

Convenient Exposure to Avalanche

VAVX VanEck Avalanche ETF

An investment in the VanEck Avalanche ETF ("VAVX," or the "Trust") is subject to significant risk and may not be suitable for all investors. The value of Avalanche ("AVAX") is highly volatile, and you can lose your entire principal investment. VAVX is not an investment company registered under the Investment Company Act of 1940 (the "1940 Act") and therefore is not subject to the same protections as mutual funds or ETFs registered under the 1940 Act.

Avalanche is a blockchain network that supports decentralized applications and smart contracts. Avalanche (AVAX) is its native cryptocurrency and "AVAX" is its trading symbol.

Staking AVAX through third parties involves liquidity, validator, and counterparty risks. Locked staking periods may delay redemptions, and validator errors can trigger penalties or losses. Providers' reliability and security add operational risk. Rewards face fees, taxes, and timing uncertainty, while regulatory or tax changes could affect staking legality or the Trust's status.

VAVX: [Prospectus](#)

Why should investors consider VAVX?

VAVX offers convenient exposure to Avalanche without the complexities of direct ownership. It's a cost-efficient solution to obtain Avalanche exposure, managed by VanEck, a well-established ETF and ETP issuer with extensive experience in crypto-related products. VAVX also benefits from expert management and qualified custody of Avalanche. This product allows investors to access Avalanche price exposure within a traditional investment vehicle.

Why consider exposure to Avalanche?

Avalanche is designed for high throughput and stable, low transaction costs, making it attractive for frequent traders, DeFi users, NFT collectors, developers, and applications involving microtransactions or gaming. As a digital asset, Avalanche (AVAX) offers:

- **Utility and Demand:** AVAX is used to pay network transaction fees, which are burned.
- **Smart Contract Platform:** Avalanche supports scalable smart contracts with low and predictable costs.
- **Potential Enhanced Yield through Staking:** The Trust may stake a portion of its AVAX to earn staking rewards, if any, which are variable, not guaranteed, and depend on network conditions, validator performance, protocol rules, fees, taxes, and expenses.

Staking rewards, if earned, may be minimal, zero or negative, may not offset the Trust's expenses or losses, and should not be viewed as income, yield, or an indication of positive return. Staking yields are not guaranteed and may change frequently. After applicable fees and expenses, staking-related activity may not result in a positive return.

What is the investment strategy for VAVX?

The Trust's investment objective is to reflect the performance of the price of AVAX, and rewards from staking a portion of the Trust's AVAX, to the extent the Sponsor in its sole discretion determines that the Trust may do so without undue legal or regulatory risk, such as, without limitation, by jeopardizing the Trust's ability to qualify as a grantor trust for U.S. federal income tax purposes, less the expenses of the Trust's operations.

How does VAVX compare to direct Avalanche ownership?

Direct Avalanche ownership requires interacting with a crypto exchange, managing storage, and ensuring security, all of which can be complex. VAVX can be bought and sold on traditional stock exchanges, making it accessible through brokerage accounts, simplifying the process for investors.

What are the differences between VAVX and other Avalanche investment options?

Investment Option	Pros	Cons
Direct Avalanche Investing	Full ownership, high control	Requires significant knowledge, complex storage, and security management
Avalanche ETFs/ETPs (e.g., VAVX)	Easy trading, managed by experienced issuers	Sponsor fees, dependant on ETF structure performance
Crypto Hedge Funds	Professional management, potential for higher returns	High initial investment, lock-up periods, complex fee structures

How does the Trust's creation/redemption process work?

The trust can create or redeem shares either in-kind with AVAX or in cash. These transactions occur in multiples of a creation unit (25,000 shares per unit) through an Authorized Participant in the primary market where each unit represents a pro-rata slice of the trust. In an in-kind creation, AVAX is delivered to the trust and the corresponding number of ETP shares is issued based on the creation unit; In an in-kind redemption, ETP shares are returned and the corresponding amount of AVAX is delivered out from the trust.

For cash creations, the Authorized Participant delivers cash to the trust and the corresponding AVAX is purchased; For cash redemptions the corresponding AVAX is sold and cash is delivered out to the redeeming Authorized Participant. In both instances, all trading costs are borne by the Authorized Participant.

What are the tax implications compared to direct Avalanche investment?

The VanEck Avalanche ETF is a grantor trust for U.S. federal income tax purposes. As a result, the Trust itself is not subject to U.S. federal income tax. Instead, the Trust's income and expenses "flow through" to the Shareholders. Shareholders generally will be treated, for U.S. federal income tax purposes, as if they directly owned a pro rata share of the underlying assets held in the Trust. Shareholders also will be treated as if they directly received their respective pro rata shares of the Trust's income and proceeds, and directly incurred their pro rata share of the Trust's expenses. Most state and local tax authorities follow U.S. Income tax rules in this regard. However, Shareholders should contact their own tax advisors as to the tax consequences of ownership of VAVX shares.

What is staking?

Staking is the process of delegating AVAX in independent network operators called validators to help secure and operate the Avalanche network. In return, the protocol may issue staking rewards. Delegation does not transfer ownership of the Trust's AVAX to the validator: the Trust's AVAX remains in qualified, custodied accounts, while the staked portion is subject to protocol rules (e.g., activation/deactivation across the network). Staking rewards are variable and not guaranteed; the Sponsor may adjust, pause, or reallocate staking at any time for operational reasons.

Does VAVX participate in staking?

Yes. The Trust delegates a portion of its AVAX to help secure the Avalanche network and earn staking rewards. Staking levels may vary over time and the Sponsor may adjust staking to support Trust operations.

Who is the Trust's validator?

The Trust currently uses Coinbase as its validator for delegated stake. The Sponsor may add, remove, or reallocate among validators over time.

Are there distributions of staking rewards?

No. The trust does not make distributions of staking rewards. Any net staking rewards accrue to the Trust and are reflected in the NAV, subject to fees and expenses. Overtime, this can increase the amount of AVAX represented per share, net of the Sponsor's fee, validator commission, and other Trust expenses.

How do staking rewards show up in NAV?

Rewards are credited per protocol mechanics and, once realized by the Trust, increases the Trust's AVAX holdings. This accrual is captured in daily NAV calculations.

Are staking rewards guaranteed? What yield should I expect?

Staking rewards, if any, are variable and depend on network conditions, validator performance, and on-chain parameters. There is no guarantee the Trust will earn rewards during any period. Past performance is no guarantee of future results.

How long does unstaking (deactivation) take? Will that impact redemptions?

On Avalanche, staked AVAX is locked for a fixed staking period selected in advance (minimum two weeks, maximum one year) and generally cannot be unstaked early; accordingly, the Sponsor may reduce the amount staked and keep a portion of AVAX readily available to support creation/redemption activity.

What kind of fees does VAVX have?

VAVX charges an annual sponsor fee of 0.20%. During the period commencing on January 26, 2026 and ending on February 28, 2026, the Sponsor will waive the entire Sponsor Fee for the first \$500 million of the Trust's assets. If the Trust's assets exceed \$500 million prior to February 28, 2026, the Sponsor Fee charged on assets over \$500 million will be 0.20%. All investors will incur the same Sponsor Fee, which is the weighted average of those fee rates. After February 28, 2026, the Sponsor Fee will be 0.20%. *Brokerage fees and commissions may apply. Please check with your broker.*

How is the Avalanche for VAVX custodied?

The Trust's Avalanche is held by its crypto custodians (currently, Coinbase Custody Trust, LLC and Anchorage Digital Bank N.A.), which act as the Avalanche Custodian, responsible for securely storing all of the Trust's Avalanche related to its Avalanche Account and Clearing Account.

Who is Anchorage?

Anchorage Digital Bank, N.A. is a U.S.-chartered digital asset bank that provides institutional custody and related services.

- **Regulation:** Full-reserve exchange and custodian, regulated by NYDFS (New York Department of Financial Services), licensed in all 50 US states, and holds multiple licenses globally.

Who is Coinbase?

Coinbase is a prominent cryptocurrency exchange and custodian acclaimed for its extensive security protocols and regulatory adherence:

- **Regulation:** Operates as a licensed and regulated entity in the US and various jurisdictions worldwide. Engages in regular SOC 1 and SOC 2 Type II audits.
- **Security:** Employs comprehensive security features including cold storage for the majority of assets, multisignature technology, encrypted private keys stored within high-security environments, and \$320M in digital asset insurance coverage. Adheres to rigorous standards such as the SOC 1 Type II and SOC 2 Type II attestations.
- **Operational Standards:** Ensures that customer assets are held in segregated or omnibus accounts with strict adherence to accounting controls. Maintains robust compliance and operational protocols to ensure the protection and integrity of customer assets.

What are the risks involved in buying VAVX?

- **Avalanche Market Risks:** The value of Avalanche can be extremely volatile and unpredictable. Digital assets such as Avalanche were only introduced within the past decade, and their medium-to-long-term value is subject to various factors, including the development of blockchain technology and the evolving investment characteristics of digital assets, which are uncertain and difficult to evaluate.
- **Regulatory Risks:** The regulatory landscape for digital assets continues to evolve. While some Avalanche trading platforms may be subject to regulation in certain jurisdictions, they may not be in full compliance or may operate with limited oversight. This lack of transparency creates risks of fraud, manipulation, security failures, and operational disruptions, all of which may negatively impact the value of Avalanche and, consequently, the value of VAVX shares.
- **Operational Risks:** The Trust relies on third-party custodians for the safekeeping of its Avalanche holdings. There can be no assurance that current security measures or custody practices will function as intended or fully protect against loss, theft, or unauthorized access. Additionally, while custodians maintain certain insurance policies, such coverage may not be sufficient to cover all potential losses. While the Trust's custodian maintains insurance coverage, there can be no assurance that such coverage will be sufficient to cover all potential losses or that claims will be fully paid. Insurance coverage is subject to terms, conditions, and limitations, and does not cover losses resulting from market fluctuations or declines in the value of AVAX. The Trust is not a named beneficiary of any insurance policies maintained by its custodians, and such insurance may apply only to specific types of losses. Accordingly, the availability and sufficiency of insurance coverage are not guaranteed, and such coverage may not fully compensate the Trust for losses of AVAX held in custody.
- **Market Trading Risks:** VAVX shares may trade at a premium or discount to the Trust's net asset value (NAV), and liquidity in the secondary market is not guaranteed. If market participants experience disruptions or reduced interest in digital asset investment vehicles, it could negatively affect trading activity and price efficiency.

What are the risks involved in staking AVAX?

- **Protocol Risks:** Staking on Avalanche subjects assets to protocol-level penalties if a validator behaves maliciously or experiences downtime. Network changes, bugs, congestion, or forks may also disrupt reward accrual or lead to losses. There is no assurance that staking rewards will offset potential penalties or adverse events.
- **Validator & Counterparty Risks:** Delegating stake ties outcomes to validator performance, security, and commission policies. A validator's operational failures, fee increases, or poor governance can reduce rewards or trigger penalties. If a third-party staking service is used, additional counterparty, operational, and concentration risks apply.
- **Liquidity, Lockups & Reward Variability:** Staked AVAX is subject to activation and deactivation periods, which can delay sales, redemptions, or portfolio changes during volatile markets. Reward rates fluctuate with network conditions, issuance, transaction fees, and validator behavior and are not guaranteed; taxes, expenses, and commissions may further reduce realized returns.
- **Regulatory, Custody & Operational Risks:** Evolving regulation or guidance may restrict staking or change the treatment of rewards. Custody of staked assets can face operational constraints, withdrawal queues, or smart-contract/protocol failures. If a fund or trust stakes AVAX, downtime, or operational errors could directly reduce NAV and impair performance.
- **Staking Risks:** Staking involves risks, including limited liquidity while assets are locked during activation or withdrawal periods. Validators may fail or act improperly, resulting in penalties. Using third-party providers adds counterparty, operational, and cybersecurity risks. Staking rewards, if any, may be reduced by fees or taxes, and their timing and treatment may be uncertain. Legal or regulatory changes could affect the availability, treatment, or costs of staking activities.

How does the Trust audit its Avalanche?

On a daily basis, the sponsor and the accounting agent reconcile the Avalanche position at Anchorage and Coinbase. As part of the Trust's annual audit, auditors confirm the existence of Avalanche positions. Anchorage and Coinbase have a SOC 1 Report produced by an independent auditor outlining controls around the safekeeping of assets.

How is New Avalanche Created?

Avalanche has a capped maximum supply of 720 million AVAX. At launch in September 2020, 360 million AVAX were created, and additional AVAX may be minted over time as staking rewards to validators and delegators. Avalanche also includes an automatic fee-burn mechanism where AVAX used for transaction fees is permanently burned, which can offset issuance depending on network activity.

How Does Avalanche Compare to Bitcoin?

Bitcoin is commonly viewed as a purpose-built monetary network, while Avalanche is a smart contract platform designed to support decentralized applications and other on-chain use cases. Avalanche uses a proof-of-stake model and AVAX is used to pay network fees and participate in staking, whereas Bitcoin relies on proof-of-work mining and a fixed supply schedule.

How Does Avalanche Compare to Ethereum?

Avalanche and Ethereum both support smart contracts and decentralized applications. Avalanche's fee model includes base fees and priority fees, and Avalanche fees have historically been significantly lower on average than Ethereum. Avalanche is designed to support high throughput and is often used for use cases that benefit from low and predictable transaction costs.

What is Avalanche Used For?

Avalanche's low/stable fees and throughput make it attractive for use cases such as frequent trading, DeFi, NFTs, development, and applications involving microtransactions or gaming. More broadly, Avalanche can support consumer and enterprise applications that benefit from scalable smart contract infrastructure.

IMPORTANT DISCLOSURES

Source of all information: VanEck Research, January 2026.

Avalanche (AVAX): A smart contract platform designed for high throughput and low transaction costs; AVAX is used to pay network transaction fees and can be staked to support network security and earn rewards.

This material must be preceded or accompanied by a prospectus. An investment in the VanEck Avalanche ETF ("VAVX" or the "Trust") may not be suitable for all investors. Before investing, you should carefully consider the Trust's investment objectives, risks, charges, and expenses.

Investing involves significant risk, and you could lose money on an investment in the Trust. The value of AVAX is highly volatile, and the value of the Trust's shares could decline rapidly, including to zero. You could lose your entire principal investment. For a more complete discussion of the risk factors relative to the Trust, carefully read the prospectus.

The Trust's investment objective is to reflect the performance of the price of AVAX and rewards from staking a portion of the Trust's AVAX, less the expenses of the Trust's operations. The Trust is a passive investment vehicle that does not seek to pursue any investment strategy beyond reflecting the performance of the price of AVAX and any rewards from staking a portion of the Trust's AVAX.

The Trust is not an investment company registered under the Investment Company Act of 1940 ("1940 Act") or a commodity pool for the purposes of the Commodity Exchange Act ("CEA"). Shares of the Trust are not subject to the same regulatory requirements as mutual funds. As a result, shareholders of VAVX do not have the protections associated with ownership of shares in an investment company registered under the 1940 Act or the protections afforded by the CEA.

An investment in the Trust is subject to risks which include, but are not limited to, the historically and potentially future extreme volatility of AVAX, various potential factors that may adversely affect the liquidity of Trust shares, the limited history of the index from which the value of AVAX and hence the value of Trust shares will be determined, potential threats to the Trust's AVAX custodians, and the unregulated nature and lack of transparency surrounding the operations of AVAX trading platforms, all of which may ultimately adversely affect the value of shares of the Trust.

Staking Risks: As part of its strategy, the Trust intends to stake a portion of its AVAX via third-party staking service providers, which entails a number of risks. AVAX that is staked will undergo activation and de-activation (or withdrawal) periods during which it is locked up and inaccessible, meaning the Trust may not be able to quickly liquidate these assets to satisfy redemption requests—particularly in volatile or stressed market conditions. Validators to which AVAX is delegated may behave improperly or suffer performance failures (e.g., downtime or misconfiguration), resulting in a risk of loss of accrued AVAX rewards due to validator performance failures. There is counterparty and operational risk associated with the staking service providers (and the custodians facilitating staking), including reliance on their security, compliance, and ability to operate under adverse conditions. Additionally, staking rewards are subject to fees and possible withholding obligations, and the timing, amount, and recognition (for tax purposes) of staking rewards may be uncertain. Finally, regulatory or legal changes—such as U.S. federal income tax law or securities regulations—could affect whether staking activities or liquid staking tokens may be used, or whether they jeopardize the Trust's qualification (e.g. as a grantor trust) or impose unanticipated costs.

Please note that this is not an exhaustive list of risks pertaining to the Trust. Please read carefully the prospectus for a complete list of potential risks.

Because shares of the Trust are intended to reflect the price of the AVAX held in the Trust, the market price of the shares is subject to fluctuations similar to those affecting AVAX prices. Additionally, shares of the Trust are bought and sold at market price, not at net asset value ("NAV"). Brokerage commissions will reduce returns.

Trust shares trade like stocks, are subject to investment risk, and will fluctuate in market value. The value of Trust shares relates directly to the value of the AVAX held by the Trust (less its expenses), and fluctuations in the price of AVAX could materially and adversely affect an investment in the shares. The price received upon the sale of the shares, which trade at market price, may be more or less than the value of the AVAX represented by them. The Trust does not generate any income, and as the Trust regularly issues shares to pay for the Sponsor's ongoing expenses, the amount of AVAX represented by each Share will decline over time.

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