1.46	0.91	1.03	1.18	1.36

Source: Bitcoin returns sourced through Bloomberg. Portfolio analyzed through Zephyr.

The hypothetical results shown reflect a five-year, buy-and-hold strategy. They do not reflect actual trading and may not reflect the impact of material economic and market factors that might have influenced an investor's decision-making had an investor been managing the portfolio, and investment loss would have been a possibility. Past performance is no guarantee of future results. *Index returns are for illustrative purposes only. Index performance does not reflect management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Bitcoin returns are calculated by tracking the CMBI Bitcoin Total Return Index. The "60/40 Portfolio" is a hypothetical portfolio composed of a 60% allocation to the MSCI ACWI Index and 40% allocation to the Bloomberg US Aggregate Index. Allocation to Bitcoin were taken from MSCI ACWI allocations for each respective measure. Risk is measured by each index or portfolio's standard deviation metric.*

Bitcoin, the largest crypto asset by market cap, does consume a lot of energy through its mining process, reportedly even as much as whole nations, on an annual basis. This energy may be generated through unenvironmental means such as via fossil fuels which can have a lasting negative impact on the environment. While this may be the current state of Bitcoin mining, alternatives are being explored which seek to find other ways of leveraging renewable and green energy for the mining process.[1]

Additionally, other crypto assets like Ethereum, the second largest by market cap, are migrating towards a more eco-friendly method of mining over the next year.

While this work is still being done, there is no doubt that this aspect of crypto mining has a detrimental impact on the environment, making it in the best interest of miners to continually seek ways to improve this process for the longevity of the asset class.

There have been recent articles and news about SEC Chair Gensler and his comments on crypto... How will regulation and scrutiny of crypto assets potentially impact the current opportunity?

We believe that a more robust regulatory framework will benefit crypto assets because it will help protect investors, reduce uncertainty and, as a result, bring more investors—including institutions—to the asset class. Over the long term, it is our opinion that the nations that embrace crypto assets will benefit in much the same way that they did from by embracing the internet as a new and disruptive platform.

In our opinion, regulation leads to institutionalization – a welcomed and critical step in the evolution of a nascent asset class. We would not consider it a regulatory "crackdown", but rather "appropriate attention". Scrutiny and regulation can be a good thing long-term for the asset class as it will further institutionalize the space (in fact the Nasdaq Crypto Index covered in the next section already addresses many of the concerns that could arise around exchanges, custody, securities vs. assets, stablecoins, etc).

Further solidifying the regulation of products and the crypto asset class in general will be a significant and positive evolutionary step for the industry. As far as the timing of regulation, only the SEC really knows, but we trust they will approach the topic objectively, methodically and with the attention and rigor it deserves. We have shared more thoughts on this topic within a blog post which further expands on the crypto legislation being reviewed and our reasoning for our stance.[2]

Are institutional investors embracing crypto assets?

There are many examples that illustrate the emergence of the crypto asset class and how it is becoming more mainstream. Consider these few examples:

> *Bank Of America Approves Bitcoin Trading Futures*[3]

> *Softbank Group Pursues Investment In Crypto Exchange*[4]

> *NCR Opens Bitcoin to 650 US Banks and Credit Unions*[5]

> *Morgan Stanley Making Crypto Currency Available To Accredited Investors*[6]

> *Fidelity Discloses Ownership In Bitcoin Mining*[7]

[1] *Source: "Forbes: Is Bitcoin Inherently Bad For The Environment?" (https://www.forbes.com/sites/joshuarhodes/2021/10/08/is-bitcoin-inherently-bad-for-the-environment/?sh=164a75333033)*

[2] *Source: https://advisor.vcm.com/blog/crypto-assets--moving-into-the-spotlight*

[3] *https://www.coindesk.com/business/2021/07/16/bank-of-america-approves-bitcoin-futures-trading-for-some-clients-sources/*

[4] *https://www.bloomberg.com/news/articles/2021-07-16/softbank-unit-to-invest-in-thiel-backed-crypto-exchange-bullish*

[5] *https://www.forbes.com/sites/michaeldelcastillo/2021/06/30/6-billion-ncr-opens-bitcoin-purchases-to-650-banks-and-credit-unions/?sh=1d9f2f473f82*

[6] *https://www.cnbc.com/2021/03/17/bitcoin-morgan-stanley-is-the-first-big-us-bank-to-offer-wealthy-clients-access-to-bitcoin-funds.html*

[7] *https://www.financemagnates.com/cryptocurrency/news/fidelity-takes-10-6-stake-in-bitcoin-mining-firm-hut8/*

THE NASDAQ CRYPTO INDEX

What is the Nasdaq Crypto Index (NCI)?

Due to the challenges and complexities associated with investing in cryptocurrency, in particular around the difficulty in identifying a representative portfolio of accessible and investable assets, Nasdaq has created a methodology-driven industry benchmark. The NCI measures performance of a significant portion of the digital asset market and provides an innovative benchmark for institutional investment.

We believe the NCI to be the definitive benchmark for crypto assets. It is specifically designed with three core principles:

> **Representative**
> Provides a benchmark for institutional investment into the digital asset space using a multi-asset approach

> **Institutionally investible**
> Integrates a robust set of eligibility criteria to include digital assets available at vetted exchanges and custodians

> **Adaptable**
> Adjusts index composition quarterly to ensure accurate representation of the asset class as it continues to evolve

Index Constituents (as of September 1, 2021)

	Weight (%)
Bitcoin (BTC)	61.58%
Ethereum (ETH)	33.83%
Litecoin (LTC)	0.99%
Chainlink (LINK)	0.91%
Uniswap (UNI)	0.80%
Filecoin (FIL)	0.72%
Bitcoin Cash (BCH)	0.71%
Stellar Lumens (XLM)	0.46%

Source: Nasdaq

What is the difference between the Nasdaq Crypto Index (NCI) and the Nasdaq Crypto Index Settlement Price (NCIS)?

The NCI and NCIS both track the Nasdaq Crypto Index; however, they are calculated at different intervals.

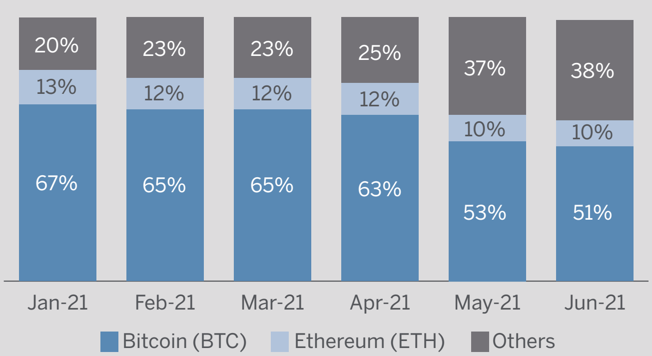
> The Nasdaq Crypto Index (NCI) is calculated in real time 24/7

> The Nasdaq Crypto Index Settlement Price (NCIS) is calculated once a day and published at 15:00 New York Time. The majority of performance reporting will use the NCIS as it provides a standardized way to compare against other assets or benchmarks.

Why is the index so concentrated in its top two holdings?

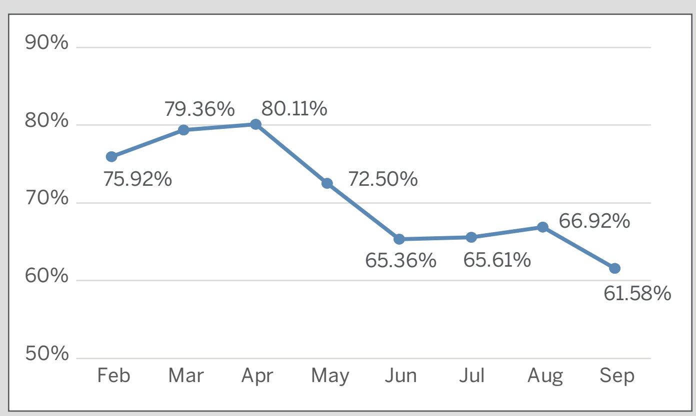
The top two holdings, Bitcoin and Ethereum, make up the majority of the index since they have the largest market capitalizations in the space. However, this is evolving and the remaining assets are gradually occupying a larger share of index. We expect this trend to continue, which will only further improve the diversification benefits of this basket approach as the asset class matures.

***Illustration 2:* Percentage of Global Crypto Owners**
In the first half of 2021, new altcoins were eating into the market share of Bitcoin & Ethereum



Source: Crypto.com research. As of July 6, 2021.

***Illustration 3:* Weight of Bitcoin in NCI (%)**



Source: Nasdaq. As of September 1, 2021.

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The index is cap-weighted and designed to passively reflect the digital asset market. Therefore, Bitcoin and Ethereum's weight will evolve as the market does, much the same way as the weights of Microsoft (MSFT) and Apple (AAPL) do in the S&P 500® Index.

We are already seeing the index broaden out. For example, when the index was launched on 2/2/21, Bitcoin was 75.92% of the index. As of the latest rebalance on 9/1/2021, Bitcoin's weight has declined to 61.58%. This is the result of additional crypto assets being added to the index combined with the relative performance of each coin. During the reconstitution in June the index added two new tokens.

The digital asset market is still in the early innings and incredibly dynamic. *Illustration 2* (prior page) from *crypto.com* shows just how fast alternative coins are gaining ownership during the first half of 2021. As this continues and more tokens meet the index's eligibility criteria, Bitcoin and Etherum's weight in the index may potentially decline further.

To build on this point, and further illustrate the dynamic adaptability of the NCI, *Illustration 3* (prior page) shows the historical range of Bitcoin weighting in the index since inception as stated previously.

Are stablecoins eligible for inclusion in the Index?

No. Stablecoins are crypto assets that attempt to peg their market value to some external reference. The Nasdaq Crypto Index requires coins have free-floating pricing (i.e., not be pegged to the value of any asset). The Nasdaq Crypto Index excludes digital assets that are pegged to the value of other assets, through fiat or crypto collateralization, algorithmic strategy, or by any other means.

Why are some popular crypto assets not included within the Nasdaq Crypto Index?

The Nasdaq Crypto Index applies rigorous liquidity, exchange and custody standards to asset eligibility. We expect that the makeup of the index will change over time. Despite having a large market cap, some crypto assets simply may not pass the rigorous set of criteria, which is one of the advantages of having an industry expert vet all the constituents. The index rebalances and reconstitutes quarterly, so if these criteria are met by the next rebalance, a new asset may become a new holding within the index.

Additionally, there are thousands of crypto assets in existence today, however the vast majority do not meet the 50bps minimum market cap requirement.

Why is a quarterly index rebalance and reconstitution important?

The crypto market is incredibly dynamic. The Nasdaq Crypto Index seeks to be institutionally investible, representative, and adaptable to the evolution of this emerging technology. Quarterly rebalancing and reconstitution enables the index to keep up with these rapid changes and meet those objectives. A rebalance re-weights the index's holdings, while a reconstitution provides the index the opportunity to add or drop holdings.

THE VICTORY HASHDEX NASDAQ CRYPTO INDEX FUND

What is the Victory Hashdex Nasdaq Crypto Index Fund?

Crypto assets are an exciting and emerging asset class. Yet many investors are unsure how, or how much, to allocate to it. Victory Capital offers a private fund for accredited investors that provides exposure to a broad set of crypto assets—vetted for their quality and governance—in one fund.

Together with renowned index provider Nasdaq and crypto-focused asset manager Hashdex, Victory Capital has created a way for investors to gain broad based market exposure to an emerging asset class for a relatively low cost and without lockups. Nasdaq has built what we believe to be the industry's definitive benchmark for digital assets.

The fund is only available to accredited investors – what is an accredited investor?

An accredited investor includes anyone who:

> Earned income that exceeded $200,000 (or $300,000 together with a spouse or spousal equivalent) in each of the prior two years, and reasonably expects the same for the current year, OR

> Has a net worth over $1 million, either alone or together with a spouse or spousal equivalent (excluding the value of the person's primary residence), OR

> Holds in good standing a Series 7, 65, 82 license.

Is there daily liquidity available for this fund?

Yes. The fund accepts daily subscriptions and redemptions. Daily liquidity not only provides investors faster access to their money if they want to sell, more importantly, it provides greater flexibility for investors to use dollar cost averaging to build their positions.

What type of tax documents will clients receive?

The Fund is set up as an LLC and shareholders will receive a K-1 statement at year end.

How and why does the fund offer daily liquidity when other funds in the market place offer monthly or quarterly?

We pride ourselves in being the only fund in the market today (as of 10/31/21) with the ability to offer daily liquidity to investors. Crypto volatility can be on the forefront of many investors' minds, and we seek to mitigate these concerns by providing the ability for daily subscriptions/redemptions as advisors and clients see fit.

While we do maintain a long-term view of the asset class, providing this flexibility is paramount in delivering a differentiated solution to providing crypto exposure.

We are able to offer daily liquidity through our partnership with global crypto leader Hashdex. Hashex is a crypto-focused asset manager responsible for replicating the Nasdaq Crypto Index and currently manages over $1B in crypto assets as of 10/31/21.

Hashdex has spent years in the industry establishing relationships with crypto exchanges and custodians to perfect their own trading strategies. Through this work, Hashdex has developed the additional expertise and experience required to provide daily liquidity for the fund.

ABOUT OUR PARTNERS

Who is Hashdex and what is their role?

Hashdex is an alternative investment manager focused on crypto assets that acts as the asset manager of the Fund, executing the strategy according to the index weightings calculated by Nasdaq. With offices in Brazil and the United States, Hasdex was founded to bridge the gap between traditional financial markets and crypto. Their vision and goal is to make crypto investing easy with simple, secure, regulated funds, and as of 10/31/21, the company managed more than $1 billion in crypto assets.

Hashdex

Nasdaq

What is Nasdaq's role in this fund?

Nasdaq is a leading and renowned index provider with a focus on technology. Crypto assets are a natural extension for Nasdaq, which has built out the Nasdaq Crypto Index with formalized processes and methodology for vetting crypto assets for inclusion in the index. Two key components of vetting asset eligibility are evaluating core exchanges and core custodians on an annual basis.

The rigorous selection process for core exchanges includes having effective Anti-Money Laundering/Know Your Customer controls in place, requiring exchanges to be licensed by an independent public governing body, having effective trade monitoring in place, including surveillance / enforcement procedures and more.

The selection process for core custodians requires each custodian to be licensed by a reputable and independent governing body; provide independent, segregated client accounts; utilize advanced security infrastructure to include private key segmentation, multi-signature capabilities and geographic distribution; and have an insurance policy that covers, at least partially, theft or loss of private keys, among other key criteria.

Additionally, Nasdaq has structured the Nasdaq Crypto Index Oversight Committee to govern the index which is responsible for implementation and administration.

In addition to its maintenance of index methodologies, the Nasdaq Crypto Index Oversight Committee reviews, at least once within any 12-month period, or at any other times when deemed necessary, each index constituent to ensure that the index continues to achieve the stated objectives and that the eligibility of the digital assets, data and methodology remain effective.

What is DeFi?

DeFi is short for "decentralized finance". This is a broad term used for many instances of blockhchain that intend to disrupt financial intermediaries. DeFi makes it possible for financial products to be open for anyone's use on a public decentralized blockchain network, eliminating the centralized structure that involves middlemen like brokerage firms or banks.

What is a smart contract?

Simply stated, smart contracts are lines of coded business protocols stored on a blockchain. They are intended to execute automatically when involved contract participants meet their agreed-upon terms and conditions. For example, smart contracts can be used in supply chain asset and product tracking systems. In this instance, smart contracts could potentially be used within each step of the supply chain providing full transparency and automation within each hand-off or step in the process.

What is cryptocurrency?

A digital currency in which transactions are verified and records maintained by a decentralized system using cryptography, rather than by a centralized authority.

What is blockchain?

A growing list of records of transactions in digital assets, called blocks, that are linked together using cryptography. Each block contains a cryptographic hash of the previous block, a timestamp, and transaction data.

What is a wallet?

A wallet is used to store crypto assets – this can be a cold wallet maintained on a piece of hardware or a hot wallet maintained digitally.

What is crypto mining?

Crypto mining is a process in which digital currencies utilize computing power from "miners" to verify transactions across their respective networks. Without computing power voluntarily offered by miners to validate transactions, these networks would run slowly and inevitably fail. Miners are usually incentivized or "paid" with small amounts of cryptocurrency.

These small amounts of cryptocurrencies paid out are newly minted coins, meaning that this process of validation and keeping the blockchain's integrity intact triggers the release of new coins into the total supply in circulation.

What is a proof-of-work?

Proof-of-work refers to one of the most common ways in which a blockchain reaches consensus. This ensures only validated transactions are posted to the blockchain.

Proof-of-work requires virtual miners to expend large amounts of computer processing power and energy to solve very difficult math problems (known as cryptography). The first miner to solve this math problem is granted permission to validate the next transaction and post it to the blockchain. In return, the miner is rewarded with crypto assets.

What is a proof-of-stake?

Proof-of-stake refers to the second most common way in which a blockchain reaches consensus. This ensures only validated transactions are posted to the blockchain.

Proof-of-stake acts quite differently from proof-of-work in that, instead of competing to be the first to solve a math problem, individuals are selected to validate the blockchain based on how much crypto they own. Additionally, rather than receiving a reward for validating, the user simply receives a transaction fee for their efforts.

What is a Decentralized Autonomous Organization (DAO)?

A DAO is an open-source blockchain protocol governed by a group of individuals rather than one central authority figure. DAOs use smart contracts and governance tokens to enable participants to achieve consensus on how the organization's resources are allocated. The rules that the DAO creates are embedded into computer code that executes on its own based on the protocol. DAOs provide a transparent way for collaboration on blockchain projects.

What is an Initial Coin Offering (ICO)?

An ICO is a type of crowdfunding method for blockchain projects. Some have compared this type of offering to an initial public offering, but for cryptocurrencies.

During ICOs cryptographic coins (or tokens) are sold as a way to fund a specific project.

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PLEASE VISIT
www.nasdaq.com/crypto-index to learn more about the Nasdaq Crypto Index

Investments in the Victory Hashdex Hasdaq Crypto Index Fund LLC are speculative investments that involve high degrees of risk, including a partial or total loss of invested funds. There can be no assurance that the Fund will achieve its investment objective or return any capital. The interests in the Fund are not suitable for any investor that cannot afford loss of the entire investment and is not intended as a complete investment program. The interests in the Fund are not registered under the Securities Act of 1933 (the "Securities Act"), the Securities Exchange Act of 1934, the Investment Company Act of 1940, or any state or foreign securities laws, and are being offered in private placements pursuant to the exemption from registration provided by Rule 506 of Regulation D and/or Regulation S of the Securities Act and other similar exemptions in the laws of the states and jurisdictions where the offering will be made. As a result, interests in the Fund are restricted and subject to significant limitations on resales and transfers. Potential investors should have limited need for liquidity in their investment and should carefully consider the long- term nature of an investment in the Fund prior to making an investment decision. Interests in the Fund are not insured by the FDIC or any other governmental agency.

This document does not constitute an offer of securities. An offering will be made, if it is made at all, by means of a private placement memorandum provided to appropriately qualified recipients on a confidential basis. That private placement memorandum may contain additional or different terms than those described above.Úny offering or solicitation will be made only to certain qualified investors who are "accredited investors" as defined under Regulation D of the Securities Act, and any investments by U.S. persons will only be permitted to potential investors who demonstrate that status. Investors in the Fund must have the financial ability, sophistication, experience and willingness to bear the risks of such investment.

Interests in the Fund are intended to reflect the price of the digital asset(s) held directly or indirectly by the Fund (based on digital asset(s) per share), less fees, expenses and other liabilities. The Fund's fees and expenses, which may be substantial, will be paid using the Fund's assets, which will reduce the Fund's assets and the corresponding value of the respective investment. As a passively managed fund, the Fund will not be managed to avoid losses from the decline in value of its portfolio.

The trading prices of digital assets have experienced extreme volatility in their history (including in recent periods) and may continue to do so. Trading prices for the digital assets held directly or indirectly by the Fund could experience steep declines in value and interests in the Fund could lose all or substantially all of their value. Due to the limited history of cryptocurrencies and the rapidly evolving nature of the cryptocurrency market, it is not possible to know all the risks involved in making an investment in cryptocurrencies, and new risks may emerge at any time.

Cryptocurrencies have gained commercial acceptance only within the past decade and, as a result, there is little data on their long-term investment potential. Additionally, due to the rapidly evolving nature of the cryptocurrency market, including the development of new cryptocurrencies and advancements in the underlying technology, it is not possible to predict which cryptocurrencies will be included in the Index or Fund in the future. New cryptocurrencies or changes to existing cryptocurrencies may expose Fund investors to additional risks which are impossible to predict. This uncertainty makes an investment in the Fund very risky. The information above is not a complete list of the risks and other important factors to be considered in an investment in the Fund and is subject to the more complete disclosures in the private placement memorandum.

The **MSCI All-Country World Index (ACWI)** is a free float-adjusted, market-capitalization-weighted index designed to measure the performance of large- and mid-cap stocks across developed and emerging markets.

The **Bloomberg U.S. Aggregate Bond Index** measures the investment grade, USD-denominated, fixed-rate taxable bond market. The index includes Treasurys, government-related and corporate securities, MBS, ABS and CMBS.

Standard Deviation measures an investment's historical volatility, calculated using the investment's annual rate of return.

Sharpe Ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk.

Core Exchanges serve to filter eligible assets based on trading availability on vetted sources.

Core Custodians help to ensure that investment-grade asset custody is supported for Index constituents. The use of these together to determine eligible crypto assets helps ensure that any product tracking the Nasdaq Crypto Index (NCI) is supported by investment-grade infrastructure.

Dollar cost averaging is no guarantee against loss in a declining market.

Victory Capital Services, Inc., an affiliate of Victory Capital Management Inc., the Fund's investment advisor, acts as placement agent to the Fund.

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