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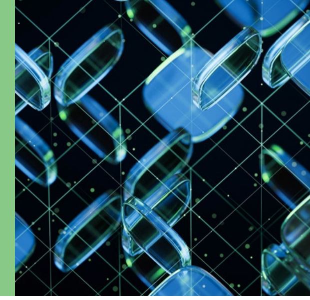

Evaluating Crypto ETPs: Fees, Custody and Benchmarks

Understanding key considerations when comparing crypto exchange-traded products.

What Should Investors Consider When Evaluating Crypto ETPs?

As crypto exchange-traded products (ETPs) continue to evolve, products offering similar exposure can differ in meaningful ways. While fees, liquidity and tracking remain important considerations, crypto ETPs also introduce additional factors such as custody arrangements, sponsor experience and benchmark design.

Understanding how these elements work together can help provide a more complete picture when comparing products across an increasingly diverse marketplace.

Comparing Crypto ETPs

Like any investment product, crypto ETPs can be evaluated across several key factors:

FEES:
Expense ratios can vary meaningfully across products. Fee waivers have become increasingly common, making it important to distinguish between gross and net expense ratios - especially because longer term costs could increase once waivers expire. In practice, similarly priced execution may be achievable across products despite differences in visible trading activity. Engaging with a trust sponsor or liquidity provider ahead of a trade may help manage execution costs.

LIQUIDITY:
Trading volume, bid/ask spreads and overall product liquidity can influence trading costs. However, because many digital assets are highly liquid, visible trading activity may not always provide a complete picture of execution quality.

TRACKING:
Given their single-asset, passive structure, spot crypto ETPs tend to exhibit limited sources of tracking error. Expense ratios are typically the primary driver, with lower fee products generally expected to track more closely over time. In-kind creation and redemption mechanisms may also support tighter tracking by reducing frictional costs.

Additional Considerations for Crypto ETPs

Beyond traditional investment considerations, crypto ETPs introduce several features that may be less familiar to investors.

CUSTODY: Digital assets require specialized custody arrangements, a relatively new function within asset servicing. Custody practices, regulatory status and asset protection frameworks can differ across providers, making custody an important consideration when comparing crypto ETPs.

SPONSOR EXPERIENCE: Crypto ETP sponsors may come from either traditional financial institutions or crypto-native firms. Differences in operational frameworks, governance practices and regulatory oversight can influence how products are managed, including risk management, operations and investor protections.

BENCHMARK METHODOLOGY: Crypto ETPs rely on benchmarks to determine asset pricing. Exchange selection, pricing methodologies and review processes can influence how accurately a benchmark reflects broader market activity. A poorly designed benchmark may affect tracking outcomes and diverge from broader cryptocurrency pricing.

EXECUTION QUALITY: Trading costs may depend on more than volume alone. Market structure, liquidity providers and execution characteristics can all play a role in determining how efficiently shares are bought and sold.

Understanding What May Differentiate Crypto ETPs

Products that provide similar digital asset exposure may differ in important ways beneath the surface. While fees are often the most visible point of comparison, custody arrangements, sponsor experience, benchmark methodology and trading characteristics can also influence the overall investor experience.

Custody practices can vary across providers, including how digital assets are stored and safeguarded. Likewise, sponsors may operate under different governance, operational and regulatory frameworks, which can influence risk management and product oversight.

Benchmark construction may also differ. Exchange selection, pricing methodologies and review processes can affect how closely a benchmark reflects broader market activity and how effectively a product tracks its intended exposure over time.

Trading characteristics may also influence the total cost of ownership. In some cases, visible trading activity alone may not fully reflect the efficiency with which shares can be bought or sold.

Key Takeaway

In a developing asset class, the structure and design of a crypto ETP can be as important as the exposure it seeks to provide. Beyond headline fees, evaluating custody arrangements, sponsor experience, benchmark methodology and trading characteristics can help investors build a more complete understanding of potential costs and risks. As the market for crypto ETPs continues to evolve, a disciplined and holistic evaluation process remains essential.

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Spot Crypto ETPs are exchange-based products that track the price of an asset, i.e., bitcoin, by holding the actual asset as the underlying asset.

Blockchain is a shared, immutable ledger that facilitates the process of recording transactions and tracking assets in a business network.

Cryptocurrency (notably, bitcoin) operates as a decentralized, peer-to-peer financial exchange and value storage that is used like money. It is not backed by any government. Federal, state or foreign governments may restrict the use and exchange of cryptocurrency. Cryptocurrency may experience very high volatility.

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The value of each Trust relates directly to the value of the underlying digital asset such Trust holds, the value of which are highly volatile and subject to fluctuations due to a number of factors.

Each Trust relies on third party service providers to perform certain functions essential to the affairs of such Trust. Some of these service providers may not be subject to federal regulation and oversight and the replacement of such service providers could pose a challenge to the safekeeping of the digital asset and to the operations of each Trust.

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Many digital assets, including bitcoin, SOL and ether, have experienced significant volatility in trading prices in recent periods and may continue to experience volatility in the future. Such volatility in digital asset prices could have a material adverse effect on the value of such Trust and its shares could lose all or substantially all of their value.

Digital assets represent a new and rapidly evolving industry. The value of each Trust depends, among other things, on the acceptance of the digital assets in general and bitcoin, ether or SOL in particular, the capabilities and development of blockchain technologies and the fundamental investment characteristics of bitcoin, ether or SOL, as applicable.

Digital asset networks are developed and maintained by a diverse set of contributors and the perception that certain contributors will no longer contribute to a network or may decrease their contributions to, or involvement with such network could have an adverse effect on the market price of the related digital asset.

Digital assets may have concentrated ownership and large sales or distributions by holders of digital assets could have an adverse effect on the market price of such digital asset.

As discussed in the relevant prospectus, MSSE and MSOL each expect to stake certain of their assets in accordance with their respective staking and liquidity policy and, therefore, may receive staking rewards. Staking rewards can vary significantly over time. Staking activity comes with a risk of loss including, depending on the mechanics of a relevant blockchain, "slashing" penalties, which may be assessed if third party validators contracted to engage in staking activities on behalf of a Trust engage in misbehavior or perform poorly. There is no guarantee a Trust will recover any of its staked assets, or the value thereof, if they become subject to slashing penalties. In addition, activation and exit buffer periods may limit when assets become eligible to accrue staking rewards, when they may be unstaked, withdrawn and ultimately sold by the Trust in connection with redemption and creation orders and to pay for expenses. The length of these periods are monitored and considered as part of each Trust's staking and liquidity policy, pursuant to which MSSE and MSOL expect to stake less than all of their respective digital assets which reduces the potential amount of staking rewards receivable by each Trust and by extension the value of their respective shares.

Staking introduces the risk of loss staked digital assets, which could adversely affect the value of a Trust's shares if any such losses occur. Staking often includes activation, exit, and withdrawal periods, during which staked digital assets cannot be sold or transferred and are therefore illiquid. The Ethereum and Solana protocols limit validator activations and exits per epoch, so only a controlled amount of staked ether or SOL can turnover each epoch (in the case of the Ethereum protocol, the activation period may extend for days, weeks, or months depending on the demand queue). While queued for activation, while unbonding and during withdrawal periods, staked digital assets are generally not eligible to accrue staking rewards. At each step in the staking process, staked digital assets may be exposed to risks such as security breaches, smart contract vulnerabilities, and validator or custodian failure or compromise, any of which could result in a complete loss of the staked digital asset in question or associated staking rewards. There is no guarantee that a Trust will receive any staking rewards.

Neither MSBT, MSSE nor MSOL provide investors with direct exposure to spot bitcoin, ether or SOL, respectively, and investments in the Trusts are not a direct investment in bitcoin, ether or SOL. As non-diversified and single industry funds, the value of each Trust's shares may fluctuate more than shares invested in a broader range of industries. Because the value of each Trust is correlated with the value of bitcoin, ether and SOL, respectively, it is important to understand the investment attributes of, and the market for, the underlying digital assets. Please consult with your financial professional.

A substantial direct investment in a digital asset may require expensive and sometimes complicated arrangements in connection with the acquisition, security and safekeeping of the digital asset and may involve the payment of substantial fees to third party service providers through cash payments of U.S. dollars.

Regulation of digital assets, including bitcoin, ether and SOL, continues to evolve across different jurisdictions worldwide, which may cause uncertainty and insecurity as to the legal and tax status of a given digital asset. As bitcoin, ether, SOL and other digital assets have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies have been examining the operations of digital asset networks, digital asset users and the digital asset spot market. Many of these state and federal agencies have brought enforcement actions and issued advisories and rules relating to digital asset markets. Ongoing and future regulatory actions with respect to digital assets generally or any single digital asset in particular may alter, perhaps to a materially adverse extent, the nature of an investment in a Trust.

The Delegated Sponsor does not store, hold, or maintain custody or control of any Trust's digital assets, but instead has entered into Custodial Services Agreements with third parties to facilitate the security of its bitcoin, ether or SOL, respectively. The custodians control and secure the Trusts' bitcoin, ether or SOL, in segregated custody accounts to store private keys, which allows for the transfer of ownership or control of the Trusts' bitcoin, ether or SOL, on the respective Trust's behalf. If a custodian resigns or is removed by the Delegated Sponsor or otherwise, without replacement, it could trigger early termination of a Trust.

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