



Diversification as a compass:

**The benefits of crypto
index investing**

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Executive Summary

Diversification has long been a cornerstone of investing, and in the case of crypto, it can be viewed as an essential lens through which the asset class should be analyzed. While Bitcoin (BTC) remains the anchor and benchmark, the digital asset market has expanded far beyond a single narrative. Focusing solely on BTC, however, is not a neutral entry point. Owning BTC alone is akin to making a concentrated, single-stock bet on one asset within the broader digital asset class, which can be less than ideal, given that no investor can reliably predict which projects will become tomorrow's leaders.

History reinforces this lesson. In equities, leadership turnover has been constant: once-dominant firms like Sun Microsystems, Dell, Exxon, or GE gave way to Apple, Amazon, Nvidia, and Microsoft.¹ For investors, diversification in crypto has two dimensions: its low correlation with traditional asset classes, which makes it a compelling complement to 60/40 portfolios, and its high concentration risk within crypto itself. Bitcoin and Ethereum account for most of the market,² but innovation is emerging across new segments with asymmetric return potential. Arbitrary baskets or single-asset strategies miss this evolution, and even static indices can fail to keep pace.

The Nasdaq Crypto Index™ (NCI™)³ addresses these challenges directly. Built on transparent, rules-based methodology, it includes

Bitcoin while systematically adapting to capture new areas of innovation. Its design balances resilience with upside, which may reduce concentration risk and improve risk-adjusted returns compared with portfolios with no crypto exposure. Importantly for US allocators, the Hashdex Nasdaq Crypto Index ETF, which tracks the Nasdaq Crypto US Index™ (NCIUS)⁴ provides disciplined, institutional-grade access to this asset class. Investors can gain exposure to the full breadth of the asset class's potential in a low cost ETF (0.25%⁵), in a more deliberate way than betting on a single asset like BTC or ETH. In a market defined by rapid change, an index — not any one asset — should be the starting point for portfolio construction. In our view the NCI™ seeks to offer investors exactly that: a compass for accessing crypto's full potential without the need to pick tomorrow's winners.



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The following is the second in a series of three reports from Hashdex that explore the considerations for professional investors when evaluating an allocation to crypto. The third report will be released in November and will explore how advisors should evaluate this asset class.

¹ Visual Capitalist, Ranked: *The Largest S&P 500 Companies Over Time (1985-2024)*, accessed September 15, 2025. Third-party data or research is provided for informational purposes only and has not been independently verified. Hashdex does not guarantee its accuracy or completeness, and it should not be relied upon as the sole basis for investment decisions.

² The total market capitalization for all crypto assets is approximately \$4.1 trillion. Of this, Bitcoin (BTC) represents roughly \$2.3 trillion (56.1%) and Ethereum (ETH) represents roughly \$547 billion (13.3%). Combined, these two assets constitute approximately 69.4% of the total market value. Data from [CoinGecko](#), accessed September 15, 2025.

³ The Nasdaq Crypto Index™ (NCI™) measures the performance of a significant portion of the digital asset market and provides a benchmark for investment in this new and emerging asset class. The Index is specifically designed to be dynamic in nature, broadly representative of the market, and readily trackable by investors. For more information, access the [Nasdaq Crypto Index official overview page](#) and/or read the [Nasdaq Crypto Index Methodology](#).

⁴ The Nasdaq Crypto US Index™ (NCIUS) is designed to measure the performance of a material portion of the overall digital asset market. Digital assets are eligible for inclusion in the Index if they satisfy the index criteria, which includes being currently listed on a U.S.-regulated digital asset trading platform or serve as an underlying asset for a derivative instrument listed on a U.S.-regulated derivatives platform. You cannot invest directly in an index; therefore its performance does not reflect the expenses associated with the active management of an actual portfolio. The Fund's portfolio may differ significantly from the securities held in the index; therefore, its performance may not reflect the expenses associated with the active management of an actual portfolio. For more information, access the [Nasdaq Crypto US Index official overview page](#) and/or read the [Nasdaq Crypto US Index Methodology](#).

⁵ The Sponsor has agreed to temporarily reduce its Management Fee to 0.25% per annum through December 31, 2025. After December 31, 2025, the standard 0.50% annual Management Fee will apply.

A glowing yellow sphere is the central focus, emitting a bright light that creates a starburst effect. From the sphere, numerous thin, blue lines radiate outwards, resembling a circuit board or a network of data connections. The background is a deep, dark blue with a subtle gradient, and the overall aesthetic is futuristic and technological.

Beyond Bitcoin: Learning from the Internet Era



When investors think about crypto, the discussion usually starts with Bitcoin. As the first digital asset,⁶ it established the blockchain's potential and remains the benchmark of the asset class. Yet, just as the internet rapidly grew beyond its early pioneers, crypto has expanded far beyond Bitcoin.

New networks are being built to process transactions faster, support digital payments, and enable applications that can run without traditional intermediaries. Together, these innovations represent the “infrastructure phase” of crypto — laying the groundwork for broader use cases in finance, commerce, and technology. Bitcoin opened the door, but the opportunity now extends across a wide spectrum of possibilities.

As with any emerging industry, this creates both risk and potential reward. While Bitcoin remains

the most established asset, many of the newer segments of the market carry the possibility of outsized returns. This is especially true in light of the significant structural developments that have taken place regarding regulatory acceptance and institutional adoption. While some projects may never gain traction, others could become the foundational platforms of tomorrow's economy — in some cases we believe they could deliver even greater growth potential than Bitcoin itself. The challenge is that no one can reliably predict which players will succeed. For investors, the upside may be significant, but so is the uncertainty — making a diversified approach essential.

⁶ On October 31, 2008, Satoshi Nakamoto published the whitepaper “*Bitcoin: A Peer-to-Peer Electronic Cash System*.” The Bitcoin network was officially launched on January 3, 2009. Bitcoin's launch date can be confirmed by viewing its genesis block on a block explorer like mempool.space. To find it, simply search for block number 0.

History underscores this reality. In 1999, investors faced the same challenge with internet equities: the technology was clearly transformative, but leadership was uncertain. Of the ten largest companies in the Nasdaq 100 at the time, only Microsoft remains in the top tier today.⁷ This pattern extends beyond tech. Broad indices like the Dow Jones Industrial Average, that tracks the performance of 30 of the largest publicly traded companies in the

U.S., and the S&P 500 Index, that represents the performance of 500 of the largest publicly traded companies in the U.S., show constant rotation: industrial leaders such as General Electric and Exxon once dominated, but today Apple, Tesla, and Nvidia sit at the top. The Fortune 500 Index highlights the same dynamic, with the average lifespan of a company on the list falling to less than 20 years, compared to over 60 years in the 1960s⁸.

Figure 1: The Technology Uncertainty⁹

This table illustrates the change in market leadership between 2004 and 2024, underscoring the difficulty of long-term stock picking in technology sectors.

August 30, 2004			August 30, 2014			August 30, 2024		
Name	Market Cap (\$Bn)	Weight (%)	Name	Market Cap (\$Bn)	Weight (%)	Name	Market Cap (\$Bn)	Weight (%)
Microsoft	295	9.00%	Apple	614	13.60%	Apple	3,482	9.30%
QUALCOMM	61	6.70%	Microsoft	374	8.20%	Microsoft	3,101	8.10%
Intel	139	4.40%	Alphabet (Class A)	193	4.20%	NVIDIA	2,928	7.60%
Cisco	129	4.20%	Intel	173	3.80%	Broadcom	761	5.00%
eBay	57	3.70%	Gilead Sciences	163	3.60%	Meta Platforms	1,139	4.80%
Amgen	75	3.10%	Alphabet (Class C)	165	3.60%	Amazon	1,874	4.70%
Dell	80	2.90%	Amazon	157	3.40%	Costco Wholesale	396	2.70%
Nextel Communications	25	2.90%	Meta Platforms	151	3.20%	Tesla	684	2.60%
Comcast	38	2.40%	QUALCOMM	128	2.80%	Alphabet (Class A)	957	2.50%
Starbucks	17	2.10%	Cisco	128	2.80%	Alphabet (Class C)	922	2.40%

The lesson is consistent: concentrated bets often disappoint, while diversified exposure gives investors the best chance to capture the eventual winners. Crypto today mirrors the uncertainty of the internet's early years. Focusing solely on one asset, even one as dominant as Bitcoin, risks missing the broader value creation taking place across the ecosystem.

This is the purpose of the Nasdaq Crypto Index™ (NCI™). Built to track the breadth and evolution of the digital asset market, the NCI™

offers a dynamic and diversified benchmark for this phase of the cycle. By systematically adapting to market developments and applying institutional standards of liquidity and custody, the NCI provides a disciplined framework — a compass for accessing crypto's full potential without requiring them to pick tomorrow's winners.

⁷ Nasdaq, Index Research October 2024. Third-party data or research is provided for informational purposes only and has not been independently verified. Hashdex does not guarantee its accuracy or completeness, and it should not be relied upon as the sole basis for investment decisions.

⁸ Nasdaq, Index Research October 2024. Third-party data or research is provided for informational purposes only and has not been independently verified. Hashdex does not guarantee its accuracy or completeness, and it should not be relied upon as the sole basis for investment decisions.

⁹ Adapted from Nasdaq, *Index Research October 2024*. For illustrative purposes only. Dell Market Cap Data reflects the company's annual 10-K filing and market capitalization as of 7/30/2004. Both share classes of Google stock are included in the top 10 holdings table for 2014 and 2024: Alphabet Class A (GOOGL) and Alphabet Class C (GOOG). The blue color is used to highlight the constituents that weren't in the top 10 holdings in the prior decade. As of September 20, 2025.



Diversification as a Compass

Diversification is one of the oldest principles in investing, yet it takes on even greater importance in the context of crypto. Traditional equity investors know well that portfolio construction is not about finding a single “perfect” stock but about building balanced exposure to sectors, themes, and risk factors that capture long-term growth. The same discipline applies in digital assets — arguably more so, given how young and fast-moving the market remains.

Measuring diversification in crypto

Diversification in crypto can be thought of in two ways: how crypto interacts with the rest of a portfolio, and how exposure is allocated within crypto itself.

From a portfolio perspective, crypto has historically shown low correlations to traditional asset classes like equities or bonds.¹⁰ This is the starting point for why U.S. investors consider it in the first place: even a modest allocation to crypto can improve a classic 60/40 portfolio’s diversification, offering potential returns streams that behave differently from traditional assets.

Within crypto, however, concentration is the key challenge. Bitcoin alone still commands more than half of the total market, and the top two assets (Bitcoin and Ethereum) account for the vast majority of crypto’s market capitalization.⁹ A Bitcoin-only allocation misses the innovation happening elsewhere, while an Ethereum-only position is equally narrow. Concentrated bets

may deliver periods of strong performance, but they leave investors exposed to single-asset shocks and blind to the broader ecosystem’s growth.

¹⁰ Historically, the Nasdaq Crypto Index™, acting as a proxy for the crypto asset class, has demonstrated a moderate correlation with major equity indices and a very low correlation with other assets. Its correlation with the Nasdaq 100 was 0.36 and with the S&P 500 was 0.35, while its correlation was 0.07 with gold and 0.05 with U.S. bonds. Data from CF Benchmarks and Bloomberg since NCI™ inception on January 27, 2021 to September 14, 2025.

¹¹ The total market capitalization for all crypto assets is approximately \$4.1 trillion. Of this, Bitcoin (BTC) represents roughly \$2.3 trillion (55.9%) and Ethereum (ETH) represents roughly \$537 billion (13.1%). Combined, these two assets constitute approximately 69% of the total market value. Data from [CoinGecko](#), accessed September 19, 2025

Comparing approaches

There are several ways investors commonly approach crypto allocation, each with limitations:

- Bitcoin-only: exposure to the most established asset, but highly concentrated and missing upside elsewhere.
- Ethereum-only: exposure to smart contracts, but again concentrated in a single ecosystem.
- Naïve baskets (e.g., 50/50 Bitcoin & Ethereum): simple but arbitrary, and not reflective of how the market actually evolves. Such static allocations often overweight or underweight important areas at the wrong time.
- Thematic baskets (e.g., Decentralized Finance/DeFi only): provide focus on specific narratives but are volatile and prone to boom-and-bust cycles.
- Poorly constructed indices: not all indices are created equal — methodology matters, and indices lacking transparent, rules-based design can fail to capture true market dynamics.
- Nasdaq Crypto Index™ (NCI™): a rules-based benchmark that systematically adapts to the market, balancing today's leaders with tomorrow's potential.

A well-constructed index provides broad exposure across multiple investment theses — from digital gold to programmable blockchains, decentralized finance, and the infrastructure that supports them — ensuring investors are not confined

to a single narrative. At the same time, it captures the upside potential of smaller, early-stage projects that can deliver outsized returns, offering systematic access to this optionality rather than relying on chance allocations or speculative timing.

And that doesn't only apply for crypto and the current day and age; the importance of index investing has been witnessed in situations like this before. In the early 2000s, BlackBerry looked like the undisputed winner in mobile technology, delivering returns far outpacing Apple for several years.¹² Yet over time, Apple became the enduring leader while BlackBerry faded into obscurity. Investors who held the Nasdaq 100 didn't need to make that call — the index captured the upside of Apple's rise while avoiding the full cost of BlackBerry's decline.¹³ The same principle applies in crypto: diversified exposure secures participation in the ecosystem's long-term growth without the risk of betting on the wrong "winner."

In our view, the comparison is clear: a dynamic, rules-based index captures both breadth and balance, which may avoid the pitfalls or arbitrary or concentrated allocations¹⁴.

¹² Past performance does not guarantee future returns. In the period from early 2000 to late 2004, BlackBerry's stock growth of 257% was more than ten times the 25% growth of Apple's stock. Data from Google Finance from December 31, 1999 to December 31, 2004.

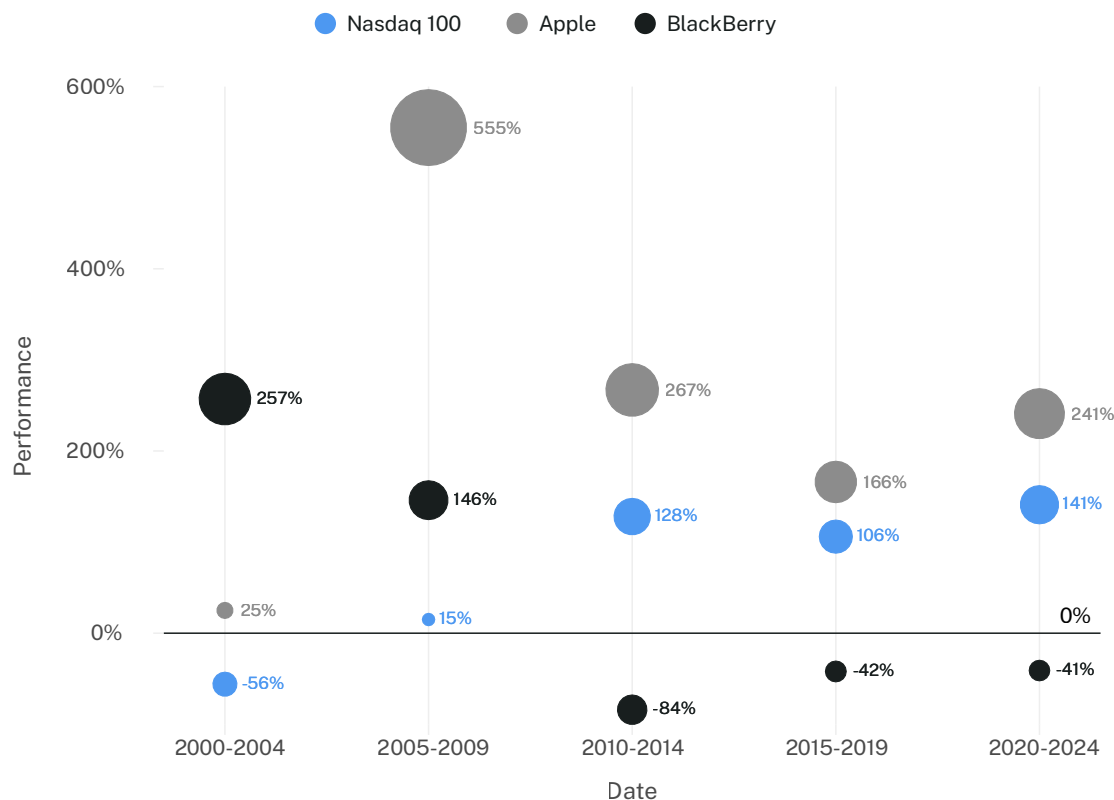
¹³ Past performance does not guarantee future returns. In the period from early 2010 to late 2014, the Nasdaq 100 surged 128% despite the BlackBerry stock dropping 84%. Data from Google Finance from December 31, 2009 to December 31, 2014.

¹⁴ Diversification may not eliminate the risk of experiencing investment loss.

Figure 2: The Performance Shift¹⁵

This visual shows the change in performance from what people thought would be the winner (BlackBerry) and the consistency of the index narrative throughout the time windows.

Performance in multiple time frames



¹⁵ Past performance does not guarantee future returns. Returns shown are the total for the entire period, not annualized. The size of each circle corresponds to the magnitude of the return, whether it was positive or negative. Elaborated by Hashdex Asset Management with data from Google Finance (from December 31, 2009 to December 31, 2024).

Historical parallels

The late 1990s provide a useful analogy. Investors could see that the internet was transformative, but few could imagine how it would actually reshape business. AOL and Yahoo once dominated the internet, while Amazon was dismissed as just an online bookstore. Yet it was precisely companies like Amazon and

Google — then small or unknown — that went on to define the next era. Situations like this help understand how a broad, index-based exposure may be a more supportive way to capture transformational shifts than trying to pick individual winners.

Diversification through indices (like the Nasdaq 100, in that case) gave

investors exposure to the sector's growth without requiring them to make those improbable calls. Leadership shifts are not anomalies but the natural rhythm of markets — and crypto is no different.

Dispersion of returns and allocation logic

Crypto's dispersion has been even more pronounced. Leadership has shifted repeatedly: Litecoin, once a top-three asset, has faded, while Ethereum and Solana rose from relative obscurity to become central players.¹⁶ These shifts underscore the challenge of concentration: investors who placed all their bets on yesterday's leaders risked missing the wave of new winners.

In this context, arbitrary allocations are hard to justify. For an investor to merit a small allocation to a single niche asset, its return potential would need to be extraordinary — a level of conviction that is almost impossible to establish in advance. A diversified index like the NCI™ solves this by systematically capturing the upside of emerging projects, while maintaining balance across the market as it evolves.

In sum, diversification in crypto works just as it has in equities for decades — by broadening exposure, capturing upside, and providing improved risk-adjusted return potential to non-crypto portfolios. But in a market as young and fast-evolving as crypto, the need for a thoughtful, rules-based approach is even greater. The lesson is clear: investors don't need to gamble on arbitrary allocations or yesterday's leaders. A diversified index like the NCI™ provides a disciplined compass for navigating this uncertainty.

¹⁶ Adapted from [AlienArt.io](#) from the following years: [2014](#), [2020](#), [2025](#). Third-party data or research is provided for informational purposes only and has not been independently verified. Hashdex does not guarantee its accuracy or completeness, and it should not be relied upon as the sole basis for investment decisions.



The Case for the Nasdaq Crypto Index™

If diversification is the compass for navigating crypto, we believe the Nasdaq Crypto Index™ (NCI™) may be the map. It was designed with a simple but powerful purpose: to give investors a disciplined, transparent, and adaptive way to access the breadth of the digital asset market without having to predict which individual tokens will succeed.

Beyond BTC exposure

Bitcoin remains central to any crypto allocation and it continues to serve as the anchor of the market. But this market is about much more than BTC: crypto has never been a

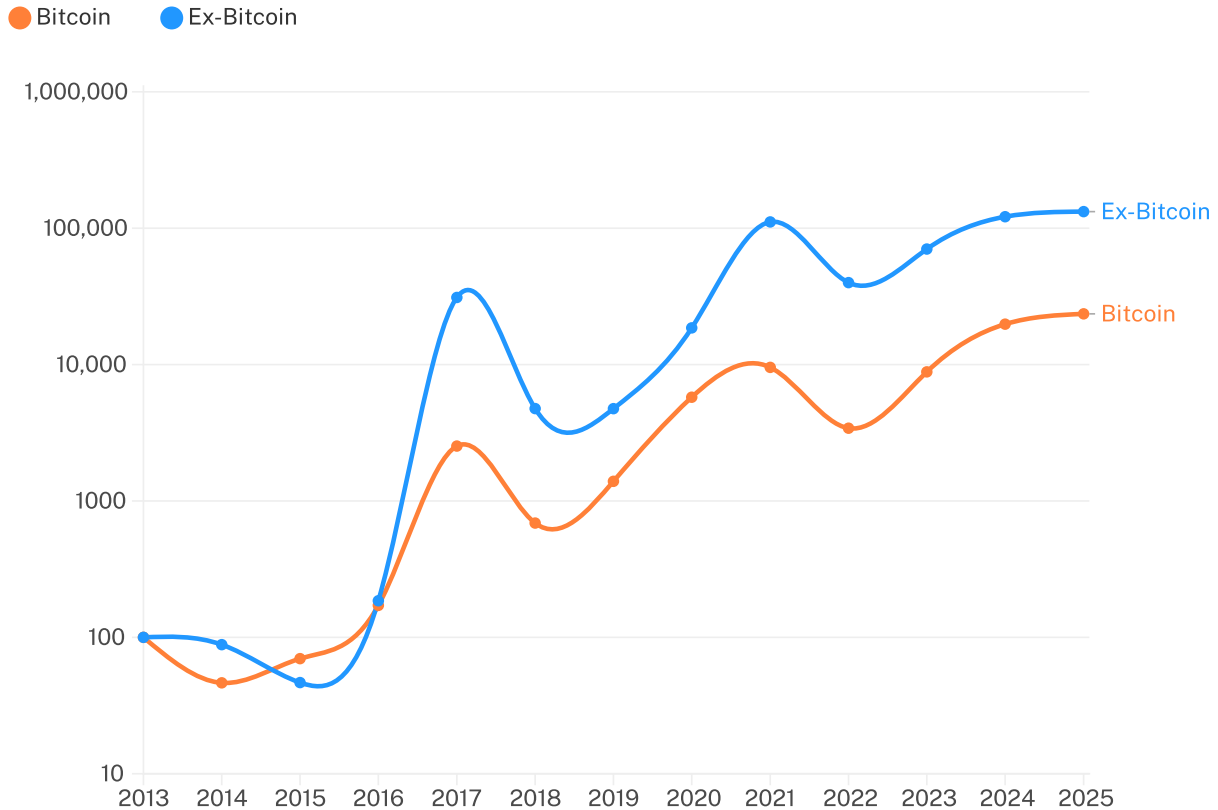
single-asset story. Over the past decade, entirely new categories have emerged: smart contract platforms like Ethereum, decentralized finance protocols that reimagine trading and lending, and scaling solutions that increase efficiency and throughput.

The NCI™ captures all of these. It includes Bitcoin while also systematically allocating to the most relevant assets in other areas of innovation. This ensures investors are not limited to Bitcoin's narrative alone but are positioned to benefit from the structural growth of the broader ecosystem.

Figure 3: Crypto Market Value Creation¹⁷

This chart tracks the change in market capitalization for Bitcoin against the rest of the crypto market, underscoring the value creation occurring in cryptocurrencies other than Bitcoin.

Change in Market Capitalization (base 100)



Dynamic evolution

One of the greatest risks of investing in emerging technologies is obsolescence. Market leadership shifts quickly, and yesterday's front-runners can fade as new innovations rise. The NCI™ seeks to address this risk through its quarterly rebalancing process. Assets are added or removed based on clear, rules-based criteria such as liquidity, custody, and institutional quality.

This design ensures that the index

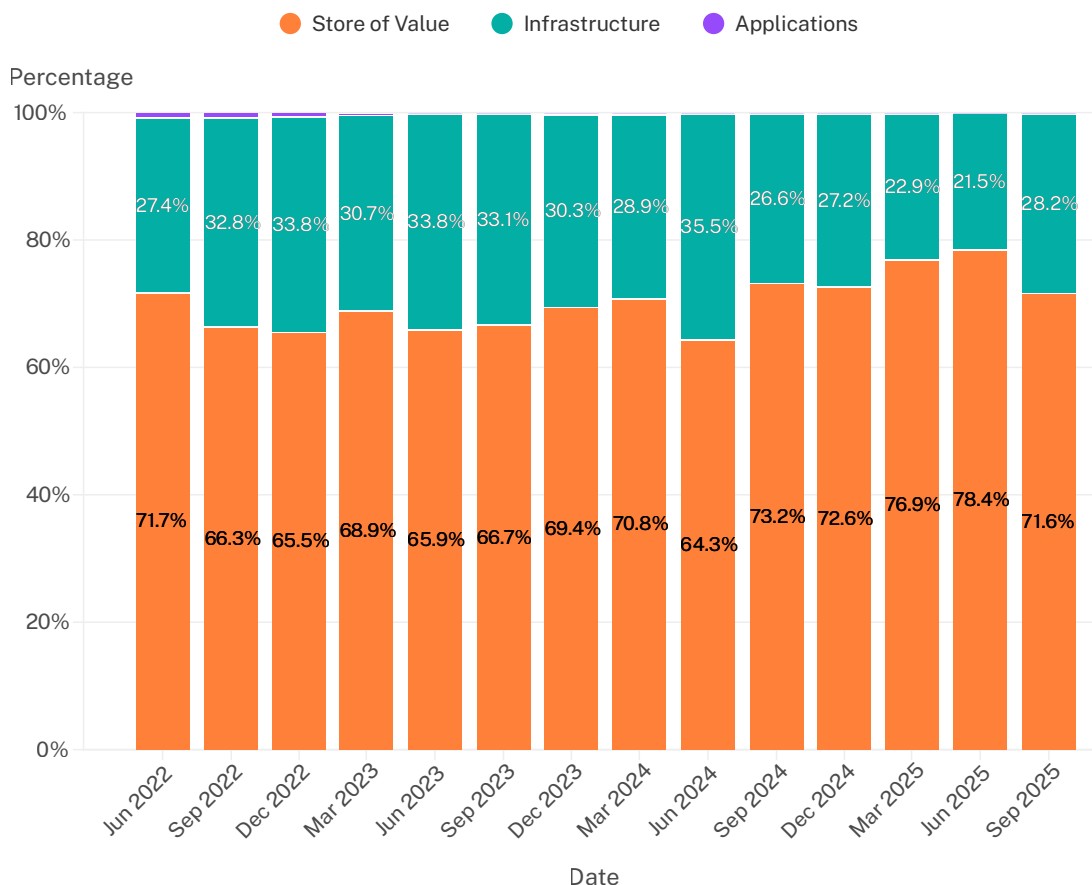
is dynamic rather than static. Unlike single-asset exposures or theme-based baskets, the NCI™ evolves with the market, adapting to capture its most relevant segments while filtering out assets that no longer meet institutional standards. Investors don't have to guess which project will dominate — the methodology does the work.

¹⁷ Past performance does not guarantee future returns. The "Ex-Bitcoin" market capitalization was calculated by subtracting Bitcoin's market value from the total crypto market. Elaborated by Hashdex Asset Management with data from CoinGecko (from December 31, 2013 to September 2, 2025).

Figure 4: Index Crypto Exposure¹⁸

This chart tracks the index exposure to different crypto theses, highlighting the dynamic nature of the index throughout the time.

Composition of the NCI



Resilience and upside

This dynamic structure gives the NCI™ a dual advantage: resilience and upside. By spreading exposure across multiple categories, the index seeks to reduce the risk of betting on the wrong asset. At the same time, it systematically aims to capture the upside of new winners.

Think of past cycles: Litecoin was once among the most valuable tokens but has since faded;

Ethereum, now a foundational technology, was not even on the radar a decade ago. Even more so with Solana, one of its main competitors¹⁹, which wasn't in the radar 5 years ago. The bottom-line is: investors who concentrated may have missed these shifts. By contrast, the NCI™ aims to ensure continuous participation in crypto's evolving leadership, balancing resilience with growth potential.

¹⁸ Bitcoin is the only constituent of the store of value thesis. Infrastructure encompasses smart contract platforms such as Ethereum and Solana, and enabling solutions such as Chainlink. Applications are built on top of the smart contract platforms and included from gaming (Axie Infinity in early 2022) to decentralized finance (Uniswap). Elaborated by Hashdex Asset Management with data from CF Benchmarks (from June 30, 2022 to September 2, 2025).

¹⁹ In the competitive landscape of programmable smart contract platforms, market values are dynamic. BNB holds the second position in market capitalization with a value of roughly \$136 billion, with Solana following at approximately \$128 billion. Important to note that XRP is not considered a direct Ethereum competitor. Data from [CoinGecko](https://www.coingecko.com/en), accessed September 19, 2025.

Investor scenarios

The benefits of the NCI™ apply across investor profiles:

- Retail investors often face the temptation to chase “the next big token” — usually after hype has already inflated prices. By investing in products that follow the NCI™, they avoid this pitfall. The index provides disciplined exposure to the market’s broad growth rather than relying on timing or speculation.
- Institutional investors need scalable, regulated, and transparent vehicles. For them, index investing offers a single benchmark that captures the innovation of the asset class without requiring dozens of individual positions or ongoing reallocation decisions. It is a solution aligned with institutional portfolio construction standards.

Generational shifts & long-term winners

History shows that concentrated bets in transformative industries rarely work. The late 1990s are a good example: at the time, few believed consumers would trust entering credit card details on a website, let alone that online shopping would give rise to trillion-dollar companies. Hardware firms like Sun Microsystems and Dell were considered safe bets, while Amazon and Google were seen as speculative outsiders. Yet

it was those “unproven” names that ultimately reshaped the global economy. Microsoft stands out as a rare survivor from that era’s leaders, but most of its peers either disappeared or lagged far behind the Nasdaq 100 index.

The same pattern extends across markets. In 1990, Exxon, IBM, and General Electric dominated the S&P 500, and few could imagine that technology firms — then viewed as cyclical or niche — would become its largest constituents by 2025²⁰. Go further back, and the picture is similar: in the 1960s, it seemed unlikely that people would spend their days in front of computers, or that all of computing power would one day fit in the palm of a hand. Yet constant rotation has been the rule: the average lifespan of a company in the Fortune 500 has dropped from more than 60 years in the 1960s to under 20 years today.

The lesson is consistent: what seems obvious in hindsight was far from certain at the time. Concentrated bets often miss the structural shifts that only become clear later, while diversified exposure by tracking indices allows investors to stay positioned for the next generation of leaders. Market leadership will continue to evolve, and a reliable way to capture that evolution is through an investment product that follows a diversified, adaptive benchmark like the NCI™.

²⁰ Nasdaq, *Index Research October 2024*. Third-party data or research is provided for informational purposes only and has not been independently verified. Hashdex does not guarantee its accuracy or completeness, and it should not be relied upon as the sole basis for investment decisions.

A Portfolio Approach to the Next Asset Class

The case for diversification in crypto has never been clearer. The Nasdaq Crypto Index™ (NCI™) seeks to provide investors with a disciplined, rules-based framework that balances Bitcoin's enduring dominance with exposure to the next generation of digital asset leaders. Just as concentrated bets on individual internet companies in the late 1990s carried outsized risk, focusing on a single cryptocurrency today exposes investors to unnecessary uncertainty — while potentially missing the broader growth unfolding across the ecosystem.

The NCI™ is designed to capture this balance. By systematically allocating across multiple categories — from store-of-value assets like Bitcoin to smart contract platforms, decentralized finance protocols, and infrastructure projects — the index strives to allow participation in innovation while mitigating the risk of overconcentration. Its quarterly rebalancing and rules-based methodology adapt to market dynamics, giving investors confidence that they are consistently exposed to the market's most relevant segments, when investing in a product that tracks the index.

This approach is suitable for a wide range of investor profiles. For the cautious investor, the NCI™ provides measured exposure to the crypto market without requiring complex decisions or the guesswork of picking tomorrow's winners. For growth-oriented investors interested in crypto exposure within their portfolios, it offers access to early-stage projects with the potential for attractive risk-adjusted returns — all within a diversified, structured framework. In both cases, the index transforms the challenge of navigating a young and volatile asset class into a disciplined, repeatable investment process.

The broader lesson is familiar: history rewards those who participate in transformative industries with diversified exposure, rather than those who bet narrowly on perceived winners. Just as the Nasdaq 100 reflected the rise of internet giants, the Nasdaq Crypto Index™ offers a lens into the next generation of digital leaders. It is not merely a measure of today's market, but a tool for capturing the structural growth and innovation that will define the next decade of crypto.

For investors seeking a clear, actionable path into digital assets, the NCI™ represents a simple and efficient way to implement a diversified strategy. By investing through an NCI-based product, market participants may gain disciplined access to the full breadth of crypto's growth story — without needing to predict which individual assets will emerge as tomorrow's leaders.

Diversification is not just prudent; in crypto, it is a strategic portfolio decision. The NCI™ is a disciplined tool that allows investors to gain structured exposure to the digital asset market, capturing potential growth across multiple sectors without relying on guesses about which individual tokens will succeed. It provides diversified, rules-based exposure to an emerging asset class, helping investors participate in structural innovation while managing risk and preserving balance across the broader portfolio.

Disclaimers

This information (“Information”) must be preceded or accompanied by a current prospectus. Investors should read it carefully before investing.

An investment in any investment vehicle and crypto assets is highly speculative and is not intended as a complete investment program. It is designed only for persons who can bear the economic risk of the loss of their entire investment and who have limited need for liquidity in their investment. There can be no assurance that the investment vehicles will achieve its investment objective or return any capital. No guarantee or representation is made that Hashdex's investment strategy, including, without limitation, its business and investment objectives, diversification strategies or risk monitoring goals, will be successful, and investment results may vary substantially over time. Nothing herein is intended to imply that Hashdex's investment methodology or that investing in any of the protocols or tokens mentioned in this Information may be considered “conservative,” “safe,” “risk free,” or “risk averse.”

The Hashdex Nasdaq Crypto Index US ETF (“Fund”), which is an ETP, is not a mutual fund or any other type of investment company within the meaning of the Investment Company Act of 1940, as amended, and is not subject to regulation thereunder. The Fund currently holds bitcoin and ether only.

Because the Fund's investment objective is to track the price of the Nasdaq Crypto US Settlement Price™ Index (NCIUSS) (“Index”) less expenses and liabilities of the Trust, changes in the price of its shares may vary from changes in the spot price of bitcoin and ether. Effective June 2, 2025, new digital assets have been added to the Index. However, as of **September 22, 2025**, these assets are not currently held by NCIQ, as they are not permitted under the Trust's existing listing rule. For more information, visit the [official index page](#).

An investment in the Fund involves significant risks and investors could incur a partial or total loss of their investment in the Fund.

The issuer has filed a registration statement (including a prospectus www.hashdex-etfs.com/NCIQ/prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer will arrange to send you the prospectus if you request it by calling (917) 525-5635. Before making an investment decision, you should carefully consider the risk factors and other information included in the prospectus.

Fund Risks

Diversification does not eliminate the risk of experiencing investment loss.

The Index is new and has a limited performance history. Errors in Index data, Index computation or the construction of the Index in accordance with its methodology may occur from time to time and may not be identified and corrected by Nasdaq for a period of time or at all.

Crypto platforms may be largely unregulated or may be largely or entirely non-compliant with applicable regulation and may therefore be more exposed to fraud and failure. Crypto asset markets in the U.S. exist in a state of regulatory uncertainty, and adverse legislative or regulatory developments could significantly harm the Fund.

The market for crypto-based ETPs like the Fund may reach a point where there is little or no additional investor demand. If this happens, there can be no assurance that the Fund will grow to or maintain a viable size. Due to the Fund's small asset base, certain of the Fund's expenses and its portfolio transaction costs may be higher than those of a Fund with a larger asset base. To the extent that the Fund does not grow to or maintain a viable size, it may be liquidated, and the expenses, timing and tax consequences of such liquidation may not be favorable to some shareholders.

Crypto assets generally are volatile, and instruments whose underlying investments include crypto assets are not suitable for all investors. Crypto assets represent a new and rapidly evolving industry. The value of the Fund depends on the acceptance of the crypto assets, the capabilities and development of blockchain technologies and the fundamental investment characteristics of the crypto asset. Crypto asset networks are developed by a diverse set of contributors and the perception that certain high-profile contributors will no longer contribute to the network could have an adverse effect on the market price of the related crypto asset. Crypto assets may have concentrated ownership and large sales or distributions by holders of such crypto assets could have an adverse effect on the market price of such assets.

The market for crypto assets is still developing and may be subject to periods of illiquidity. During such times it may be difficult or impossible to buy or sell a position at the desired price. Possible illiquid markets may exacerbate losses or increase the variability between the Fund's net asset value and its market price. The lack of active trading markets for the Fund's shares may result in losses on investors' investments.

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