

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PROSPECTUS

Initial Public Offering

March 31, 2021

3iQ CoinShares Bitcoin ETF

3iQ CoinShares Bitcoin ETF (the “Bitcoin ETF”) invests in the digital currency bitcoin. Given the speculative nature of bitcoin and the volatility of the bitcoin markets, there is considerable risk that the Bitcoin ETF will not be able to meet its investment objectives. An investment in the Bitcoin ETF is not intended as a complete investment program and is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. An investment in the Bitcoin ETF is considered high risk.

This prospectus qualifies the distribution of units (“Units”) of the Bitcoin ETF, an alternative mutual fund trust within the meaning of National Instrument 81-102 – *Investment Funds* (“NI 81-102”) created under the laws of the Province of Ontario. The Bitcoin ETF has the ability to invest in asset classes and use investment strategies that are not permitted for conventional mutual funds. While these strategies will be used in accordance with the Bitcoin ETF’s investment objective and strategies, during certain market conditions, they may accelerate the pace at which your investment decreases in value. The Bitcoin ETF is subject to restrictions and practices contained in Canadian securities legislation applicable to alternative mutual funds, including NI 81-102, and is managed in accordance with these restrictions, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities. The Units are purchased and sold in Canadian dollars and U.S. dollars.

3iQ Corp. (the “Manager”) is the trustee and manager of the Bitcoin ETF and is responsible for providing certain general management and administrative services to the ETF. See “Organization and Management Details – The Trustee, Manager and Promoter”.

The Bitcoin ETF’s investment objectives are to seek to provide holders of Units (“Unitholders”) of the Bitcoin ETF with:

- (a) exposure to digital currency bitcoin (“**bitcoin**”) and the daily price movements of the U.S. dollar price of bitcoin; and
- (b) the opportunity for long-term capital appreciation. See “Investment Objectives”.

To achieve its investment objectives, the Bitcoin ETF will invest in long-term holdings of bitcoin. Bitcoin will be purchased from reputable bitcoin trading platforms (commonly referred to as bitcoin exchanges) and OTC counterparties, in order to provide investors with a convenient, safer alternative to a direct investment in bitcoin. See “Investment Strategies”.

The Bitcoin ETF will not speculate with regard to short-term changes in bitcoin prices. See “Investment Strategies”.

The Manager believes an investment in bitcoin will provide investors with a low-correlated asset class which will complement traditional investment strategies.

Purchase and Listing of Units

The Units of the Bitcoin ETF have been conditionally approved for listing on the Toronto Stock Exchange (the “TSX”). Subject to satisfying the TSX’s original listing requirements in respect of the Bitcoin ETF on or before March 25, 2022, the Units of the Bitcoin ETF will be listed on the TSX and offered on a continuous basis, and an investor

will be able to buy or sell Units of the Bitcoin ETF on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions in buying and selling the Units. See “Purchases of Units – Buying and Selling Units”.

CoinShares International Limited, a public limited liability company incorporated in Jersey, Channel Islands, intends to make an investment in Units of the Bitcoin ETF through a subsidiary following the date upon which the Units of the Bitcoin ETF commence trading on the TSX. See “Purchases of Units – Investment by CoinShares”.

Additional Considerations

No underwriter has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus. The Manager has made an application to the Canadian securities regulators for an exemption from the requirement to include a certificate of an underwriter in this prospectus. The Designated Broker (as defined herein) and Dealers (as defined herein) are not underwriters of the Bitcoin ETF in connection with the distribution of Units under this prospectus.

The Manager, on behalf, of the Bitcoin ETF, has entered, or will enter, as the case may be, into agreements with the Designated Broker and Dealers, which amongst other things enables the Designated Broker and Dealers to purchase and redeem Units directly from the Bitcoin ETF. The Bitcoin ETF will issue Units directly to the Designated Broker and Dealers. Unitholders will be able to redeem Units for cash at a redemption price equal to the lesser of 95% of (a) the closing price for the Units on the TSX on the effective day of the redemption and (b) the net asset value per Unit.

The Units of the Bitcoin ETF are highly speculative and involve a high degree of risk. You may lose a substantial portion or even all of the money you place in the Bitcoin ETF. The risk of loss in buying, holding and selling bitcoin can be substantial. In considering whether to invest in the Bitcoin ETF, you should be aware that an investment in bitcoin can quickly lead to large losses as well as gains. Such investment losses can sharply reduce the net asset value of the Bitcoin ETF and consequently the value of your interest in the Bitcoin ETF. Also, market conditions may make it difficult or impossible for the Bitcoin ETF to liquidate a position.

For a discussion of the risks associated with an investment in Units of the Bitcoin ETF, see “Risk Factors”.

In the opinion of counsel, provided that the Bitcoin ETF qualifies as a mutual fund trust within the meaning of the *Income Tax Act* (Canada) (the “**Tax Act**”), or the Units of the Bitcoin ETF are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSX), such Units will be qualified investments for trusts governed by Registered Plans (as defined herein). See “Eligibility for Investment”.

Registration of interests in, and transfer of, the Units will be made only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership.

Additional information about the Bitcoin ETF is or will be available in the most recently-filed annual financial statements, any interim financial statements filed after the most recent annual financial statements, the most recently-filed annual management report of fund performance (“**MRFP**”), any interim MRFP filed after the most recently-filed annual MRFP and the most recently-filed ETF Facts for the Bitcoin ETF. These documents are or will be incorporated by reference into, and legally form an integral part of, this prospectus. See “Documents Incorporated by Reference”.

TABLE OF CONTENTS

<p>GLOSSARY OF TERMS1</p> <p>PROSPECTUS SUMMARY5</p> <p>SUMMARY OF FEES AND EXPENSES10</p> <p>OVERVIEW OF THE LEGAL STRUCTURE OF THE BITCOIN ETF12</p> <p>INVESTMENT OBJECTIVES12</p> <p>INVESTMENT STRATEGIES12</p> <p>OVERVIEW OF THE SECTOR IN WHICH THE BITCOIN ETF INVESTS13</p> <p>INVESTMENT RESTRICTIONS16</p> <p>FEES AND EXPENSES17</p> <p style="padding-left: 20px;">Management Fees17</p> <p style="padding-left: 20px;">Operating Expenses17</p> <p style="padding-left: 20px;">Administrative Fee17</p> <p>ANNUAL RETURNS, MANAGEMENT EXPENSE RATIO AND TRADING EXPENSE RATIO18</p> <p>RISK FACTORS18</p> <p style="padding-left: 20px;">Risk Rating of the Bitcoin ETF30</p> <p style="padding-left: 20px;">MVIS® CryptoCompare Bitcoin Benchmark Rate Index31</p> <p>DISTRIBUTION POLICY32</p> <p style="padding-left: 20px;">Distributions32</p> <p>PURCHASES OF UNITS32</p> <p style="padding-left: 20px;">Initial Investment32</p> <p style="padding-left: 20px;">Investment by CoinShares32</p> <p style="padding-left: 20px;">Offerings and Continuous Distribution33</p> <p style="padding-left: 20px;">Designated Broker33</p> <p style="padding-left: 20px;">Issuance of Units33</p> <p style="padding-left: 20px;">Buying and Selling Units33</p> <p style="padding-left: 20px;">Special Considerations for Unitholders34</p> <p style="padding-left: 20px;">Registration and Transfer through CDS34</p> <p>REDEMPTION AND EXCHANGE OF UNITS34</p> <p style="padding-left: 20px;">Redemption of Units34</p> <p style="padding-left: 20px;">Exchange of Units35</p> <p style="padding-left: 20px;">Requests for Exchange and Redemption35</p> <p style="padding-left: 20px;">Suspension of Exchange and Redemption35</p> <p style="padding-left: 20px;">Costs Associated with Exchange and Redemption36</p>	<p style="padding-left: 40px;">Allocations of Capital Gains to Redeeming or Exchanging Unitholders36</p> <p style="padding-left: 40px;">Exchange and Redemption of Units through CDS Participants36</p> <p style="padding-left: 40px;">Short-Term Trading36</p> <p>PRICE RANGE AND TRADING VOLUME OF UNITS36</p> <p>INCOME TAX CONSIDERATIONS36</p> <p style="padding-left: 20px;">Status of the Bitcoin ETF37</p> <p style="padding-left: 20px;">Taxation of the Bitcoin ETF38</p> <p style="padding-left: 20px;">Taxation of Unitholders39</p> <p style="padding-left: 20px;">Composition of Distributions39</p> <p style="padding-left: 20px;">Tax Implications of the Bitcoin ETF’s Distribution Policy39</p> <p style="padding-left: 20px;">Disposition of Units39</p> <p style="padding-left: 20px;">Taxation of Capital Gains and Capital Losses 40</p> <p style="padding-left: 20px;">Taxation of Registered Plans40</p> <p style="padding-left: 20px;">International Information Reporting40</p> <p>ORGANIZATION AND MANAGEMENT DETAILS40</p> <p style="padding-left: 20px;">The Trustee, Manager and Promoter40</p> <p style="padding-left: 20px;">Conflicts of Interest45</p> <p style="padding-left: 20px;">Independent Review Committee45</p> <p style="padding-left: 20px;">Custodian46</p> <p style="padding-left: 20px;">Sub-Custodian46</p> <p style="padding-left: 20px;">Administrator48</p> <p style="padding-left: 20px;">Auditor48</p> <p style="padding-left: 20px;">Registrar and Transfer Agent48</p> <p>CALCULATION OF NET ASSET VALUE48</p> <p style="padding-left: 20px;">Valuation Policies and Procedures48</p> <p style="padding-left: 20px;">Reporting of Net Asset Value49</p> <p>ATTRIBUTES OF THE UNITS49</p> <p style="padding-left: 20px;">Description of the Securities Distributed49</p> <p style="padding-left: 20px;">Certain Provisions of the Units49</p> <p style="padding-left: 20px;">Modification of Terms50</p> <p>UNITHOLDER MATTERS50</p> <p style="padding-left: 20px;">Meeting of Unitholders50</p> <p style="padding-left: 20px;">Matters Requiring Unitholder Approval50</p> <p style="padding-left: 20px;">Amendments to the Declaration of Trust52</p> <p style="padding-left: 20px;">Reporting to Unitholders52</p> <p>TERMINATION OF THE BITCOIN ETF53</p> <p>PRINCIPAL UNITHOLDERS OF THE BITCOIN ETF53</p> <p>INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS53</p>
--	---

MATERIAL CONTRACTS	55
LEGAL AND ADMINISTRATIVE PROCEEDINGS	55
EXPERTS	55
EXEMPTIONS AND APPROVALS	55
PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION.....	55
DOCUMENTS INCORPORATED BY REFERENCE.....	56
INDEPENDENT AUDITOR'S REPORT	F-1
3IQ COINSHARES BITCOIN ETF STATEMENT OF FINANCIAL POSITION	F-3
NOTES TO STATEMENT OF FINANCIAL POSITION	F-4
CERTIFICATE OF 3IQ COINSHARES BITCOIN ETF AND THE TRUSTEE, MANAGER AND PROMOTER	C-1

GLOSSARY OF TERMS

Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.

3iQ Corp. – 3iQ Corp., a corporation established under the laws of Canada and registered as an investment fund manager, commodity trading manager, exempt market dealer and portfolio manager with the Ontario Securities Commission.

Administrative Fee – has the meaning given to it under “Fees and Expenses – Fees and Expenses Payable by the Bitcoin ETF – Operating Expenses”.

Administrator - the company appointed from time to time by the Manager to calculate the NAV and the NAV per Unit, currently CIBC Mellon Global Securities Services Company.

AML Regulation – statutes, regulations and other laws enacted by the government of the applicable jurisdiction aimed at the prevention and detection of money laundering and terrorist financing activities.

Bitcoin - refers to the digital currency that is the native unit of account within the Bitcoin Network.

Bitcoin ETF – means, 3iQ CoinShares Bitcoin ETF.

Bitcoin Network - is the network of computers running the software protocol underlying bitcoin, which maintains the database of bitcoin ownership and facilitates the transfer of bitcoin among parties.

Bitcoin Source - has the meaning given to it under “Overview of the Sector in which the Bitcoin ETF Invests - Purchasing Bitcoin for the Bitcoin ETF’s Portfolio”.

Canadian securities legislation – the applicable securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the securities regulatory authorities.

CDS – CDS Clearing and Depository Services Inc.

CDS Participant – a participant in CDS that holds Units on behalf of beneficial owners of Units.

CoinShares – has the meaning given to it under “Purchases of Units – Investment by CoinShares”.

CRA – Canada Revenue Agency.

CRS Rules – has the meaning given to it under “Income Tax Considerations – International Information Reporting”.

CFTC – U.S. Commodity Futures Trading Commission.

CME - Chicago Mercantile Exchange.

Custodian – Cidel Trust Company.

Custodian Agreement – the custodian agreement to be dated on or about March 31, 2021, between the Manager, on behalf of the Bitcoin ETF, and the Custodian, as may be amended from time to time.

CryptoCompare Benchmark Rating – as described under “Risk Factors – Risk Rating of the Bitcoin ETF – MVIS® CryptoCompare Bitcoin Benchmark Rate Index”.

Dealer – a registered dealer (that may or may not be the Designated Broker) that has entered into a Dealer Agreement with the Manager, on behalf of the Bitcoin ETF, pursuant to which the Dealer may subscribe for Units of the Bitcoin ETF as described under “Purchases of Units – Issuance of Units”.

Dealer Agreement – an agreement between the Manager, on behalf of the Bitcoin ETF, and a Dealer, as amended from time to time.

Declaration of Trust – the master declaration of trust dated March 31, 2021, as may be amended and restated from time to time, governing the Bitcoin ETF.

Designated Broker – a registered dealer that has entered into a Designated Broker Agreement with the Manager, on behalf of the Bitcoin ETF pursuant to which the Designated Broker agrees to perform certain duties in relation to the Bitcoin ETF.

Designated Broker Agreement – an agreement between the Manager, on behalf of the Bitcoin ETF, and a Designated Broker, as amended from time to time.

DPSPs – deferred profit sharing plans as defined in the Tax Act.

ETF – an exchange traded fund.

FATF - the Financial Action Task Force, an inter-governmental body established to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.

FinCEN – has the meaning given to it under “Organization and Management Details – Sub-Custodian”.

Fork Asset - has the meaning given to it under “Risk Factors – Risks Associated with Investing in Bitcoin - Bitcoin’s Blockchain may Temporarily or Permanently Fork and/or Split”.

Fund Costs – has the meaning given to it under “Fees and Expenses – Fees and Expenses Payable by the Bitcoin ETF – Operating Expenses”.

futures contracts – standardized contracts entered into on domestic or foreign exchanges that call for the future delivery of specified quantities of various assets, such as stocks, bonds, agricultural commodities, industrial commodities (including bitcoin), currencies, financial instruments, energy products or metals at a specified time and place. The terms and conditions of a futures contract with respect to a particular asset are standardized and, as such, are not subject to negotiation between the buyer and the seller of the contract. Contractual obligations under the contract may be satisfied either by taking (in the case of the buyer) or making (in the case of the seller) physical delivery of an approved quantity or grade of the asset or commodity or by making an offsetting sale (in the case of the buyer) or purchase (in the case of the seller) of an equivalent but opposite futures contract on the same exchange prior to the designated date of delivery. The difference between the price at which the futures contract is sold or purchased and the price paid for brokerage commissions constitutes the profit or loss to the trader.

Gemini - Gemini Trust Company, LLC.

Gemini BSA/AML Program - the program adopted by Gemini for the purpose of compliance with the U.S. Bank Secrecy Act and U.S. AML Regulation, as described under “Organization and Management Details – Sub-Custodian”.

HSMs – has the meaning given to it under “Organization and Management Details – Sub-Custodian”.

HST – the harmonized sales tax imposed under the *Excise Tax Act* (Canada) that is applicable in certain provinces of Canada.

IFRS – International Financial Reporting Standards.

Index Licensing Agreement – has the meaning given to it under “Risk Factors – Risk Rating of the Bitcoin ETF - MVIS® CryptoCompare Bitcoin Benchmark Rate Index – Index Licensing Agreement”.

IRC – the Independent Review Committee of the Bitcoin ETF.

KYC – identity verification and recordkeeping procedures under AML Regulation and applicable securities laws.

Manager – 3iQ Corp.

Management Fee – has the meaning given to it under “Fees and Expenses – Fees and Expenses Payable by the Bitcoin ETF – Management Fees”.

Management Fee Distributions – has the meaning given to it under “Fees and Expenses – Fees and Expenses Payable by the Bitcoin ETF – Management Fees”.

MER – management expense ratio.

MRFP – management report of fund performance.

MVIBBR – MVIS® CryptoCompare Bitcoin Benchmark Rate Index, described at <https://mvis-indices.com/indices/digital-assets/mvis-cryptocompare-bitcoin-benchmark-rate>.

MVIS – MV Index Solutions GmbH, an index provider based in Frankfurt, Germany regulated under the EU benchmark regulations.

NAV and ***NAV per Unit*** – the net asset value of the Bitcoin ETF and the net asset value per Unit of the Bitcoin ETF, calculated by the Administrator as described under “Calculation of Net Asset Value”.

NI 81-102 – National Instrument 81-102 *Investment Funds*.

NI 81-107 – National Instrument 81-107 *Independent Review Committee for Investment Funds*.

Operating Expenses – has the meaning given to it under “Fees and Expenses – Fees and Expenses Payable by the Bitcoin ETF – Operating Expenses”.

OTC – “over the counter”.

Permitted Merger – has the meaning given to it under “Unitholder Matters – Matters Requiring Unitholder Approval”.

Prescribed Number of Units – the number of Units determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

RDSPs – registered disability savings plans as defined in the Tax Act.

Registered Plans – collectively, RRSPs, RRIFs, DPSPs, RDSPs, RESPs and TFSAs.

Registrar and Transfer Agent – TSX Trust Company or its successor.

Reportable Jurisdictions – has the meaning given to it under “Income Tax Considerations – International Information Reporting”.

RESPs – registered education savings plans as defined in the Tax Act.

RRIFs – registered retirement income funds as defined in the Tax Act.

RRSPs – registered retirement savings plans as defined in the Tax Act.

securities regulatory authorities – the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian securities legislation in force in such province or territory.

SEDAR – System for Electronic Document Analysis and Retrieval.

SIFT Rules – has the meaning given to it under “Risk Factors – Risk Factors Relating to an Investment in the Bitcoin ETF – Tax Risk”.

SIFT Trust – has the meaning given to it under “Risk Factors – Risk Factors Relating to an Investment in the Bitcoin ETF – Tax Risk”.

Sub-Custodian – Gemini in its capacity as sub-custodian under the Sub-Custodian Agreement.

Sub-Custodian Agreement – has the meaning given to it under “Organization and Management Details – Sub-Custodian”.

substituted property – has the meaning given to it under “Income Tax Considerations – Taxation of the Bitcoin ETF”.

Tax Act – *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.

Tax Proposals – has the meaning given to it under “Income Tax Considerations”.

TER – trading expense ratio.

TFSAs – tax-free savings accounts as defined in the Tax Act.

Trading Day – a day on which: (i) a regular session of the TSX is held; and (ii) the primary market or exchange for the majority of the assets held by the Bitcoin ETF is open for trading.

TSX – the Toronto Stock Exchange.

Unit – a redeemable, transferable Unit of the Bitcoin ETF, which represents an equal, undivided interest in the net assets of the Bitcoin ETF.

Unitholder – a holder of Units of the Bitcoin ETF.

Valuation Date – each Trading Day and any other day designated by the Manager on which the NAV and NAV per Unit of the Bitcoin ETF will be calculated. If the Bitcoin ETF elects to have a December 15 year-end for tax purposes as permitted by the Tax Act, the NAV per Unit will be calculated on December 15.

Valuation Time – 4:00 p.m. (Toronto time) or such other time the Manager deems appropriate on each Valuation Date.

Van Eck – has the meaning given to it under “Interests of Management and Others in Material Transactions”.

VanEck – has the meaning given to it under “Interests of Management and Others in Material Transactions”.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Units of the 3iQ CoinShares Bitcoin ETF offered hereby and should be read together with the more detailed information and statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.

Certain general information contained in this prospectus regarding bitcoin, bitcoin trading platforms and the Bitcoin Network has been obtained from publicly available information from third party sources. While the Manager believes such sources are reliable, the Manager has not verified the accuracy or completeness of any information contained in such publicly available information. In addition, the Manager has not determined if there has been any omission by any such third party to disclose any facts, information or events which may have occurred prior to or subsequent to the date as of which any such information became publicly available or which may affect the significance or accuracy of any information contained in any such information and summarized herein.

Issuer: 3iQ CoinShares Bitcoin ETF (the “**Bitcoin ETF**”)

The Bitcoin ETF is an alternative mutual fund trust within the meaning of National Instrument 81-102 – *Investment Funds* (“**NI 81-102**”) created under the laws of the Province of Ontario. While the Bitcoin ETF is a mutual fund under the securities legislation of certain Provinces and Territories of Canada, certain provisions of Canadian securities legislation applicable to conventional mutual funds do not apply to the Bitcoin ETF because the Bitcoin ETF is an “alternative mutual fund” within the meaning of NI 81-102. The Bitcoin ETF is subject to restrictions and practices contained in Canadian securities legislation applicable to alternative mutual funds, including NI 81-102, and is managed in accordance with these restrictions, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities.

3iQ Corp. is the trustee, manager and promoter of the Bitcoin ETF. See “Overview of the Legal Structure of the Bitcoin ETF”.

Offering: The Bitcoin ETF is offering one class of units (the “**Units**”). The Units are purchased and sold in Canadian dollars and U.S. dollars.

Continuous Distribution: Units of the Bitcoin ETF are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued.

The Units of the Bitcoin ETF have been conditionally approved for listing on the Toronto Stock Exchange (the “**TSX**”). Subject to satisfying the TSX’s original listing requirements in respect of the Bitcoin ETF on or before March 25, 2022, the Units of the Bitcoin ETF will be listed on the TSX and offered on a continuous basis, and an investor will be able to buy or sell Units of the Bitcoin ETF on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Units of the Bitcoin ETF.

The Bitcoin ETF issues Units directly to its Designated Broker (as defined herein) and Dealers (as defined herein). See “Purchases of Units – Offerings and Continuous Distribution” and “Purchases of Units – Buying and Selling Units”.

CoinShares International Limited, a public limited liability company incorporated in Jersey, Channel Islands, intends to make an investment in Units of the Bitcoin ETF through a subsidiary following the date upon which the Units of the Bitcoin ETF commence trading on the TSX. See “Purchases of Units – Investment by CoinShares”.

Investment Objectives: The Bitcoin ETF’s investment objectives are to seek to provide holders of Units (“Unitholders”) of the Bitcoin ETF with:

- (a) exposure to digital currency bitcoin (“**bitcoin**”) and the daily price movements of the U.S. dollar price of bitcoin; and
- (b) the opportunity for long-term capital appreciation. See “Investment Objectives”.

Investment Strategies: To achieve its investment objectives, the Bitcoin ETF will invest in long-term holdings of bitcoin. Bitcoin will be purchased from reputable bitcoin trading platforms (commonly referred to as bitcoin exchanges) and OTC counterparties, in order to provide investors with a convenient, safer alternative to a direct investment in bitcoin.

Bitcoin trading platforms are spot markets in which bitcoin can be exchanged for U.S. dollars. Bitcoin trading platforms are not regulated as securities exchanges or commodity futures exchanges under the securities or commodity futures laws of Canada, the United States or other global jurisdictions. The Manager seeks to ensure that the bitcoin trading platforms on which the Bitcoin ETF transacts are reputable, stable and in compliance with AML Regulation. See “Overview of the Sector in which the Bitcoin ETF Invests – Purchasing Bitcoin for the Bitcoin ETF’s Portfolio”.

The Bitcoin ETF will not speculate with regard to short-term changes in bitcoin prices.

The Bitcoin ETF does not and will not hedge any U.S. dollar currency exposure back to the Canadian dollar. See “Investment Strategies”.

For a description of how the Bitcoin ETF purchases bitcoin for its portfolio see “Overview of the Sector in which the Bitcoin ETF Invests – Purchasing Bitcoin for the Bitcoin ETF’s Portfolio”.

Generally, the Bitcoin ETF does not intend to borrow money or employ other forms of leverage to acquire bitcoin for its portfolio. The Bitcoin ETF may however borrow money on a temporary short term basis to acquire bitcoin in connection with a subscription for Units by a Dealer. Any borrowing by the Bitcoin ETF will be made in accordance with the borrowing restrictions applicable to an alternative mutual fund under NI 81-102.

See “Investment Strategies”.

Special Considerations for Purchasers: The provisions of the so-called “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units. In addition, the Manager, on behalf of the Bitcoin ETF, has obtained exemptive relief from the securities regulatory authorities to permit Unitholders to acquire more than 20% of the Units of the Bitcoin ETF through purchases on the TSX without regard to the take-over bid requirements of Canadian securities legislation.

See “Purchases of Units – Special Considerations for Unitholders”.

Distributions: The Bitcoin ETF does not intend to pay distributions to Unitholders.

On an annual basis, the Bitcoin ETF will ensure that its income and net realized capital gains, if any, have been distributed to Unitholders to such an extent that the Bitcoin ETF will not be liable for ordinary income tax thereon. To the extent that the Bitcoin ETF has not distributed the full amount of its net income or capital gains in any year, the difference between such amount and the amount actually distributed by the Bitcoin ETF will be paid as a “reinvested distribution”. Reinvested distributions by the Bitcoin ETF, net of any required withholding taxes, will be reinvested automatically in additional Units at a price equal to the NAV per Unit

and the Units will be immediately consolidated such that the number of outstanding Units following the distribution will equal the number of Units outstanding prior to the distribution.

In addition to the distributions described above, the Bitcoin ETF may from time to time pay additional distributions on its Units, including without restriction in connection with a special distribution or in connection with returns of capital.

See “Distribution Policy”.

Exchanges and Redemptions: Unitholders may redeem Units for cash, subject to a redemption discount. Unitholders may also exchange a Prescribed Number of Units (or integral multiple thereof) for cash, or if agreed to by the Manager, for cash and portfolio assets held by the Bitcoin ETF. See “Redemption and Exchange of Units”.

Termination: The Bitcoin ETF does not have a fixed termination date but may be terminated by the Manager upon not less than 60 days’ written notice to Unitholders. See “Termination of the Bitcoin ETF”.

Documents Incorporated by Reference: Additional information about the Bitcoin ETF is or will be available in the most recently-filed annual financial statements, any interim financial statements filed after the most recent annual financial statements, the most recently-filed annual MRFP, any interim MRFP filed after the most recently-filed annual MRFP and the most recently-filed ETF Facts for the Bitcoin ETF. These documents are or will be incorporated by reference into, and legally form an integral part of, this prospectus. These documents are or will be publicly available on the Bitcoin ETF’s website at www.3iQ.ca and may be obtained upon request, at no cost, by calling (416) 639-2130 or by contacting a registered dealer. These documents and other information about the Bitcoin ETF are or will be publicly available at www.sedar.com. See “Documents Incorporated by Reference”.

Risk Factors: There are certain risks inherent in an investment in the Bitcoin ETF, including:

Risk Factors Relating to an Investment in the Bitcoin ETF

- (a) No Assurance in Achieving Investment Objectives
- (b) Loss of Investment
- (c) Fluctuations in NAV, NAV per Unit and the Value of Bitcoin
- (d) Concentration Risk
- (e) Reliance on the Manager
- (f) Use of Derivatives
- (g) Trading Price of Units
- (h) No Ownership Interest in the Portfolio
- (i) Changes in Legislation
- (j) Conflicts of Interest
- (k) Valuation of the Bitcoin ETF
- (l) Manager, Custodian and Sub-Custodian Standard of Care
- (m) SOC 2 Type 2 Report of the Sub-Custodian
- (n) Potential Conflicts of Interest
- (o) Risk of No Active Market for the Units and Lack of Operating History
- (p) Not a Trust Company
- (q) U.S. Currency Exposure
- (r) Cyber Security Risk
- (s) Tax Risk
- (t) Large Investor Risk
- (u) COVID-19 Outbreak

The following are certain considerations relating to an investment in Units of the Bitcoin ETF which prospective investors should consider before purchasing such securities.

Risks Associated with Investing in Bitcoin

- (a) Cryptocurrency Risk
- (b) Short History Risk
- (c) Limited History of the Bitcoin Market
- (d) Volatility in the Price of Bitcoin
- (e) Potential Decrease in Global Demand for Bitcoin
- (f) Financial Institutions may refuse to Support Transactions involving Bitcoin
- (g) Limited Insurance
- (h) Residency of the Sub-Custodian
- (i) Liability of Unitholders
- (j) Underlying Value Risk
- (k) Top Bitcoin Holders Control a Significant Percentage of the Outstanding Bitcoin
- (l) Regulation of Bitcoin
- (m) Loss of “Private Keys”
- (n) Bitcoin ETF’s Holdings May Become Illiquid
- (o) Improper Transfers
- (p) Uncertain Regulatory Framework

Risks Associated with the Bitcoin Network

- (a) Dependence on Bitcoin Developers
- (b) Issues with the Cryptography Underlying the Bitcoin Network
- (c) Disputes on the Development of the Bitcoin Network may Lead to Delays in the Development of the Network
- (d) Significant Increase in Bitcoin Interest Could Affect the Ability of the Bitcoin Network to Accommodate Demand
- (e) Bitcoin’s Blockchain may Temporarily or Permanently Fork and/or Split
- (f) Dependence on the Internet
- (g) Risk if Entity Gains a 51% Share of the Bitcoin Network
- (h) Concentration of Transaction Confirmation Processing Power in China
- (i) Possible Increase in Transaction Fees
- (j) Attacks on the Bitcoin Network
- (k) Decrease in Block Reward
- (l) Competitors to Bitcoin
- (m) Significant Energy Consumption to run the Bitcoin Network

Risks Associated with Bitcoin Trading Platforms

- (a) Regulation of Bitcoin Trading Platforms
 - (b) Limited Operating History of Bitcoin Trading Platforms
 - (c) Hacking of Bitcoin Trading Platforms May Have a Negative Impact on Perception of the Security of the Bitcoin Network
 - (d) Different Prices of Bitcoin on the Bitcoin Trading Platforms May Adversely Affect the NAV of the Units
 - (e) Closure of Bitcoin Trading Platform(s)
 - (f) Liquidity Constraints on Bitcoin Markets may Impact the Bitcoin ETF’s Holdings
 - (g) Risk of Manipulation on Bitcoin Trading Platforms
 - (h) Settlement of Transactions on the Bitcoin Network
- See “Risk Factors”.

Income Tax Considerations:

This summary of Canadian federal income tax considerations for the Bitcoin ETF and for Canadian resident Unitholders is subject in its entirety to the qualifications, limitations and assumptions set out under “Income Tax Considerations”.

A Unitholder who is an individual (other than a trust) resident in Canada and who holds Units as capital property (all within the meaning of the Tax Act) will generally be required to include in the Unitholder’s income for tax purposes for any year the amount of net income and net

taxable capital gains of the Bitcoin ETF paid or payable to the Unitholder (including any reinvested distributions) in the year and deducted by the Bitcoin ETF in computing its income. Any non-taxable distributions from the Bitcoin ETF (other than the non-taxable portion of any net realized capital gains of the Bitcoin ETF) paid or payable to a Unitholder in a taxation year, such as a return of capital, will reduce the adjusted cost base of the Unitholder's Units of the Bitcoin ETF. To the extent that a Unitholder's adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the adjusted cost base of the Unit to the Unitholder will be nil immediately thereafter. Any loss of the Bitcoin ETF cannot be allocated to, and cannot be treated as a loss of, the Unitholders of the Bitcoin ETF. Upon the actual or deemed disposition of a Unit, including the exchange or redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition of the Unit exceeds (or is less than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition.

The Declaration of Trust requires that the Bitcoin ETF distribute its net income and net realized capital gains, if any, for each taxation year to Unitholders to such an extent that the Bitcoin ETF will not be liable in respect of the taxation year for ordinary income tax.

Each investor should satisfy himself or herself as to the tax consequences of an investment in Units by obtaining advice from his or her own tax advisor. See "Income Tax Considerations".

Taxation of Registered Plans:

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Bitcoin ETF, provided that the Bitcoin ETF qualifies as a "mutual fund trust" within the meaning of the Tax Act, or the Units of the Bitcoin ETF are listed on a "designated stock exchange" within the meaning of the Tax Act, such Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts (collectively, "**Registered Plans**"). Holders of tax-free savings accounts and registered disability savings plans, annuitants under registered retirement savings plans and registered retirement income funds, and subscribers under registered education savings plans should consult their own tax advisors to ensure Units would not be a "prohibited investment" for the purposes of the Tax Act in their particular circumstances. See "Income Tax Considerations – Status of the Bitcoin ETF".

Organization and Management Details

Trustee, Manager and Promoter:

3iQ Corp. is the trustee, manager and promoter of the Bitcoin ETF. The Manager operates as the manager of investment funds in Canada. The head office and principal place of business of the Bitcoin ETF is located at 4800-1 King Street West, Box 160, Toronto, Ontario, M5H 1A1

The Manager may be considered a promoter of the Bitcoin ETF within the meaning of applicable securities legislation by reason of its initiative in organizing the Bitcoin ETF. See "Organization and Management Details – The Trustee, Manager and Promoter".

Custodian:

Cidel Trust Company is the custodian of the assets of the Bitcoin ETF and has been given the authority to appoint sub-custodians. The address of the Custodian is 60 Bloor St W, 9th Floor, Toronto, Ontario M4W 3B8. The Custodian is entitled to receive fees from the Manager as described under "Fees and Expenses – Fees and Expenses Payable by the Bitcoin ETF – Operating Expenses" and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Bitcoin ETF. See "Organization and Management Details – Custodian".

- Sub-Custodian:** Gemini Trust Company, LLC (the “**Sub-Custodian**”) acts as sub-custodian of the Bitcoin ETF. The address of the Sub-Custodian is 600 Third Ave, New York, New York 10016. See “Organization and Management Details – Sub-Custodian”.
- Administrator:** CIBC Mellon Global Securities Services Company acts as the administrator of the Bitcoin ETF. The administrator is responsible for certain fund accounting and valuation services to the Bitcoin ETF including, without limitation, calculating the NAV, NAV per Unit, net income and net realized capital gains of the Bitcoin ETF. See “Organization and Management Details – Administrator”.
- Registrar and Transfer Agent:** TSX Trust Company, at its principal offices in Toronto, Ontario, is the registrar and transfer agent for the Units of the Bitcoin ETF. The register of the Bitcoin ETF is kept in Toronto. See “Organization and Management Details – Registrar and Transfer Agent”.
- Auditor:** Raymond Chabot Grant Thornton LLP, at its principal offices in Montreal, Quebec, is the auditor of the Bitcoin ETF. See “Organization and Management Details – Auditor”.

SUMMARY OF FEES AND EXPENSES

This table lists the fees and expenses that you may have to pay if you invest in the Bitcoin ETF. You may have to pay some of these fees and expenses directly. The Bitcoin ETF may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Bitcoin ETF. For further particulars, see “Fees and Expenses”.

Fees and Expenses Payable by the Bitcoin ETF

Management Fees: The Bitcoin ETF will pay an annual management fee (the “**Management Fee**”) to the Manager for acting as trustee, manager and portfolio manager of the Bitcoin ETF equal to 1.00% of the NAV of the Bitcoin ETF, calculated daily and payable monthly in arrears, plus applicable taxes.

The Manager may, at its discretion, agree to charge a reduced Management Fee (or reimburse all or a portion of such Management Fee) for some Unitholders as compared to the Management Fee that the Manager would otherwise be entitled to receive from the Bitcoin ETF, provided that the difference between the fee otherwise chargeable and the reduced fee is distributed periodically by the Bitcoin ETF to the applicable Unitholders as a management fee distribution (the “**Management Fee Distributions**”). Any reduction will depend on a number of factors, including the amount invested, the NAV of the Bitcoin ETF and the expected amount of account activity. Management Fee Distributions will be paid first out of net income of the Bitcoin ETF then out of capital gains of the Bitcoin ETF and thereafter out of capital. See “Fees and Expenses – Fees and Expenses Payable by the Bitcoin ETF - Management Fees”.

Operating Expenses: In addition to the Management Fee, and any debt servicing costs, the Bitcoin ETF will bear and pay all of its costs, expenses and liabilities (“**Operating Expenses**”) including all of its administrative and operating expenses as well as those incurred by the Manager in the performance of its duties as manager of the Bitcoin ETF. Such fees and expenses will include, without limitation: fees and expenses payable to the independent review committee (“**IRC**”) of the Bitcoin ETF; brokerage and trading commissions and other fees and expenses associated with the execution of transactions in respect of the Bitcoin ETF’s investment in bitcoin; fees payable to the Registrar and Transfer Agent; fees payable to any custodians and/or sub-custodians for the assets of the Bitcoin ETF as well as the fees of the Administrator and other service providers; licensing fee payable to MVIS to license the MVIBBR; expenses relating to the monitoring of the relationships with the Custodian, Sub-Custodian, the Registrar and Transfer Agent and other organizations serving the Bitcoin ETF; legal, audit, and valuation fees and expenses; fees payable for listings, the maintenance of listings and filings or other requirements of stock exchanges on which any of the Units of the Bitcoin ETF may become listed or quoted; securities regulatory

authorities' participation fees; the preparation and supervision costs relating to the calculation and publication of the Net Asset Value; costs and expenses of preparing, printing, and mailing financial and other reports to Unitholders, material for Unitholders' meetings and securities regulatory filings; costs and expenses of communication with Unitholders; costs and expenses arising as a result of complying with all applicable securities legislation and other applicable laws, regulations and policies; all taxes (including income, capital, federal GST or HST, and Provincial/Territorial sales taxes); and costs associated with the provision of such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Bitcoin ETF.

The Manager may, from time to time, in its sole discretion, pay all or a portion of any Operating Expenses which would otherwise be payable by the Bitcoin ETF.

See "Fees and Expenses – Fees and Expenses Payable by the Bitcoin ETF - Operating Expenses" and "Organization and Management Details – The Trustee, Manager and Promoter".

Fees and Expenses Payable Directly by the Unitholders

Administrative Fee:

An amount as may be agreed to between the Manager and the Designated Broker or a Dealer that may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units. This charge does not apply to Unitholders who buy and sell their Units through the facilities of a stock exchange.

See "Fees and Expenses – Fees and Expenses Payable by the Bitcoin ETF - Administrative Fee".

Annual Returns, Management Expense Ratio and Trading Expense Ratio:

The annual returns, management expense ratio and trading expense ratio of the Bitcoin ETF are not yet available because the Bitcoin ETF is new.

OVERVIEW OF THE LEGAL STRUCTURE OF THE BITCOIN ETF

3iQ CoinShares Bitcoin ETF is an alternative mutual fund within the meaning of NI 81-102 established as a trust under the laws of the Province of Ontario. The Bitcoin ETF has been established pursuant to the Declaration of Trust.

While the Bitcoin ETF is a mutual fund under the securities legislation of certain provinces and territories of Canada, certain provisions of Canadian securities legislation applicable to conventional mutual funds do not apply to the Bitcoin ETF because the Bitcoin ETF is an “alternative mutual fund” within the meaning of NI 81-102. The Bitcoin ETF is subject to restrictions and practices contained in Canadian securities legislation applicable to alternative mutual funds, including NI 81-102, and is managed in accordance with these restrictions, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities.

The Bitcoin ETF is offering one class of units. The Units are purchased and sold in Canadian dollars and U.S. dollars.

The Units of the Bitcoin ETF have been conditionally approved for listing on the TSX. Subject to satisfying the TSX’s original listing requirements in respect of the Bitcoin ETF on or before March 25, 2022, the Units of the Bitcoin ETF will be listed on the TSX and offered on a continuous basis, and an investor will be able to buy or sell Units of the Bitcoin ETF on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions in buying and selling the Units of the Bitcoin ETF.

The head and registered office of the Bitcoin ETF and the Manager is located at 4800-1 King Street West, Box 160, Toronto, Ontario M5H 1A1.

The following table sets out the full legal name as well as the TSX ticker symbol for the Bitcoin ETF:

Legal name of Bitcoin ETF	Ticker Symbol
3iQ CoinShares Bitcoin ETF	BTCQ / BTCQ.U

INVESTMENT OBJECTIVES

The Bitcoin ETF’s investment objectives are to seek to provide Unitholders of the Bitcoin ETF with:

- (a) exposure to digital currency bitcoin (“**bitcoin**”) and the daily price movements of the U.S. dollar price of bitcoin; and
- (b) the opportunity for long-term capital appreciation.

INVESTMENT STRATEGIES

To achieve its investment objectives, the Bitcoin ETF will invest in long-term holdings of bitcoin. Bitcoin will be purchased from reputable bitcoin trading platforms (commonly referred to as bitcoin exchanges) and OTC counterparties, in order to provide investors with a convenient, safer alternative to a direct investment in bitcoin, as described under “Overview of the Sector in which the Bitcoin ETF Invests – Purchasing Bitcoin for the Bitcoin ETF’s Portfolio”.

Bitcoin trading platforms are spot markets in which bitcoin can be exchanged for U.S. dollars. Bitcoin trading platforms are not regulated as securities exchanges or commodity futures exchanges under the securities or commodity futures laws of Canada, the United States or other global jurisdictions. The Manager seeks to ensure that the bitcoin trading platforms on which the Bitcoin ETF transacts are reputable, stable and in compliance with AML Regulation. See “Overview of the Sector in which the Bitcoin ETF Invests – Purchasing Bitcoin for the Bitcoin ETF’s Portfolio”.

The Bitcoin ETF will not speculate with regard to short-term changes in bitcoin prices. The Bitcoin ETF will provide investors with the ability to effectively invest in bitcoin without the inconvenience and additional transaction and storage costs associated with a direct investment in bitcoin.

The Bitcoin ETF does not and will not hedge any U.S. dollar currency exposure back to the Canadian dollar. For a description of how the Bitcoin ETF purchases bitcoin for its portfolio see “Overview of the Sector in which the Bitcoin ETF Invests – Purchasing Bitcoin for the Bitcoin ETF’s Portfolio”.

The Manager may also indirectly invest in bitcoin through the use of futures contracts, the underlying interest of which is bitcoin, for non-hedging purposes consistent with the Bitcoin ETF’s investment objectives and investment strategies to gain exposure to bitcoin, subject to its investment restrictions. For example, the Bitcoin ETF may trade in bitcoin futures listed on the CME (CME:BTC) and other commodity futures exchanges regulated by the CFTC. Any trading in futures by the Bitcoin ETF is incidental to the Bitcoin ETF’s core investment strategy of investing in the bitcoin. The Bitcoin ETF will not transact in any futures contract if, as a result of such transaction, the Bitcoin ETF’s aggregate exposure to derivatives would exceed 5% of the NAV of the Bitcoin ETF.

Generally, the Bitcoin ETF does not intend to borrow money or employ other forms of leverage to acquire bitcoin for its portfolio. The Bitcoin ETF may however borrow money on a temporary short term basis to acquire bitcoin in connection with a subscription for Units by a Dealer. Any borrowing by the Bitcoin ETF will be made in accordance with the borrowing restrictions applicable to an alternative mutual fund under NI 81-102.

OVERVIEW OF THE SECTOR IN WHICH THE BITCOIN ETF INVESTS

The Bitcoin ETF will invest substantially all of its assets in bitcoin. Bitcoin is a digital asset that is not issued by any government, bank or central organization. Bitcoin is based on the decentralized, open source protocol of the peer-to-peer bitcoin computer network (the “**Bitcoin Network**”), which creates the decentralized public transaction ledger, known as the “blockchain”, on which all bitcoin transactions are recorded. Movement of bitcoin is facilitated by a digital, transparent and immutable ledger, enabling the rapid transfer of value across the internet without the need for centralized intermediaries. The Bitcoin Network software source code includes the protocol that governs the creation of bitcoin and the cryptographic operations that verify and secure bitcoin transactions. It is common practice to refer to Bitcoin with a capital “B” when referring to the protocol or network, and bitcoin with a lowercase “b” when referring to the digital asset. The blockchain is an official record of every bitcoin transaction (including creation or “mining” of new bitcoin) and every bitcoin address associated with a quantity of bitcoin. The Bitcoin Network, and software applications built atop it, can interpret the blockchain to determine the exact bitcoin balance, if any, of any public bitcoin address listed in the blockchain. A bitcoin private key controls the transfer or “spending” of bitcoin from its associated public bitcoin address. A bitcoin “wallet” is a collection of public bitcoin addresses and their associated private key(s). It is designed such that only the owner of bitcoin can send bitcoin, only the intended recipient of bitcoin can unlock what the sender sent and the transactional validation and bitcoin ownership can be verified by any third party anywhere in the world.

The entire Bitcoin Network can be described using the analogy of a computer. The most basic level of any computer is the hardware that all of the software runs upon. The hardware providers for the Bitcoin Network are called “miners”. Miners buy specialized computational equipment in the form of servers that are composed of primarily application specific integrated circuits (ASICs), and these servers have been constructed entirely for the purpose of verifying bitcoin transactions, building bitcoin’s blockchain and thereby minting new bitcoin.

Miners’ servers run Bitcoin software, which can be thought of as the operating system on top of the hardware, just as personal computers have installed an operating system. Bitcoin software is maintained in the open source model, with the community collaborating on GitHub. GitHub is a platform for software creation, orchestrating the storage, version control and integration of code for different software projects. Bitcoin’s software is available for all developers and non-developers to peruse and discuss. For example, from GitHub one can download the entire source code of Bitcoin software. While there are a few different implementations of Bitcoin software, the one used by most miners is called “Bitcoin Core” and is maintained by over 600 developers. By running similar software on similar hardware the miners have created a basic worldwide computer that operates in sync, despite being geographically distributed.

Just as one may run applications on top of the hardware and operating system of their computer, various companies have built applications that run on top of the hardware and operating system of the Bitcoin Network. Applications include wallets that store users' bitcoin, exchanges that allow users to swap bitcoin for other currencies, remittances providers that send money to people in other countries and decentralized marketplaces that function similar to an online distributor (e.g. eBay). Accordingly, there is no central company. While Bitcoin's application ecosystem is still in its early development, the Manager believes that, as more developers and users adopt the platform over time there will be an increasing number of applications, which will provide greater functionality to the system as a whole.

The end user relies on the hardware, operating system, and applications provided by bitcoin miners, developers and companies, respectively. The greater the number of bitcoin users, the greater the incentive will be potentially for miners, developers and companies to continue to develop their systems, which in turn should promote the Bitcoin Network as a whole.

The Manager believes that there are a few key metrics that determine the security of the Bitcoin Network. First, there are the number of nodes connected to the network. A "node" is a computer that is connected directly to the Bitcoin Network. If a node discovers that a block contains an invalid transaction or has otherwise violated the consensus rules, then that block is rejected and not appended to Bitcoin's blockchain. While some of these nodes are miners, not all of them are miners. Some are there to forward transactions around the network and keep track of Bitcoin's blockchain while not getting involved with Bitcoin's proof of work process to create new blocks. Non-mining nodes are referred to as "full nodes", and many bitcoin companies and enthusiasts run full nodes so that they have their own store of the blockchain, which proves useful for interacting with the network and creates strong redundancy within the system.

The Bitcoin Network is dispersed across the globe. If a nation banned miners from supporting Bitcoin, the majority of the nodes would continue unaffected. If a large segment of miners were to be taken offline, the economics would improve for the remaining miners as they would have less competition, likely leading to an influx of new miners from unaffected geographies.

Another important metric for the security of the Bitcoin Network is the hash rate. A "hash" is the output of a hash function, which takes data of arbitrary length and crunches it into a fixed-length string of alphanumeric characters. As it relates to bitcoin, the "hash rate" is the frequency at which a miner guesses a new solution to create a valid "block hash" (i.e., proof-of-work), which allows a miner to append a new block of transactions to Bitcoin's blockchain. For single entities, the more mining machines that they own, the higher the hash rate they will control, which will increase their opportunity of finding the next block hash and receiving the block reward of newly minted bitcoin. For the Bitcoin Network as a whole, a higher hash rate signifies more competition amongst the miners, likely dissuading one nefarious group from trying to take over the network in what is commonly referred to as a "51% attack".

As of February 19, 2021, no single miner or pool controlled more than 18.1% of the Bitcoin Network, though a group of five miners located in China is believed to currently control over 50% of the hash rate of the Bitcoin Network. In terms of the Herfindahl-Hirschman Index, which is commonly used to measure market concentration, the Bitcoin Network classifies as a competitive industry.

By 2140, the Manager anticipates that the number of bitcoin available to the public will have reached an equilibrium state of 21 million units. This differs from a traditional currency, which does not have a theoretical cap on the amount of the currency that will be circulated to the public.

The "minting" of new bitcoin is part of the mining process. Each time a block is created, the first transaction in the block issues a certain number of bitcoin to the miner who created the block. This transaction is called a "coinbase transaction". Every 210,000 blocks, or roughly every 4 years, the amount of bitcoin issued to miners in the coinbase transaction is cut in half. This is called "block reward halving" or "halving".

For example, from the time of launch of the Bitcoin Network on January 3, 2009 up until November 28, 2012, coinbase transactions issued 50 bitcoin to the miner who created the block. Starting from a base of zero bitcoin outstanding, this made the currency highly inflationary. However, on November 28, 2012, the coinbase transaction

was switched to 25 bitcoin. This switch was hard wired into Bitcoin's protocol, so that once the 210,000th block had been mined all subsequent blocks created only issued 25 bitcoin as the miner's fee transaction. On July 9, 2016, the issuance was cut in half again, to only 12.5 bitcoin per miner's fee transaction. The most recent halving event occurred on May 11, 2020 when the block reward decreased from 12.5 bitcoin to 6.25 bitcoin, which means that currently there are only 900 newly minted bitcoin issued per day.

User Behavior, Identity, and Adoption

Those wishing to use or hold bitcoin directly must establish a bitcoin wallet. A wallet provides the user with a public key that is used to derive an address for others to send them bitcoin, as well as a private key which is used to unlock balances of the user's bitcoin to send to others. A bitcoin wallet can be a desktop client, which is a software application running on a computer. It can also be a hardware wallet provided by a company that offers such products. With a desktop client or hardware wallet, the user is in control of the private keys that control the bitcoin they own. Alternatively, consumers may use a hosted bitcoin wallet where a provider protects the private keys, and the consumer accesses their accounts through a web browser or mobile application. Many people who are new to bitcoin make their initial purchases through a hosted bitcoin wallet.

Most wallet providers require customers to establish their true identity as they would if opening an account at a Canadian chartered bank in compliance with applicable AML Regulation and KYC procedures. When a user converts fiat currency into bitcoin, then they also need to connect a bank account or credit card to the wallet, providing another point of connection to the user's identity. It is a common misconception that users of bitcoin are completely anonymous. If they have passed through the above checks, their identity may be traced. However, if they have not passed through the above processes, they are pseudonymous, with their identity represented by an alphanumeric string of characters as the wallet address. Since Bitcoin's blockchain is transparent, the actions of pseudonymous users can be tracked, and using network forensics their identity can potentially be unearthed if necessary.

Bitcoin as a Means of Exchange

The use of bitcoin, as a means of exchange, is increasing rapidly throughout the world, particularly in nations where faith in central bank backed fiat currencies (a currency that a government has declared a legal currency) has been unstable, or where necessary banking infrastructure is lacking. Bitcoin makes it possible for users to accept and send global transactions directly from their smart phone, twenty-four hours a day.

Bitcoin Trading Platforms

Bitcoin trading platforms operate websites that facilitate the purchase and sale of bitcoin for various government-issued currencies, including the U.S. dollar, Canadian dollar, the euro and the Chinese yuan. Activity on the bitcoin trading platforms should not be confused with the process of users sending bitcoin from one address to another bitcoin address. The latter is an activity that uses bitcoin as a means of exchange and is largely conducted directly using Bitcoin's blockchain, whereas the former is mostly an activity around bitcoin as a store of value and largely occurs within the trade books of exchanges (i.e., off-blockchain).

Bitcoin trading platforms generally report publicly on their websites the bid and ask prices for the purchase or sale of bitcoin. Although each bitcoin trading platform has its own market price, it is expected that reputable bitcoin trading platforms' market prices should be relatively consistent with the bitcoin trading platform market average since market participants can choose the bitcoin trading platform on which to buy or sell bitcoin. Price differentials across bitcoin trading platforms may enable arbitrage between bitcoin prices on the various bitcoin trading platforms.

Bitcoin trading platforms are open 24 hours a day and 365 days of the year. There currently exist globally over 100 bitcoin trading platforms. Bitcoin trading platforms with the most economically significant trading volume are Binance, Coinbase, Kraken, Bitfinex, Bitstamp, bitFlyer, Gemini, Bittrex, itBit and Liquid. A majority of these bitcoin trading platforms employ KYC procedures in compliance with applicable AML Regulation.

CME launched bitcoin futures in the fourth quarter of 2017. The Manager believes that futures trading on exchanges regulated by CFTC has increased liquidity and improves transparency in the bitcoin market. CME bitcoin

front month futures volumes exceeded US\$44 billion of trading volume in the month of January 2021, with open interest averaging US\$1.15 billion.

Volatility

The price of bitcoin is volatile and fluctuations are expected to have a direct impact on the NAV of the Units. However, movements in the price of bitcoin in the past may not be a reliable indicator of future movements. Movements may be influenced by various factors including supply and demand, geo-political uncertainties, macroeconomic concerns such as inflation and speculative investor interest.

As of March 3, 2021, bitcoin's daily volatility has returned to levels below its historical average, and is in the range of many technology and resource stocks. The moderation in bitcoin's volatility has been caused by a number of factors: more stable and liquid spot exchanges, greater regulatory approval, broader ownership, and increasingly reliable price discovery data.

Purchasing Bitcoin for the Bitcoin ETF's Portfolio

The Manager expects that bitcoin will be purchased for the Bitcoin ETF from bitcoin trading platforms and OTC counterparties (each, a "**Bitcoin Source**"). The Manager will conduct due diligence on each proposed Bitcoin Source prior to transacting with such Bitcoin Source in order to confirm its reputation and stability, including by conducting research on the executive officers and significant shareholders of the Bitcoin Source and the regulatory regime, if any, applicable to the Bitcoin Source. The Manager will also confirm that each Bitcoin Source maintains appropriate KYC policies and procedures and will not transact with any person or entity that is on a list of designated persons or entities established and maintained under applicable AML Regulation in the jurisdiction of the Bitcoin Source. The Manager will ensure that each Bitcoin Source has its head office in a jurisdiction which is a member of the FATF or its global network of FATF-Style Regional Bodies.

The Manager expects that the Bitcoin ETF's Bitcoin Sources will include Gemini, Genesis Global Trading, Inc., Tagomi and Coinbase Pro and OTC counterparties that are regulated as broker-dealers by the US Securities and Exchange Commission.

The Manager will determine where to place the Bitcoin ETF's bitcoin orders based on the price and liquidity available through the Bitcoin Sources with a view to achieving best execution for the Bitcoin ETF. Once a bitcoin order has been executed and allocated to the Bitcoin ETF, the Manager reviews and approves the transaction. Upon approval, the Custodian is notified and payment for the trade is settled. Once the Sub-Custodian receives the bitcoin on behalf of the Bitcoin ETF, the Sub-Custodian immediately places the bitcoin in cold storage, ensuring that such bitcoin is allocated to the Bitcoin ETF's account on a segregated basis with the Sub-Custodian. See "Organization and Management Details – Sub-Custodian".

INVESTMENT RESTRICTIONS

The Bitcoin ETF is subject to certain restrictions and practices contained in Canadian securities legislation applicable to alternative mutual funds, including NI 81-102. Additionally, the Bitcoin ETF is subject to certain investment restrictions that, among other things, limit the assets that the Bitcoin ETF may acquire for its portfolio. The Bitcoin ETF is managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities. See "Exemptions and Approvals". A change to the fundamental investment objective of the Bitcoin ETF would require the approval of the Unitholders of the Bitcoin ETF. See "Unitholder Matters – Matters Requiring Unitholder Approval".

FEES AND EXPENSES

Fees and Expenses Payable by the Bitcoin ETF

Management Fees

The Bitcoin ETF will pay an annual management fee (the “**Management Fee**”) to the Manager for acting as trustee, manager and portfolio manager of the Bitcoin ETF equal to 1.00% of the NAV of the Bitcoin ETF, calculated daily and payable monthly in arrears, plus applicable taxes. See “Organization and Management Details – The Trustee, Manager and Promoter”.

The Manager may, at its discretion, agree to charge a reduced Management Fee (or reimburse all or a portion of such Management Fee) for some Unitholders as compared to the Management Fee that the Manager would otherwise be entitled to receive from the Bitcoin ETF, provided that the difference between the fee otherwise chargeable and the reduced fee is distributed periodically by the Bitcoin ETF to the applicable Unitholders as a management fee distribution (the “**Management Fee Distributions**”). Any reduction will depend on a number of factors, including the amount invested, the NAV of the Bitcoin ETF and the expected amount of account activity. Management Fee Distributions will be paid first out of net income of the Bitcoin ETF then out of capital gains of the Bitcoin ETF and thereafter out of capital. See “Fees and Expenses – Fees and Expenses Payable by the Bitcoin ETF – Management Fees”.

Operating Expenses

In addition to the Management Fee, and any debt servicing costs, the Bitcoin ETF will bear and pay all of its costs, expenses and liabilities (“**Operating Expenses**”) including all of its administrative and operating expenses as well as those incurred by the Manager in the performance of its duties as manager of the Bitcoin ETF. Such fees and expenses will include, without limitation: fees and expenses payable to the independent review committee (“**IRC**”) of the Bitcoin ETF; brokerage and trading commissions and other fees and expenses associated with the execution of transactions in respect of the Bitcoin ETF’s investment in bitcoin; fees payable to the Registrar and Transfer Agent; fees payable to any custodians and/or sub-custodians for the assets of the Bitcoin ETF as well as the fees of the Administrator and other service providers; licensing fee payable to MVIS to license the MVIBBR; expenses relating to the monitoring of the relationships with the Custodian, Sub-Custodian, the Registrar and Transfer Agent and other organizations serving the Bitcoin ETF; legal, audit, and valuation fees and expenses; fees payable for listings, the maintenance of listings and filings or other requirements of stock exchanges on which any of the Units of the Bitcoin ETF may become listed or quoted; securities regulatory authorities’ participation fees; the preparation and supervision costs relating to the calculation and publication of the Net Asset Value; costs and expenses of preparing, printing, and mailing financial and other reports to Unitholders, material for Unitholders’ meetings and securities regulatory filings; costs and expenses of communication with Unitholders; costs and expenses arising as a result of complying with all applicable securities legislation and other applicable laws, regulations and policies; all taxes (including income, capital, federal GST or HST, and Provincial/Territorial sales taxes); and costs associated with the provision of such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Bitcoin ETF.

The Manager may, from time to time, in its sole discretion, pay all or a portion of any Operating Expenses which would otherwise be payable by the Bitcoin ETF.

Fees and Expenses Payable Directly by the Unitholders

Administrative Fee

An amount as may be agreed to between the Manager and the Designated Broker or a Dealer that may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units. This charge does not apply to Unitholders who buy and sell their Units through the facilities of a stock exchange.

ANNUAL RETURNS, MANAGEMENT EXPENSE RATIO AND TRADING EXPENSE RATIO

The annual returns, management expense ratio and trading expense ratio of the Bitcoin ETF are not yet available because the Bitcoin ETF is new.

RISK FACTORS

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units that prospective investors should consider before purchasing such Units.

Risks Factors Relating to an Investment in the Bitcoin ETF

No Assurance in Achieving Investment Objectives

There is no assurance that the Bitcoin ETF will be able to achieve its investment objectives.

Loss of Investment

An investment in the Bitcoin ETF is appropriate only for investors who have the capacity to absorb a loss on their investment.

Fluctuations in NAV, NAV per Unit and the Value of Bitcoin

The NAV of the Units will vary according to, among other things, the value of bitcoin included in the Bitcoin ETF's portfolio. The value of the bitcoin will be influenced by factors which are not within the control of the Bitcoin ETF or the Manager, including factors that affect the cryptocurrency markets generally such as general economic and political conditions, fluctuations in interest rates and factors unique to bitcoin.

Concentration Risk

The Bitcoin ETF was created to invest in bitcoin and is not expected to have exposure to any other investments or assets. Other than cash or cash equivalents, the Bitcoin ETF will invest substantially all of its assets in bitcoin. The NAV per Unit may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative impact on the NAV of the Units.

Reliance on the Manager

Unitholders will be dependent on the abilities of the Manager to effectively administer the affairs of the Bitcoin ETF. The Manager depends, to a great extent, on a very limited number of individuals in the administration of its activities as manager of the Bitcoin ETF. The loss of the services of any one of these individuals for any reason could impair the ability of the Manager to perform its duties as manager on behalf of the Bitcoin ETF.

Use of Derivatives

The Bitcoin ETF may use derivative instruments from time to time as described under "Investment Strategies". The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (a) there is no guarantee that hedging to reduce risk will not result in a loss or that there will be a gain; (b) there is no guarantee that a market will exist when the Bitcoin ETF wants to complete or settle the derivative contract, which could prevent the Bitcoin ETF from reducing a loss or making a profit; (c) securities exchanges may impose trading limits on options and futures contracts, and these limits may prevent the Bitcoin ETF from completing or settling the derivative contract; (d) the Bitcoin ETF could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; (e) if the Bitcoin ETF has an open position in an option, a futures contract or a forward contract with a dealer who goes bankrupt, the Bitcoin ETF could experience a loss and, for an open futures or forward contract, a loss of margin deposited with that dealer; and (f) if a derivative is based on a market

index and trading is halted or disrupted on a substantial number of stocks or bonds in the index or there is a change in the composition of the index, there could be an adverse effect on the derivative.

Trading Price of Units

Units may trade in the market at a premium or discount to the NAV per Unit. There can be no assurance that Units will trade at prices that reflect their net asset value. The trading price of the Units will fluctuate in accordance with changes in the Bitcoin ETF's NAV, as well as market supply and demand on the TSX. However, given that generally only a Prescribed Number of Units are issued to the Designated Broker and Dealers, and that holders of a Prescribed Number of Units (or an integral multiple thereof) may redeem such Units at their NAV, the Manager believes that large discounts or premiums to the NAV of the Units should not be sustained.

No Ownership Interest in the Portfolio

An investment in Units does not constitute an investment by Unitholders in the bitcoin, cash and cash equivalents included in the Bitcoin ETF's portfolio. Unitholders will not own the bitcoin or cash or cash equivalents held by the Bitcoin ETF.

Changes in Legislation

There can be no assurance that certain laws applicable to the Bitcoin ETF, including income tax laws, government incentive programs and the treatment of mutual fund trusts under the Tax Act, will not be changed in a manner which adversely affects the Bitcoin ETF or Unitholders.

Conflicts of Interest

The Manager and its directors and officers engage in the promotion, management or investment management of one or more funds or trusts with similar investment objectives to those of the Bitcoin ETF. Although none of the directors or officers of the Manager will devote his or her full time to the business and affairs of the Bitcoin ETF, each director and officer of the Manager will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of officers) the Bitcoin ETF and the Manager.

Valuation of the Bitcoin ETF

Valuation of the Bitcoin ETF may involve uncertainties and judgement determinations, and, if such valuations should prove to be incorrect, the NAV of the Bitcoin ETF could be adversely affected. The Manager may face a conflict of interest in valuing the bitcoin held by the Bitcoin ETF because the values assigned will affect the calculation of the Management Fee payable by the Bitcoin ETF to it. This risk is mitigated by the fact that the bitcoin held by the bitcoin ETF is valued based on the MVIS® CryptoCompare Bitcoin Benchmark Rate Index as described in "Calculation of Net Asset Value".

Manager, Custodian and Sub-Custodian Standard of Care

Each of the Manager, the Custodian and the Sub-Custodian are subject to a contractual standard of care in carrying out its duties concerning the Bitcoin ETF (See "Organization and Management Details – Details of the Declaration of Trust", "Organization and Management Details – Custodian" and "Organization and Management Details – Sub-Custodian"). In the case that the Bitcoin ETF suffers a loss of its bitcoin and each of the Manager, the Custodian and the Sub-Custodian satisfied its respective standard of care, the Bitcoin ETF will bear the risk of loss as with respect to these parties.

Under the terms of the Custodian Agreement, the Custodian is required to exercise the standard of care required by NI 81-102. However, the Custodian will not be liable to the Bitcoin ETF for any loss of the Bitcoin ETF's bitcoin held by the Sub-Custodian unless such loss is directly caused by the Custodian's gross negligence, fraud, wilful default, or the breach of its standard of care. In the event of such loss, the Custodian is required to take reasonable steps to enforce such rights as it may have against the Sub-Custodian pursuant to the terms of the Sub-Custodian Agreement and applicable law.

SOC 2 Type 2 Report of the Sub-Custodian

The Sub-Custodian has advised the Manager that a SOC 2 Type 2 Report of its internal controls will be available for review by the auditor of the Bitcoin ETF in connection with the audit of the annual financial statements of the Bitcoin ETF. However, there is a risk that such SOC 2 Type 2 Report of the Sub-Custodian will not be available. In the event that the SOC 2 Type 2 Report is not available, the Manager will request confirmation from the Sub-Custodian in writing to permit the auditor of the Bitcoin ETF to test its internal controls. Although the Manager has received reasonable assurances from the Custodian and the Sub-Custodian that such written confirmation will be provided in the event that a SOC 2 – Type 2 report of the Sub-Custodian is not available, there is a risk that such written confirmation will not be provided and/or that the auditor will not be able to test the internal controls of the Custodian and the Sub-Custodian directly. The Bitcoin ETF will file an undertaking with applicable securities regulatory authorities that provides that while it remains a reporting issuer, the Bitcoin ETF will obtain from the Sub-Custodian of the bitcoin of the Bitcoin ETF either an SOC 2 – Type 2 report or written confirmation from the Sub-Custodian to permit the auditor of the Bitcoin ETF to test its controls.

In the event that the auditor of the Bitcoin ETF cannot: (i) review a SOC 2 – Type 2 Report of the Sub-Custodian; or (ii) test the internal controls of the Sub-Custodian directly in connection with its audit of the Bitcoin ETF's annual financial statements, the auditor would not be able to complete its audit of the annual financial statements of the Bitcoin ETF in accordance with the current guidance of the Canadian Public Accountability Board.

Potential Conflicts of Interest

The Manager and its directors, officers, affiliates and associates may engage in the promotion, management or investment management of other accounts, funds or trusts that invest primarily in the securities held by the Bitcoin ETF or that have similar investment objectives to the Bitcoin ETF.

Although officers, directors and professional staff of the Manager will devote as much time to the Bitcoin ETF as is deemed appropriate to perform their duties, the staff of the Manager may have conflicts in allocating their time and services among the Bitcoin ETF and the other funds managed by the Manager.

Risk of No Active Market for the Units and Lack of Operating History

The Bitcoin ETF is a newly organized exchange-traded fund with no previous operating history. Although the Bitcoin ETF will, subject to satisfying the TSX's original listing requirements on or before March 25, 2022, be listed on the TSX, there can be no assurance that an active public market for the Units will develop or be sustained.

Not a Trust Company

The Bitcoin ETF is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that statute or any other legislation.

U.S. Currency Exposure

The Bitcoin ETF's functional and presentation currency is and the investor's investment will be made in U.S. dollars. The Bitcoin ETF will purchase bitcoin which is currently denominated in U.S. dollars.

Canadian investors should be aware that the Bitcoin ETF will not hedge the investor's investment in the Bitcoin ETF against Canadian currency exposure. Fluctuations in the value of the Canadian dollar relative to the U.S. dollar will impact the relative value of an investor's investment in Canadian dollars. If the value of the Canadian dollar has increased relative to the U.S. dollar, the return on the bitcoin converted into Canadian dollars may be reduced, eliminated or made negative. The opposite can also occur and if it does occur, a Canadian investor and the value of such investor's investment converted into Canadian dollars may benefit from an increase in the value of the U.S. dollar relative to the Canadian dollar.

Cyber Security Risk

As the use of technology has become more prevalent in the course of business, investment funds like the Bitcoin ETF have become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause the Bitcoin ETF to lose proprietary information or other information subject to privacy laws, suffer data corruption, or lose operational capacity. This in turn could cause the Bitcoin ETF to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. Cyber security breaches may involve unauthorized access to the Bitcoin ETF's digital information systems (e.g. through "hacking" or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e. efforts to make network services unavailable to intended users). In addition, cyber security breaches of the Bitcoin ETF's third-party service providers (e.g. the Registrar and Transfer Agent, the Custodian and the Sub-Custodian) can also subject the Bitcoin ETF to many of the same risks associated with direct cyber security breaches. Like with operational risk in general, the Bitcoin ETF has established risk management systems designed to reduce the risks associated with cyber security.

Tax Risk

"Mutual fund trust" status - In order to qualify as a mutual fund trust under the Tax Act, the Bitcoin ETF must comply with various requirements contained in the Tax Act, including to restrict its undertaking to the investment of its funds in property. If the Bitcoin ETF were to cease to qualify as a mutual fund trust (whether as a result of a change in law or administrative practice, or due to its failure to comply with the current Canadian requirements for qualification as a mutual fund trust), it may experience various potential adverse consequences, including: becoming subject to a requirement to withhold tax on distributions made to non-resident Unitholders of any taxable capital gains; Units not qualifying for investment by Registered Plans; and Units ceasing to qualify as "Canadian securities" for the purposes of the election provided in subsection 39(4) of the Tax Act.

"SIFT Rules" - The SIFT Rules apply to trusts that are resident in Canada for the purposes of the Tax Act and that hold one or more "non-portfolio properties" (as defined in the Tax Act) and the units of which are listed or traded on a stock exchange or other public market ("**SIFT Trust**"). Under the SIFT Rules, if the Bitcoin ETF were a SIFT Trust it will generally be subject to tax at rates applicable to a Canadian corporation on income from a non-portfolio property (other than a taxable dividend) and net taxable capital gains realized on the disposition of a non-portfolio property (generally, "non-portfolio earnings" under the Tax Act). Unitholders who receive distributions from the Bitcoin ETF of this income and gain are deemed to receive an eligible dividend from a Canadian corporation for tax purposes. The total of the tax payable by the Bitcoin ETF on its non-portfolio earnings and the tax payable by a Unitholder on the distribution of those earnings will generally be more than the tax that would have been payable in the absence of the tax rules that apply to a SIFT trust. Even if units of the Bitcoin ETF are listed or traded on a stock exchange or other public market, provided the Bitcoin ETF only invests in bitcoin, the Bitcoin ETF should not be a SIFT trust; however, no assurance can be given in this regard.

Treatment of gains and losses on dispositions of bitcoin - The Bitcoin ETF generally will treat gains (or losses) as a result of any disposition of bitcoin as capital gains (or capital losses). CRA has taken the administrative position that bitcoins are treated as a commodity for income tax purposes. The CRA has also expressed the opinion that gains (or losses) of mutual fund trusts resulting from transactions in commodities should generally be treated for income tax purposes as ordinary income rather than as capital gains, although the treatment in each particular case remains a question of fact to be determined having regard to all the circumstances. If any transactions of the Bitcoin ETF are reported by it on capital account, but are subsequently determined by the CRA to be on income account, there may be an increase in the net income of the Bitcoin ETF, which is automatically distributed by the Bitcoin ETF to its Unitholders under the terms of the Declaration of Trust at the Bitcoin ETF's taxation year end; with the result that Canadian-resident Unitholders could be reassessed by the CRA to increase their taxable income by the amount of such increase, and non-resident Unitholders potentially could be assessed directly by the CRA for Canadian withholding tax on the amount of net gains on such transactions that were treated by the CRA as having been distributed to them. The CRA could assess the Bitcoin ETF for a failure of the Bitcoin ETF to withhold tax on distributions made by it to non-resident Unitholders that are subject to withholding tax, and typically would do so rather than assessing the non-resident Unitholders directly. Accordingly, any such re-determination by the CRA may result in the Bitcoin ETF being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. As the Bitcoin ETF may not be able to recover such

withholding taxes from the non-resident Unitholders whose Units are redeemed, payment of any such amounts by the Bitcoin ETF would reduce the NAV of the Bitcoin ETF.

“Loss restriction event” - If the Bitcoin ETF experiences a “loss restriction event”, it will: (i) be deemed to have a year-end for tax purposes (which would result in an allocation of the Bitcoin ETF’s taxable income at such time to Unitholders so that the Bitcoin ETF is not liable for income tax on such amounts); and (ii) become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, the Bitcoin ETF will be subject to a loss restriction event when a person becomes a “majority-interest beneficiary” of the Bitcoin ETF, or a group of persons becomes a “majority-interest group of beneficiaries” of the Bitcoin ETF, as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of the Bitcoin ETF will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the Bitcoin ETF.

Large Investor Risk

A significant portion of the Units of the Bitcoin ETF may be held by a single investor. If a significant investor were to buy or sell a substantial portion of Units of the Bitcoin ETF, the market value of the Units might temporarily decline or increase, as the case may be, resulting in the Units being bought or sold at a discount or premium to the Net Asset Value per Unit. However, given that unitholders may subscribe for or exchange a Prescribed Number of Units at the Net Asset Value per Unit, the Manager believes that large discounts to the Net Asset Value per Unit of the Bitcoin ETF should not be sustained. If a unitholder purchases Units of the Bitcoin ETF at a time when the market price of a Unit is at a premium to the Net Asset Value per Unit or sells Units of the Bitcoin ETF at a time when the market price of a Unit is at a discount to the Net Asset Value per Unit, the Unitholder may sustain a loss.

COVID-19 Outbreak

The novel coronavirus (COVID-19) outbreak was characterized as a pandemic by the World Health Organization on March 11, 2020. The outbreak has spread throughout the world, causing companies and various governments to impose restrictions, such as quarantines, closures, cancellations and travel restrictions. The effects of COVID-19 and the measures taken by companies and governments to combat the coronavirus negatively affected asset values and increased volatility in the financial markets, including the market price and volatility of bitcoin. At this point, the extent to which the coronavirus may impact, or may continue to impact, the market price of bitcoin and, in turn, the market price of the Units, is uncertain and cannot be predicted.

Risks Associated with Investing in Bitcoin

Cryptocurrency Risk

Cryptocurrency (notably, bitcoin), often referred to as “virtual currency” or “digital currency”, operates as a decentralized, peer-to-peer financial exchange and value storage that is used like money. Cryptocurrency operates without the oversight of a central authority or the banks and is not backed by any government. Even indirectly, cryptocurrencies (i.e. bitcoin) may experience high volatility and related investment vehicles may be affected by such volatility. Funds holding cryptocurrency may also trade at a significant premium to net asset value. Cryptocurrency is not legal tender. Federal, state, provincial, territorial or foreign governments may restrict the use and exchange of cryptocurrency, and regulation in North America is still developing. Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers or malware which could have an adverse impact on the NAV of the Units.

Short History Risk

Bitcoin is just over a decade old, which makes it one of the youngest multi-billion dollar assets in the world. Due to this short history, it is not clear how all elements of Bitcoin will unfold over time, specifically with regard to governance between miners, developers and users, as well as the long-term security model as the rate of inflation of bitcoin decreases. Since the Bitcoin community has successfully navigated a considerable number of technical and political challenges since its inception, the Manager believes that it will continue to engineer its way around future

challenges. The history of open source software development would indicate that vibrant communities are able to change the software under development at a pace sufficient to stay relevant. Furthermore, in Bitcoin's short life it has amassed computer power that is more than a hundred-fold more powerful than Google, which makes it robust against nefarious actors (<https://www.cryptocoinsnews.com/bitcoin-100-times-powerful-google/>). That said, the continuation of such vibrant communities is not guaranteed, and insufficient software development or any other unforeseen challenges that the community is not able to navigate could have an adverse impact on the Bitcoin ETF's portfolio.

Limited History of the Bitcoin Market

Bitcoin is a new technological innovation with a limited history. There is no assurance that usage of bitcoin and its blockchain will continue to grow. A contraction in use of bitcoin or its blockchain may result in increased volatility or a reduction in the price of bitcoin, which could adversely impact the NAV of the Units.

Volatility in the Price of Bitcoin

The bitcoin markets are sensitive to new developments, and since volumes are still maturing, any significant changes in market sentiment (by way of sensationalism in the media or otherwise) can induce large swings in volume and subsequent price changes. Such volatility can adversely affect the NAV of the Units.

The price of bitcoin on public bitcoin trading platforms has a limited history. Bitcoin prices on the bitcoin trading platforms as a whole have been volatile and subject to influence by many factors including the levels of liquidity on bitcoin trading platforms. Even the largest bitcoin trading platforms have been subject to operational interruption (e.g., the temporary halt of Mt. Gox due to distributed denial of service attacks by hackers and/or malware, and its permanent closure in February 2014), limiting the liquidity of bitcoin on the bitcoin trading platform market and resulting in volatile prices and a reduction in confidence in the Bitcoin Network and the bitcoin trading platform market generally.

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the public, accounts for anticipated future appreciation in value. The Manager believes that momentum pricing of bitcoin has resulted, and may continue to result, in speculation regarding future appreciation in the value of bitcoin, inflating and making more volatile the value of a bitcoin. As a result, bitcoin may be more likely to fluctuate in value due to changing investor confidence in future appreciation, which could adversely affect an investment in the Units.

Despite the marked first-mover advantage of the Bitcoin Network over other digital assets, it is possible that another digital asset could become materially popular due to either a perceived or exposed shortcoming of the Bitcoin Network protocol that is not immediately addressed by the bitcoin contributor community or a perceived advantage of an altcoin that includes features not incorporated into bitcoin. If a digital asset obtains significant market share (either in market capitalization, mining power or use as a payment technology), this could reduce bitcoin's market share and have a negative impact on the demand for, and price of, bitcoin and thereby adversely affect the NAV of the Units.

Potential Decrease in Global Demand for Bitcoin

As a currency bitcoin must serve as a means of exchange, store of value, and unit of account. Many people using Bitcoin as money-over-internet-protocol (MoIP) do so with it as an international means of exchange. Speculators and investors using bitcoin as a store of value then layer on top of means of exchange users, creating further demand. If consumers stop using bitcoin as a means of exchange, or its adoption therein slows, then bitcoin's price may suffer, adversely affecting the Bitcoin ETF.

Investors should be aware that there is no assurance that bitcoin will maintain its long-term value in terms of purchasing power in the future or that the acceptance of bitcoin for payments by mainstream retail merchants and commercial businesses will continue to grow. In the event that the price of bitcoin declines, the Manager expects the NAV of the Units to decline proportionately. As relatively new products and technologies, bitcoin and the Bitcoin Network have only recently become widely accepted as a means of payment for goods and services by many major retail and commercial outlets, and use of bitcoin by consumers to pay such retail and commercial outlets remains limited. Banks and other established financial institutions may refuse to process funds for bitcoin transactions, process

wire transfers to or from bitcoin trading platforms, bitcoin-related companies or service providers, or maintain accounts for persons or entities transacting in bitcoin. Conversely, a significant portion of bitcoin demand is generated by speculators and investors seeking to profit from the short- or long-term holding of bitcoin. Price volatility undermines bitcoin's role as a medium of exchange as retailers are much less likely to accept it as a form of payment. Market capitalization for bitcoin therefore, as a medium of exchange and payment method, may continue to be low. A lack of expansion by bitcoin into retail and commercial markets, or a contraction of such use, may result in increased volatility which could adversely impact the NAV of the Units. The Manager believes that, like any commodity, bitcoin will fluctuate in value, but over time will gain a level of acceptance as a store of value, similar to precious metals.

Financial Institutions may refuse to Support Transactions involving Bitcoin

In the uncertain regulatory climate for cryptoassets, including bitcoin, Canadian regulated financial institutions may cease to support transactions involving cryptoassets, including the receipt of cash proceeds from sales of cryptoassets. Should this occur, the Bitcoin ETF would be unable to pay out redemption proceeds within the timeframe set out under "Redemption of Units".

Limited Insurance

Neither the Bitcoin ETF nor the Custodian will maintain insurance against risk of loss of bitcoin held by the Bitcoin ETF, as such insurance is not currently available in Canada on economically reasonable terms.

The Bitcoin ETF's bitcoins are held by Gemini offline in "cold storage". Gemini currently maintains \$200 million in specie coverage for digital assets held in Gemini's cold storage system. The amounts and continuing availability of this coverage are subject to change at Gemini's sole discretion. Digital assets held in cold storage are also protected by Gemini's security measures, which reflect best practices in the payment industry generally and in the cryptoasset space in particular. The Bitcoin ETF's bitcoins may also be temporarily held online in a Gemini "hot wallet". Gemini maintains separate commercial crime insurance coverage for digital assets custodied in its "hot wallet".

Residency of the Sub-Custodian

The Sub-Custodian is resident outside Canada and all or a substantial portion of its assets are located outside Canada. As a result, anyone seeking to enforce legal rights against it in Canada may find it difficult to do so.

Liability of Unitholders

The Bitcoin ETF is a unit trust and as such its Unitholders do not receive the protection of statutorily mandated limited liability in some provinces and territories as in the case of shareholders of most Canadian corporations. There is no guarantee, therefore, that Unitholders could not be made party to legal action in connection with the Bitcoin ETF. However, the Declaration of Trust provides that no Unitholder, in its capacity as such, will be subject to any liability whatsoever, in tort, contract or otherwise, to any person in connection with the Bitcoin ETF's property or the obligations or the affairs of the Bitcoin ETF and all such persons are to look solely to the Bitcoin ETF's property for satisfaction of claims of any nature arising out of or in connection therewith and only the Bitcoin ETF's property will be subject to levy or execution. Pursuant to the Declaration of Trust, the Bitcoin ETF will indemnify and hold harmless each Unitholder from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having limited liability.

As a result of the foregoing, it is considered that the risk of any personal liability of Unitholders is minimal in view of the nature of its activities. In the event that a Unitholder should be required to satisfy any obligation of the Bitcoin ETF, such Unitholder will be entitled to reimbursement from any available assets of the Bitcoin ETF.

Underlying Value Risk

Bitcoin represents a new form of digital value that is still being digested by society. Its underlying value is driven by its utility as a store of value, means of exchange, and unit of account, and the demand for bitcoin within those use cases. Just as oil is priced by the supply and demand of global markets, as a function of its utility to, for

instance, power machines and create plastics, so too is bitcoin priced by the supply and demand of global markets for its own utility within remittances, B2B payments, time-stamping, etc.

If these means of valuing bitcoin prove to be fundamentally flawed, then the market may undergo a repricing of bitcoin, which could have an adverse impact on the Bitcoin ETF's portfolio.

Top Bitcoin Holders Control a Significant Percentage of the Outstanding Bitcoin

The top 115 bitcoin addresses hold roughly 20% of the bitcoin currently outstanding. While this concentration has decreased significantly over the years it is still concentrated. If one of these top holders were to exit their bitcoin position it could cause volatility that may adversely affect the NAV of the Units.

Regulation of Bitcoin

The regulation of bitcoin continues to evolve in North America and within foreign jurisdictions, which may restrict the use of bitcoin or otherwise impact the demand for bitcoin.

Loss of "Private Keys"

The loss or destruction of certain "private keys" (numerical codes required by the Bitcoin ETF to access its bitcoin) could prevent the Bitcoin ETF from accessing its bitcoin. Loss of these private keys may be irreversible and could result in the loss of all or substantially all of an investment in the Bitcoin ETF.

Bitcoin ETF's Holdings May Become Illiquid

The Bitcoin ETF may not always be able to liquidate its bitcoin at a desired price. It may become difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in the marketplace, including on bitcoin trading platforms. Unexpected market illiquidity may cause major losses to the holders of bitcoin. The large size of bitcoin that the Bitcoin ETF may acquire increases the risks of illiquidity by both making its bitcoin difficult to liquidate and in liquidating, the Bitcoin ETF may affect bitcoin's price significantly.

Improper Transfers

Bitcoin transfers are irreversible. An improper transfer (whereby bitcoin is accidentally sent to the wrong recipient), whether accidental or resulting from theft, can only be undone by the receiver of the bitcoin agreeing to send the bitcoin back to the original sender in a separate subsequent transaction. To the extent the Bitcoin ETF erroneously transfers, whether accidental or otherwise, bitcoin in incorrect amounts or to the wrong recipients, the Bitcoin ETF may be unable to recover the bitcoin, which could adversely affect an investment in the Units.

Uncertain Regulatory Framework

Due to bitcoin's short history, and its emergence as a new asset class, regulation of bitcoin is still a work in progress. For example, in the United States the Commodity Futures Trading Commission has ruled it a commodity, while the IRS has ruled it a property. The U.S. Securities and Exchange Commission (the "SEC") and the Canadian Securities Administrators generally take the view that bitcoin is a commodity, however, they have not made a formal statement regarding its classification. On May 17, 2019, the Department of Finance (Canada) introduced proposed amendments to the Excise Tax Act that, if enacted as proposed, would, as of May 18, 2019, treat bitcoin as a "financial instrument" for purposes of the Excise Tax Act. Meanwhile, other jurisdictions, like the European Union, Russia and Japan have moved to treat bitcoin like a currency for taxation purposes, which the Manager believes is likely helping to fuel adoption in those areas. In some other nations, like China, regulation is evolving constantly. The Manager believes that the bitcoin regulatory situation will continue to evolve to allow for innovation while also protecting consumers. Regulators worldwide are increasingly recognizing the powerful innovation of bitcoin and blockchain technology, and therefore the Manager believes that it is unlikely that a hostile regulatory environment will develop. However, if a hostile regulatory environment were to emerge against bitcoin, it could have an adverse impact on the NAV of the Units.

Because the cryptoasset markets are largely unregulated today, many marketplaces and OTC counterparties that trade or facilitate trading exclusively in cryptoassets are not subject to registration or licensing requirements with any financial services regulatory body and, therefore, are not directly subject to prescribed KYC, reporting and recordkeeping requirements which apply financial services firms and other “reporting entities” under AML Regulation. The Manager will use all reasonable efforts to confirm that each bitcoin trading platform and institutional liquidity provider from which the Bitcoin ETF may purchase bitcoin has adopted KYC procedures which reflect industry best practices to seek to ensure compliance with AML Regulation requirements which apply generally in the jurisdictions where they carry on business. In addition, the Sub-Custodian is a reporting entity under the U.S. Bank Secrecy Act and AML Regulation in the U.S. and has adopted the Gemini BSA/AML Compliance Program.

Risks Associated with the Bitcoin Network

Dependence on Bitcoin Developers

While many contributors to Bitcoin’s software are employed by companies in the industry, most of them are not directly compensated for helping to maintain the protocol. As a result, there are no contracts or guarantees that they will continue to contribute to Bitcoin’s software.

Issues with the Cryptography Underlying the Bitcoin Network

Although the Bitcoin Network is the most established digital asset network, the Bitcoin Network and other cryptographic and algorithmic protocols governing the issuance of digital assets represent a new and rapidly evolving industry that is subject to a variety of factors that are difficult to evaluate. In the past, flaws in the source code for digital assets have been exposed and exploited, including flaws that disabled some functionality for users, exposed users’ personal information and/or resulted in the theft of users’ digital assets. The cryptography underlying bitcoin could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to take the Bitcoin ETF’s bitcoin, which would adversely affect an investment in the Units. Moreover, functionality of the Bitcoin Network may be negatively affected such that it is no longer attractive to users, thereby dampening demand for bitcoin. Even if another digital asset other than bitcoin were affected by similar circumstances, any reduction in confidence in the source code or cryptography underlying digital assets generally could negatively affect the demand for digital assets and therefore adversely affect an investment in the Units.

Disputes on the Development of the Bitcoin Network may lead to Delays in the Development of the Network

There can be disputes between contributors on the best paths forward in building and maintaining Bitcoin’s software. Furthermore, the miners supporting the network and companies using it can disagree with the contributors as well, creating greater debate. Therefore, the bitcoin community often iterates slowly upon contentious protocol issues, which many perceive as prudently conservative, while others worry that it inhibits innovation.

Significant Increase in Bitcoin Interest Could Affect the Ability of the Bitcoin Network to Accommodate Demand

One of the most contentious issues within the bitcoin community has been around how to scale the network as user demand continues to rise. The debate goes back to the earliest days of bitcoin. There are many possible solutions, and most of them boil down to different ideologies on how bitcoin should be used. However, it will be important for the community to continue to develop at a pace that meets the demand for transacting in bitcoin, otherwise users may become frustrated and lose faith in the network.

Bitcoin’s Blockchain may Temporarily or Permanently Fork and/or Split

The Bitcoin software and protocol are open source. When a modification is released by the developers and a substantial majority of miners consent to the modification, the change is implemented and the Bitcoin Network continues uninterrupted. However, if a change were activated with less than a substantial majority consenting to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a “hard fork” (i.e. a split) of the Bitcoin Network (and the blockchain). One

blockchain would be maintained by the pre-modified software and the other by the post-modification software. The effect is that both blockchain algorithms would be running parallel to one another, but each would be building an independent blockchain with independent native assets (e.g., bitcoin 1 and bitcoin 2).

Although forks are likely to be addressed by a community-led effort to merge the two groups, such a fork could adversely affect bitcoin's viability. There is a precedent for this occurring, as witnessed with two bitcoin hard forks in 2017. Following long-term debate on how to scale the Bitcoin Network's transaction capacity, on August 1, 2017 the digital currency forked into Bitcoin Classic (BTC) and Bitcoin Cash (BCH). On October 24, 2017, bitcoin further forked to create Bitcoin Gold (BTG). Bitcoin Classic, Bitcoin Cash, and Bitcoin Gold continue to exist today, and though their combined value exceeds the value of the network prior to the fork, future forking events could prove substantially more detrimental to the value of the Bitcoin Network.

In the event that a fork in the Bitcoin blockchain results in: (i) issuance to the Bitcoin ETF of an additional cryptoasset alongside the bitcoin held by the Bitcoin ETF; or (ii) a choice to keep the existing bitcoin or exchange or replace it with a different cryptoasset, the Manager will make the investment decision that it believes is in the best interest of the Bitcoin ETF and the Unitholders at the time.

The Sub-Custodian Agreement provides that the Sub-Custodian will support the forked network that requires the greatest total threshold number of hash attempts to mine all existing blocks measured during the 48-hour period following the fork, subject to its ability to, under certain circumstances and in consultation with the New York State Department of Financial Services and its licensing partners, make a good faith determination as to the forked network that is most likely to be supported by the greatest number of users and miners and support that network. The Sub-Custodian may, in its discretion, choose to not support the forked network, in which case the Sub-Custodian may abandon the Fork Asset (as defined below), retain the Fork Asset for itself or allow a one-time withdrawal of the Fork Asset by the Bitcoin ETF. The Sub-Custodian may also choose to support the forked network.

It is ultimately an investment decision of the Manager to determine how the Bitcoin ETF will deal with a fork in the Bitcoin blockchain. There will likely be many factors relevant to such decision, including the value and liquidity of the new/replacement asset (the "**Fork Asset**") and whether a disposition of such Fork Asset would trigger a taxable event for the Bitcoin ETF. As such, if it was in the best interest of the Bitcoin ETF to receive a Fork Asset or otherwise participate in a fork in the Bitcoin blockchain that is not supported by the Sub-Custodian, the Manager could instruct the Custodian to move the Bitcoin ETF's bitcoin from the Sub-Custodian to an account with another sub-custodian which would support such fork.

The Manager will consult with the auditor of the Bitcoin ETF to ensure that all Fork Assets held by the Bitcoin ETF are properly valued in accordance with International Financial Reporting Standards for the purpose of calculating the NAV of the Bitcoin ETF. The Manager has confirmed with the auditor of the Bitcoin ETF that in the event of a fork or split of the Bitcoin blockchain (or the blockchain of another Fork Asset held by the Bitcoin ETF), the Bitcoin ETF would not be required to reflect ownership of any resulting Fork Asset on its financial statements until such asset is released by the Sub-Custodian (or the relevant Fork Asset custodian) into the Bitcoin ETF's account.

The Manager will ensure that redeeming Unitholders receive the appropriate redemption price for their Units of the Bitcoin ETF, including in circumstances where a Fork Asset held by the Bitcoin ETF cannot be liquidated due to restrictions imposed by the custodian of the Fork Asset or other market forces.

Dependence on the Internet

Bitcoin miners (and full nodes) relay transactions to one another via the internet, and when blocks are mined they are also forwarded via the internet. Companies access Bitcoin's blockchain via the internet, and most customers access these companies via the internet. Thus, the entire system is dependent upon the continued functioning of the internet.

Risk if Entity Gains a 51% Share of the Bitcoin Network

If an entity gains controls over 51% of the compute power (hash rate) the entity could use its majority share to double spend bitcoin. Essentially, the entity would send bitcoin to one recipient, which is confirmed in the existing

blockchain, while also creating a shadow blockchain that sends that same bitcoin to another entity under its control. After a period of time, the entity will release its hidden blockchain and reverse previously confirmed transactions, and due to the way mining works, that new blockchain will become the record of truth. This would significantly erode trust in the Bitcoin Network to store value and serve as a means of exchange which may significantly decrease the value of the bitcoin and in turn the NAV of the Units.

Concentration of Transaction Confirmation Processing Power in China

Due to preferential electricity discounts, there are large mining pools operating in China which have significant sway over the Bitcoin Network. The Chinese government could affect the operations of these miners in a number of ways. First, all traffic to the mining pools must pass through the Great Firewall of China, which means the Chinese government could cut off their connection to the Bitcoin Network. Second, the Chinese government has previously partially banned bitcoin, and there is no guarantee that it won't attempt to do so in full. If it were to ban bitcoin, it may make mining bitcoin an unpalatable activity to most Chinese miners, which could be detrimental to the Bitcoin Network.

Possible Increase in Transaction Fees

Bitcoin miners, functioning in their transaction confirmation capacity, collect fees for each transaction they confirm. Miners confirm transactions by adding previously unconfirmed transactions to new blocks in the blockchain. Miners are not forced to confirm any specific transaction, but they are economically incentivized to confirm valid transactions as a means of collecting fees. Miners have historically accepted relatively low transaction confirmation fees because miners have very low marginal cost of validating unconfirmed transactions. If miners collude in an anticompetitive manner to reject low transaction fees, then bitcoin users could be forced to pay higher fees, thus reducing the attractiveness of the Bitcoin Network. Bitcoin mining occurs globally and it may be difficult for authorities to apply antitrust regulations across multiple jurisdictions. Any collusion among miners may adversely impact the NAV of the Units.

Attacks on the Bitcoin Network

The Bitcoin Network is periodically subject to distributed denial of service attacks to clog the list of transactions being tabulated by miners, which can slow the confirmation of authentic transactions. Another avenue of attack would be if a large number of miners were taken offline then it could take some time before the difficulty of the mining process algorithmically adjusts, which would stall block creation time and therefore transaction confirmation time. Thus far these scenarios have not plagued the network for long or in a systemic manner.

Decrease in Block Reward

The block reward will decrease over time. On May 11, 2020, the block reward reduced from 12.5 to 6.25 bitcoin. The block reward will decrease to 3.125 bitcoin in 2024. As the block reward continues to decrease over time, the mining incentive structure will transition to a higher reliance on transaction verification fees in order to incentivize miners to continue to dedicate processing power to the blockchain. If transaction verification fees become too high, the marketplace may be reluctant to use bitcoin. Decreased demand for bitcoin may adversely affect the NAV of the Units.

Competitors to Bitcoin

To the extent a competitor to bitcoin gains popularity and greater market share, the use and price of bitcoin could be negatively impacted, which may adversely affect an investment in Units of the Bitcoin ETF. Similarly, bitcoin and the price of bitcoin could be negatively impacted by competition from incumbents in the credit card and payments industries, which may adversely affect the NAV of the Units.

Significant Energy Consumption to run the Bitcoin Network

Because of the significant computing power required to mine bitcoin, the network's energy consumption as a whole may ultimately be deemed to be or indeed become unsustainable (barring improvements in efficiency which

could be designed for the protocol). This could pose a risk to broader and sustained acceptance of the network as a peer-to-peer transactional platform.

Risks Associated with Bitcoin Trading Platforms

Regulation of Bitcoin Trading Platforms

Bitcoin trading platforms are spot markets in which bitcoin can be exchanged for U.S. dollars. Bitcoin trading platforms are not regulated as securities exchanges or commodity futures exchanges under the securities or commodity futures laws of Canada, the United States or other global jurisdictions. The Manager seeks to ensure that the bitcoin trading platforms on which the Bitcoin ETF transacts are reputable, stable and in compliance with AML Regulation. See “Overview of the Sector in which the Bitcoin ETF Invests – Purchasing Bitcoin for the Bitcoin ETF’s Portfolio”.

Limited Operating History of Bitcoin Trading Platforms

Bitcoin trading platforms have a limited operating history. Since 2009 several bitcoin trading platforms have been closed or experienced disruptions due to fraud, failure, security breaches or distributed denial of service attacks. In many of these instances, the customers of such trading platforms were not compensated or made whole for the partial or complete loss of funds held at bitcoin trading platforms. The potential for instability of bitcoin trading platforms and the closure or temporary shutdown of bitcoin trading platforms due to fraud, business failure, hackers, distributed denial of service attacks or malware or government-mandated regulation may reduce confidence in bitcoin, which may adversely affect the NAV of the Units.

Hacking of Bitcoin Trading Platforms May Have a Negative Impact on Perception of the Security of the Bitcoin Network

While Bitcoin’s blockchain has never been compromised by hackers, bitcoin trading platforms frequently have. Bitcoin trading platforms that adhere to best practices are insured, and most of these have not been hacked, or if they have the loss has been minimal. Although there is ample evidence which indicates that almost all of the economic trading volumes in bitcoin occur on the top ten global trading platforms, many of which are regulated by the New York State Department of Financial Services, carry insurance for their hot wallet assets, such bitcoin trading platforms, or other, smaller or less reputable bitcoin trading platforms, may get hacked. Bitcoin’s price is at risk if a platform is hacked as it can shake consumer confidence for those that do not understand the difference between a weakness in the platform versus a weakness in bitcoin and its blockchain.

Different Prices of Bitcoin on the Bitcoin Trading Platforms May Adversely Affect the NAV of the Units

Most platforms operate as isolated pools of liquidity, and so when demand spikes for a specific platform the market price for bitcoin on that platform can also spike, making it trade at a premium to other platforms. This tendency is common geographically, with Chinese platforms frequently trading at a premium to platforms in Europe or America.

Closure of Bitcoin Trading Platform(s)

Between 2013 and 2019, a number of bitcoin trading platforms have been closed due to fraud, failure or security breaches. In many of these instances, the customers of such bitcoin trading platforms were not compensated or made whole for the partial or complete losses of their account balances in such bitcoin trading platforms. While smaller bitcoin trading platforms are less likely to have the infrastructure and capitalization that make larger bitcoin trading platforms more stable, larger bitcoin trading platforms are more likely to be appealing targets for hackers and “malware” (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems).

Liquidity Constraints on Bitcoin Markets may Impact the Bitcoin ETF’s Holdings

While the liquidity and traded volume of bitcoin are continually growing, they are still maturing assets. The Bitcoin ETF may not always be able to acquire or liquidate its assets at a desired price. It may become difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in the marketplace,

including on cryptoasset exchanges. When transacting in the cryptoasset markets, the Bitcoin ETF will be competing for liquidity with other large investors, including speculators, miners and other investment funds and institutional investors.

Unexpected market illiquidity, and other conditions beyond the Manager's control, may cause major losses to the holders of a cryptoasset, including bitcoin. The large position in bitcoin that the Bitcoin ETF may acquire increases the risks of illiquidity by making its bitcoin difficult to liquidate. In addition, liquidation of significant amounts of bitcoin by the Bitcoin ETF may impact the market price of bitcoin.

Risk of Manipulation on Bitcoin Trading Platforms

Bitcoin trading platforms are spot markets in which bitcoin can be exchanged for U.S. dollars. Bitcoin trading platforms are not regulated as securities exchanges or commodity futures exchanges under the securities or commodity futures laws of Canada, the United States or other global jurisdictions.

Some bitcoin trading platforms have been known to permit and/or report artificially high order volumes and/or trading volumes. Bitcoin trading platforms are not required to adopt policies and procedures for the purpose detecting and preventing manipulative and deceptive trading activities and, in the event that manipulative and deceptive trading activities are detected, bitcoin trading platforms may not have procedures for, or jurisdiction to, sanction or otherwise deter such activities and/or to detect, investigate and prosecute fraud.

The Manager seeks to ensure that the bitcoin trading platforms on which the Bitcoin ETF transacts are reputable, stable and in compliance with AML Regulation. See "Overview of the Sector in which the Bitcoin ETF Invests – Purchasing Bitcoin for the Bitcoin ETF's Portfolio".

Settlement of Transactions on the Bitcoin Network

There is no central clearing house for cash-to-bitcoin transactions. Current practice is for the purchaser of bitcoin to send fiat currency to a bank account designated by the seller, and for the seller to broadcast the transfer of bitcoin to the purchaser's public bitcoin address upon receipt of the cash. The purchaser and seller monitor the transfer with a transaction identification number that is available immediately upon transfer and is expected to be included in the next block confirmation. When the Bitcoin ETF purchases bitcoin from a Bitcoin Source, there is a risk that the Bitcoin Source will not initiate the transfer on the Bitcoin network upon receipt of cash from the Bitcoin ETF, or that the bank where the Bitcoin Source's account is located will not credit the incoming cash from the Bitcoin ETF for the account of the Bitcoin Source. The Manager mitigates this risk by transacting with regulated Bitcoin Sources that have undergone due diligence, as described under "Overview of the Sector in which the Bitcoin ETF Invests – Purchasing Bitcoin for the Bitcoin ETF's Portfolio" and by confirming the solvency of the Bitcoin Source and the bank designated by each Bitcoin Source based on publicly available information.

Risk Rating of the Bitcoin ETF

The Manager assigns a risk rating to the Bitcoin ETF as an additional guide to help investors decide whether it is right for them. This information is only a guide. The Manager determines the risk rating for the Bitcoin ETF in accordance with NI 81-102. The investment risk level of the Bitcoin ETF is required to be determined in accordance with standardized risk classification methodology that is based on the historical volatility of the Bitcoin ETF as measured by the 10-year standard deviation of the returns of the Bitcoin ETF. Just as historical performance may not be indicative of future returns, the Bitcoin ETF's historical volatility may not be indicative of its future volatility. Investors should be aware that other types of risk, both measurable and non-measurable, also exist.

Standard deviation is a statistical measure used to estimate the dispersion of a set of data around the average value of the data. In the context of investment returns, it measures the amount of variability of returns that has historically occurred relative to the average return. The higher the standard deviation, the greater the variability of returns it has experienced in the past.

Using this methodology, the Manager assigns a risk rating to the Bitcoin ETF as either low, low to medium, medium, medium to high, or high risk as follows:

- *Low* – for funds with a level of risk typically associated with investments in Canadian fixed income funds and money market funds;
- *Low to medium* – for funds with a level of risk typically associated with investments in balanced funds and global or corporate fixed income funds;
- *Medium* – for funds with a level of risk typically associated with investments in equity portfolios diversified among a number of large-capitalization Canadian or international equity securities;
- *Medium to high* – for funds with a level of risk typically associated with investments in equity funds that may concentrate their investments in specific regions or specific sectors of the economy; and
- *High* – for funds with a level of risk typically associated with investments in equity portfolios that may concentrate their investments in specific regions or specific sectors of the economy where there is a substantial risk of loss (such as emerging markets or precious metals).

The Bitcoin ETF's risk rating is determined by calculating its standard deviation for the most recent 10 years using monthly returns and assuming the reinvestment of all income and capital gains distributions in additional Units of the Bitcoin ETF. As the Bitcoin ETF does not have at least 10 years of performance history, the Manager uses a reference index that is reasonably expected to approximate, the standard deviation of the Bitcoin ETF as a proxy. There may be times when the Manager believes this methodology produces a result that does not reflect the Bitcoin ETF's risk based on other qualitative factors. As a result, the Manager may place the Bitcoin ETF in a higher risk rating category, as appropriate. The Manager will review the risk rating for the Bitcoin ETF on an annual basis or if there has been a material change to the Bitcoin ETF's investment objectives or investment strategies.

A copy of the methodology used by the Manager to identify the investment risk levels of the Bitcoin ETF is available on request, at no cost, by calling (416) 639-2130. The Manager has assigned the Bitcoin ETF the risk rating in the table below, such risk rating does not necessarily correspond to an investor's risk tolerance assessment. Investors are advised to consult their financial advisor for advice regarding their personal circumstances.

Legal Name	Risk Rating
3iQ CoinShares Bitcoin ETF	High

The Bitcoin ETF's risk classification is based on the Bitcoin ETF's return and the return of the MVIBBR as described below.

MVIS® CryptoCompare Bitcoin Benchmark Rate Index

MVIS® CryptoCompare Bitcoin Benchmark Rate Index, maintained by MVIS, is designed to be a robust hourly price for bitcoin in U.S. dollars. There is no component other than bitcoin in the MVIBBR. The MVIBBR is reviewed by MVIS on a semi-annual basis. MVIS selects the top 5 rated bitcoin trading platforms for inclusion in the MVIBBR based on their CryptoCompare Benchmark Rating. All bitcoin trading platforms that provide input data to the calculation of the MVIBBR adhere to AML and KYC regulations, as they are requirements enforced by the benchmark administrator.

The CryptoCompare Benchmark ranks more than 165 global digital currency trading platforms through an assessment of their risk profile based on the following factors: legal/regulatory, data provision, security, team/exchange, market quality, KYC/transaction risk, asset quality/diversity and includes a penalty factor for negative events. CryptoCompare employs a qualitative (due diligence) and quantitative (market quality, based on order book and trade data) approach and uses correlation of volume to volatility and standard deviation of volume as inputs to the analysis.

MVIS is an index provider based in Frankfurt, Germany and regulated as an index administrator by the German Federal Financial Supervisory Authority (BaFin). MVIS has adopted indexing practices and operations for its digital assets indices, including MVIBBR, which comply with the EU benchmark regulations. MVIS's pricing

benchmarks are also compliant with International Organisation of Securities Commissions regulations. At this time, there are no guidelines for the calculation of indices that are based on digital assets under the EU benchmark regulations, however MVIS expects to comply with any such guidelines when they are released. MVIS follows the ESMA Regulatory Technical Standards (RTS) in the creation and maintenance of its indices.

Further information regarding MVIBBR is available at <https://mvis-indices.com/indices/digital-assets/mvis-cryptocompare-bitcoin-benchmark-rate>.

Index Licensing Agreement

The Manager and MVIS will enter into a license agreement on or about March 31, 2021 (the “**Index Licensing Agreement**”), pursuant to which MVIS has granted the Manager the right to use the MVIBBR in connection with the Bitcoin ETF subject to the terms and conditions provided for in the Index Licensing Agreement. The term of the Index Licensing Agreement will automatically renew for successive renewal terms of one year unless the Manager provides MVIS with at least 180 days’ prior written notice of its intention not to renew the Index Licensing Agreement effective on the expiration of the then-current-term or renewal term however either party may terminate the Index Licensing Agreement if among others, in the event of a material breach by the other party of the terms of the agreement.

DISTRIBUTION POLICY

Distributions

The Bitcoin ETF does not intend to pay distributions to Unitholders.

On an annual basis, the Bitcoin ETF will ensure that its income and net realized capital gains, if any, have been distributed to Unitholders to such an extent that the Bitcoin ETF will not be liable for ordinary income tax thereon. To the extent that the Bitcoin ETF has not distributed the full amount of its net income or capital gains in any year, the difference between such amount and the amount actually distributed by the Bitcoin ETF will be paid as a “reinvested distribution”. Reinvested distributions by the Bitcoin ETF, net of any required withholding taxes, will be reinvested automatically in additional Units at a price equal to the NAV per Unit and the Units will be immediately consolidated such that the number of outstanding Units following the distribution will equal the number of Units outstanding prior to the distribution.

In addition to the distributions described above, the Bitcoin ETF may from time to time pay additional distributions on its Units, including without restriction in connection with a special distribution or in connection with returns of capital.

PURCHASES OF UNITS

Initial Investment

In compliance with NI 81-102, the Bitcoin ETF will not issue Units to the public until orders aggregating not less than \$500,000 have been received and accepted by the Bitcoin ETF from investors other than the Manager or its directors, officers or securityholders.

Investment by CoinShares

CoinShares International Limited (“**CoinShares**”), a public limited liability company incorporated in Jersey, Channel Islands, intends to make an investment in Units of the Bitcoin ETF through a subsidiary following the date upon which the Units of the Bitcoin ETF commence trading on the TSX. See “Risk Factors – Risks Relating to an Investment in the Bitcoin ETF – Large Investor Risk”.

CoinShares operates within several sectors of the digital asset industry and is predominately involved in providing both passive digital asset management in the form of ETPs and a range of capital market activities which includes liquidity provision in respect of its ETPs, lending and borrowing, as well as proprietary trading with a non-

directional bias. CoinShares is also involved in active asset management and advisory in the form of financing, syndication and fundraising.

Offerings and Continuous Distribution

Units of the Bitcoin ETF are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued.

Designated Broker

The Manager, on behalf the Bitcoin ETF, has entered, or will enter, as the case may be, into a Designated Broker Agreement with the Designated Broker pursuant to which the Designated Broker agreed to perform certain duties relating to the Bitcoin ETF including, without limitation: (i) to subscribe for a sufficient number of Units to satisfy the TSX's original listing requirements; (ii) to subscribe for Units on an ongoing basis in connection with the rebalancing of and adjustments to the Bitcoin ETF's portfolio when redemptions of Units occur as described under "Redemption and Exchange of Units – Redemption of Units"; and (iii) to post a liquid two-way market for the trading of Units on the TSX. The Manager may, in its discretion from time to time, reimburse the Designated Broker for certain expenses incurred by the Designated Broker in performing these duties.

The Designated Broker Agreement provides, or will provide, that the Manager may from time to time and, in any event not more than once quarterly, require the Designated Broker to subscribe for Units of the Bitcoin ETF for cash in a dollar amount not to exceed 0.30% of the NAV of the Bitcoin ETF. The number of Units issued will be the subscription amount divided by the NAV per Unit next determined following the delivery by the Manager of a subscription notice to the Designated Broker. Payment for the Units must be made by the Designated Broker, and the Units will be issued, by no later than the second Trading Day after the subscription notice has been delivered.

Issuance of Units

To the Designated Broker and Dealers

All orders to purchase Units directly from the Bitcoin ETF must be placed by the Designated Broker or Dealers. The Bitcoin ETF reserves the absolute right to reject any subscription order placed by the Designated Broker or Dealer. No fees will be payable by the Bitcoin ETF to the Designated Broker or Dealer in connection with the issuance of Units. On the issuance of Units, the Manager may, in its discretion, charge an administrative fee to the Designated Broker or a Dealer to offset the expenses (including any applicable TSX additional listing fees) incurred in issuing the Units.

On any Trading Day, the Designated Broker or Dealer may place a subscription order for the Prescribed Number of Units (or an integral multiple thereof) of the Bitcoin ETF. If a subscription order is received by the Bitcoin ETF by 9:00 a.m. (Toronto time) on a Trading Day (or such later time on such Trading Day as the Manager may permit), the Bitcoin ETF will issue to the Designated Broker or Dealer the Prescribed Number of Units (or an integral multiple thereof) by no later than the second Trading Day after the date on which the subscription order is accepted, provided that payment for such Units has been received.

The Designated Broker or Dealer must deliver cash in an amount equal to the NAV of the Units next determined following the receipt of the subscription order.

The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time. The Prescribed Number of Units will be available on the Bitcoin ETF's website at www.3iQ.ca.

Buying and Selling Units

The Units of the Bitcoin ETF have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements in respect of the Bitcoin ETF on or before March 25, 2022, the Units of the Bitcoin ETF will be listed on the TSX and offered on a continuous basis, and an investor will be able to buy or sell Units of the Bitcoin ETF on the TSX through registered brokers and dealers in the province or territory where the

investor resides. Investors will incur customary brokerage commissions in buying and selling the Units. The Bitcoin ETF issues Units directly to the Designated Broker and Dealers.

Special Considerations for Unitholders

The provisions of the so-called “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units. In addition, the Manager, on behalf of the Bitcoin ETF, has obtained exemptive relief from the securities regulatory authorities to permit Unitholders to acquire more than 20% of the Units of the Bitcoin ETF through purchases on the TSX without regard to the take-over bid requirements of Canadian securities legislation.

Registration and Transfer through CDS

Registration of interests in, and transfers of, the Units will be made only through CDS. Units must be purchased, transferred and surrendered for exchange or redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation and physical certificates evidencing ownership will not be issued. References in this prospectus to a Unitholder mean, unless the context otherwise requires, the owner of the beneficial interest in such Units.

Neither the Bitcoin ETF nor the Manager will have any liability for: (i) records maintained by CDS relating to the beneficial interests in the Units or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner’s interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Bitcoin ETF has the option to terminate registration of the Units through the book based system in which case certificates for Units in fully registered form may be issued to beneficial owners of such Units or to their nominees.

REDEMPTION AND EXCHANGE OF UNITS

Redemption of Units

On any Trading Day, Unitholders may redeem Units of the Bitcoin ETF for cash at a redemption price per Unit equal to the lesser of 95% of (a) the closing price for the Units on the TSX on the effective day of the redemption and (b) the NAV per Unit. Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered to the Bitcoin ETF at its registered office by 9:00 a.m. (Toronto time) on the Trading Day (or such later time on such Trading Day as the Manager may permit). If a cash redemption request is not received by the delivery deadlines noted immediately above on a Trading Day, the cash redemption request will be effective only on the next Trading Day. Payment of the redemption price will be made by no later than the second Trading Day after the effective day of the redemption. The cash redemption request forms may be obtained from any registered broker or dealer.

Investors that redeem Units prior to the distribution record date for any distribution will not be entitled to receive that distribution.

In connection with the redemption of Units, the Bitcoin ETF may dispose of securities or other assets to satisfy the redemption.

Exchange of Units

On any Trading Day, Unitholders may exchange the Prescribed Number of Units (or an integral multiple thereof) for cash or, if agreed to by the Manager, for cash and/or portfolio assets held by the Bitcoin ETF.

To effect an exchange of Units, a Unitholder must submit an exchange request in the form prescribed by the Manager from time to time to the Bitcoin ETF at its registered office by 9:00 a.m. (Toronto time) on a Trading Day (or such later time on such Trading Day as the Manager may permit). The exchange price will be equal to the NAV of the Units on the effective day of the exchange request, payable by delivery of cash or, if applicable, assets. The Units will be redeemed in the exchange.

If an exchange request is not received by the submission deadline noted immediately above on a Trading Day, the exchange order will be effective only on the next Trading Day. Settlement of exchanges will be made by no later than the second Trading Day after the effective day of the exchange request.

Unitholders should be aware that the NAV per Unit will decline on the date of declaration of any distribution payable in cash on Units. A Unitholder that is no longer a holder of record on the applicable distribution record date will not be entitled to receive that distribution.

Requests for Exchange and Redemption

A Unitholder submitting an exchange or redemption request is deemed to represent to the Bitcoin ETF and the Manager that: (a) it has full legal authority to tender the Units for exchange or redemption and to receive the proceeds of the exchange or redemption; and (b) the Units have not been loaned or pledged and are not the subject of a repurchase agreement, securities lending agreement or a similar arrangement that would preclude the delivery of the Units to the Bitcoin ETF. The Manager reserves the right to verify these representations at its discretion. Generally, the Manager will require verification with respect to an exchange or redemption request if there are unusually high levels of exchange or redemption activity or short interest in the Bitcoin ETF. If the Unitholder, upon receipt of a verification request, does not provide the Manager with satisfactory evidence of the truth of the representations, the Unitholder's exchange or redemption request will not be considered to have been received in proper form and will be rejected.

Suspension of Exchange and Redemption

The Manager may suspend the redemption of Units or payment of redemption proceeds of the Bitcoin ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Bitcoin ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Bitcoin ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Bitcoin ETF; or (ii) with the prior permission of the securities regulatory authorities for any period not exceeding 30 days during which the Manager determines that conditions exist that render impractical the sale of assets of the Bitcoin ETF or that impair the ability of the Valuation Agent to determine the value of the assets of the Bitcoin ETF. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Bitcoin ETF, any declaration of suspension made by the Manager shall be conclusive.

Costs Associated with Exchange and Redemption

Unitholders who buy and sell Units of the Bitcoin ETF through the facilities of the TSX on which Units of the Bitcoin ETF are traded do not pay a fee directly to the Manager or the Bitcoin ETF in respect of those purchases and sales.

An amount as may be agreed to between the Manager and the Designated Broker or a Dealer that may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units. This charge does not apply to Unitholders who buy and sell their Units through the facilities of a stock exchange.

Allocations of Capital Gains to Redeeming or Exchanging Unitholders

Pursuant to the Declaration of Trust, the Bitcoin ETF may allocate and designate as payable any capital gains realized by the Bitcoin ETF as a result of any disposition of property of the Bitcoin ETF. In addition, the Bitcoin ETF has the authority to distribute, allocate and designate any capital gains of the Bitcoin ETF to a Unitholder of the Bitcoin ETF who has redeemed or exchanged Units during a year. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder.

Legislative Proposals released by the Minister of Finance (Canada) on July 30, 2019 proposed amendments to the Tax Act that would, effective for taxation years of the Bitcoin ETF beginning on or after March 20, 2020, deny the Bitcoin ETF a deduction for the portion of a capital gain designated to a Unitholder on a redemption of Units that is greater than the Unitholder's accrued gain on those Units, where the Unitholder's proceeds of disposition are reduced by the designation. If such proposed amendments to the Tax Act are enacted in their current form, any amounts that would otherwise have been designated to redeeming Unitholders may be made payable to the remaining, non-redeeming Unitholders to ensure the Bitcoin ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts of taxable distributions made to Unitholders of the Bitcoin ETF may be greater than they would have been in the absence of such amendments. See "Income Tax Considerations".

Exchange and Redemption of Units through CDS Participants

The exchange and redemption rights described above must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide exchange and/or redemption instructions to the CDS Participants through which they hold Units sufficiently in advance of the cut-off times described above to allow such CDS Participants to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

Short-Term Trading

At the present time, the Manager is of the view that it is not necessary to impose any short-term trading restrictions on the Bitcoin ETF as Units of the Bitcoin ETF are generally traded by investors on an exchange in the secondary market in the same way as other listed securities. In the few situations where the Bitcoin ETF are not purchased in the secondary market, purchases usually involve the Designated Broker or a Dealer upon whom the Manager may impose a redemption fee, which is intended to compensate the Bitcoin ETF for any costs and expenses incurred in relation to the trade.

PRICE RANGE AND TRADING VOLUME OF UNITS

This information is not yet available because the Bitcoin ETF is new.

INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) for the Bitcoin ETF and for a prospective investor in the Bitcoin ETF who, for the purpose of the Tax Act at all relevant times, is an individual (other than a trust), is resident in Canada, holds Units of the Bitcoin ETF as capital property, is not affiliated and deals at arm's length with the Bitcoin ETF, and has not entered into a

“derivative forward agreement” (as defined in the Tax Act) with respect to Units of the Bitcoin ETF. This summary is based upon the current provisions of the Tax Act and regulations thereunder, the Excise Tax Act and regulations thereunder, all specific proposals to amend the Tax Act or Excise Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and the Manager’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency publicly available prior to the date hereof. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the considerations described below.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Prospective investors should therefore consult their own tax advisors about their individual circumstances.

This summary assumes that at no time will the Bitcoin ETF be a SIFT trust. Even if units of the Bitcoin ETF are listed or traded on a stock exchange or other public market, provided the Bitcoin ETF only invests in bitcoin, the Bitcoin ETF should not be a SIFT trust; however, no assurance can be given in this regard.

Under the SIFT Rules, trusts or partnerships (defined as “**SIFT trusts**” and “**SIFT partnerships**”, respectively) the securities of which are listed or traded on a stock exchange or other public market, and that hold one or more “non-portfolio properties” (as defined), are effectively taxed on income and taxable capital gains in respect of such non-portfolio properties at combined rates comparable to the rates that apply to income earned and distributed by Canadian corporations. Distributions of such income received by unitholders of SIFT trusts (and allocations of such income made to members of SIFT partnerships) are treated as eligible dividends from a taxable Canadian corporation.

The SIFT Rules could affect the Bitcoin ETF and its Unitholders to the extent that the Bitcoin ETF is a SIFT trust to which the SIFT Rules apply, and the Bitcoin ETF earns income from non-portfolio property or taxable capital gains from the disposition of “non-portfolio property”. The Manager believes that the SIFT Rules were not intended to apply to trusts such as the Bitcoin ETF and the Bitcoin ETF is subject to investment restrictions intended to restrict its ability to hold “non-portfolio property”. If the Bitcoin ETF is considered to be a SIFT trust, “non-portfolio earnings” of the Bitcoin ETF will be subject to the tax under the SIFT Rules when such amounts are distributed by the Bitcoin ETF to its Unitholders and such distributions will be treated in the hands of such Unitholders as eligible dividends from a taxable Canadian corporation.

Status of the Bitcoin ETF

This summary is based on the assumption that the Bitcoin ETF will comply at all material times with the conditions prescribed in the Tax Act and otherwise so as to qualify as a “mutual fund trust” as defined in the Tax Act. The Bitcoin ETF is expected to qualify as a “mutual fund trust” under the Tax Act at all material times. If the Bitcoin ETF were to not qualify as a “mutual fund trust” for the purposes of the Tax Act for any period of time, the tax considerations could be materially different from those described below.

Provided that the Bitcoin ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, or the Units of a class of the Bitcoin ETF continue to be listed on a “designated stock exchange” within the meaning of the Tax Act, such Units will be qualified investments for Registered Plans. However, in the case of a tax-free savings account (“**TFSA**”), a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered disability savings plan (“**RDSP**”), and a registered education savings plan (“**RESP**”), if the holder of such TFSA or RDSP, the subscriber of such RESP, or annuitant under such RRSP or RRIF, as the case may be, holds a “significant interest” in the Bitcoin ETF, or if such holder, subscriber or annuitant does not deal at arm’s length with the Bitcoin ETF for purposes of the Tax Act, the Units of the Bitcoin ETF will be a “prohibited investment” for such TFSA, RDSP, RESP, RRSP or RRIF. If Units of the Bitcoin ETF are a “prohibited investment” for a TFSA, RDSP, RESP, RRSP or RRIF that acquires such Units, the holder of the TFSA or RDSP, subscriber of the RESP, or annuitant under the RRSP or RRIF will be subject to a penalty tax as set out in the Tax Act. Generally, a holder, subscriber or annuitant will not be considered to have a “significant interest” in the Bitcoin ETF unless the holder, subscriber or annuitant owns 10% or more of the value of the outstanding Units of the Bitcoin ETF, either alone or together with persons and partnerships with which the holder, subscriber or annuitant does not deal at arm’s length. Holders of TFSAs and RDSPs, subscribers of RESPs, and annuitants under RRSPs and RRIFs should consult their own tax

advisors to ensure Units of the Bitcoin ETF would not be a “prohibited investment” for purposes of the Tax Act in their particular circumstances.

At the date hereof, the assets of a pension plan may be invested in Units provided that the assets of such plan are invested in accordance with the applicable laws and regulations, investment criteria and statement of investment policies and procedures established for such pension plan. However, no purchase of Units should be made solely in reliance on the above general statement. A pension plan wishing to invest in Units should make its own assessment, including by consulting its advisors, of its ability to make such an investment in its particular circumstances.

Taxation of the Bitcoin ETF

The Bitcoin ETF will include in computing its income, taxable distributions received or deemed to be received on assets held by it, the taxable portion of capital gains realized by the Bitcoin ETF on the disposition of assets held by it, and other income. The Declaration of Trust requires that the Bitcoin ETF distribute its net income and net realized capital gains, if any, for each taxation year of the Bitcoin ETF to Unitholders to such an extent that the Bitcoin ETF will not be liable in any taxation year for ordinary income tax (after taking into account any applicable losses of the Bitcoin ETF and any capital gains refunds to which the Bitcoin ETF is entitled). If in a taxation year the income for tax purposes of the Bitcoin ETF exceeds the cash available for distribution by the Bitcoin ETF, the Bitcoin ETF will distribute its income through a payment of reinvested distributions.

The CRA has taken the administrative position that Bitcoin is treated as a commodity for the purposes of the Tax Act. The CRA has expressed the opinion that gains (or losses) of mutual fund trusts resulting from transactions in commodities should generally be treated for tax purposes as ordinary income rather than as capital gains, although the treatment in each particular case remains a question of fact to be determined having regard to all the circumstances. As the Bitcoin ETF intends to be a long-term holder of bitcoin, the Manager anticipates that the Bitcoin ETF will generally treat gains (or losses) as a result of any disposition of bitcoin as capital gains (or capital losses) although, depending on the circumstances, the Bitcoin ETF may instead include the full amount in (or deduct the full amount from) income.

Gains or losses on derivatives entered into by the Bitcoin ETF as a substitute for direct investment will be treated by the Bitcoin ETF on income account. Such gains or losses will be recognized for tax purposes at the time they are realized by the Bitcoin ETF.

If the Bitcoin ETF realizes capital gains as a result of a transfer or disposition of its property undertaken to permit an exchange or redemption of Units by a Unitholder, all or a portion of the amount received by the Unitholder may be designated and treated for income tax purposes as a distribution to the Unitholder out of such capital gains rather than being treated as proceeds of disposition of the Units. Legislative proposals released by the Minister of Finance (Canada) on July 30, 2019 proposed amendments to the Tax Act that would, effective for taxation years of the Bitcoin ETF beginning on or after March 20, 2020, deny the Bitcoin ETF a deduction for the portion of a capital gain designated to a Unitholder on a redemption of Units that is greater than the Unitholder’s accrued gain on those Units, where the Unitholders’ proceeds of disposition are reduced by the designation. If such proposed amendments to the Tax Act are enacted in their current form, any taxable capital gains that would otherwise have been designated to redeeming unitholders may be made payable to the remaining, non-redeeming Unitholders to ensure the Bitcoin ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts of taxable distributions made to Unitholders of the Bitcoin ETF may be greater than they would have been in the absence of such amendments.

Any losses incurred by the Bitcoin ETF may not be allocated to Unitholders, but may generally be carried forward and back and deducted in computing the taxable income of the Bitcoin ETF in accordance with the detailed rules and limitations in the Tax Act.

The Bitcoin ETF is subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of capital property is considered to be a suspended loss when the Bitcoin ETF acquires a property (a “substituted property”) that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Bitcoin ETF owns the substituted property 30 days after the original disposition. If a loss is suspended, the Bitcoin ETF cannot deduct the loss until the substituted property is sold and is not reacquired within

30 days before and after the sale, which may increase the amount of net realized capital gains of the Bitcoin ETF to be made payable to its Unitholders.

The Bitcoin ETF is required to compute its income and gains for tax purposes in Canadian dollars. Therefore, the amount of income, cost, proceeds of disposition and other amounts in respect of investments that are not Canadian dollar denominated will be affected by fluctuations in the exchange rate of the Canadian dollar against the relevant foreign currency.

Taxation of Unitholders

Distributions

A Unitholder will be required to include in the Unitholder's income for tax purposes for any year the amount of net income and net taxable capital gains of the Bitcoin ETF, if any, paid or payable to the Unitholder in the year and deducted by the Bitcoin ETF in computing its income, whether or not such amounts are reinvested in additional Units. The non-taxable portion of any net realized capital gains of the Bitcoin ETF that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year and, provided appropriate designations are made by the Bitcoin ETF, will not reduce the adjusted cost base of the Unitholder's Units. Any returns of capital will reduce the Unitholder's adjusted cost base. To the extent that a Unitholder's adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the Unitholder's adjusted cost base will be nil immediately thereafter. The Bitcoin ETF will designate, to the extent permitted by the Tax Act, the portion of the net income distributed to Unitholders as may reasonably be considered to consist of net taxable capital gains realized or considered to be realized by the Bitcoin ETF. Any such designated amount will be deemed for tax purposes to be realized by Unitholders in the year as a taxable capital gain. Capital gains so designated will be subject to the general rules relating to the taxation of capital gains described below. Any loss of the Bitcoin ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the Unitholders of the Bitcoin ETF.

Composition of Distributions

Unitholders will be informed each year of the composition of the amounts distributed to them, including amounts in respect of both cash and reinvested distributions. This information will indicate whether distributions are to be treated as ordinary income, taxable capital gains and returns of capital, as those items are applicable.

Tax Implications of the Bitcoin ETF's Distribution Policy

When a Unitholder acquires Units of the Bitcoin ETF, a portion of the price may reflect income and capital gains of the Bitcoin ETF that have not been realized or distributed. This may particularly be the case near year-end before year-end distributions have been made. When such income and capital gains are distributed by the Bitcoin ETF, they must be taken into account by the Unitholder in computing its income for tax purposes even though such amounts may have been reflected in the price paid by the Unitholder.

Disposition of Units

Upon the actual or deemed disposition of a Unit, including the exchange or redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition of the Unit exceed (or are less than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition. In general, the adjusted cost base of all Units held by the Unitholder is the total amount paid for the Units (including brokerage commissions paid), regardless of when the investor bought them, less any returns of capital and less the adjusted cost base of any Units previously disposed of by the Unitholder. For the purpose of determining the adjusted cost base of Units to a Unitholder, when Units are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units owned by the Unitholder as capital property immediately before that time.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain realized by an investor and the amount of any net taxable capital gains realized or considered to be realized by the Bitcoin ETF and designated by the Bitcoin ETF in respect of an investor will be included in the investor's income as a taxable capital gain. One-half of a capital loss will be an allowable capital loss realized by an investor that will be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

Taxation of Registered Plans

In general, the amount of a distribution paid or payable to a Registered Plan from the Bitcoin ETF and gains realized by a Registered Plan on a disposition of a Unit will not be taxable under the Tax Act. As is the case for all investments held in Registered Plans, amounts withdrawn from a Registered Plan (other than from a TFSA or a return of contributions from an RESP or certain withdrawals from an RDSP) will generally be subject to tax. To the extent Units of the Bitcoin ETF are exchanged by the redeeming Unitholder for bitcoin, or liquidation of the bitcoin of the Bitcoin ETF is not practicable upon termination of the Bitcoin ETF, any bitcoin received by a Unitholder would not be a qualified investment for Registered Plans.

International Information Reporting

The Bitcoin ETF is required to comply with due diligence and reporting obligations in the Tax Act enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement (the "IGA"). As long as Units of the Bitcoin ETF continue to be registered in the name of CDS or are approved to be listed on the TSX, the Bitcoin ETF should not have any U.S. reportable accounts and, as a result, it should not be required to provide information to the CRA in respect of its Unitholders. However, dealers through which Unitholders hold their Units are subject to due diligence and reporting obligations with respect to financial accounts that they maintain for their clients. Unitholders (and, if applicable, the controlling person(s) of a Unitholder) may be requested to provide information to their dealer to identify U.S. persons holding Units. If a Unitholder, or its controlling person(s), is a "Specified U.S. Person", as defined under the IGA (including a U.S. citizen who is a resident of Canada), if no such determination has been made but the information provided includes indicia of U.S. status and sufficient evidence to the contrary is not timely provided, or if the Unitholder fails to provide the requested information and indicia of U.S. status is present, then Part XVIII of the Tax Act will generally require information about the Unitholder's investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a Registered Plan. The CRA will then provide that information to the U.S. Internal Revenue Service.

In addition, pursuant to Part XIX of the Tax Act implementing the Organization for Economic Co-operation and Development Common Reporting Standard (the "CRS Rules"), Canadian financial institutions are required to have procedures in place to identify accounts held by tax residents of foreign countries other than the U.S. ("Reportable Jurisdictions") or by certain entities any of whose "controlling persons" are tax residents of Reportable Jurisdictions. The CRS Rules provide that Canadian financial institutions must report certain account information and other personal identifying details of Unitholders (and, if applicable, of the controlling persons of such Unitholders) who are tax residents of Reportable Jurisdictions to the CRA annually. Such information would generally be exchanged on a reciprocal, bilateral basis with Reportable Jurisdictions in which the account holders or such controlling persons are tax resident under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Under the CRS Rules, Unitholders will be required to provide such information regarding their investment in the Bitcoin ETF to their dealer for the purpose of such information exchange, unless the investment is held within a Registered Plan.

ORGANIZATION AND MANAGEMENT DETAILS

The Trustee, Manager and Promoter

3iQ Corp. is the trustee, manager, portfolio manager and promoter of the Bitcoin ETF and provides, or causes to be provided, all administrative services required by the Bitcoin ETF. The Manager may be considered to be a promoter of the Bitcoin ETF within the meaning of applicable securities legislation by reason of its initiative in forming and establishing the Bitcoin ETF.

The Manager was incorporated under the *Canada Business Corporations Act* on July 9, 2012. The Manager's head office is located at 4800-1 King Street West, Box 160, Toronto, Ontario, M5H 1A1.

The Manager also serves as trustee of the Bitcoin ETF pursuant to the Declaration of Trust and as such provides administrative services to the Bitcoin ETF. See "Declaration of Trust".

The Bitcoin ETF has retained the Manager to manage and administer the day-to-day business and affairs of the Bitcoin ETF. The Manager is responsible for providing managerial, administrative and compliance services to the Bitcoin ETF pursuant to the Declaration of Trust, including, without limitation, acquiring or arranging to acquire bitcoin on behalf of the Bitcoin ETF, calculating the NAV of the Bitcoin ETF and NAV per Unit of the Bitcoin ETF, net income and net realized capital gains of the Bitcoin ETF, authorizing the payment of operating expenses incurred on behalf of the Bitcoin ETF, preparing financial statements and financial and accounting information as required by the Bitcoin ETF, ensuring that Unitholders are provided with financial statements (including interim and annual financial statements) and other reports as are required by applicable law from time to time, ensuring that the Bitcoin ETF complies with regulatory requirements and applicable stock exchange listing requirements, preparing the Bitcoin ETF's reports to unitholders and the securities regulatory authorities and negotiating contractual agreements with third-party providers of services, including the Custodian, the Sub-Custodian, the Registrar and Transfer Agent, the auditor and printers. The Manager may from time to time employ or retain any other person or entity to perform, or to assist the Manager in the performance of management, administrative and advisory services to all or any portion of the Bitcoin ETF's assets and in performing other duties of the Manager as set out in the Declaration of Trust.

Officers and Directors of the Trustee, Manager and Promoter

The name and municipality of residence of each of the directors and executive officers of the Manager and their principal occupations are as follows:

Name and Municipality of Residence	Position with the Manager	Principal Occupation
Frederick T. Pye Pointe Claire, Quebec	Chairman, Chief Executive Officer and Director	Chief Executive Officer of 3iQ Corp.
Robert Kidd Toronto, Ontario	President and Chief Operating Officer	President of 3iQ Corp.
John Loeprich Moffat, Ontario	Chief Financial Officer	Chief Financial Officer of 3iQ Corp.
Ashley Peters Calgary, Alberta	Chief Compliance Officer	Chief Compliance Officer of 3iQ Corp.
Anthony Shapiro Toronto, Ontario	General Counsel	General Counsel of 3iQ Corp.
Tanvir S. Sodhi Vancouver, British Columbia	Vice-President of Operations and Managing Director	Vice-President of Operations of 3iQ Corp.
Anthony Cox Toronto, Ontario	Executive Vice President and Director	Financial Executive
Chris Jouppi Etobicoke, Ontario	Director	Consultant
Ross McKee Toronto, Ontario	Corporate Secretary and Director	Lawyer
Bruce J. Smith East Meadow, New York	Director	Senior Advisor for Strategic Initiatives, Van Eck Associates Corporation
Thomas Staudt Hoboken, New Jersey	Director	Chief Operating Officer, ARK Investment Management LLC
Richard Strauss Boca Raton, Florida, USA	Director	Investor

Frederick T. Pye

Frederick T. Pye is the Chairman and Chief Executive Officer of 3iQ Corp. Mr. Pye is recognized for creating and promoting creative and unique investment products for the investment industry. For the prior 10 years, Mr. Pye managed private client portfolios with National Bank Financial Inc., Wellington West Capital Inc. and MacDougall, MacDougall & MacTier Inc. Prior to this, Mr. Pye was Founder, President & Chief Executive Officer of Argentum Management and Research Corporation, a company dedicated to managing and distributing quantitative investment portfolios including the first long-short mutual fund in Canada. He was also Senior Vice-President and National Sales Manager of Fidelity Investments Canada and an integral part of the team that saw assets under management rise from C\$80 million to over C\$7.5 billion during his tenure. He also held various positions with Guardian Trust Company, which listed the first Gold Silver and Platinum Certificates on the Montreal Exchange, Ivory and Sime Pembroke, Gordon Private Client Corporation and Marleau, Lemire Securities Inc. Mr. Pye obtained a Masters in Business Administration from Concordia University and is a member of the Board of the Anglican Funds and the West Island Youth Residence.

Robert Kidd

Robert Kidd is the President of 3iQ Corp. Prior to joining 3iQ, he was a consultant to firms in the financial services industry as well the CEO & Director of Logica Ventures Corp. (TSXV:LOG.P) a Capital Pool Company, and a Director of the Gold Miners Split Corp (NEO: GLC, GLC.PR.A). Mr. Kidd was the Chief Executive Officer and Director of Marquest Asset Management Inc. from December 2016 to January 2018. Previously, Mr. Kidd was the Chief Executive Officer, President, and Director of Artemis Investment Management Limited, a Canadian asset management firm. Prior to his appointment as Chief Executive Officer in January of 2016, Mr. Kidd was Vice President, Business Development of Artemis. From January 2009 to May 2014 he was the Chief Executive Officer of Gradient Power Ltd., a private renewable energy developer based in Ontario, and a Vice President of 3iQ Corp. from July 2012 until July 2013. Prior to founding Gradient Power he was Chairman, Chief Executive Officer, President and a Director of Gatehouse Capital Inc., a manager of closed-end investment trusts from July 2004 to December 2008. From March 1997 to June 2004, Mr. Kidd was a Managing Director of Brenton Reef Capital Inc. and the President, Chief Executive Officer and a Director of Connor, Clark & Lunn Capital Markets Inc. from April 2001 to June 2004. Prior to such time, Mr. Kidd was a Vice-President, Investments of Triax Investment Management Inc., now First Asset Investment Management Inc., from May 1999 to March 2001. Mr. Kidd attended Queen's University in Kingston, Ontario.

John Loeprich

John Loeprich is the Chief Financial Officer at 3iQ Corp. and is responsible for overseeing all the aspects of operations, finance, as well as assisting with sales & marketing and strategic planning. Mr. Loeprich brings over 35 years of experience in the financial services industry, ranging from public accounting to finance and operations with multi-national corporations to finance and sales and marketing and strategic planning with a number of investment management firms. Mr. Loeprich started his investment industry tenure at Fidelity Investments Canada Ltd. where he became Chief Financial Officer before starting his own business specializing in assisting companies launch themselves into the mutual fund market. Prior to joining 3iQ Corp., Mr. Loeprich was EVP & CFO at Qwest Investment Fund Management, helping grow the business into a profitable IFM/PM platform. Prior to Qwest, Mr. Loeprich was Senior Vice-President, Partner and head of the Private Client Division at Hillsdale Investment Management, responsible for sales and marketing to investment advisors and high net worth individuals. During his time at Hillsdale, the firm's assets grew from C\$12 million to over C\$500 million. Mr. Loeprich is a Chartered Professional Accountant, Certified General Accountant and a graduate of the University of Waterloo (Bachelor of Mathematics).

Ashley Peters

Ashley Peters is the Chief Compliance Officer at 3iQ Corp. Ms. Peters is an experienced Chief Compliance Officer and compliance consultant. Her experience in the Canadian investment industry has focused on compliance with IIROC, MFDA, exempt market dealer, investment fund manager and portfolio manager rules and regulations. Ms. Peters served as the Chief Compliance Officer for Solium Financial and Ross Smith Asset Management. As Chief Compliance Officer and Chief Anti-Money Laundering Officer, Ms. Peters oversaw the launch of the Ross Smith Cryptocurrency Fund. Ms. Peters has held various roles in banking, brokerage and stock plan administration.

Ms. Peters is a past member of various IIAC and IIROC compliance committees and the IIROC Alberta District Council. Ms. Peters has a background in finance and compliance.

Anthony Shapiro

Anthony Shapiro is General Counsel of 3iQ Corp. with oversight of all legal matters. He is a corporate and securities lawyer with over 20 years of experience in capital markets, M&A and investment management. Prior to joining 3iQ Corp., Mr. Shapiro was the Chief Legal Officer of Sprucegrove Investment Management Ltd., a Canadian investment management firm also registered with the SEC, from August 2016 until September 2020. Mr. Shapiro also served as Sprucegrove's Chief Compliance Officer from December 2016 to November 2019. From May 2013 to December 2015, Mr. Shapiro was General Counsel of Artemis Corporation and its affiliates, including Artemis Investment Management Limited, a Canadian asset management firm. Before going in-house in 2013, Mr. Shapiro was a Partner at Aird & Berlis LLP from January 2012 to May 2013 and a Senior Associate Lawyer at Macleod Dixon LLP (now part of Norton Rose Fulbright Canada LLP) from November 2005 to December 2011. Mr. Shapiro began his legal career at Torys LLP in 2000. Mr. Shapiro is admitted to practice law in Canada (Ontario) and the United States (New York). He graduated from Queen's University with a Bachelor of Science (Honours, Biochemistry) degree in 1994 and both a JD and an MBA from the University of Western Ontario in 2001.

Tanvir S. Sodhi

Tanvir S. Sodhi is the Vice President of Operations of 3iQ Corp. Prior to joining 3iQ Corp., Mr. Sodhi was Director of Operations at Questrade Wealth Management Inc., where he played an integral role in launching exchange traded funds on the Toronto Stock Exchange. Over the course of his career, Mr. Sodhi has held various roles in the financial services industry including fund administration, product development, operations and compliance. Mr. Sodhi graduated from the University of Windsor with a Bachelor of Arts.

Anthony Cox

Anthony Cox has more than 15 years of experience in Canada and the United Kingdom with major accounting firms and over 25 years of experience in the investment fund industry in Canada. Mr. Cox's background includes: eleven years as Vice President and Chief Financial Officer of Spectrum United Mutual Funds Inc. (a wholly-owned subsidiary of SunLife Assurance Company of Canada) from its inception in 1987 to C\$7 billion of assets under management in 1998; eleven years as Director and Chief Operating Officer of NBF Turnkey Solutions Inc. (a wholly-owned subsidiary of National Bank Financial Inc.). Prior to joining 3iQ Corp. as Chief Financial Officer (from May 31, 2017 to June 30, 2018), Mr. Cox was President of Canadian Fund Management Inc. which provided consulting and contract services to investment fund managers. He has been very active in the industry, serving on many Investment Funds Institute of Canada committees. Mr. Cox is a member the Independent Review Committees of PIMCO Canada funds, Harvest Portfolios Group of funds and Connor, Clark & Lunn funds. He is a CPA, CA and holds the ICD.D designation (ICD.D 2010).

Chris Jouppi

Chris Jouppi has over 37 years of professional experience, including 28 years at a senior management level involved in managing profit and loss for global technology companies. For the first 19 years he was employed at Rockwell Automation. He started as an engineer there and rose to the level of vice president and general manager and, in that role, lead its complete Canadian operations and its global Medium Voltage business unit. The Medium Voltage business was one of Rockwell Automation's fastest growing businesses with sales success in 43 countries. Subsequently, Mr. Jouppi moved to Eaton Corporation, and was initially responsible for its Canadian operation. He then moved to Europe to lead its electrical division for Europe, the Middle East and Africa, Southeast Asia and Australia. This role was a financial turn around opportunity where profitability improved from a negative position to a business that was making double digit EBITDA and growing 10% annually. After Eaton Corporation, Mr. Jouppi led the Canadian business unit of Stryker Corporation, a leading supplier of orthopedic medical devices and endoscopic operating equipment. Subsequently, he became the vice president and general manager at ATS Automation, one of the world's largest factory automation companies. His last role was the President of SAI Global where he ran the total operations in the Americas and led the global Assurance business. He spent the last two years

positioning the Assurance business for sale to a private equity firm. Mr. Jouppi holds a degree in Electrical Engineering from the University of Waterloo and an MBA, specializing in International Business, from Wilfred Laurier university.

Ross McKee

Ross McKee has more than 35 years of experience as a Canadian capital markets and securities regulatory lawyer, recently retired from Blake, Cassels & Graydon LLP. During his legal practice at Blakes, Mr. McKee advised Canadian and foreign issuers, dealers, advisers, custodians, depositaries, and marketplaces on capital markets regulation and compliance issues, for traditional and new securities. Since 2013, he has advised developers, issuers, and brokers on cryptocurrencies and digital asset funds, token foundations and blockchain protocols. Since his retirement from Blakes in 2019, Mr. McKee has acted as a legal consultant on securities law compliance, venture capital and blockchain-related matters. Mr. McKee is a graduate of Trinity College, University of Toronto (BA) and Queen's University (LLB), where he taught securities regulation for five years.

Bruce J. Smith

Bruce J. Smith served as Senior Vice President, Chief Financial Officer, Treasurer of Van Eck Associates Corporation, Van Eck Securities Corporation and Van Eck Absolute Return Advisers Corporation until July 2018. Mr. Smith also serves as a director and officer of certain related entities including Van Eck Associates Corporation, Van Eck Securities Corporation, Van Eck Absolute Return Advisers Corporation and VanEck Asset Management B.V. Mr. Smith joined Van Eck Associates Corporation in 1983. Prior to joining Van Eck, Mr. Smith was a CPA at McGladrey & Pullen. Mr. Smith is a member of American Institute of Certified Public Accountants and New York State Society of Certified Public Accountants. Mr. Smith earned the Certified Public Accountant designation in 1980. He earned a B.S. in Accounting from Fordham University in 1977.

Thomas Staudt

Thomas Staudt has been with ARK Investment Management, LLC (New York) for over 5 years, and currently serves as the Chief Operating Officer, managing the daily operation of ARK's products and strategies, in addition to managing the strategic operations of the firm. Mr. Staudt also serves as Director of Product Development, evaluating and implementing ARK's product portfolio, and as a Director on the Manager's board of directors. Prior to joining ARK, he worked in a media sales and consulting role for WILX. Prior thereto, he worked for Fidelity Investments in their mutual fund department, and has also consulted on millennial investing behavior to TIAA-CREF. Mr. Staudt received his Bachelor of Business Administration, magna cum laude, in Finance and Economics from the University of Notre Dame, a Master of Arts in Telecommunications Policy from Michigan State University, a Master of Science in New Media Management from the Newhouse School at Syracuse University, and his Master of Business Administration from Cornell University. He is also the President of ARK ETF Trust.

Richard Strauss

Richard Strauss has over 25 years of experience in the U.S. securities industry. Most of his career was spent at Goldman Sachs where he was a senior Financial Services analyst in charge of Investment Management, Brokerage, Investment Banking and Money Center Bank research coverage. While at Goldman, Mr. Strauss played an important role in marketing the firm's 1999 initial public offering to institutional investors worldwide. After leaving Goldman, he was a Director at Deutsche Bank covering Financial Services. Prior thereto, he was at Salomon Brothers, covering superregional and regional banks. Currently, Mr. Strauss is President and a managing member of Kensington Partners, a trading operation. He holds both an MBA and BA from Cornell University.

Details of the Declaration of Trust

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Unitholders of the Bitcoin ETF, and in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent trustee and manager would exercise in similar circumstances.

The Manager may resign as trustee and manager of the Bitcoin ETF upon 60 days' notice to the Unitholders. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor

must be approved by the Unitholders. If the Manager is in material default of its obligations under the Declaration of Trust and such default has not been cured within 30 days after notice of the same has been given to the Manager, the Unitholders may remove the Manager and appoint a successor trustee and/or manager.

The Manager is entitled to fees for its services as manager under the Declaration of Trust as described under “Fees and Expenses – Fees and Expenses Payable by the Bitcoin ETF – Management Fees”. In addition, the Manager and its affiliates and each of their directors, officers, employees and agents will be indemnified by the Bitcoin ETF for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against any of them in the exercise of the Manager’s duties under the Declaration of Trust, if they do not result from the Manager’s wilful misconduct, bad faith, negligence or breach of its obligations thereunder.

The services of the Manager are not exclusive and nothing in the Declaration of Trust or any agreement prevents the Manager from providing similar services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Bitcoin ETF) or from engaging in other business activities.

Conflicts of Interest

The Manager and its affiliates may be managers or portfolio advisors of funds that invest in the same securities as the Bitcoin ETF. Such transactions will only be undertaken where permitted by applicable securities legislation and upon obtaining any required regulatory or IRC approvals.

Independent Review Committee

In accordance with NI 81-107, the Manager has appointed an independent review committee comprised of three members, each of whom is independent of the Manager, entities related to the Manager, and the Bitcoin ETF. The IRC has engaged Independent Review Inc. to provide an independent secretariat service to assist the IRC and provide an independent secretariat for IRC members. The mandate of the IRC is to review and provide its decisions to the Manager on conflict of interest matters that the Manager has referred to the Independent Review Committee for review. The Manager is required to identify conflict of interest matters inherent in its management of the Bitcoin ETF and request input from the IRC in respect of how it manages those conflicts of interest, as well as its written policies and procedures outlining its management of those conflicts of interest. The IRC has adopted a written charter which it follows when performing its functions and is subject to requirements to conduct regular assessments. In performing their duties, members of the IRC are required to act honestly, in good faith, and in the best interests of the Bitcoin ETF and to exercise the degree of care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.

The IRC will prepare a report, at least annually, of its activities for Unitholders which will be available on the Manager’s website at www.3iQ.ca, or at the Unitholder’s request at no cost, by contacting the Manager at (416) 639-2130 or SEDAR at www.sedar.com.

The members of the IRC are Gregory Koegl, Eamonn McConnell and William Woods.

Compensation for members of the IRC in respect of the investment funds managed by the Manager and subject to NI 81-107 is currently \$10,000 per member per annum and \$12,500 per annum for the chair of the committee, plus applicable taxes in each case. The expenses of the officers and directors of the Manager are paid by the Manager.

The fees and other reasonable expenses of members of the IRC, as well as premiums for insurance coverage for such members are paid by the Bitcoin ETF. In addition, the Bitcoin ETF and the Manager have agreed to indemnify the members of the IRC against certain liabilities. All such IRC costs are allocated to the funds on a pro rata basis.

Custodian

Cidel Trust Company (the “**Custodian**”) is the custodian of the assets of the Bitcoin ETF, pursuant to the Custodian Agreement. The Custodian is a federally regulated trust company based in Calgary, Alberta and will provide services to the Bitcoin ETF from its office in Toronto, Ontario. The Custodian is a wholly-owned subsidiary of Cidel Bank Canada, a Schedule II Bank regulated by the Office of the Superintendent of Financial Institutions. The Custodian will be responsible for safekeeping of all the investments and other assets of the Bitcoin ETF delivered to it (but not those assets of the Bitcoin ETF not directly controlled or held by the Custodian, as the case may be). The Custodian may appoint a sub-custodian from time to time in accordance with NI 81-102.

The Manager, on behalf of the Bitcoin ETF, or the Custodian may terminate the Custodian Agreement upon at least 120 days’ written notice. The Manager, on behalf of the Bitcoin ETF, may terminate the Custodian Agreement immediately if the Custodian ceases to be qualified to act as a custodian of the Bitcoin ETF under applicable law. The Custodian may terminate the Custodian Agreement on 30 days’ written notice to the Bitcoin ETF in the event that the Custodian has delivered a termination notice to the Sub-Custodian, or is entitled to deliver a termination notice to Gemini upon the occurrence of certain termination events, pursuant to the terms of the Sub-Custodian Agreement. The Custodian is entitled to receive fees from the Bitcoin ETF as described under “Fees and Expenses – Fees and Expenses Payable by the Bitcoin ETF - Operating Expenses” and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Bitcoin ETF.

The Custodian, in carrying out its duties concerning the safekeeping of, and dealing with, the portfolio assets of the Bitcoin ETF, is required to exercise (a) the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances; or (b) at least the same degree of care as they exercise with respect to their own property of a similar kind, if this is a higher degree of care than the degree of care referred to in (a).

Sub-Custodian

Gemini Trust Company, LLC acts as sub-custodian of the Bitcoin ETF in respect of the Bitcoin ETF’s holdings of bitcoin pursuant to a sub-custodian agreement between the Custodian, the Bitcoin ETF, and Gemini to be dated on or about March 31, 2021 (the “**Sub-Custodian Agreement**”).

Gemini is a trust company licensed and regulated by the New York State Department of Financial Services and is qualified to act as a sub-custodian of the Bitcoin ETF for assets held outside of Canada in accordance with NI 81-102. Gemini operates in 50 U.S. states, Canada and certain other international jurisdictions.

As a fiduciary under Section 100 of the New York Banking Law, Gemini is held to specific capital reserve requirements and banking compliance standards. Gemini is also subject to the laws, regulations and rules of applicable governmental or regulatory authorities, including: money service business regulations under the Financial Crimes Enforcement Network (“**FinCEN**”); U.S. state money transmission laws; laws, regulations, and rules of relevant tax authorities; applicable regulations and guidance set forth by FinCEN; the Bank Secrecy Act of 1970; the USA PATRIOT Act of 2001; AML Regulations as mandated by U.S. federal law and any other rules and regulations regarding anti-money laundering/counter-terrorist financing; issuances from the Office of Foreign Assets Control; the New York Banking Law; regulations promulgated by the New York State Department of Financial Services from time to time; the National Futures Association; the Financial Industry Regulatory Authority; and the Commodity Exchange Act.

Gemini will use segregated cold storage bitcoin addresses for the Bitcoin ETF which are separate from the bitcoin addresses that Gemini uses for its other customers and which are directly verifiable via the Bitcoin blockchain. Gemini will at all times record and identify in its books and records that such bitcoins constitute the property of the Bitcoin ETF. Gemini will not loan, hypothecate, pledge or otherwise encumber the Bitcoin ETF’s bitcoins without the Bitcoin ETF’s instruction. Gemini, in carrying out its duties concerning the safekeeping of, and dealing with, the Bitcoin ETF’s bitcoins, is required to take reasonable care and use commercially reasonable efforts in executing its responsibilities under the Sub-Custodian Agreement, and has agreed to adhere to the standard of care required by law, including NI 81-102.

Bitcoin Storage, Security Policies and Practices

Bitcoin private keys are stored in two different forms: “hot wallet” storage, whereby the private keys are connected to the internet, and “cold” storage, where digital currency private keys are stored completely offline. The bitcoin that Gemini will hold for the Bitcoin ETF will be stored offline in cold storage. When under the purview of Gemini, bitcoin will only enter “hot” storage in the case of deposits and redemptions, meaning that the bitcoin will only be in “hot” storage for a temporary period.

Gemini has adopted the following security policies and practices with respect to digital assets held in cold storage: hardware security modules (“HSMs”) are used to generate, store and manage cold storage private keys; multi-signature technology is used to provide both security against attacks and tolerance for losing access to a key or facility, eliminating single points of failure; all HSMs are stored offline in air-gapped environments within a diverse network of guarded, monitored and access-controlled facilities that are geographically distributed; multiple levels of physical security and monitoring controls are implemented to safeguard HSMs within storage facilities; and all fund transfers require the coordinated actions of multiple employees.

Gemini has adopted the following security policies and practices with respect to digital assets held in its hot wallet: HSMs are used to store and manage hot wallet private keys; operational redundancy is achieved through geographic disbursement of failover storage facilities and hardware, thus protecting against service disruptions and single points of failure; all hot wallet HSMs are stored within secured facilities that are access-controlled, guarded, and monitored; tiered access-controls are applied to Gemini’s production environment to restrict access to employees based on role, following the principle of least-privilege; administrative access to its production environment requires multi-factor authentication; and Gemini offers additional account level protections such as crypto address whitelisting, which allows customers to restrict withdrawals to addresses only included in the customer’s whitelist.

Gemini BSA/AML Program

Gemini has adopted the Gemini BSA/AML Program for its digital asset exchange and custody service in an effort to maintain the highest possible compliance with applicable laws and regulations relating to anti-money laundering in the United States and other countries where it conducts business. This program includes robust internal policies, procedures and controls that combat any attempted use of Gemini for illegal or illicit purposes, including a customer identification program, annual training of all employees and officers in AML Regulation, filing of Suspicious Activity Reports and Currency Transaction Reports with the U.S. Financial Crimes Enforcement Network and annual internal and independent audits of the Gemini BSA/AML Program.

Website Security

Gemini has implemented certain security policies and practices to enhance security on its website, including through the use of two-factor authentication for certain user actions, such as withdrawals; a requirement for strong passwords from its users, which are cryptographically hashed using modern standards; encryption of sensitive user information, both in transit and at rest; the application of rate-limiting procedures to certain account operations such as login attempts to thwart brute force attacks; the transmission of website data over encrypted transport layer security connections; the leveraging of content-security policy and HTTP strict transport security features in modern browsers; partnerships with enterprise vendors to mitigate potential distributed denial-of-service attacks; and the use of separate access controls on internal-only sections of Gemini’s website.

Internal Controls

In addition to the security policies and procedures discussed above, Gemini has also instituted the following internal controls: multiple signatories are required to transfer funds out of cold storage; Gemini’s Chief Executive Officer and President are unable to individually or jointly transfer funds out of cold storage; all private keys are stored offsite in secure facilities; all employees undergo criminal and credit background checks, and are subject to ongoing background checks throughout their employment; and all remote-access by employees uses public-key authentication (e.g. no passwords, one-time passwords or other phishable credentials are used).

Insurance

As sub-custodian, Gemini is responsible for securing the bitcoin owned by the Bitcoin ETF.

Gemini currently maintains \$200 million in specie coverage for digital assets held in Gemini's cold storage system. The amounts and continuing availability of this coverage are subject to change at Gemini's sole discretion.

Gemini also maintains separate commercial crime insurance coverage for digital assets custodied in its "hot wallet". To date, Gemini has never experienced a loss due to unauthorized access from its hot wallet or the cold storage vaults where the Bitcoin ETF's bitcoin will be custodied.

Administrator

The Manager has engaged CIBC Mellon Global Securities Services Company to provide certain administrative services to the Bitcoin ETF including calculation of NAV and NAV per Unit and related fund accounting services. The principal office of the Administrator is located in Toronto, Ontario.

The Administrator is entitled to receive fees from the Bitcoin ETF as described under "Fees and Expenses – Operating Expenses" and to be reimbursed for all expenses and liabilities which are properly incurred by the Administrator in connection with the activities of the Bitcoin ETF.

Auditor

Raymond Chabot Grant Thornton LLP is the auditor of the Bitcoin ETF. The office of the auditor is located in Montreal, Quebec.

Registrar and Transfer Agent

TSX Trust Company, at its principal offices in Toronto, is the registrar and transfer agent for the Units. The register of the Bitcoin ETF is kept in Toronto.

CALCULATION OF NET ASSET VALUE

The NAV and NAV per Unit of the Bitcoin ETF are calculated by the Administrator as of the Valuation Time on each Valuation Date. The NAV of the Bitcoin ETF on a particular date will be equal to the aggregate value of the assets of the Bitcoin ETF attributable less the aggregate value of the liabilities of the Bitcoin ETF, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV will be calculated using the fair value of the Bitcoin ETF's assets and liabilities. The NAV per Unit on any day will be obtained by dividing the NAV on such day by the number of Units then outstanding.

Valuation Policies and Procedures

In determining the NAV of the Bitcoin ETF, at any time the Administrator will take into account the following:

- (a) the value of any cash on hand or on deposit, bill, demand note, account receivable, prepaid expense, dividend, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the value of the assets is being determined, and to be receivable) and interest accrued and not yet received will be deemed to be the full amount thereof provided that if the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, dividend, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the value of the assets is being determined, and to be receivable) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof will be deemed to be such value as the Manager determines to be the fair value thereof;

- (b) the Bitcoin ETF's bitcoin will be valued based on the MVIS® CryptoCompare Bitcoin Benchmark Rate Index (see "Risk Factors – Risk Rating of the Bitcoin ETF" for further information);
- (c) any market price reported in currency other than U.S. dollars will be translated into U.S. currency at the rate of exchange available from the Administrator on the Valuation Date on which the value of the assets is being determined;
- (d) the value of any futures contract or forward contract shall be the gain or loss with respect thereto that would be realized if, at the Valuation Time, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- (e) estimated operating expenses by the Bitcoin ETF shall be accrued to the Valuation Date; and
- (f) the value of any security, property or other assets (including any illiquid investments) to which, in the reasonable opinion of the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, no published market exists or for any other reason) shall be the fair market value thereof determined in good faith in such manner as the Manager, in consultation with the Administrator, adopts from time to time.

Each portfolio transaction will be reflected in the calculation of the NAV per Unit no later than the calculation of NAV per Unit next made after the date on which the transaction becomes binding. The issue of Units will be reflected in the calculation of NAV per Unit next made after the issue date for such Units, which may be up to three Trading Days after the date that the subscription order for such Units is accepted. The exchange or redemption of Units will be reflected in the calculation of the NAV per Unit next made after the exchange request or redemption request is accepted.

The NAV per Unit of the Bitcoin ETF is calculated in U.S. dollars in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Bitcoin ETF may obtain. The NAV per Unit of a class determined in accordance with the principles set out above may differ from the NAV per Unit determined under International Financial Reporting Standards.

Reporting of Net Asset Value

The NAV per Unit is available to Unitholders at no cost on the Manager's website at www.3iQ.ca posted daily and displaying the date upon which it was calculated. The Manager will also provide such information at no cost to the Unitholders who so request by calling the Manager at 1(416) 639-2130.

ATTRIBUTES OF THE UNITS

Description of the Securities Distributed

The Bitcoin ETF is authorized to issue an unlimited number of redeemable, transferable units designated as Units, each of which represents an equal, undivided interest in the net assets of the Bitcoin ETF.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of the Province of Ontario. The Bitcoin ETF is governed by the laws of the Province of Ontario by virtue of the provisions of the Declaration of Trust and will be a reporting issuer under the *Securities Act* (Ontario) prior to the initial issuance of Units.

Certain Provisions of the Units

All Units of the Bitcoin ETF have equal rights and privileges. Each whole Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with respect to any and all distributions made by the

Bitcoin ETF to Unitholders other than management fee distributions, including distributions of net income and net realized capital gains and distributions upon the termination of the Bitcoin ETF. Units are issued only as fully-paid and are non-assessable.

Exchange of Units

On any Trading Day, Unitholders may exchange the Prescribed Number of Units (or an integral multiple thereof) for cash or, if agreed to by the Manager, for cash and/or portfolio assets. See “Redemption and Exchange of Units – Exchange of Units”.

Redemption of Units

On any Trading Day, Unitholders may redeem Units of the Bitcoin ETF for cash at a redemption price per Unit equal to the lesser of 95% of (a) the closing price for the Units on the TSX on the effective day of the redemption and (b) the NAV per Unit on the effective day of the redemption. See “Redemption and Exchange of Units – Redemption of Units”.

Modification of Terms

The rights attached to the Units of the Bitcoin ETF may only be modified, amended or varied in accordance with the terms of the Declaration of Trust. See “Unitholder Matters – Matters Requiring Unitholder Approval”.

UNITHOLDER MATTERS

Meeting of Unitholders

A meeting of the Unitholders of the Bitcoin ETF may be called at any time by the Manager and shall be called by the Manager upon written request of Unitholders of the Bitcoin ETF holding in the aggregate not less than 5% of the Units of the Bitcoin ETF. Except as otherwise required or permitted by law, meetings of Unitholders of the Bitcoin ETF will be held if called by the Manager upon written notice of not less than 21 days nor more than 50 days before the meeting. At any meeting of Unitholders of the Bitcoin ETF, a quorum shall consist of two or more Unitholders of the Bitcoin ETF present in person or by proxy and holding 10% of the Units of the Bitcoin ETF. If no quorum is present at such meeting, the meeting, if convened upon the request of Unitholders or for the purpose of considering a change in the manager of the Bitcoin ETF, shall be cancelled, but in any other case, the meeting shall stand adjourned and will be held at the same time and place on the day which is not less than 10 days later. The Manager will give at least three days’ notice by press release to Unitholders of the date of the reconvened meeting, and at the reconvened meeting, Unitholders present in person or represented by proxy will constitute a quorum.

Matters Requiring Unitholder Approval

NI 81-102 requires a meeting of Unitholders of the Bitcoin ETF to be called to approve certain changes as follows:

- (a) the basis of the calculation of a fee or expense that is charged to the Bitcoin ETF is changed in a way that could result in an increase in charges to the Bitcoin ETF, except where:
 - (i) the Bitcoin ETF is at arm’s length with the person or company charging the fees;
 - (ii) the Unitholders have received at least 60 days’ notice before the effective date of the change; and
 - (iii) the right to notice described in (ii) is disclosed in the prospectus of the Bitcoin ETF;

- (b) a fee or expense is introduced that is to be charged to the Bitcoin ETF or directly to its Unitholders by the Bitcoin ETF or the Manager in connection with the holding of Units of the Bitcoin ETF that could result in an increase in charges to the Bitcoin ETF or its Unitholders, except where:
 - (i) the Bitcoin ETF is at arm's length with the person or company charging the fees;
 - (ii) the Unitholders have received at least 60 days' notice before the effective date of the change; and
 - (iii) the right to notice described in (ii) is disclosed in the prospectus of the Bitcoin ETF;
- (c) the Manager is changed, unless the new manager of the Bitcoin ETF is an affiliate of the Manager;
- (d) the fundamental investment objectives of the Bitcoin ETF has changed;
- (e) the Bitcoin ETF decreases the frequency of calculating its NAV per Unit;
- (f) the investment restrictions of the Bitcoin ETF are changed, unless such change is necessary to ensure compliance with all applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- (g) the Bitcoin ETF undertakes a reorganization with, or transfers its assets to, another mutual fund, if the Bitcoin ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the Bitcoin ETF becoming securityholders in the other mutual fund unless:
 - (i) the IRC of the Bitcoin ETF has approved the change;
 - (ii) the Bitcoin ETF is being reorganized with, or its assets are being transferred to, another mutual fund that is managed by the Manager, or an affiliate of the Manager;
 - (iii) the Unitholders have received at least 60 days' notice before the effective date of the change;
 - (iv) the right to notice described in (iii) is disclosed in the prospectus of the Bitcoin ETF; and
 - (v) the transaction complies with certain other requirements of applicable Canadian securities legislation;
- (h) the Bitcoin ETF undertakes a reorganization (other than a Permitted Merger as defined below) with, or acquisition of assets of, a mutual fund trust, if
 - (i) the Bitcoin ETF continues after the reorganization or acquisition of assets;
 - (ii) the transaction results in the securityholders of the mutual fund trust becoming Unitholders of the Bitcoin ETF; and
 - (iii) the transaction would be a material change to the Bitcoin ETF;
- (i) a reorganization that results in the Bitcoin ETF becoming a non-redeemable investment fund or an issuer that is not an investment fund; or
- (j) any matter which is required by the constating documents of the Bitcoin ETF or by the laws applicable to the Bitcoin ETF or by any agreement to be submitted to a vote of the Unitholders of the Bitcoin ETF.

Approval of the foregoing matters will be deemed to have been given by a resolution passed by at least a majority of the votes cast at a meeting called and held for such purpose. Unitholders are entitled to one vote per whole Unit held on the record date established for voting at any meeting of Unitholders.

The Bitcoin ETF may, without Unitholders' approval, enter into a merger or other similar transaction that has the effect of combining the Bitcoin ETF or its assets (a "**Permitted Merger**") with any other investment fund or funds managed by the Manager or an affiliate of the Manager that have investment objectives that are substantially similar to those of the Bitcoin ETF, subject to:

- (a) approval of the merger by the IRC;
- (b) compliance with certain merger pre-approval conditions set out in section 5.6 of NI 81-102; and
- (c) written notice to Unitholders at least 60 days before the effective date of the merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective net asset values for the purpose of such transaction.

In addition, the auditor of the Bitcoin ETF may not be changed unless:

- (a) the IRC has approved the change; and
- (b) Unitholders have received at least 60 days' notice before the effective date of the change.

Amendments to the Declaration of Trust

The Trustee may, without the approval of or notice to Unitholders, amend the Declaration of Trust for certain limited purposes specified therein, including to:

- (a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law or regulation applicable to or affecting the Bitcoin ETF;
- (b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission,
- (c) bring the Declaration of Trust into conformity with applicable laws, including the rules and policies of Canadian securities regulators or with current practice within the securities or investment fund industries provided that any such amendment does not adversely affect the rights, privileges or interests of Unitholders;
- (d) maintain, or permit the Manager to take such steps as may be desirable or necessary to maintain, the status of the Bitcoin ETF as a "mutual fund trust" and a "unit trust" for the purposes of the Tax Act or to respond to amendments to the Tax Act or to the interpretation or administration thereof; or
- (e) provide added protection to Unitholders.

Except for changes to the Declaration of Trust which require the approval of Unitholders or changes described above which do not require approval of or prior notice to Unitholders, the Declaration of Trust may be amended from time to time by the Manager upon not less than 30 days' prior written notice to Unitholders.

Reporting to Unitholders

The Bitcoin ETF's fiscal year is the calendar year. The taxation year will be the calendar year or such other fiscal period permitted under the Tax Act as the Bitcoin ETF elects. The annual financial statements of the Bitcoin ETF shall be audited by the Bitcoin ETF's auditor in accordance with Canadian generally accepted auditing standards. The auditor will be asked to report on the fair presentation of the annual financial statements in accordance with IFRS. The Manager will ensure that the Bitcoin ETF complies with all applicable reporting and administrative requirements.

The Manager, on behalf of the Bitcoin ETF, will furnish Unitholders of the Bitcoin ETF with unaudited interim financial statements, audited annual financial statements, interim MRFPs and the annual MRFPs of the Bitcoin ETF, in accordance with applicable laws.

Any tax information necessary for Unitholders to prepare their annual federal income tax returns will be distributed to them within 90 days after the end of each financial year of the Bitcoin ETF.

The Manager will keep adequate books and records reflecting the activities of the Bitcoin ETF. A Unitholder or his or her duly authorized representative has the right to examine the books and records of the applicable Bitcoin ETF during normal business hours at the registered office of the Manager. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Bitcoin ETF.

TERMINATION OF THE BITCOIN ETF

The Bitcoin ETF may be terminated by the Manager on at least 60 days' notice to Unitholders of such termination and the Manager will issue a press release in advance thereof. Upon termination of the Bitcoin ETF, the cash and other assets remaining after paying or providing for all liabilities and obligations of the Bitcoin ETF, determined in accordance with the Bitcoin ETF's valuation policies and procedures, shall be distributed *pro rata* among the Unitholders of the Bitcoin ETF.

The rights of Unitholders to exchange and redeem Units described under "Redemption and Exchange of Units" will cease as and from the date of termination of the Bitcoin ETF.

PRINCIPAL UNITHOLDERS OF THE BITCOIN ETF

CDS & Co., the nominee of CDS, will be the registered owner of the Units, which it holds for various brokers and other persons on behalf of their clients and others. From time to time, the Designated Broker, Dealers, or another investment fund managed by the Manager or an affiliate thereof, may beneficially own, directly or indirectly, more than 10% of the Units of the Bitcoin ETF.

CoinShares intends to make an investment in Units of the Bitcoin ETF through a subsidiary following the date upon which the Units of the Bitcoin ETF commence trading on the TSX.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Manager will receive fees for its services to the Bitcoin ETF. See "Fees and Expenses".

Shareholders of the Manager may be shareholders, directors, officers or employees of Bitcoin Sources which trade bitcoin with the Manager on behalf of the Bitcoin ETF. Trade execution on behalf of the Bitcoin ETF is conducted on a best price basis and no preference is given to bitcoin trading platforms or counterparties in respect of which shareholders of the Manager are shareholders, directors, officers or employees.

Shareholders of the Manager may invest in Units of the Bitcoin ETF on their own behalf or on behalf of clients or funds managed by them.

CoinShares has agreed to allow the Bitcoin ETF to use the name "CoinShares" in the name of the Bitcoin ETF subject to the terms and conditions of an agreement to be entered into prior to the date the Units of the Bitcoin ETF commence trading on the TSX.

MVIS is a wholly-owned subsidiary of Van Eck Associates Corporation ("**Van Eck**") and will receive an annual licensing fee based on the Net Asset Value of the Bitcoin ETF in consideration for providing the MVIS® CryptoCompare Bitcoin Benchmark Rate Index . Van Eck is a shareholder of the Manager and may nominate up to two directors to the Board of Directors of the Manager. Van Eck has nominated one director to the Board of Directors

of the Manager. See “Fees and Expenses – Fees and Expenses Payable by the Bitcoin ETF – Operating Expenses” and “Calculation of Net Asset Value – Valuation Policies and Procedures”.

The Bitcoin ETF is not sponsored, endorsed, sold or promoted by MVIS. MVIS makes no representation or warranty, express or implied, to the owners of the Bitcoin ETF or any member of the public regarding the advisability of investing in securities generally or in the Bitcoin ETF particularly or the ability of MVIBBR to provide a robust hourly rate for bitcoin in U.S. dollars. MVIS’s only direct relationship to the Bitcoin ETF and the Manager is the licensing of certain service marks and trade names of MVIS and of MVIBBR that is determined, composed and calculated by MVIS without regard to the Bitcoin ETF or the Manager. MVIS has no obligation to take the needs of the Bitcoin ETF or the owners of the Bitcoin ETF into consideration in determining, composing or calculating MVIBBR. MVIS is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the Bitcoin ETF to be issued or in the determination or calculation of the equation by which the Bitcoin ETF is to be converted into cash. MVIS has no obligation or liability in connection with the administration, marketing or trading of the Bitcoin ETF.

MVIS DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF MVIBBR OR ANY DATA INCLUDED THEREIN AND MVIS SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. MVIS MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE MANAGER, THE BITCOIN ETF, OWNERS OF THE BITCOIN ETF, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF MVIBBR OR ANY DATA INCLUDED THEREIN. MVIS MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO MVIBBR OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL MVIS HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

The Bitcoin ETF is not sponsored, promoted, sold or supported in any other manner by CryptoCompare Data Limited nor does CryptoCompare Data Limited offer any express or implicit guarantee or assurance either with regard to the results of using MVIBBR and/or MVIBBR trade mark or MVIBBR price at any time or in any other respect. MVIBBR is calculated and published by CryptoCompare Data Limited. CryptoCompare Data Limited uses its best efforts to ensure that MVIBBR is calculated correctly. Irrespective of its obligations towards MVIS, CryptoCompare Data Limited has no obligation to point out errors in MVIBBR to third parties including but not limited to investors and/or financial intermediaries of the Bitcoin ETF. Neither publication of MVIBBR by CryptoCompare Data Limited nor the licensing of MVIBBR or MVIBBR trade mark for the purpose of use in connection with the Bitcoin ETF constitutes a recommendation by CryptoCompare Data Limited to invest capital in the Bitcoin ETF nor does it in any way represent an assurance or opinion of CryptoCompare Data Limited with regard to any investment in the Bitcoin ETF. CryptoCompare Data Limited is not responsible for fulfilling the legal requirements concerning the accuracy and completeness of the Bitcoin ETF’s prospectus.

The Bitcoin ETF is not sponsored, endorsed, sold or promoted by Van Eck Associates Corporation or any of its affiliates or any other VanEck entity (altogether, “**VanEck**”). VanEck makes no representation or warranty, express or implied, nor accepts any responsibility, regarding the accuracy or completeness of this Prospectus, or the advisability of investing in securities or financial instruments, or in the Bitcoin ETF.

VANECK SHALL NOT HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS, AND MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY OWNERS OF THE BITCOIN ETF OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE BITCOIN ETF. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL VANECK OR ANY OF ITS AFFILIATES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES OR LOSSES, EVEN IF NOTIFIED OF THE POSSIBILITY THEREOF.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Units:

- (a) the Declaration of Trust – see “Organization and Management Details – The Trustee, Manager and Promoter”;
- (b) the Custodian Agreement – see “Organization and Management Details – Custodian”; and
- (c) the Sub-Custodian Agreement – see “Organization and Management Details – Sub-Custodian”; and
- (d) the Index Licensing Agreement.

Copies of the agreements referred to above may be inspected during business hours at the registered office of the Manager.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

The Bitcoin ETF is not involved in any legal proceedings nor is the Manager aware of existing or pending legal or arbitration proceedings involving the Bitcoin ETF.

EXPERTS

Osler, Hoskin & Harcourt LLP, legal counsel to the Bitcoin ETF and the Manager, has provided certain legal opinions on the principal Canadian federal income tax considerations that apply to an investment in the Units by an individual resident in Canada. See “Income Tax Considerations” and “Eligibility for Investment”. As of the date hereof, partners and associates of Osler, Hoskin & Harcourt LLP beneficially owned, directly or indirectly, less than 1% of the outstanding Units of the Bitcoin ETF.

Raymond Chabot Grant Thornton LLP is the auditor of the Bitcoin ETF and has consented to the incorporation by reference of its report on the Bitcoin ETF dated March 31, 2021. Raymond Chabot Grant Thornton LLP has confirmed that it is independent with respect to the Bitcoin ETF within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

EXEMPTIONS AND APPROVALS

The Manager, on behalf of the Bitcoin ETF, has obtained exemptive relief from the Canadian securities regulatory authorities to permit the following:

- (a) the purchase by a Unitholder of the Bitcoin ETF of more than 20% of the Units of the Bitcoin ETF through purchases on the TSX without regard to the take-over bid requirements of Canadian securities legislation; and
- (b) to relieve the Bitcoin ETF from the requirement that a prospectus contain a certificate of the underwriters.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase ETF securities within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or for non-delivery of the ETF Facts, provided that the remedies for

rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or consult with a legal advisor.

DOCUMENTS INCORPORATED BY REFERENCE

Additional information about the Bitcoin ETF is or will be available in the following documents:

- (a) the most recently-filed comparative annual financial statements of the Bitcoin ETF, together with the accompanying report of the auditor;
- (b) any interim financial statements of the Bitcoin ETF filed after the most recently-filed comparative annual financial statements of the Bitcoin ETF;
- (c) the most recently-filed annual MRFP of the Bitcoin ETF;
- (d) any interim MRFP of the Bitcoin ETF filed after that most recently-filed annual MRFP of the Bitcoin ETF; and
- (e) the most recently filed ETF Facts of the Bitcoin ETF.

These documents are or will be incorporated by reference in this prospectus, which means that they legally form part of this prospectus. An investor can get a copy of these documents, when available, upon request and at no cost by calling the Manager at (416) 639-2130 or by contacting a registered dealer. These documents are or will also be available on the Manager's website at www.3iQ.ca as well as on SEDAR at www.sedar.com. In addition, any such types of documents, if filed by the Bitcoin ETF after the date of this prospectus and before the termination of the distribution of Units, are deemed to be incorporated by reference into this prospectus.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of 3iQ CoinShares Bitcoin ETF and the Board of Directors of 3iQ Corp.

Opinion

We have audited the statement of financial position of 3iQ CoinShares Bitcoin ETF (hereafter the “**Bitcoin ETF**”), as at March 31, 2021 and the notes to the statement of financial position, including a summary of significant accounting policies.

In our opinion, the accompanying statement of financial position presents fairly, in all material respects, the financial position of the Bitcoin ETF as at March 31, 2021 in accordance with International Financial Reporting Standards (“**IFRS**”).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the statement of financial position” section of our report. We are independent of the Bitcoin ETF in accordance with the ethical requirements that are relevant to our audit of the financial position in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the statement of financial position

Management is responsible for the preparation and fair presentation of the statement of financial position in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of the statement of financial position that is free from material misstatement, whether due to fraud or error.

In preparing the statement of financial position, management is responsible for assessing the Bitcoin ETF’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bitcoin ETF or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bitcoin ETF’s financial reporting process.

Auditor’s responsibilities for the audit of the statement of financial position

Our objectives are to obtain reasonable assurance about whether the statement of financial position as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the statement of financial position.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statement of financial position, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bitcoin ETF's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bitcoin ETF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the statement of financial position or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bitcoin ETF to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the statement of financial position, including the disclosures, and whether the financial position represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

“Raymond Chabot Grant Thornton LLP”¹

Montreal, Québec
March 31, 2021

¹ CPA auditor, CA public accountancy permit no. A125741

3iQ COINSHARES BITCOIN ETF
STATEMENT OF FINANCIAL POSITION

(Expressed in U.S.\$)

As at March 31, 2021

Cash	<u>\$10.00</u>
------------	----------------

Net Assets attributable to holders of redeemable Units (one unit issued and redeemable)	<u>\$10.00</u>
---	----------------

The accompanying notes are an integral part of this statement of financial position.

Approved by the board of directors of 3iQ Corp., the trustee and manager of 3iQ CoinShares Bitcoin ETF.

“Frederick T. Pye”
Director

“Anthony L. Cox”
Director

NOTES TO STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

(1) GENERAL INFORMATION

3iQ CoinShares Bitcoin ETF (the “**Bitcoin ETF**”) is an exchange-traded mutual fund established under the laws of the Province of Ontario pursuant to a declaration of trust dated March 31, 2021. The Bitcoin ETF issues units (“**Units**”) on a continuous basis and is authorized to issue an unlimited number of redeemable, transferable Units, which are denominated in U.S. dollars.

On March 31, 2021, the Bitcoin ETF was settled and issued one Unit for cash consideration of \$10.00 to 3iQ Corp., the manager of the Bitcoin ETF (the “**Manager**”).

The Bitcoin ETF’s investment objectives are to seek to provide holders of units of the Bitcoin ETF with:

- (a) exposure to digital currency bitcoin (“**bitcoin**”) and the daily price movements of the U.S. dollar price of bitcoin; and
- (b) the opportunity for long-term capital appreciation.

To achieve its investment objectives, the Bitcoin ETF invests in long-term holdings of bitcoin. Bitcoin will be purchased from reputable bitcoin trading platforms (commonly referred to as bitcoin exchanges) and OTC counterparties, in order to provide investors with a convenient, safer alternative to a direct investment in bitcoin, in accordance with the investment objectives and investment strategies of the Bitcoin ETF.

The statement of financial position was approved by the board of directors of the Manager on March 31, 2021.

(2) SIGNIFICANT ACCOUNTING POLICIES

The financial statement of the Bitcoin ETF has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”).

Critical Accounting Estimates and Significant Judgments:

The preparation of financial statements in accordance with IFRS requires management to use accounting estimates. It also requires management to exercise its judgment in the process of applying the Bitcoin ETF’s accounting policies. Estimates are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The following are significant management judgments on applying policies of the Bitcoin ETF that have the most significant effects on the financial statements.

Functional currency

The Manager considers the United States dollar to be the functional currency in which the Bitcoin ETF operates, because it is the currency in which, in its opinion, most faithfully represents the economic effects of the underlying transactions, events and conditions of the Bitcoin ETF. Moreover, the United States dollar is the currency in which the Bitcoin ETF assesses its performance. The Bitcoin ETF issues and redeems its Units in United States dollars.

Units classification

IAS 32, Financial Instruments: Presentation (“**IAS 32**”) requires that redeemable units or shares of an entity that are equally subordinated but are not identical be classified as a financial liability. The Bitcoin ETF’s

redeemable units meet the criteria in IAS 32 for classification as equity, as a result of having only one class of units outstanding at the end of the period.

(3) RELATED PARTY TRANSACTIONS

As at March 31, 2021, the Bitcoin ETF was created with an initial contribution of \$10.00 from the Manager. In compliance with securities regulations, the Bitcoin ETF will not issue Units to the public until subscriptions aggregating not less than \$500,000 have been received by the Bitcoin ETF from investors other than persons or entities related to the Manager and have been accepted by the Bitcoin ETF.

The Bitcoin ETF will pay an annual management fee to the Manager equal to 1.00% of the Net Asset Value of the Bitcoin ETF, calculated daily and payable monthly in arrears, plus applicable taxes.

(4) REDEMPTIONS

A trading day for the Bitcoin ETF is each day on which: (i) a regular session of the TSX is held; and (ii) the primary market or exchange for the majority of the assets held by the Bitcoin ETF is open for trading (“**Trading Day**”).

On any Trading Day, Unitholders may redeem Units of the Bitcoin ETF for cash at a redemption price per Unit equal to the lesser of 95% of (a) the closing price for the Units on the TSX on the effective day of the redemption and (b) the NAV per Unit. Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash.

CERTIFICATE OF 3iQ COINSHARES BITCOIN ETF AND THE TRUSTEE, MANAGER AND PROMOTER

Dated: March 31, 2021

This prospectus and amended and restated prospectus together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and amended and restated prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut.

3iQ CORP.
(as trustee and manager of 3iQ CoinShares Bitcoin ETF)

By: "*Frederick T. Pye*"
Frederick T. Pye
Chief Executive Officer

By: "*John Loeprich*"
John Loeprich
Chief Financial Officer

**On behalf of the Board of Directors of
3iQ CORP.**

By: "*Anthony L. Cox*"
Anthony L. Cox
Director

By: "*Chris Jouppi*"
Chris Jouppi
Director

3iQ CORP.
(as promoter of 3iQ CoinShares Bitcoin ETF)

By: "*Frederick T. Pye*"
Frederick T. Pye
Chief Executive Officer