

LIQUIDITY RISK MANAGEMENT PROGRAM
OF THE
BITWISE AVALANCHE ETF (THE “TRUST”)

This Liquidity Risk Management Program (the “*Program*”) is adopted by Bitwise Investment Advisers, LLC (the “*Sponsor*”) in order to comply with the liquidity risk policies and procedures requirements imposed by the applicable listing rules of NYSE Arca, Inc., relating to the listing and trading of “Commodity-Based Trust Shares,” as such term is defined within those listing rules (the “*Generic Listing Standards*”).

I. Background

The Generic Listing Standards generally provide that if a trust has, on a daily basis, less than 85% of its assets readily available to meet redemption requests, the trust must have written liquidity risk policies and procedures reasonably designed to address the risk that it could not meet requests to redeem shares issued by the trust without significant dilution of remaining shareholders’ interest in the trust. Such policies and procedures must be periodically reviewed (with such review occurring no less frequently than annually) by the trust and must address the following, as applicable:

- The trust’s investment strategy and liquidity of the trust’s assets during normal and stressed conditions, including holdings in derivatives and whether the investment strategy is appropriate for effective and efficient arbitrage;
- Holdings of cash and cash equivalents, as well as borrowing arrangements and other funding sources; and
- Percentage and description of the trust’s assets that are segregated, pledged, hypothecated, encumbered, or otherwise restricted or prevented from being liquidated, sold, transferred, or assigned.

For purposes of this requirement, an asset is deemed not readily available to meet redemption requests if it is segregated, pledged, hypothecated, encumbered, or otherwise restricted or prevented from being liquidated, sold, transferred, or assigned within one business day.

In connection with this requirement, the Sponsor has considered the Trust’s primary and secondary investment objectives, set forth below:

- The Trust’s primary investment objective is to seek to provide exposure to the value of Avalanche held by the Trust, less the expenses of the Trust’s operations and other liabilities.
- The Trust’s secondary investment objective is to derive additional Avalanche through staking.

Furthermore, the Sponsor has considered that significantly all of the Trust’s assets will consist of Avalanche and cash. Avalanche that is not staked can be transferred on-chain and delivered to a redeeming authorized participant (an “AP”) or Avalanche Trading Counterparty (as such term is defined in the Trust’s registration statement (the “*Registration Statement*”) within minutes, subject only to blockchain confirmation times. In connection therewith, the Sponsor determined that unstaked Avalanche and cash are highly liquid and freely transferable during both normal and stressed conditions. The Sponsor has considered that the Trust is not expected to utilize derivatives.

The Sponsor has considered the ramifications of the Trust’s secondary investment objective, the pursuit of additional Avalanche through staking, in the context of how staking occurs on the Avalanche Network. Avalanche staked on the Avalanche Network is staked for a defined staking period (between two weeks and one year, depending on the staking period selected. Staked Avalanche ceases earning rewards once the staking period concludes, and it cannot be unstaked early prior to the conclusion of the chosen staking period. The Sponsor therefore concluded that Trust assets that have been staked on the Avalanche Network are not “readily available to meet redemption requests,” as such term is used in the Generic Listing Standards.

The Sponsor then considered that, under normal circumstances, the Sponsor anticipates that it will engage in staking with respect to all of the Trust’s Avalanche, except for Avalanche held in the “Liquidity Reserve,” which is the portion of the Trust’s Avalanche holdings that are unstaked and are thus freely transferable and available to meet Redemption Orders. In addition to the Avalanche held in the Liquidity Reserve, the Trust may, on a short-term and temporary basis and in connection with one or more of the following events, hold Avalanche that is not staked, provided that the Trust shall make such Avalanche available for staking as soon as and to the extent reasonably possible: (i) Avalanche to be sold to pay Trust expenses; (ii) Avalanche received in connection with In-Kind Creations or to be distributed in connection with In-Kind Redemptions; (iii) Avalanche acquired with cash in connection with Cash Creations or sold in connection with Cash Redemptions; or (iv) Avalanche received or available for receipt as staking rewards. In addition to Avalanche held in the Liquidity Reserve, the Trust also may, in connection with one or more of the following events, hold additional unstaked Avalanche, provided that the Trust shall make such Avalanche available for staking as soon as and to the

extent reasonably possible: (i) the purchase or sale of Avalanche pursuant to a Contingent Liquidity Arrangement; (ii) the sale of Avalanche in connection with the Trust's liquidation; (iii) the need to take protective measures against potential system vulnerabilities in the Avalanche Network's protocol, staking smart contracts or validator client software; (iv) the cessation of the Avalanche Custody Agreement, but only with respect to the Avalanche affected by the cessation; (v) the cessation of the arrangement between the Avalanche Custodian and a Staking Agent, but only with respect to the staked Avalanche affected by the cessation; and (vi) a change in applicable law or regulation.

Accordingly, to comply with the Generic Listing Standards, the Sponsor has concluded that the Trust must have written liquidity risk policies and procedures reasonably designed to address the risk that it could not meet requests to redeem shares issued by the Trust without significant dilution of remaining shareholders' interest in the Trust. In connection with this conclusion, the Trust has adopted and implemented the Program.

II. Policy

The Program is designed to ensure that the Trust is able, under reasonably foreseeable stressed market conditions, to meet redemption orders tendered by the APs in the normal course of business, notwithstanding the staking and associated unstaking mechanics of the Avalanche Network.

In connection therewith, the Program contains three elements.

1. Utilization of the Liquidity Reserve

The Trust will maintain a portion of the Trust's Avalanche in an unstaked state such that it is freely able to meet redemption orders tendered by APs ("Highly Liquid Avalanche"). The Liquidity Reserve is composed of approximately 30% of the Trust's Avalanche holdings (the "Liquidity Reserve Target"). On a monthly basis, the Sponsor will consider whether to maintain the Liquidity Reserve Target at 30% or whether to increase or decrease such amount. When determining whether to adjust the Liquidity Reserve Target, the Sponsor may consider any information it deems relevant, including, but not limited to, (i) the average, median and maximum daily value of Shares redeemed over the preceding month; (ii) the day-over-day performance of Avalanche over the preceding month; (iii) the thirty-day realized volatility of Avalanche; (iv) any changes to the mechanics of Avalanche Network staking, such as any lowering of the minimum staking duration or delegation period or the addition of continuous or auto-renewal staking; and (v) any information available to the Sponsor regarding the likelihood that Shareholders will redeem Shares. Following its review of these factors, the Sponsor may choose to adjust the percentage of Avalanche holdings that comprise the Liquidity Reserve.

The Trust will disclose on its website the percentage of the Trust's Avalanche that was staked as of the beginning of each trading day.

2. Laddered Staking

The Sponsor will seek to employ a laddered staking approach with regard to the defined staking period it selects when managing the Trust's staked Avalanche. By maintaining multiple staking positions with rolling expiration dates, the Sponsor seeks to ensure that a portion of the Trust's Avalanche holdings is periodically becoming unstaked and available to meet redemption requests, as needed. When determining staking durations, the Sponsor will consider the same information as when determining the Liquidity Reserve, and any other information it deems relevant in its sole discretion to protect and preserve the Trust's Avalanche and meet anticipated liquidity needs.

3. Contingent Liquidity Arrangement

In the event that on a given day the amount of Avalanche comprising the Liquidity Reserve is insufficient to meet Redemption Orders received by the Trust, the Trust may utilize a Contingent Liquidity Arrangement as set forth below.

- a. *Credit Facility.* The Trust may enter into a credit facility that allows the Trust to borrow cash or Avalanche to meet its current obligations.
- b. *Exchange of "Moderately Liquid Avalanche" for "Highly Liquid Avalanche".* The Sponsor, on behalf of the Trust, will seek to engage in a transaction with a third-party pursuant to which the Trust will exchange staked Avalanche (that will be freely transferable upon completion of the staking period) ("Moderately Liquid Avalanche") for Highly Liquid Avalanche. The Highly Liquid Avalanche that the Trust receives in this transaction will be used to satisfy the applicable redemption order(s). The amount of Avalanche sold by the Trust under such circumstances will be the minimum necessary to satisfy the applicable redemption orders.

4. Redemption Settlement Delay or Temporary Suspension of Right of Redemption

In the event that the Trust is not able to undertake a transaction as described in (3) above, the Trust may delay settlement of a redemption order (*i.e.*, long settle the redemption order) or temporarily suspend the right of redemption entirely. In the event that the Trust will delay settlement of a redemption order, it will provide notice to the AP regarding the necessity of such delay as soon as practicable. In the event that the Trust suspends the right of creation or

redemption, it shall notify Shareholders on the Trust's website, in a prospectus supplement and/or through a current report on Form 8-K.

III. Frequency of Program Review

Pursuant to the requirements of the Generic Listing Standards, the Sponsor, on behalf of the Trust, will consider the efficacy of the Program and propose any modifications thereto, if deemed necessary, on at least an annual basis.

Revision History:

Adopted April 10, 2026