No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell these securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended and, subject to certain exemptions, will not be offered or sold in the U.S.

PROSPECTUS

Initial Public Offering

December 4, 2020

CI Galaxy Bitcoin Fund

Maximum US$350,000,000
(Maximum 35,000,000 Class A Units and/or Class C and/or Class F Units)

CI Galaxy Bitcoin Fund (the “Fund”) invests in the digital currency bitcoin. Given the speculative nature of bitcoin and the volatility of the bitcoin markets, there is no assurance that the Fund will be able to meet its investment objective. An investment in the Fund 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 Fund is considered high risk.

The Fund is a closed-end investment fund established as a trust under the laws of the Province of Ontario which proposes to issue transferable Class A units (the “Class A Units”), Class C units (the “Class C Units”) and Class F units (the “Class F Units” and collectively with the Class A Units and the Class C Units, the “Units”) of the Fund each at a price of $10.00 per Unit or the Equivalent in Canadian Dollars (as defined herein) (the “Offering”). Class C Units are designated for certain investors known to the Manager and will not be listed on a stock exchange but will be reclassified as Class A Units immediately upon Closing. Class F Units are designated for fee-based and/or institutional accounts and will not be listed on a stock exchange but will be reclassified as Class A Units immediately upon the closing of the Offering (the “Closing”). See “Attributes of the Securities – Reclassification of Class F Units upon Closing”. The Class A Units, the Class C Units and the Class F Units will be available for purchase under the Offering in both U.S. and Canadian dollars and the Class A Units will trade in both U.S. dollars and Canadian dollars under the symbols BTCG.U and BTCG.UN, respectively.

The Fund’s investment objective is to provide holders of Units (the “Holders”) with exposure to bitcoin through an institutional-quality fund platform. See “Investment Objective”. The Fund offers investors exposure to bitcoin by investing directly in bitcoin with the Fund’s holdings of bitcoin priced based on the Bloomberg Galaxy Bitcoin Index (the “BTC”), a bitcoin pricing source administered and calculated by Bloomberg. The BTC is designed to measure the performance of a single bitcoin traded in USD.

CI Investments Inc. (the “Manager”), a registered investment fund manager and portfolio manager, will act as the manager and trustee of the Fund and is the promoter of the Fund. The Manager is responsible for creating, structuring, managing and promoting the Fund and providing portfolio management services to the Fund. The Manager is a subsidiary of CI Financial Corp., an independent company offering global asset management and wealth management advisory services with approximately C$202 billion in assets as of October 31, 2020. The Manager has retained Galaxy Digital Capital Management LP (the “Subadvisor”) to act as the bitcoin subadvisor for the Fund. The Subadvisor is a diversified digital asset management business with institutional experience managing third-party capital in alternative asset classes and strong relationships and connectivity in the digital asset, cryptocurrency and blockchain technology sector. The Subadvisor is an affiliate of Galaxy Digital Holdings Ltd., a diversified financial services and investment management company in this sector and is listed on the Toronto Stock Exchange (TSX:GLXY). See “Organization and Management Details of the Fund”. Cidel Trust Company (the “Custodian”) will act as the Custodian of the assets of the Fund pursuant to the Custodian Agreement. Gemini Trust Company, LLC (the “Sub-Custodian”) will act as the Sub-Custodian in respect of the Fund’s holdings of bitcoin.
Unless otherwise noted herein, all references to “$, “US$” or “USD” in this prospectus are to the currency of the United States. In presenting the estimated Offering expenses and the Fund’s ongoing expenses, Canadian dollar amounts have been converted to USD using the daily average exchange rate as reported by the Bank of Canada on December 3, 2020 of US$1.00 = C$1.288.

<table>
<thead>
<tr>
<th>Minimum Purchase: 100 Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Class A Unit...............</td>
</tr>
<tr>
<td>Per Class C Unit...............</td>
</tr>
<tr>
<td>Per Class F Unit...............</td>
</tr>
<tr>
<td>Total Minimum Offering(3)......</td>
</tr>
<tr>
<td>Total Maximum Offering(3)(4)....</td>
</tr>
</tbody>
</table>

Notes:
1. The Offering price was established by negotiation between the Manager and the Agents (as defined herein).
2. Before deducting the expenses of the Offering, estimated to be up to $850,000 assuming the maximum Offering (and subject to a maximum of 1.5% of the gross proceeds of the Offering), which, together with the Agents’ fees, will be paid by the Fund from the proceeds of the Offering.
3. There will be no Closing unless at least 2,000,000 Class A Units are sold. If subscriptions for a minimum of 2,000,000 Class A Units have not been received within 90 days following the date of issuance of a receipt for this prospectus, this Offering may not continue without the consent of the securities authorities and those who have subscribed for Units on or before such date. The minimum Offering assumes an offering of 2,000,000 Class A Units and the maximum Offering assumes an offering of 35,000,000 Class A Units.
4. The Fund has granted the Agents an option (the “Over-Allotment Option”), exercisable for a period of 30 days following the Closing, to purchase additional Class A Units in an amount up to 15% of the aggregate number of Class A Units issued at the Closing on the same terms as set forth above. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents’ fees and the net proceeds to the Fund, before deducting the expenses of the Offering, will be $402,500,000, $22,137,500 and $380,362,500, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Class A Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Class A Units forming part of the over-allocation position acquires those Class A Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

There is no assurance that the Fund will be able to meet its investment objective. An investment in the Fund may be considered to be speculative and is appropriate only for investors who have the capacity to absorb investment losses of some or all of their investment and there are certain risks associated with an investment in Units. As it is the Fund’s intention to invest in bitcoin on a passive basis, the Fund’s holdings will not be actively managed and accordingly, will not be hedged or repositioned to attempt to take defensive positions if the price of bitcoin declines or is expected to decline. There is currently no market through which the Units may be sold and purchasers may not be able to resell the Units purchased under this prospectus. This may affect the pricing of the Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Units, and the extent of issuer regulation. See “Risk Factors” for a discussion of certain factors that should be considered by prospective purchasers of Units.

The Fund is not a trust company and, accordingly, the Fund 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 Act or any other legislation.

The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Class A Units. Listing of the Class A Units is subject to the Fund fulfilling all of the requirements of the TSX on or before February 25, 2021. CIBC World Markets Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., Industrial Alliance Securities Inc., Richardson Wealth Limited, Echelon Wealth Partners Inc., Hampton Securities Limited, Leede Jones Gable Inc., Mackie Research Capital Corporation, and PI Financial Corp. (collectively, the “Agents”) have agreed to conditionally offer the Units, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in the agency agreement among the Fund, the
Manager, the Subadvisor and the Agents (the “Agency Agreement”) referred to under “Plan of Distribution”, and subject to the approval of certain legal matters by Blake, Cassels & Graydon LLP, on behalf of the Fund, and Osler, Hoskin & Harcourt LLP, on behalf of the Agents. The Agents may over-allot and effect transactions to cover their over-allotted position. See “Plan of Distribution”.

Subscriptions will be received for the Units offered hereby, subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closing is expected to occur on or about December 16, 2020. See “Attributes of the Securities”.

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GLOSSARY OF TERMS

In this prospectus, the following terms shall have the meanings set forth below, unless otherwise indicated.

“affiliate” has the meaning ascribed thereto in the Business Corporations Act (Ontario).

“Agency Agreement” means the agency agreement dated as of December 4, 2020 among the Fund, the Manager, the Subadvisor and the Agents.


“air drops” has the meaning ascribed thereto under “Risk Factors – Risk Factors Relating to Bitcoin – Air Drops”.

“Annual Redemption Date” means the second last Business Day of December of each year commencing in 2021.

“BTC” means the Bloomberg Galaxy Bitcoin Index, an index designed to measure the performance of a single bitcoin traded in USD.

“Business Day” means any day on which the TSX is open for business.

“Class A Units” means transferable units of the Fund designated as Class A Units.

“Class C Units” means transferable units of the Fund designated as Class C Units.

“Class F Units” means transferable units of the Fund designated as Class F Units.

“Closing” means the closing of the Offering on the Closing Date.

“Closing Date” means the date of the Closing, which is expected to be on or about December 16, 2020, or such later date as the Fund and the Agents may agree, but in any event not later 90 days after a receipt for the final prospectus has been issued.

“Closing Market Price” in respect of a Class A Unit on a Monthly Redemption Date means: (i) an amount equal to the US$ closing price of the Class A Units on the principal exchange or market on which the Class A Units are quoted for trading if there was a trade on such Monthly Redemption Date and the exchange or market provides a closing price; (ii) an amount equal to the weighted average of the highest and lowest US$ prices of the Class A Units if there was trading on such Monthly Redemption Date on the principal exchange or market on which the Class A Units are quoted for trading and the exchange or market provides only the highest and lowest trading prices of the Class A Units traded on such date; and (iii) the weighted average of the last bid and last asking US$ prices if there was no trading on that Monthly Redemption Date.

“CRA” means the Canada Revenue Agency.

“Custodian” means Cidel Trust Company, the custodian of the assets of the Fund, and its assigns and successors as may be appointed by the Manager from time to time.

“Custodian Agreement” means the custodian agreement dated on or before the Closing Date between the Manager and the Custodian as it may be amended from time to time.

“Declaration of Trust” means the declaration of trust of the Fund dated as of December 4, 2020, as it may be supplemented, amended and/or restated from time to time.

“Depositary” means CDS Clearing and Depository Services Inc. and includes any successor corporation or any other depositary subsequently appointed by the Fund as the depositary in respect of the Units.

“Equivalent in Canadian Dollars” means the equivalent of the purchase price of the Class A Units, Class C Units and Class F Units hereunder, in each case, US$10.00, in Canadian dollars based on the daily average exchange rate reported by the Bank of Canada on the Business Day immediately preceding the date of the final prospectus which for greater certainty is $C12.88.

“Extraordinary Resolution” means a resolution passed by the affirmative vote of at least 66⅔% of the votes cast either in person or by proxy, at a meeting of Holders called for the purpose of considering such resolution.
“fork” has the meaning ascribed thereto under “Risk Factors – Risks Factors Relating to Bitcoin – Network Forks”.

“Fund” means CI Galaxy Bitcoin Fund, a trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust.

“hashrate” refers to the amount of computing power that miners are using to validate the Bitcoin blockchain, measured in hashes per second.

“Holders” means, unless the context requires otherwise, the owners of the beneficial interest in the Units.

“IRC” means the independent review committee of the Fund.

“Management Fee” has the meaning ascribed thereto under “Fees and Expenses – Management Fee”.

“Manager” means CI Investments Inc., in its capacity as manager of the Fund.

“miners” has the meaning ascribed thereto under “Investment Overview – Introduction to Bitcoin”.

“Monthly Redemption Amount” means the redemption price per Class A Unit equal to the lesser of: (i) 95% of the weighted average US$ trading price of the Class A Units on the principal exchange or market on which the Class A Units are quoted for trading for the 10 Business Days immediately preceding the applicable Monthly Redemption Date: and (ii) 100% of the Closing Market Price on the applicable Monthly Redemption Date less, in each case, any costs and expenses associated with the redemption including commissions and other such costs, if any, related to the liquidation of any portion of the Fund’s portfolio required to fund such redemption.

“Monthly Redemption Date” means the second last Business Day of each month (other than the month in which the Annual Redemption Date is available).

“Net Asset Value of the Fund” or “NAV of the Fund” on a particular date will be equal to (i) the aggregate fair value of the assets of the Fund, less (ii) the aggregate fair value of the liabilities of the Fund.

“Net Asst Value per Class A Unit” or “NAV per Class A Unit” means the number obtained by dividing the NAV of the Fund attributable to the Class A Units on such date by the total number of Class A Units outstanding on such date.

“Net Asset Value per Unit” or “NAV per Unit” means, for a class of Units on any date, the number obtained by dividing the NAV of the Fund attributable to the class of Units on such date by the total number of Units of the class outstanding on such date.

“NI 81-102” means National Instrument 81-102 Investment Funds of the Canadian Securities Administrators, as it may be amended from time to time.

“NI 81-107” means National Instrument 81-107 Independent Review Committee for Investment Funds of the Canadian Securities Administrators, as it may be amended from time to time.

“Notice Period” means the period from the first Business Day in November until 5:00 p.m. (Toronto time) on the 10th Business Day in November of each year, commencing in 2021.

“Offering” means the offering of a minimum of 2,000,000 Class A Units and a maximum of 35,000,000 Class A Units and/or Class C Units and/or Class F Units as contemplated in this prospectus.

“Over-Allotment Option” has the meaning ascribed thereto under “Plan of Distribution”.

“Participant” means a participant in the Depositary.

“Registered Plans” has the meaning ascribed thereto under “Eligibility for Investment”.

“Registrar and Transfer Agent” means TSX Trust Company and its successors as may be appointed by the Manager from time to time.

“scaling” means increasing the capacity of transactions a network can handle at the core blockchain layer.

“SIFT Rules” means the provisions of the Tax Act providing for a tax on certain income earned by a “SIFT trust” or “SIFT partnership”, as those terms are defined in the Tax Act.

“stablecoin” is a type of cryptocurrency that is pegged to an underlying asset, such as the U.S. dollar or gold.
“Subadvisor” means Galaxy Digital Capital Management LP, in its capacity as subadvisor of the Fund.

“Subadvisor Agreement” has the meaning ascribed thereto under “Organization and Management Details of the Fund – The Subadvisor”.

“Sub-Custodian” means Gemini Trust Company, LLC, a sub-custodian of the Fund in respect of the Fund’s holdings of bitcoin pursuant to the Sub-Custodian Agreement.

“Sub-Custodian Agreement” means sub-custodian agreement dated on or before the Closing Date among the Custodian, the Fund and the Sub-Custodian as it may be amended from time to time.

“Tax Act” means the Income Tax Act (Canada) and the regulations thereunder, as it may be amended from time to time.

“Trustee” means CI Investments Inc., in its capacity as trustee of the Fund.

“TSX” means the Toronto Stock Exchange.

“Units” means, collectively, the Class A Units, Class C Units and the Class F Units.

“United States” or “U.S.” means the United States of America.

“Valuation Agent” means CIBC Mellon Global Securities Services Company, in its capacity as valuation agent of the Fund.

“Valuation Date” means each Business Day and includes any other day on which the Manager elects, in its discretion, to calculate NAV of the Fund.

“Valuation Time” has the meaning ascribed thereto under “Calculation of Net Asset Value”.

3
PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Certain capitalized terms used, but not defined in, this summary are defined in the “Glossary of Terms”. Unless otherwise indicated, all references to dollar amounts in this prospectus are to U.S. dollars.

THE OFFERING

Issuer: CI Galaxy Bitcoin Fund (the “Fund”) is a closed-end investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust (the “Declaration of Trust”) by CI Investments Inc. (in such capacity, the “Trustee”) as trustee of the Fund. See “Overview of the Legal Structure of the Fund”.

Offering: The Fund is offering (the “Offering”) transferable Class A units (“Class A Units”), Class C units (“Class C Units”) and Class F units (“Class F Units” and together with the Class A Units and Class C Units, the “Units”) of the Fund.

The Class C Units are designated for certain investors known to the Manager and as such there are no Agents’ fees payable on the issuance of Class C Units. The Class F Units are designated for fee-based and/or institutional accounts and as such the Agents’ fees payable on the issuance of Class F Units are lower than those payable on the issuance of Class A Units. Neither the Class C Units nor Class F Units will be listed on a stock exchange but Class C Units and Class F Units will be reclassified as Class A Units immediately upon the closing of the Offering. Following the reclassification of the Class C Units and Class F Units upon the closing of the Offering, only Class A Units will be issued and outstanding. Nevertheless, additional Class F Units or other classes of units of the Fund may be issued in the future and may not be reclassified immediately to Class A Units.

See “Attributes of the Securities – Reclassification of Class F Units upon Closing”, “Plan of Distribution” and “Fees and Expenses”.

Maximum Issue: $350,000,000
Minimum Issue: $20,000,000
Subscription Price: $10.00 per Class A Unit, or Equivalent in Canadian dollars
$10.00 per Class C Unit, or Equivalent in Canadian dollars
$10.00 per Class F Unit, or Equivalent in Canadian dollars
Minimum Subscription: $1,000 or Equivalent in Canadian dollars (100 Class A Units and/or Class C Units and/or Class F Units)

Investment Objective: The Fund’s investment objective is to provide holders of Units (the “Holders”) exposure to bitcoin through an institutional-quality fund platform. See “Investment Objective”.

Investment Strategy: To achieve its investment objective, the Fund will invest directly in bitcoin and will utilize high-quality service providers in the digital assets sector (e.g., digital asset custodians, trading platforms and trading counterparties) in order to manage the assets of the Fund. For example, the Fund’s portfolio will be priced based on, and the Fund’s Net Asset Value will be calculated using, the Bloomberg Galaxy Bitcoin Index (“BTC”). The BTC is designed to measure the performance of a single bitcoin traded in USD and is owned and administered by Bloomberg Index Services Limited and is co-branded with Galaxy Digital Capital Management LP, the Subadvisor of the Fund.

As it is the Fund’s intention to invest in bitcoin on a passive basis, the Fund’s holdings will not be actively managed and accordingly, will not be hedged or repositioned to attempt to take defensive positions if the price of bitcoin declines or is expected to decline.
The Manager has retained Galaxy Digital Capital Management LP (the “Subadvisor”) to act as the bitcoin subadvisor for the Fund.

The Fund will not use leverage or derivatives and does not intend to pay cash distributions.

The Fund’s functional and presentation currency is and the investor’s investment will be made in U.S. dollars. The Fund will purchase bitcoin which is currently denominated in U.S. dollars. Canadian investors should be aware that 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.

See “Investment Strategy”.

Redemptions:
Commencing in 2021, Class A Units may, at the option of the Holder, be surrendered annually for redemption during the period from the first Business Day in November until 5:00 p.m. (Toronto time) on the 10th Business Day in November of each year (the “Notice Period”) subject to the Fund’s right to suspend redemptions in certain circumstances. Class A Units properly surrendered for redemption during the Notice Period will be redeemed on the second last Business Day in December of each year (the “Annual Redemption Date”) and the Holder will receive payment on or before the 15th day following the Annual Redemption Date. Redeeming Holders will receive a redemption price per Class A Unit equal to 100% of the NAV per Class A Unit as determined on the Annual Redemption Date, less any costs and expenses incurred by the Fund in order to fund such redemption. The redemption price will be paid in U.S. dollars. See “Redemption of Securities” and “Calculation of Net Asset Value”.

Reclassification of Class C Units Upon Closing:
All outstanding Class C Units will be reclassified as Class A Units immediately upon closing of the Offering and holders of Class C Units will receive the number of Class A Units determined by dividing the Net Asset Value per Class C Unit by the Net Asset Value per Class A Unit on the Closing Date. Following the reclassification of the Class C Units as Class A Units, only Class A Units will be outstanding.

See “Attributes of the Securities – Reclassification of Class C Units upon Closing”.

Reclassification of Class F Units Upon Closing:
All outstanding Class F Units will be reclassified as Class A Units immediately upon closing of the Offering and holders of Class F Units will receive the number of Class A Units determined by dividing the Net Asset Value per Class F Unit by the Net Asset Value per Class A Unit on the Closing Date. Following the reclassification of the Class F Units as Class A Units, only Class A Units will be outstanding.

See “Attributes of the Securities – Reclassification of Class F Units upon Closing”.

Use of Proceeds:

<table>
<thead>
<tr>
<th>Use of Proceeds</th>
<th>Maximum Offering(1)(2)</th>
<th>Minimum Offering(1)(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Proceeds to the Fund</td>
<td>$350,000,000</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Agents’ fees</td>
<td>$19,250,000</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>Expenses of the Offering(3)</td>
<td>$850,000</td>
<td>$300,000</td>
</tr>
<tr>
<td>Net proceeds to the Fund</td>
<td>$329,900,000</td>
<td>$18,600,000</td>
</tr>
</tbody>
</table>

(1) There will be no Closing unless at least 2,000,000 Class A Units are sold. If subscriptions for a minimum of 2,000,000 Class A Units have not been received within 90 days following the date of issuance of a receipt for this prospectus, this Offering may not continue without the consent of the securities authorities and those who have subscribed for Units on or before such date. The minimum Offering assumes an offering of 2,000,000 Class A Units and the maximum Offering assumes an offering of 35,000,000 Class A Units.

(2) The Fund has granted the Agents an option (the “Over-Allotment Option”), exercisable for a period of 30 days following the closing of the Offering (the “Closing”), to purchase additional Class A Units in an amount up to 15% of the aggregate number of Class A Units issued at the Closing on the same terms as set forth above. If the Over-Allotment Option is
exercised in full, under the maximum Offering, the price to the public, the Agents’ fees and the net proceeds to the Fund before deducting the expenses of the Offering will be $402,500,000, $22,137,500 and $380,362,500, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Class A Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Class A Units forming part of the over-allocation position acquires those Class A Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

(3) Subject to a maximum of 1.5% of the gross proceeds of the Offering.

The net proceeds from the Offering, after payment of the Agents’ fees and the Offering expenses, will be used by the Fund to execute its investment strategy. See “Use of Proceeds”.

**Risk Factors:**

An investment in Units is subject to certain risk factors, including:

- Risks relating to bitcoin:
  - (a) speculative nature of bitcoin;
  - (b) unforeseeable risks;
  - (c) access loss or theft;
  - (d) bitcoin investment risks; and
  - (e) risks related to the pricing source.

- Risks relating to an investment in the Fund:
  - (a) no assurance of achieving objective;
  - (b) possible loss of investment
  - (c) no guarantee of a return on investment;
  - (d) risks related to passive investments;
  - (e) concentration risk;
  - (f) reliance on the Manager, the Subadvisor and the Sub-Custodian;
  - (g) no direct ownership interest in bitcoin;
  - (h) other bitcoin investment funds
  - (i) large-scale sales or distributions
  - (j) changes in legislation;
  - (k) status of the Fund;
  - (l) significant redemptions;
  - (m) fluctuations in NAV of the Fund and NAV per Unit;
  - (n) trading price of Class A Units;
  - (o) market disruptions;
  - (p) standard of care;
  - (q) residency of the Subadvisor and the Sub-Custodian;
  - (r) conflicts of interest;
  - (s) SOC 2 Type 2 report of the Sub-Custodian;
  - (t) U.S. currency exposure;
fluctuations in foreign exchange rates may have an adverse effect on the NAV per Unit and on the trading price of the Class A Units

service providers are not fiduciaries;

operational risk;

systems risks;

tax risk;

no operating history;

the Fund is not a trust company; and

nature of Units.

See “Risk Factors”.

**Income Tax Considerations:**

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

A Holder 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 Holder’s income for tax purposes for any year the amount of net income and net taxable capital gains of the Fund paid or payable to the Holder in the year and deducted by the Fund in computing its income. Any return of capital from the Fund paid or payable to a Holder in a taxation year will reduce the adjusted cost base of the Holder’s Units. To the extent that a Holder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Holder and the adjusted cost base of the Unit to the Holder will be increased by the amount of such capital gain. Any loss of the Fund cannot be allocated to, and cannot be treated as a loss of, the Holders. 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 Holder 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 Holder of the Unit and any reasonable costs of disposition.

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

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

**Termination:**

The Fund does not have a fixed termination date. Pursuant to the Declaration of Trust, the Fund may be terminated at any time by the Manager provided that the prior approval of Holders has been obtained by a majority vote at a meeting of Holders called for that purpose; provided, however, that the Manager may, in its discretion, terminate the Fund without the approval of Holders if, in the opinion of the Manager, it is no longer economically practical to continue the Fund or it would be in the best interests of the Fund. Upon termination, the net assets of the Fund will be distributed on a pro rata basis based on the net asset value of each class of units of the Fund. See “Termination of the Fund”.

**ELIGIBILITY FOR INVESTMENT**

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Fund, and Osler, Hoskin & Harcourt LLP, counsel to the Agents, provided that the Fund qualifies as a “mutual fund trust” within the meaning of the Tax Act, or the Class A Units 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 plans.
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 Fund.”
## ORGANIZATION AND MANAGEMENT OF THE FUND

<table>
<thead>
<tr>
<th>Management of the Fund</th>
<th>Services Provided to the Fund</th>
<th>Municipality of Residence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager, Trustee and Promoter</td>
<td>CI Investments Inc. is the manager, trustee and promoter of the Fund. The Manager will perform the management functions, including the day-to-day management of the Fund, and will provide or arrange for the provision of all administrative and management services required by the Fund.</td>
<td>2 Queen Street East 20th Floor Toronto, Ontario M5C 3G7</td>
</tr>
<tr>
<td>Subadvisor</td>
<td>Galaxy Digital Capital Management LP will act as the bitcoin subadvisor for the Fund. See “Organization and Management Details of the Fund – The Subadvisor”.</td>
<td>New York, New York</td>
</tr>
<tr>
<td>Custodian</td>
<td>Cidel Trust Company (the &quot;Custodian&quot;) will act as the custodian of the assets of the Fund pursuant to the Custody Agreement. The Custodian is a federally regulated trust company based in Calgary, Alberta and will provide services to the Fund 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 (OSFI). The Custodian may and is expected to appoint a sub-custodian in accordance with NI 81-102. See “Organization and Management Details of the Fund – The Custodian”.</td>
<td>Toronto, Ontario</td>
</tr>
<tr>
<td>Sub-Custodian</td>
<td>Gemini Trust Company, LLC (the “Sub-Custodian” or “Gemini”) will act as a sub-custodian of the Fund in respect of the Fund’s holdings of bitcoin pursuant to the Sub-Custodian Agreement. The Sub-Custodian is a trust company licensed and regulated by the New York State Department of Financial Services (NYDFS) and is qualified to act as a sub-custodian of the Fund for the assets held outside of Canada in accordance with NI 81-102. See “Organization and Management Details of the Fund – The Sub-Custodian”.</td>
<td>New York, New York</td>
</tr>
<tr>
<td>Registrar and Transfer Agent</td>
<td>TSX Trust Company will be appointed the registrar and transfer agent for the Units. See “Organization and Management Details of the Fund – The Registrar and Transfer Agent”.</td>
<td>Toronto, Ontario</td>
</tr>
<tr>
<td>Auditor</td>
<td>The auditors of the Fund are Ernst &amp; Young LLP. See “Organization and Management Details of the Fund – The Auditor”.</td>
<td>Toronto, Ontario</td>
</tr>
<tr>
<td>Valuation Agent</td>
<td>CIBC Mellon Global Securities Services Company (the “Valuation Agent”) will act as the valuation agent of the Fund and will provide accounting and valuation services for the Fund. See “Organization Details of the Fund – The Valuation Agent”.</td>
<td>Toronto, Ontario</td>
</tr>
</tbody>
</table>

**AGENTS**

Mackie Research Capital Corporation, and PI Financial Corp. (collectively, the “Agents”) conditionally offer the Units, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in the Agency Agreement, and subject to the approval of certain legal matters by Blake, Cassels & Graydon LLP on behalf of the Fund and Osler, Hoskin & Harcourt LLP on behalf of the Agents. See “Plan of Distribution”.

<table>
<thead>
<tr>
<th>Agents’ Position</th>
<th>Maximum Size</th>
<th>Exercise period</th>
<th>Exercise Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over-Allotment</td>
<td>5,250,000 Class A Units</td>
<td>Within 30 days following the Closing</td>
<td>$10.00 per Class A Unit</td>
</tr>
</tbody>
</table>

**SUMMARY OF FEES AND EXPENSES**

The following table contains a summary of the fees and expenses, payable by the Fund, which will therefore reduce the value of your investment in the Fund. For further particulars, see “Fees and Expenses”.

<table>
<thead>
<tr>
<th>Type of Fee</th>
<th>Amount and Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees payable to the Agents</td>
<td>$0.55 per Class A Unit (5.50%) and $0.35 per Class F Unit (3.50%). The Agents will not receive a fee in respect of the Class C Units.</td>
</tr>
<tr>
<td>Expenses of the Offering</td>
<td>In addition to the Agents’ fees, the Fund will pay the expenses incurred in connection with the Offering, estimated to be up to $850,000 assuming the maximum Offering (subject to a maximum of 1.5% of the gross proceeds of the Offering).</td>
</tr>
<tr>
<td>Management Fee</td>
<td>An annual management fee (the “Management Fee”) of 1.80% of the Net Asset Value of the Fund, calculated daily and payable monthly in arrears, plus applicable taxes; will be paid to the Manager. The Subadvisor will be remunerated by the Manager out of the Management Fee.</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>The Fund will pay for all ordinary expenses incurred in connection with its operation and administration. It is expected that the expenses for the Fund will include, as applicable, without limitation: all costs and expenses associated with the execution of transactions in respect of the Fund’s investment in bitcoin; audit fees; fees payable to third-party service providers; custodial expenses including fees payable to the Custodian and the Sub-Custodian; valuation, accounting and record keeping costs; legal expenses; prospectus preparation and filing expenses; costs associated with delivering documents to Holders; listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements; costs and expenses of preparing financial and other reports; costs and expenses arising as a result of complying with all applicable laws, regulations and policies; Depository fees; bank-related fees and interest charges; extraordinary expenses; reports to Holders and servicing costs; registrar and transfer agent fees; fees and expenses of the members of the independent review committee of the Fund (the “IRC”); expenses related to compliance with NI 81-107; premiums for directors’ and officers’ insurance coverage for the members of the IRC; income taxes; sales taxes; brokerage expenses and commissions; and withholding taxes. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Subadvisor, the Custodian, the Sub-Custodian, the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Fund. The Manager estimates that operational expenses, exclusive of management fees, will be approximately $300,000 per year assuming the minimum offering and approximately $2,225,000 per year assuming the maximum offering.</td>
</tr>
</tbody>
</table>

**FORWARD-LOOKING STATEMENTS**

Certain statements included in this prospectus constitute forward looking statements. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “expects”, “anticipates”, “plans”, “believes”, “estimates”, “intends”, “targets”, “projects”, “forecasts” or
negative versions thereof and other similar expressions, or future or conditional verbs such as “may”, “will”, “should”, “would” and “could”, and similar expressions to the extent they relate to the Fund, the Manager and/or the Subadvisor. The forward-looking statements are not historical facts but reflect the current expectations regarding future results or events including results of the Fund and future performance of bitcoin. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including but not limited to, the matters discussed under “Risk Factors” and in other sections of this prospectus.

These and other factors should be considered carefully, and readers should not place undue reliance on the Fund’s forward-looking statements. The Fund does not undertake to update any forward-looking statement that is contained in this prospectus except as required by law.

**MARKET AND INDUSTRY DATA**

The prospectus contains information that has been obtained from publicly available sources including industry publications and websites. The Manager believes that this information has been obtained from sources that are reliable however, neither the Manager nor the Agents is able to independently verify this information. Accordingly, no assurance can be given as to the accuracy or completeness of this information and investors should not place undue reliance upon information attributed to third-party sources.
OVERVIEW OF THE LEGAL STRUCTURE OF THE FUND

CI Galaxy Bitcoin Fund (the “Fund”) is an investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust dated December 4, 2020 (the “Declaration of Trust”). The manager and trustee of the Fund is CI Investments Inc. (the “Manager”). The principal office of the Manager is located at 2 Queen Street East, 20th Floor, Toronto, Ontario, M5C 3G7.

The Fund is a non-redeemable investment fund but is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. Consequently, the Fund is not subject to the various policies and regulations that apply to mutual funds under such legislation.

INVESTMENT OBJECTIVE

The Fund’s investment objective is to provide holders of Units (the “Holders”) exposure to bitcoin through an institutional-quality fund platform.

INVESTMENT STRATEGY

To achieve its investment objective, the Fund will invest directly in bitcoin and will utilize high-quality service providers in the digital assets sector (e.g., digital asset custodians, trading platforms and trading counterparties) in order to manage the assets of the Fund. The Fund’s portfolio will be priced based on, and the Fund’s Net Asset Value will be calculated using, the Bloomberg Galaxy Bitcoin Index (“BTC”) or such other index as the Manager may select from time to time, in its discretion. The BTC is designed to measure the performance of a single bitcoin traded in USD and is owned and administered by Bloomberg Index Services Limited and is co-branded with the Subadvisor, however the Subadvisor has no input into the pricing of the BTC. The BTC is calculated using Bloomberg Crypto Fixing (“CFIX”) as its primary input. CFIX is a pricing algorithm that uses bid and ask quotes derived from multiple pricing sources approved by Bloomberg.

In the event that the Manager determines that it is in the best interest of the Fund to select another pricing source for the bitcoin held by the Fund from time to time, the Manager will, in selecting such alternative pricing source, have regard for the appropriateness and reliability of the data to be relied upon with particular regard for the adequacy of AML/KYC protections and the protocols designed to address potential price manipulation.

As it is the Fund’s intention to invest in bitcoin on a passive basis, the Fund’s holdings will not be actively managed and accordingly, will not be hedged or repositioned to attempt to take defensive positions if the price of bitcoin declines or is expected to decline.

The Manager has retained Galaxy Digital Capital Management LP (the “Subadvisor”) to act as the bitcoin subadvisor for the Fund. The Subadvisor will execute all bitcoin trading on behalf of the Fund pursuant to the terms of the Subadvisor Agreement.

Bitcoin will be purchased for the Fund in the OTC market through counterparties approved by the Subadvisor. All trading counterparties must go through the Subadvisor’s anti-money laundering and know-your-client process, which has been modeled from programs established under the U.S. Bank Secrecy Act.

The Fund will not use leverage or derivatives and does not intend to pay cash distributions.

The Fund’s functional and presentation currency is and the investor’s investment will be made in U.S. dollars. The Fund will purchase bitcoin which is currently denominated in U.S. dollars. Canadian investors should be aware that 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.

INVESTMENT RESTRICTIONS OF THE FUND

The Fund is subject to certain investment restrictions that, among other things, limit the assets that the Fund may acquire for its portfolio. The Fund’s investment restrictions may not be changed without approval by Extraordinary Resolution. The Fund’s investment restrictions provide that the Fund will:
(a) invest in and hold a minimum of 90% of the total net assets of the Fund in bitcoin, except during the 60-day period following the closing of an offering or prior to the distribution of the assets of the Fund and other than assets received as a result of air drops or network forks;

(b) not borrow or enter into any leverage transactions except in accordance with NI 81-102 applicable to investment funds other than alternative mutual funds or non-redeemable investment funds;

(c) not purchase derivatives or enter into derivative transactions;

(d) not undertake any activity, take any action, omit to take any action or make or hold any investment that would result in the Fund failing to qualify as a “mutual fund trust” within the meaning of the Tax Act;

(e) not invest in or hold any investment other than cash, cash equivalents (as defined in NI 81-102), assets or positions purchased or entered into in accordance with the Fund’s investment strategy, or assets issued in respect of such assets;

(f) not purchase or hold any securities of an entity that would be a foreign affiliate of the Fund for purposes of the Tax Act;

(g) not invest in any security that would be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act; and

(h) not make or hold any investments that would result in the Fund itself being subject to the tax for SIFT trusts as provided for in section 122 of the Tax Act.

INVESTMENT OVERVIEW

Introduction to Bitcoin

The Fund will invest substantially all of its assets in bitcoin. Bitcoin was the first blockchain-based digital currency when it was launched in 2009. Originally conceived as a peer-to-peer digital currency for the Internet, bitcoin is also considered by many to be an alternative asset class for investment. Bitcoin builds on a history of technological advancements in computer science and cryptography, and it is designed to facilitate transactions without a centralized intermediary in a secure and transparent way. As bitcoin is not a government issued currency, its creation and value is not determined by central governments or banks.

Movement of bitcoin is facilitated by a digital, transparent 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. Blockchain technology provides 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 participant in the blockchain. Bitcoin private keys are stored in two different forms: “hot wallet” storage, whereby the private keys are connected to the internet; and “cold” storage, whereby digital currency private keys are stored completely offline. Private keys must be safeguarded and kept private in order to prevent a third-party from accessing the digital asset while held in cold storage.

The hardware providers for the bitcoin network are called “miners”. Miners buy specialized computational equipment in the form of servers that are comprised 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.

The Manager believes the advantages of investing in Units of the Fund to obtain exposure to bitcoin are as follows:

(a) Expedient way to obtain exposure to bitcoin – The Fund provides investors with a convenient way to get exposure to bitcoin and the bitcoin market by virtue of owning Units of the Fund. The Fund also offers
additional safeguards such as monitoring and oversight of the Fund’s bitcoin by the Subadvisor that has institutional experience managing capital in the digital assets and the cryptocurrency sector, as well as operational efficiencies provided by the Manager which has more than forty years of experience managing a variety of Canadian, global, industry and alternative funds.

(b) Secure storage of bitcoin – The Fund’s bitcoin will be stored in the Sub-Custodian’s (Gemini’s) segregated cold storage system, protected in accordance with industry leading protocol. The Sub-Custodian is licensed and regulated by the New York State Department of Financial Services to act as custodian of bitcoin. The Sub-Custodian will store the Fund’s bitcoin offline using segregated cold storage bitcoin addresses and the Fund’s private keys will have no contact with the internet which is intended to safeguard the Fund’s bitcoin from theft, loss, destruction and other issues such as technological attacks.

Bitcoin’s Fixed Supply Properties

Bitcoin’s underlying code controls how much new bitcoin is created and limits the maximum amount of bitcoin that will ever exist to 21 million. Accordingly, bitcoin has a price-inelastic supply, meaning that a change in price cannot change its supply issuance. To date, approximately 18.5 million of the total supply has been issued as block rewards to miners securing and validating bitcoin’s network. A block reward refers to the amount of new bitcoins distributed by the network to miners for each successfully solved block (i.e. a block that will be accepted as part of the blockchain). The block reward schedule was set by bitcoin’s creator at its inception and it is the only way that new bitcoins are created on the network. At its inception, each bitcoin block reward was worth 50 bitcoins and the reward is halved after the discovery of every 210,000 blocks, which takes approximately four years. The amount of new bitcoin being issued decreases as mining rewards are halved until eventually no more new bitcoin is issued. The most recent bitcoin supply reduction occurred in May 2020, when the supply issuance was reduced from 12.5 bitcoin per block to 6.25 bitcoin per block. This block reward for miners will continue to be reduced on a fixed schedule until it approaches zero, estimated to be around 2140.

Bitcoin – A Digital Store of Value

In the past, gold has been associated with “safe-haven assets”, being assets that have low correlation with the stock or bond markets or other asset classes and are typically sought after in times of turbulent economic conditions to provide a store of value. Bitcoin is considered to have some of the same attributes as physical gold.

Scarcity – Bitcoin has a finite supply and is limited to 21 million bitcoins. A measure of scarcity for a resource, such as a precious metals and other commodities, is the stock-to-flow ratio, which measures the existing supply of a resource divided by the amount produced annually. The higher the stock-to-flow ratio, the less new supply enters the market relative to the total supply. As of December 31, 2019, bitcoin’s stock-to-flow ratio was (27), compared to gold (65).

Transferability - Bitcoin is divisible into smaller units and can travel across borders in the same manner that other information is shared across the Internet and is easily transportable.

Decentralized nature – The bitcoin network and blockchain is decentralized, meaning that it is not regulated or verified by a central authority. Unlike fiat currency or government-issued currencies, bitcoin is created, distributed, stored, and verified with the use of a decentralized ledger system (i.e. the blockchain).

Verifiability – Bitcoin has a built-in protection against counterfeiting, as the source code of the blockchain and the decentralized blockchain ledger system verifies the authenticity of each bitcoin.

Acceptance of Blockchain Technology and Digital Assets

Blockchain is a shared ledger that facilitates the process of recording transactions and tracking assets in a business network. Virtually anything of value can be tracked and traded on a blockchain network, reducing risk and transaction costs.

According to a survey undertaken by CryptoTapas, 82% of Fortune 100 companies have either implemented, invested, or explored the use case of blockchain technology in their business. According to the study, companies that have
begun to implement blockchain technologies include Walmart, Toyota, Exxon, Apple and Amazon for use cases ranging from tracking supply chains to transacting faster payments. In September 2019, Bakkt, a subsidiary of the Intercontinental Exchange (ICE), was launched to enable institutional, merchant, and consumer access to digital assets with bitcoin as its primary focus. Most notably, JP Morgan Chase created JPM Coin to facilitate efficient cross-border payments. Starbucks is working with NYSE / ICE through its Bakkt platform to test launch a consumer app for digital asset payments, and Facebook is also working on bringing a digital payments systems using stablecoins or currency-based coins to its users. Additionally, stablecoin’s aggregate issuance has exceeded $20 billion, PayPal announced its plans on rolling out direct purchases of digital assets for its over 325 million users.

*Developments in Bitcoin and Cryptocurrencies*

A number of developments are facilitating the allocation of assets to bitcoin including regulatory oversight of trading platforms and institutional custody for bitcoin. In mid-2015, the New York Department of Financial Services (NYDFS) started to grant cryptocurrency licenses and charters. Two years later, the U.S. Commodity Futures Trading Commission (CFTC) approved platforms, such as the Chicago Mercantile Exchange (CME) and the CBOE Futures Exchange (CFE), to trade bitcoin futures. In mid-2018, the staff at the U.S. Securities and Exchange Commission (SEC) clarified bitcoin’s status as a non-security, an important assessment as debate around cryptocurrency regulation was often focused on coins’ status as a security. More recently, the U.S. Office of the Comptroller of the Currency (OCC) clarified that financial institutions may custody digital assets on behalf of their clients.

The SEC, CFTC, and Financial Industry Regulatory Authority (FINRA) regulated institutional participants including CME, Fidelity, Gemini and Bakkt are standardizing custody, trading, and settlement of digital assets. Furthermore, these entities are audited by major accounting firms and have received System and Organization Controls (SOC) reports as a result of routine independent SOC exams.

Central banks have introduced digital currencies (CBDCs), led by China’s digital renminbi and Sweden’s e-krona. A recent study, conducted by Boar, C., Holden, H. and Wadsworth, A., notes that among 66 central banks surveyed, more than 80% are working on CBDCs.

*Bitcoin Trading Platforms*

Currently, there are over 200 bitcoin trading platforms globally. Those that experience the most trading volumes include Binance, Huobi Global, Coinbase Pro, MXC and Kraken. In accordance with applicable anti-money laundering regulations, a majority of these exchanges require know-your-client (KYC) verification procedures. Bitcoin trading platforms are generally open 24 hours a day. The Fund’s bitcoin will be priced based upon the BTC. The BTC is designed to measure the performance of a single bitcoin traded in USD. As the BTC is calculated as an average of those pricing sources selected by Bloomberg, it will not necessarily be reflective of the price of bitcoin available on any given bitcoin trading platform where the Fund’s trades are executed.

In 2017, the CFTC approved platforms, such as the Chicago Mercantile Exchange (CME) and the CBOE Futures Exchange (CFE), to trade bitcoin futures. The over-the-counter (OTC) bitcoin market includes spot, forward, option and other derivative transactions conducted on a principal-to-principal basis.

Bitcoin will be purchased for the Fund in the OTC market through counterparties approved by the Subadvisor. All trading counterparties must go through the Subadvisor’s anti-money laundering and know-your-client process, which has been modeled from programs established under the U.S. Bank Secrecy Act.

*Historical Price and Performance of Bitcoin*

The charts below set out the historical performance of bitcoin for the period from October 31, 2015 to October 31, 2020. Compared to the S&P 500 Index and gold, bitcoin has outperformed such assets over a year-to-date-, one- and five-year time frame.
While bitcoin has experienced positive price performance over the time periods noted above, its value has historically been highly volatile. See “Risk Factors – Risk Factors Relating to Bitcoin – Risks Related to the Pricing Source – Volatility”.

Source: Bloomberg as at October 31, 2020.

**Halving of Bitcoin**

Halvings increase bitcoin’s stock-to-flow ratio approximately every four years and give bitcoin its limited supply. Bitcoin has halved three times in the past: in 2012, 2016 and 2020.

*The table below sets out bitcoin’s historical price performance relative to halvings, as indicated by the vertical bars, in November 2012, July 2016 and May 2020.*

<table>
<thead>
<tr>
<th>Time</th>
<th>Bitcoin</th>
<th>S&amp;P 500</th>
<th>Gold</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-Year</td>
<td>+3,561%</td>
<td>+57%</td>
<td>+64%</td>
</tr>
<tr>
<td>3-Year</td>
<td>+35%</td>
<td>+27%</td>
<td>+47%</td>
</tr>
<tr>
<td>2-Year</td>
<td>+82%</td>
<td>+4%</td>
<td>+26%</td>
</tr>
<tr>
<td>YTD</td>
<td>+92%</td>
<td>-0.2%</td>
<td>+24%</td>
</tr>
</tbody>
</table>

Source: Bloomberg, Bitcoinity

**Bitcoin Correlation**

Despite its historical volatility, over the long-term, bitcoin has exhibited a low, and even negative, correlation to most major equity and fixed income asset classes, currencies and commodities, including the S&P 500, the Bloomberg Barclays Global Aggregate Bond Index, the FTSE Canada Universe Bond Index, the MSCI All Country World Index, U.S. dollar, Euro, Japanese Yen, gold and WTI oil. Bitcoin’s long-term correlation coefficient to equities is approximately 0.2 and this remains stable during most time periods between -0.2 and 0.2. The Subadvisor believes that adding low, or negatively, correlated assets, such as bitcoin, to a portfolio may offer diversification benefits that reduce the overall volatility of the portfolio and improve risk-adjusted returns.
Galaxy Digital Capital Management LP is a diversified investment management company with a team of long-tenured institutional experienced professionals managing third-party capital across traditional and alternative asset classes, with strong relationships and connectivity in the digital asset, cryptocurrency and blockchain technology sector. The Subadvisor is an affiliate of Galaxy Digital Holdings Ltd. ("Galaxy Digital"), a diversified financial services and investment management company in this sector and has been listed on the Toronto Stock Exchange (TSX:GLXY) since July 2020. In addition to asset management, the other three primary business areas of Galaxy Digital are:

- **Trading** - buying, selling, lending and borrowing of cryptocurrencies and other digital assets, including: over-the-counter block trading, on-exchange market-making, OTC derivative trading, borrowing and lending, and proprietary quantitative, arbitrage, and macro trading strategies;
- **Investment Banking** - maintaining and continuing to build on its systematic coverage of the highest quality businesses operating in and around the blockchain ecosystem; and
- **Principal Investments** - managing a diverse portfolio of private and public principal investments across the digital asset, cryptocurrency, and blockchain technology sector, including early- and later-stage equity, secured lending, pre-initial coin offering contributions, and other structured alternative investments.

Michael Novogratz is the Founder, CEO and Chairman of Galaxy Digital. He was formerly a Partner and President of Fortress Investment Group LLC. Prior to Fortress, Mr. Novogratz spent 11 years at Goldman Sachs, where he was made Partner in 1998.

The Manager has engaged Galaxy Digital Capital Management LP to act as the Subadvisor to the Fund given its deep understanding of the asset class, its relationships with key players and service providers within the digital asset and cryptocurrency sector, and its experience in providing institutional-quality digital asset funds for institutional and accredited investors in the United States. The Subadvisor will execute all bitcoin trading on behalf of the Fund pursuant to the terms of the Subadvisor Agreement. See “Organization and Management Details of the Fund – The Subadvisor”.

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**THE SUB-CUSTODIAN**

Gemini Trust Company, LLC acts as sub-custodian of the Fund in respect of the Fund’s holdings of bitcoin.

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 Fund for assets held outside of Canada in accordance with NI 81-102. Gemini operates in 49 U.S. states, Canada and certain other international jurisdictions. Having successfully completed its SOC 1 Type 1 examination and SOC 2 Type 2 examinations, all conducted by Deloitte & Touche LLP, Gemini is the word’s first cryptocurrency custodian to demonstrate this high level of financial operations and security compliance with respect to protecting customer data and funds.

Gemini will use segregated cold storage bitcoin addresses for the Fund 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 Fund. Gemini will not loan, hypothecate, pledge or otherwise encumber the Fund’s bitcoins without the Fund’s instruction.

See “Organization and Management Details of the Fund – The Sub-Custodian”.

FEES AND EXPENSES

Agents’ Fees
The Fund has agreed to pay the Agents a fee of $0.55 per Class A Unit (5.50%) and $0.35 per Class F Unit (3.50%). The Agents will not receive a fee in respect of the Class C Units.

Expenses of the Offering
In addition to the Agents’ fees, the Fund will pay the expenses incurred in connection with the Offering, estimated to be up to $850,000 assuming the maximum Offering (subject to a maximum of 1.5% of the gross proceeds of the Offering).

Management Fee
Pursuant to the terms of the Declaration of Trust, an annual management fee (the “Management Fee”) of 1.80% of the Net Asset Value of the Fund, calculated daily and payable monthly in arrears, plus applicable taxes, will be paid to the Manager. The Manager manages the day-to-day business and operations of the Fund and provides certain general management and administrative services to the Fund.

The Subadvisor will be remunerated by the Manager out of the Management Fee.

Ongoing Expenses
The Fund will pay for all ordinary expenses incurred in connection with its operation and administration. It is expected that the expenses for the Fund will include, as applicable, without limitation: all costs and expenses associated with the execution of transactions in respect of the Fund’s investment in bitcoin; audit fees; fees payable to third-party service providers; custodial expenses including fees payable to the Custodian and the Sub-Custodian; valuation, accounting and record keeping costs; legal expenses; prospectus preparation and filing expenses; costs associated with delivering documents to Holders; listing fees and expenses; custodial expenses including fees payable to the Custodian and the Sub-Custodian; valuation, accounting and record keeping costs; legal expenses; prospectus preparation and filing expenses; costs associated with delivering documents to Holders; listing fees and expenses; custodial expenses including fees payable to the Custodian and the Sub-Custodian; and withholding taxes. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Subadvisor, the Custodian, the Sub-Custodian, the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Fund. The Manager estimates that operational expenses, exclusive of management fees, will be approximately $300,000 per year assuming the minimum offering and approximately $2,225,000 per year assuming the maximum offering.

Additional Services
Any arrangements for additional services between the Fund and the Manager, or any affiliate thereof, that have not been described in this prospectus shall be on terms that are no less favourable to the Fund than those available from arm’s length persons (within the meaning of the Tax Act) for comparable services and the Fund shall pay all expenses associated with such additional services.

RISK FACTORS
There are many risks associated with an investment in the Units. Purchasers should consider the following risk factors before investing in Units:
**Risk Factors Relating to Bitcoin**

**Speculative Nature of Bitcoin**

Investing in bitcoin is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for bitcoin can change rapidly and is affected by a variety of factors, including regulation and general economic trends.

**Unforeseeable Risks**

Bitcoin has gained commercial acceptance only within recent years and, as a result, there is little data on its long-term investment potential. Additionally, due to the rapidly evolving nature of the bitcoin market, including advancements in the underlying technology, changes to bitcoin may expose investors in the Fund to additional risks which are impossible to predict as of the date of this prospectus. This uncertainty makes an investment in the Units very risky.

**Access Loss or Theft**

There is a risk that some or all of the Fund’s holdings of bitcoin could be lost, stolen, destroyed or inaccessible, potentially by the loss or theft of the private keys held by custodians associated with the public addresses that hold the Fund’s bitcoin and/or destruction of storage hardware. Multiple thefts of bitcoin and other digital assets from other holders have occurred in the past. Because of the decentralized process for transferring bitcoin, thefts can be difficult to trace, which may make bitcoin a particularly attractive target for theft. The Fund will adopt security procedures intended to protect the Fund’s assets, but there can be no assurance that those procedures will be successful in preventing such loss, theft or restriction on access. You should not invest unless you understand the risk that the Fund may lose possession or control of its assets. Access to the Fund’s bitcoin could be restricted by natural events (such as an earthquake or flood) or human actions (such as a terrorist attack). The Fund’s bitcoin held in custody accounts will likely be an appealing target for hackers or malware distributors seeking to destroy, damage or steal the Fund’s bitcoin or private keys.

Security breaches, cyber-attacks, computer malware and computer hacking attacks have been a prevalent concern for the digital asset trading platforms on which bitcoin trades. Any cyber security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could harm the Fund’s business operations or reputation, resulting in loss of the Fund’s assets. Digital asset trading platforms may in particular be at risk of cyber security breaches orchestrated or funded by state actors. For example, it has been reported that South Korean digital asset trading platforms have been subject to cybersecurity attacks by North Korean state actors with the intent of stealing digital assets, including bitcoin, possibly with the intention of evading international economic sanctions. Any problems relating to the performance and effectiveness of security procedures used by the Fund and its custodians to protect the Fund’s bitcoin, such as algorithms, codes, passwords, multiple signature systems, encryption and telephone call-backs will have an adverse impact on the Net Asset Value of the Fund and an investment in the Units. Furthermore, if and as the Fund’s bitcoin holdings grow, the Fund and its custodians may become a more appealing target for cyber security threats such as hackers and malware. Furthermore, cybersecurity attacks orchestrated or funded by state actors may be particularly difficult to defend against because of the resources that state actors have at their disposal.

No storage system is impenetrable, and storage systems employed by the Fund and its custodians may not be free from defect or immune to force majeure events. Any loss due to a security breach, software defect or force majeure event generally will be borne by the Fund, which will adversely affect the value of the Units.

Such storage systems and operational infrastructure may be breached due to the actions of outside parties, error or insider malefaseance of an employee of the Manager, the Subadvisor or its custodians, or otherwise, and, as a result, an unauthorized party may obtain access to the Manager’s, the Subadvisor’s, the Fund’s, or the Fund’s custodians’ storage systems, private keys, data or bitcoin. Additionally, outside parties may attempt to fraudulently induce employees of the custodians, the Manager or the Subadvisor to disclose sensitive information in order to gain access to the Fund’s infrastructure. The Manager, the Subadvisor, its custodians or any technological consultant engaged by them may periodically examine and propose modifications to storage systems, protocols and internal controls to address the use of new devices and technologies to safeguard the Fund’s systems and bitcoin. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, the Manager or the Subadvisor may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or
perceived breach of a storage system occurs, a loss of confidence in the bitcoin network may decrease the market price of the Fund’s investments. An actual or perceived breach may also cause Holders to seek redemption of or sell their Units, which may harm the Fund’s investment performance.

If the Fund’s holdings of bitcoin are lost, stolen or destroyed under circumstances rendering a party liable to the Fund, the responsible party may not have the financial resources sufficient to satisfy the Fund’s claim. For example, as to a particular event of loss, the only source of recovery for the Fund may be limited to the relevant custodian or, to the extent identifiable, other responsible third parties (for example, a thief or terrorist), any of which may not have the financial resources (including liability insurance coverage) to satisfy a valid claim of the Fund. Similarly, as noted below, the Fund’s custodians have limited liability to the Fund, which will adversely affect the Fund’s ability to seek recovery from them, even when they are at fault.

Bitcoin Investment Risks

The further development and acceptance of bitcoin is subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of bitcoin may adversely affect the Net Asset Value of the Fund and an investment in the Units.

The use of bitcoin to, among other things, buy and sell goods and services is part of the new, experimental and rapidly evolving cryptocurrency industry. While bitcoin is a prominent part of this industry, it is not the only part. The growth of this industry, as well as bitcoin’s significant market share, is subject to a high degree of uncertainty. The factors affecting the bitcoin’s further growth and development, as well as its continued dominance, include, but are not limited to:

- continued worldwide growth in the adoption and use of bitcoin;
- government and quasi-government regulation of bitcoin and its use, or restrictions on or regulation of access to and operation of the bitcoin network;
- changes in consumer demographics, demand and preferences;
- the maintenance and development of the open-source software protocol of the bitcoin network;
- the availability and popularity of other forms or methods of buying and selling goods and services, including other cryptocurrencies and new means of using fiat currencies;
- the further development of additional applications and scaling solutions; and
- general economic conditions and the regulatory environment relating to bitcoin and other cryptocurrencies; and negative consumer or public perception of bitcoin or cryptocurrencies generally.

Bitcoin Generally - Bitcoin is loosely regulated and there is no central marketplace for bitcoin. Supply is determined by a computer code, not by a central bank, and prices can be extremely volatile. Additionally, bitcoin trading platforms may suffer from operational issues, such as delayed execution, that could have an adverse effect on the Fund. Some bitcoin trading platforms have been closed due to fraud, failure or security breaches.

Several factors may affect the price of bitcoin, including, but not limited to: supply and demand, investors’ expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of bitcoin or the use of bitcoin as a form of payment. There is no assurance that bitcoin will maintain its long-term value in terms of purchasing power in the future, or that mainstream retail merchants will accept bitcoin as a form of payment.

Bitcoin is created, issued, transmitted, and stored according to protocols run by computers in the bitcoin network. It is possible the bitcoin protocol has undiscovered flaws which could result in the loss of some or all of the assets held by the Fund. There may also be network-scale attacks against the bitcoin protocol, which could result in the loss of some or all of the bitcoin held by the Fund. Advancements in quantum computing could break bitcoin’s cryptographic rules. The Manager and Subadvisor make no guarantees about the reliability of the cryptography used to create, issue, or transmit bitcoin which will be held by the Fund.

Short History Risk – Bitcoin launched in 2009, which makes it a new technological innovation with a limited history and 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. There is no assurance that usage of bitcoin and its blockchain will continue to grow. A contraction in the use of bitcoin or its blockchain may
result in increased volatility or a reduction in the price of bitcoin which could have a material adverse effect on the Net Asset Value of the Fund and an investment in the Units.

Risks Related to the Pricing Source

The Fund’s bitcoin will be valued, including for purposes of determining the Net Asset Value of the Fund based upon the BTC. The BTC is calculated using CFIX as its primary input. CFIX is a pricing algorithm that uses bid and ask quotes derived from multiple pricing sources approved by Bloomberg.

As the BTC is calculated as an average of those pricing sources selected by Bloomberg, it will not necessarily be reflective of the price of bitcoin available on any given bitcoin trading platform or other venue where the Fund’s trades are executed. In addition, the BTC is available once per day, whereas bitcoin trades 24 hours a day. As such, the BTC may not be reflective of market events and other developments that occur after its pricing window and thus the BTC may not be reflective of the then-available market price of bitcoin in periods between its calculation. The Manager does not intend, and disclaims any obligation, to determine whether the BTC reflects the realizable market value of bitcoin or the price at which market transactions in bitcoin could be readily affected at any given time.

Because the Net Asset Value of the Fund will be based almost entirely on the value of the Fund’s bitcoin portfolio as determined by reference to the BTC, and annual redemptions and subscriptions will be valued based on the Net Asset Value per Unit, if the BTC does not reflect the realizable market value of bitcoin, at a given time, redemption or subscriptions will be effected at prices that may adversely affect the Holder and the Fund. For example, if the realizable market value of bitcoin is less than the BTC at the time in question, the Fund will effectively overpay if it redeems Units (thereby diluting the remaining Holders) on an Annual Redemption Date. Conversely, if the realizable market value of bitcoin is greater than the BTC at the time in question, Holders will be effectively underpaid if they redeem Units on the Annual Redemption Date.

Volatility - Bitcoin’s value has historically been highly volatile. For instance, during the period from December 17, 2017 to February 5, 2018, bitcoin experienced a decline of roughly 60%. More recently, during the period from February 13, 2020 until March 16, 2020, the value of bitcoin fell by over 50%. In addition, uncertainty related to the effects of bitcoin’s recent “halving” which occurred on May 11, 2020 could further contribute to volatility in the bitcoin markets. The value of the bitcoin held by the Fund could decline rapidly in future periods, including to zero.

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 Fund 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 Fund, or that the bank where the bitcoin source’s account is located will not credit the incoming cash from the Fund for the account of the bitcoin source. The Fund will seek to mitigate this risk by transacting with regulated bitcoin sources that have undergone due diligence and by confirming the solvency of the bitcoin source and the bank designated by each bitcoin source based on publicly available information.

General Economic and Market Conditions - During 2020, global financial markets have experienced a period of sharp decline and volatility due in large part to the real and perceived economic impact of the novel coronavirus (COVID-19) pandemic. The price of bitcoin declined sharply during the first quarter of 2020. The public health impact of the coronavirus, as well as the steps taken by governments and businesses around the world to combat its spread, have had an adverse impact on the global economy. Any such economic downturn, either short-term or prolonged, could impact the bitcoin market as well.

During the global financial crisis of 2007 to 2008, various sectors of the global financial markets experienced an extended period of adverse conditions featuring market uncertainty, reduced liquidity, greater volatility, general widening of credit spreads and a lack of price transparency. To the extent that similar marketplace events were to occur in the future, either as a result of the coronavirus pandemic or otherwise, these events may have an adverse impact on the Fund’s investments and in turn the Net Asset Value of the Fund. In addition, governments from time to time intervene, directly and by regulation. Such intervention is often intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction. It is also possible that a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs may cause a series of defaults by other institutions. This is sometimes referred to as a “systemic risk.” These factors and general
market conditions could have a material adverse effect on markets in general and on the Fund’s portfolio and on the Net Asset Value of the Fund.

*Momentum Pricing* – The market value of the Units in the Fund may be affected by momentum pricing of bitcoin due to speculation about future price appreciation. Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, is impacted by anticipated future appreciation in value. Momentum pricing may result in speculation regarding future appreciation in the value of digital assets, which inflates prices and may lead to increased volatility.

*Limited Use* - Bitcoin has only recently become accepted as a means of payment for certain goods and services by certain major retail and commercial outlets and use of bitcoin for such services remains limited. Price volatility undermines bitcoin’s utility as a medium of exchange and use of bitcoin as a medium of exchange and payment method may always be low. A lack of continued growth as a medium of exchange and payment method, or a contraction of such use, may result in increased volatility or a reduction in the value of bitcoin, either of which could adversely impact the Net Asset Value of the Fund and an investment in the Units. There can be no assurance that such acceptance will grow, or not decline, in the future.

*Scaling Obstacles* - Many digital asset networks face significant scaling challenges. For several years, participants in the bitcoin ecosystem debated potential approaches to increasing the average number of transactions per second that the bitcoin network could handle. As of August 2017, bitcoin was upgraded with a technical feature known as “segregated witness” that, among other things, would potentially approximately double the transactions per second that can be handled on-chain.

As the use of digital asset networks increases without a corresponding increase in throughput of the networks, average fees and settlement times can increase significantly. Bitcoin’s network has been, at times, at capacity, which has led to increased transaction fees and decreased settlement speeds. For example, bitcoin transaction fees increased from $0.32 per bitcoin transaction on January 1, 2017, on average, to a high of $8.03 per transaction on August 25, 2017, on average. At its highest peak, the average transaction fee increased to $53.39 on December 22, 2017 (on the day when bitcoin reached its peak price at $19,511). The average transaction fee was at $5.202 on Nov 12, 2020.

Increased fees and decreased settlement speeds could preclude certain use cases for bitcoin and can reduce demand for and the price of bitcoin, which could adversely impact the Net Asset Value of the Fund and an investment in the Units.

There is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of transactions in bitcoin will be effective, or how long these mechanisms will take to become effective, which could adversely impact the Net Asset Value of the Fund and an investment in the Units.

*Private Keys* - 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 the Sub-Custodian will hold for the Fund will be stored generally offline in cold storage only. Private keys must be safeguarded and kept private in order to prevent a third-party from accessing the digital asset while held in such wallet. To the extent a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Fund will be unable to access, and will effectively lose, the bitcoin held in the related digital wallet. Any loss of private keys by the Sub-Custodian relating to digital wallets used to store the Fund’s bitcoin would adversely affect the Net Asset Value of the Fund and an investment in the Units.

*Irrevocable Nature of Blockchain-Recorded Transactions* - Bitcoin transactions recorded on the bitcoin blockchain are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction or, in theory, control or consent of a majority of the bitcoin network’s aggregate hashrate. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of bitcoin or a theft of bitcoin generally will not be reversible, and the Fund may not be capable of seeking compensation for any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, the Fund’s bitcoin could be transferred from custody accounts in incorrect quantities or to unauthorized third parties. To the extent that the Manager or Subadvisor are unable to seek a corrective transaction with such third-party or is incapable of identifying the third-party that has received the Fund’s bitcoin through error or theft, the Fund will be unable to revert or otherwise recover incorrectly transferred bitcoin. To the extent that the Fund is unable to seek redress for such error or theft, such loss could adversely affect the Net Asset Value of the Fund and an investment in the Units.
\textit{Internet Disruptions} - A significant disruption in Internet connectivity could disrupt the bitcoin network's operations until the disruption is resolved, and such disruption could have an adverse effect on the price of bitcoin. In particular, some digital assets have experienced a number of denial-of-service attacks, which have led to temporary delays in block creation and digital asset transfers. While in certain cases in response to an attack, an additional “hard fork” has been introduced to increase the cost of certain network functions, the relevant network has continued to be the subject of additional attacks. Moreover, it is possible that as bitcoin increases in value, they may become bigger targets for hackers and subject to more frequent hacking and denial-of-service attacks.

\textit{Gateway Protocol Hijackings} – Digital assets are also susceptible to border gateway protocol hijacking, or BGP hijacking. Such an attack can be a very effective way for an attacker to intercept traffic en route to a legitimate destination. BGP hijacking impacts the way different nodes and miners are connected to one another to isolate portions of them from the remainder of the network, which could lead to a risk of the network allowing double-spending and other security issues. If BGP hijacking occurs on the bitcoin network, participants may lose faith in the security of bitcoin, which could affect bitcoin's value and consequently the value of the Units.

Any future attacks that impact the ability to transfer bitcoin could have a material adverse effect on the price of bitcoin and the value of an investment in the Units.

\textit{Malicious Attacks on the Network} - Digital asset networks, including the bitcoin network, are subject to control by entities that capture a significant amount of the network's processing power or a significant number of developers important for the operation and maintenance of such digital asset network.

\textit{Control of Processing Power} - The bitcoin network is secured by a proof-of-work algorithm, whereby the collective strength of network participants' processing power protects the network. If a malicious actor or botnet (i.e., a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on the bitcoin network, it may be able to construct fraudulent blocks or prevent certain transactions from completing, either in a timely manner or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions. While a malicious actor would not be able to generate new bitcoin interests or transactions using such control, it could “double-spend” its own bitcoin interests (i.e., spend the same bitcoin interests in more than one transaction) and prevent the confirmation of other users’ transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the processing power on the bitcoin network or the network community did not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. Further, a malicious actor or botnet could create a flood of transactions in order to slow down confirmations of transactions on the bitcoin network.

Some digital asset networks have been subject to malicious activity achieved through control over 50% of the processing power on the network. For example, on May 24, 2018, it was reported that attackers compromised the Bitcoin Gold network in this manner and were successfully able to double-spend interests of Bitcoin Gold in a series of transactions over the course of at least one week and in a total amount of at least $18 million. Other digital assets such as Verge, Monacoin and Electroneum have also suffered similar attacks. The possible crossing of the 50% threshold indicates a greater risk that a single mining pool could exert authority over the validation of digital asset transactions, and this risk is heightened if over 50% of the processing power on the bitcoin network falls within the jurisdiction of a single governmental authority. For example, it is believed that more than 50% of the processing power on the bitcoin network at one time was located in China. Because the Chinese government has subjected digital assets to heightened levels of scrutiny recently, forcing several digital asset trading platforms to shut down and has begun to crack down on mining activities, there is a risk that the Chinese government could also achieve control over more than 50% of the processing power on the bitcoin network. To the extent that the bitcoin ecosystem, including the core developers and the administrators of mining pools, does not act to ensure greater decentralization of mining processing power, the feasibility of a malicious actor obtaining control of the processing power on the bitcoin network will increase, which may adversely affect the Net Asset Value of the Fund and an investment in the Units.

\textit{Control of Developers} - A malicious actor may also obtain control over the bitcoin network through its influence over core or influential developers. For example, this could allow the malicious actor to block legitimate network development efforts or attempt to introduce malicious code to the network under the guise of a software improvement proposal by such a developer. Any actual or perceived harm to the bitcoin network as a result of such an attack could result in a loss of confidence in the source code or cryptography underlying the bitcoin network, which could negatively impact the demand for bitcoin and therefore adversely affect the Net Asset Value of the Fund and an investment in the Units.
**Faulty Code** - In the past, flaws in the source code for digital assets have been exposed and exploited, including those that exposed users’ personal information and/or resulted in the theft of users’ digital assets. Several errors and defects have been publicly found and corrected, including those that disabled some functionality for users and exposed users’ personal information. Discovery of flaws in, or exploitations of, the source code that allow malicious actors to take or create money in contravention of known network rules have occurred. In addition, 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 steal the Fund’s bitcoin, which would adversely affect an investment in the Units. Even if the affected digital asset is not bitcoin, any reduction in confidence in the source code or cryptography underlying digital assets generally could negatively impact the demand for bitcoin and therefore adversely affect the Net Asset Value of the Fund and an investment in the Units.

**Network Development and Support** - The bitcoin network operates based on open-source protocol maintained by a group of core developers. As the bitcoin network protocol is not sold and its use does not generate revenues for development teams, core developers may not be directly compensated for maintaining and updating the bitcoin network protocol. Consequently, developers may lack a financial incentive to maintain or develop the network, and the core developers may lack the resources to adequately address emerging issues with the network. There can be no guarantee that developer support will continue or be sufficient in the future. Additionally, some development and developers are funded by companies whose interests may be at odds with other participants in the network or with the Fund. To the extent that material issues arise with the bitcoin network protocol and the core developers and open-source contributors are unable or unwilling to address the issues adequately or in a timely manner, the bitcoin network, the Net Asset Value of the Fund and an investment in the Units may be adversely affected.

**Network Governance** - Governance of decentralized networks, such as the bitcoin network, is achieved through voluntary consensus and open competition. In other words, bitcoin has no central decision-making body or clear manner in which participants can come to an agreement other than through overwhelming consensus. The lack of clarity on governance may adversely affect bitcoin’s utility and ability to grow and face challenges, both of which may require solutions and directed effort to overcome problems, especially long-term problems. For example, a seemingly simple technical issue once divided the bitcoin community: namely, whether to increase the block size of the blockchain or implement another change to increase the scalability of bitcoin, known as “segregated witness,” and help it continue to grow. See “– Scaling Obstacles”.

Should a lack of clarity in bitcoin’s network governance slow the network’s development and growth, the Net Asset Value of the Fund and the value of the Units may be adversely affected.

**Network Forks** - Bitcoin software is open source, meaning that any user can download the software, modify it and then propose that the users and miners of bitcoin adopt the modification. When a modification is introduced and a substantial majority of users and miners consent to the modification, the change is implemented and the bitcoin network remains uninterrupted. However, if less than a substantial majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the result is a so-called “fork” of the network. In other words, two incompatible networks would then exist: (1) one network running the pre-modified software and (2) another network running the modified software. The effect of such a fork would be the existence of two versions of bitcoin running in parallel, yet lacking interchangeability.

Forks occur for a variety of reasons. First, forks may occur after a significant security breach. For example, in June of 2016, a smart contract using the Ethereum network was hacked, which resulted in most participants in the Ethereum ecosystem electing to adopt a proposed fork designed to effectively reverse the hack. However, a minority of users continued to develop the old blockchain, now referred to as “Ethereum Classic” with the digital asset on that blockchain now referred to as Classic Ether, or ETC. Classic Ether remains traded on several digital asset trading platforms.

Second, forks could be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software users run. Such a fork could adversely affect the digital asset’s viability. It is possible, however, that a substantial number of users and miners could adopt an incompatible version of the digital asset while resisting community-led efforts to merge the two chains. This would result in a permanent fork, as in the case of Ether and Classic Ether, as detailed above. If a permanent fork were to occur, then the Fund could hold amounts of both bitcoin and the new alternative. As described below, the Fund will hold bitcoin, the new alternative, or both, based on the Subadvisor’s sole discretion as to whether the new alternative is an appropriate medium for investment. The Subadvisor will retain full discretion as it relates to the handling of forks.
Third, forks may occur as a result of disagreement among network participants as to whether a proposed modification to the network should be accepted. For example, in July 2017, bitcoin “forked” into bitcoin and a new digital asset, Bitcoin Cash, as a result of a several-year dispute over how to increase the rate of transactions that the bitcoin network can process. Since then, bitcoin has been forked several times to launch new digital assets, such as Bitcoin Gold, Bitcoin Silver and Bitcoin Diamond.

Furthermore, certain forks can introduce new security risks. For example, when Ether and Classic Ether split in July 2016, “replay attacks” (i.e., attacks in which transactions from one network were rebroadcast to nefarious effect on the other network) plagued Ethereum trading platforms for a period of at least a few months.

Another possible result of a hard fork is an inherent decrease in the level of security. After a hard fork, it may become easier for an individual miner or mining pool’s hashing power to exceed 50% of the processing power of the digital asset network, thereby making digital assets that rely on proof of work more susceptible to attack. See “Malicious Attacks on the Network”.

If bitcoin were to fork into two digital assets, the Fund would be expected to hold an equivalent amount of bitcoin and new asset following the hard fork. However, the Fund may not be able, or it may not be practical, to secure or realize the economic benefit of the new asset for various reasons. For instance, the Custodian, Sub-Custodian or a security service provider may not agree to provide the Fund access to the new asset. In addition, the Fund may determine that there is no safe or practical way to custody the new asset, or that trying to do so may pose an unacceptable risk to the Fund’s holdings in bitcoin, or that the costs of taking possession and/or maintaining ownership of the new digital asset exceed the benefits of owning the new digital asset.

The timing of any such occurrence is uncertain, and the Subadvisor has sole discretion whether to claim a new asset created through a fork of the bitcoin network, subject to certain restrictions that may be put in place by the Fund’s service providers.

Forks in the bitcoin network could adversely affect the Net Asset Value of the Fund and an investment in the Units or the ability of the Fund to operate. Additionally, laws, regulation or other factors may prevent the Fund from benefitting from the new asset even if there is a safe and practical way to custody and secure the new asset. For example, it may be illegal for the Fund to sell the new asset, or there may not be a suitable market into which the Fund can sell the new asset (either immediately after the fork or ever).

Air Drops - Bitcoin may become subject to an occurrence similar to a fork, which is known as an “air drop.” In an air drop, the promoters of a new digital asset announce to holders of another digital asset that they will be entitled to claim a certain amount of the new digital asset for free. For example, in March 2017 the promoters of Stellar Lumens announced that anyone that owned bitcoin as of June 26, 2017 could claim, until August 27, 2017, a certain amount of Stellar Lumens. For the same reasons as described above with respect to hard forks, the Fund may or may not choose, or be able, to participate in an air drop, or may or may not be able to realize the economic benefits of holding the new digital asset. The timing of any such occurrence is uncertain, and the Subadvisor has sole discretion whether to claim a new asset created through an airdrop.

Intellectual Property - Code underlying the bitcoin networks is available under open source licenses and as such the code is generally open to use by the public. Additionally, according to publicly available United States Patent and Trademark Office and United States Copyright Office databases and the Canadian Intellectual Property Office, the Bitcoin Foundation (a not-for profit foundation that promotes the reputation and development of bitcoin) does not own any issued patents or registered copyrights in the United States or Canada in connection with the code relating to bitcoin. Moreover, the Bitcoin Foundation has indicated interest in preserving “bitcoin” as a generic term. Nonetheless, other third parties may assert intellectual property claims relating to the holding and transfer of bitcoin and its source code. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in long-term viability or the ability of end-users to hold and transfer bitcoin may adversely affect the Net Asset Value of the Fund and an investment in the Units. Additionally, a meritorious intellectual property claim could prevent the Fund and other end-users from accessing, holding, or transferring bitcoin, which could force the liquidation of the Fund’s holdings of bitcoin (if such liquidation is possible). As a result, an intellectual property claim against the Fund or other large bitcoin network participants could adversely affect the Net Asset Value of the Fund and an investment in the Units.

Mining Incentives - Miners generate revenue from both newly created bitcoins, known as the “block reward” and from fees taken upon verification of transactions. If the aggregate revenue from transaction fees and the block reward is not sufficient to support the miner’s ongoing operating costs, the miner may cease operations. If the award of new bitcoins

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for solving blocks declines and/or the difficulty of solving blocks increases, and transaction fees voluntarily paid by
participants are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease
their mining operations. The current fixed reward for solving a new block on the bitcoin network is 6.25 bitcoins per
block, which decreased from 12.5 bitcoins per block on May 11, 2020. This reduction may result in a reduction in the
aggregate hashrate of the bitcoin network as the incentive for miners decreased. If miners cease operations, that would
reduce the collective processing power on the bitcoin network, which would adversely affect the confirmation process
for transactions (i.e., temporarily decreasing the speed at which blocks are added to the blockchain until the next
scheduled adjustment in difficulty for block solutions) and make the bitcoin network more vulnerable to a malicious
actor or botnet obtaining sufficient control to manipulate the blockchain and hinder transactions. Any reduction in
confidence in the confirmation process or processing power of the bitcoin network may adversely affect the Net Asset
Value of the Fund and an investment in the Units.

Mining Collusion - Miners, functioning in their transaction confirmation capacity, collect fees for each transaction
they confirm. Miners validate unconfirmed transactions by adding the 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. If miners collude in an anticompetitive manner to reject low transaction fees, then
bitcoin users could be forced to pay higher fees, which could result in reduced confidence in, and use of, the bitcoin
network. Any collusion among miners may adversely impact the attractiveness of the bitcoin network and may
adversely impact the Net Asset Value of the Fund and an investment in the Units or the ability of the Fund to operate.

Competitors to Bitcoin - A competitor to bitcoin which gains popularity and greater market share may precipitate a
reduction in demand, use and price of bitcoin, which may adversely impact the Net Asset Value of the Fund and an
investment in the Units. Similarly, bitcoin and the price of bitcoin could be reduced by competition from incumbents
in the credit card and payments industries, which may adversely impact the Net Asset Value of the Fund and an
investment in the Units.

Significant Energy Consumption to Run the Bitcoin Network - Mining bitcoin requires significant computing power
and the bitcoin network’s energy consumption may 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 bitcoin network as a peer-to-peer transactional platform, which may adversely impact the Net Asset
Value of the Fund and an investment in the Units.

Unregulated Market Venues – 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 venues through which bitcoin and other digital assets trade are new and, in many cases, largely
unregulated. Furthermore, many such venues, including digital asset platforms and over-the-counter market venues,
do not provide the public with significant information regarding their ownership structure, management teams,
corporate practices or regulatory compliance. As a result, the marketplace may lose confidence in, or may experience
problems relating to, these venues. These market venues may impose daily, weekly, monthly or customer-specific
transaction or withdrawal limits or suspend withdrawals entirely, rendering the exchange of bitcoin for fiat currency
difficult or impossible. Participation in these market venues requires users to take on credit risk by transferring bitcoin
from a personal account to a third party’s account.

Over the past several years, a number of digital asset trading platforms have been closed due to fraud, failure or
security breaches. In many of these instances, the customers of such digital asset trading platforms were not
compensated or made whole for the partial or complete losses of their account balances in such digital asset trading
platforms. While smaller digital asset trading platforms are less likely to have the infrastructure and capitalization that
make larger digital asset trading platforms more stable, larger digital asset 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).

Furthermore, many digital asset trading platforms lack certain safeguards put in place by more traditional exchanges to
enhance the stability of trading on the platform and prevent flash crashes, such as limit-down circuit breakers. As a result,
the prices of digital assets such as bitcoin on digital asset trading platforms may be subject to larger and/or more frequent
sudden declines than assets traded on more traditional exchanges.

A lack of stability in digital asset trading platforms, manipulation of bitcoin markets by digital asset trading platform
customers and/or the closure or temporary shutdown of such platforms due to fraud, business failure, hackers or
malware, or government-mandated regulation may reduce confidence in bitcoin generally and result in greater volatility in the market price of bitcoin. Furthermore, the closure or temporary shutdown of a digital asset trading platform may impact the Fund’s ability to determine the value of its bitcoin holdings or to purchase or sell bitcoin. These potential consequences of a bitcoin trading platform’s failure or failure to prevent market manipulation could adversely affect the Net Asset Value of the Fund and an investment in the Units.

**Risks of Political or Economic Crises** - Political or economic crises may motivate large-scale sales of bitcoin and other cryptocurrencies, which could result in a reduction in the price of bitcoin and adversely affect the Net Asset Value of the Fund and an investment in the Units. As an alternative to fiat currencies that are backed by central governments, cryptocurrencies, such as bitcoin, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be affected by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of bitcoin either globally or locally. Large-scale sales of bitcoin would result in a reduction in the price and adversely affect the Net Asset Value of the Fund and an investment in the Units.

**Banking Services** - A number of companies that provide bitcoin-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to bitcoin-related companies or companies that accept bitcoin for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide bitcoin-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of bitcoin as a payment system and harming public perception of bitcoin or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of bitcoin as a payment system and the public perception of bitcoin could be damaged if banks were to close the accounts of many or of a few key businesses providing bitcoin-related services. This could decrease the value of the digital assets held by the Fund and therefore adversely affect the Net Asset Value of the Fund and an investment in the Units.

**Insurance** - Neither the Fund nor the Custodian will maintain insurance against risk of loss of bitcoin held by the Fund, as such insurance is not currently available in Canada on economically reasonable terms but Gemini, the sub-custodian of the Fund, maintains commercial crime insurance in respect of the bitcoin held by it. The Fund’s bitcoin will be held in cold storage vaults only.

**Technological Change** - Large holders of bitcoin and bitcoin trading platforms must adapt to technological change in order to secure and safeguard client accounts. The ability of the Fund’s custodians to safeguard the bitcoin that the Fund holds from theft, loss, destruction or other issues relating to hackers and technological attack is based upon known technology and threats. As technological change occurs, such threats will likely adapt, and previously unknown threats may emerge. Furthermore, the Fund may become a more appealing target of security threats as the size of the Fund’s bitcoin holdings grows. If the Manager, the Fund, the Subadvisor or the Fund’s custodian is unable to identify and mitigate or stop new security threats, the Fund’s bitcoin may be subject to theft, loss, destruction or other attack, which could have a negative impact on the performance of the Units or result in loss of the Fund’s assets.

**Effects of Blockchain Analytics** - Bitcoin utilizes a public blockchain on which all transactions are publicly viewable and contain certain information about the transaction, such as the public wallet addresses and amounts involved. Accordingly, individual bitcoin can be traced through statistical analysis, big data and by imposing an accounting convention such as “last in, first out” or “first in, first out.” These methods are commonly referred to as “blockchain analytics.” The fact that blockchain analytics can be performed implies that bitcoin is not perfectly fungible because prospective purchasers can theoretically discriminate against bitcoin by making certain assumptions about its particular transaction history in light of any legal risks associated with holding “tainted” currency, as the legal framework protecting fungibility of government-issued currency does not clearly apply to bitcoin. Potential risks include (i) a holder being exposed to conversion tort liability if bitcoin were previously stolen or (ii) a digital asset trading platform refusing to exchange the bitcoin for government-issued currency on anti-money laundering or economic sanctions grounds. These concerns are exacerbated by the publication of bitcoin address “blacklists,” such as the one published by the U.S. Treasury’s Office of Foreign Assets Control (OFAC).

Though the market currently does not apply discounts or premia to bitcoin in this manner, if the risks noted above, or similar risks, begin to materialize, then blockchain analytics could lead to disruptions in the market. For example, if a digital asset trading platform begins to discriminate based on transaction history, individual units of another bitcoin could begin to have disparate value, possibly based on “grades” that are calculated based on factors such as age, transaction history and/or relative distance from flagged transactions or blacklisted addresses. Such developments
could become a substantial limiting factor on a bitcoin’s usefulness as a currency, and serve to reduce the value of, or restrict the Fund’s ability to liquidate, bitcoin held in its portfolio.

**Bans or Prohibitions Affecting Bitcoin** - Digital assets including bitcoin currently face an uncertain regulatory landscape in many jurisdictions. Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect bitcoin and other digital assets. Such laws, regulations or directives may conflict with those of Canada or the United States and may negatively impact the acceptance of bitcoin by users, merchants and service providers in such jurisdictions and may therefore impede the growth or sustainability of the digital asset economy or otherwise negatively affect the value of bitcoin and therefore the value of the Units.

Additionally, regulators and legislatures have taken action against digital asset businesses or enacted restrictive regimes in response to adverse publicity arising from hacks, consumer harm, or criminal activity stemming from digital asset activity. Furthermore, it has been reported that certain South Korean digital asset trading platforms have experienced cybersecurity attacks by North Korean state actors with the intent of stealing digital assets. Cybersecurity attacks by state actors, particularly for the purpose of evading international economic sanctions, are likely to attract additional regulatory scrutiny to the acquisition, ownership, sale and use of digital assets, including bitcoin. Such adverse publicity or regulatory scrutiny could adversely affect the value of bitcoin, and therefore the value of the Units.

**Risk Factors Relating to an Investment in the Fund**

**No Assurances of Achieving Objective**

There is no assurance that the Fund will be able to achieve its investment objective.

**Possible Loss of Investment**

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

**No Guarantee of a Return on Investment**

There is no guarantee that an investment in Units will earn any positive return in the short or long term as the Net Asset Value of the Fund will generally fluctuate with the price of bitcoin and no interest or dividends will be earned on the bitcoin that is owned by the Fund.

**Risks Related to Passive Investments**

An investment in the Units should be made with an understanding that the Net Asset Value of the Fund will generally fluctuate in accordance with the price of bitcoin based on the BTC. Because it is the Fund’s objective to invest in bitcoin on a passive basis, the Fund’s holdings will not be actively managed and accordingly, will not be hedged or repositioned to attempt to take defensive positions if the price of bitcoin declines or is expected to decline. The Fund will invest substantially all of its assets in bitcoin.

**Concentration Risk**

The Fund’s investment objective is to provide Holders exposure to bitcoin and the Fund is not expected to have exposure to any other investments or assets. Other than cash or cash equivalents, the Fund will invest substantially all of its assets in bitcoin. The Net Asset Value of the Fund may be more volatile than the value of a more broadly diversified portfolio or investment fund and may fluctuate substantially over short period of time. This may have negative impact on the Net Asset Value of the Fund.

**Reliance on the Manager, the Subadvisor and the Sub-Custodian**

Holders will be dependent on the abilities of the Manager, the Subadvisor and the Sub-Custodian to effectively administer the affairs and implement the investment objective and strategy of the Fund and on the Sub-Custodian to safely custody the Fund’s bitcoin. The Subadvisor depends, to a great extent, on a very limited number of individuals in the administration of its activities as subadvisor of the Fund. The loss of the services of any one of these individuals for any reason could impair the ability of the Subadvisor to perform its duties as subadvisor on behalf of the Fund. In addition, the Manager and the Subadvisor may have additional conflicts of interests as described under “Organization
and Management Details of the Fund – The Manager” and “Organization and Management Details of the Fund – The Subadvisor” and Organization and Management Details of the Fund – The Sub-Custodian”, respectively. If the Sub-Custodian did not adequately safeguard the Fund’s bitcoin the Fund could suffer significant losses.

No Direct Ownership Interest in Bitcoin

An investment in Units does not constitute an investment by Holders in bitcoin, cash and cash equivalents included in the Fund’s portfolio. Holders will not own bitcoin or cash or cash equivalents held by the Fund.

Other Bitcoin Investment Funds

The Fund will compete with other current and future financial vehicles and investment funds that offer economic exposure to the price of bitcoin. Such competitors may invest in bitcoin, including through securities backed by or linked to bitcoin, such as exchange-traded products (or ETPs). Other competitors may invest in derivative financial products, which utilize bitcoin as the underlying asset. Market and financial conditions, and other conditions beyond the Fund’s control, may make it more attractive for investors to redeem or sell Units of the Fund in order to invest in other such financial vehicles, which could adversely affect Holders who continue to hold the Units. Furthermore, more attractive investment products not currently on the market could develop, which may also lead to investors redeeming or selling their Units.

If other financial vehicles or investment funds tracking the price of bitcoin are formed and come to represent a significant proportion of the demand for bitcoin, large redemptions of the securities of such competitors could result in large scale bitcoin liquidations. This could, in turn, negatively affect bitcoin prices, the Fund’s holding of bitcoin and the Net Asset Value of the Fund. In addition, these financial vehicles and other entities with substantial holdings in bitcoin may engage in large-scale hedging, sales or distributions which could also negatively impact the Net Asset Value of the Fund. See “Large-Scale Sales or Distributions”.

Large-Scale Sales or Distributions

Some entities hold large amounts of bitcoin relative to other market participants, and to the extent such entities engage in large-scale hedging, sales or distributions on nonmarket terms, or sales in the ordinary course, it could result in a reduction in the price of bitcoin and adversely affect the Net Asset Value of the Fund and an investment in the Units. Additionally, political or economic crises may motivate large-scale acquisitions or sales of such digital assets, including bitcoin, either globally or locally. Such large-scale sales or distributions could result in selling pressure that may reduce the price of bitcoin and adversely affect the Net Asset Value of the Fund and an investment in the Units.

Changes in Legislation

There can be no assurance that certain laws applicable to the Fund, including income tax laws, regulations related to bitcoin and other digital assets and the treatment of mutual fund trusts under the Tax Act, will not be changed in a manner which adversely affects the Fund or the Holders.

Status of the Fund

As the Fund is a non-redeemable investment fund (as defined in applicable securities legislation) but not a mutual fund as defined under Canadian securities laws, the Fund is not subject to the Canadian policies and regulations that apply to open-end mutual funds.

Significant Redemptions

The purpose of the annual redemption right is to provide investors with the right, once per year commencing in December 2021, to redeem at Net Asset Value and eliminate the effect of any trading discount. While the redemption right provides investors the option of annual liquidity (commencing in December 2021), there can be no assurance that it will reduce trading discounts. If a substantial number of Class A Units are redeemed, the number of Class A Units outstanding could be significantly reduced with the effect of decreasing liquidity of the Class A Units in the market. In addition, the expenses of the Fund would be spread among fewer Units resulting in a lower Net Asset Value per Unit than if there were fewer redemptions. If, as a result of significant redemptions, the Manager determines that it is in the best interests of Holders to terminate the Fund, the Manager could cause the termination of the Fund without approval of the Holders. See “Redemption of Units” and “Termination of the Fund”.

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Fluctuations in NAV of the Fund and NAV per Unit

Fluctuations in the NAV per Unit (and/or the trading price of the Class A Units) may occur for a number of reasons beyond the control of the Fund, the Manager or the Subadvisor. The NAV of the Fund varies according to, among other things, the value of the investments held by the Fund and the Fund is to invest substantially all of its assets in bitcoin. The Manager, the Subadvisor and the Fund have no control over the factors that affect the value of bitcoin, including market, economic, political, regulatory and other conditions.

Trading Price of Class A Units

Class A Units may trade in the market at a discount to the NAV per Class A Unit, and there can be no assurance that the Class A Units will trade at a price equal to (or greater than) the NAV per Class A Unit.

Market Disruptions

War and occupation, terrorism, pandemics and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally including the price of bitcoin. For example, the effects of the novel coronavirus (COVID-19) outbreak and the measures taken by governments and companies to combat COVID-19 have negatively affected asset values and increased volatility in the financial markets, including the market price and volatility of bitcoin.

Standard of Care

Each of the Manager, the Subadvisor, the Custodian and the Sub-Custodian are subject to a contractual standard of care in carrying out its duties with respect to the Fund. If the Fund suffers a loss of its bitcoin and each of the Manager, the Subadvisor, the Custodian and the Sub-Custodian satisfied its respective standard of care, the Fund will bear the risk of such loss with respect to such parties.

Under the terms of the Custody Agreement, the Custodian is required to exercise the standard of care applicable to custodians under NI 81-102. However, the Custodian will not be liable to the Fund for any loss of the Fund’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.

Residency of the Subadvisor and the Sub-Custodian

Each of the Subadvisor and the Sub-Custodian are resident outside of Canada and all or a substantial portion of their assets are located outside Canada. As a result, anyone, including the Fund, seeking to enforce legal rights against the Subadvisor or the Sub-Custodian in Canada may find it difficult to do so.

Conflicts of Interest

The Subadvisor currently manages a private fund that invests in bitcoin and the Manager, the Subadvisor and their respective directors and officers and their affiliates and associates may engage in the promotion, management or investment management of one or more funds or trusts which invest in bitcoin or other cryptocurrencies in the future.

Although officers, directors and professional staff of the Manager and the Subadvisor will devote as much time to the Fund as the Manager or the Subadvisor, as applicable, deems appropriate to perform its duties, the staff of the Manager and the Subadvisor may have conflicts in allocating their time and services among the Fund and the other portfolios of the Manager or the Subadvisor, as applicable.

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 Fund in connection with the audit of the annual financial statements of the Fund. 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 Fund 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 Fund will file an undertaking with applicable securities regulatory authorities that provides that while it remains a reporting issuer, the Fund will obtain from the Sub-Custodian of the Fund either a SOC 2 Type 2 Report or written confirmation from the Sub-Custodian to permit the auditor of the Fund to test its controls.

In the event that the auditor of the Fund 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 Fund’s annual financial statements, the auditor would not be able to complete its audit of the annual financial statements of the Fund in accordance with the current guidance of the Canadian Public Accountability Board.

**U.S. Currency Exposure**

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

Canadian investors should be aware 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 Fund 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.

*Fluctuations in foreign exchange rates may have an adverse effect on the NAV per Unit and on the trading price of the Class A Units.*

Investors may purchase Units in U.S. dollars or in Canadian dollars based on the daily average exchange rate reported by the Bank of Canada on the Business Day immediately preceding the date of the final prospectus. While the Manager intends to convert the portion of the Canadian dollar proceeds to be used to purchase bitcoin to U.S. dollars as soon as practical following the Closing, a decrease in value relative to the U.S. dollar subsequent to the date upon which the Equivalent in Canadian Dollars is determined will adversely affect the NAV per Unit and the trading price of the Class A Units.

Certain of the fees and expenses incurred in connection with the Offering are paid in U.S. dollars. An increase in the value of the U.S. dollar in relation to the Canadian dollar may increase such expenses and may reduce the NAV per Unit and the trading price of the Class A Units.

**Service Providers are Not Fiduciaries**

The service providers, including custodians and sub-custodians, that the Fund employs or may employ in the future are not trustees for, and owe no fiduciary duties to, the Fund or the Holders. In addition, service providers employed by the Fund have no duty to continue to act as a service provider to the Fund. Current or future service providers, including the custodians, can terminate their role for any reason whatsoever upon the notice period provided under the relevant agreement. A service provider may also be terminated by the Manager.

**Operational Risk**

The Fund will depend on the Manager and the Subadvisor to develop the appropriate systems and procedures to control operational risk. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated, or accounted for, or other similar disruption in the Fund’s operations may cause the Fund to suffer financial loss, the disruption of their business, liability to investors or third parties, regulatory intervention, or reputational damage. The Fund will rely heavily on the Manager and the Subadvisor and other service providers’ financial, accounting, IT infrastructure systems and services and other data processing systems and a failure by any one or more of them could result in losses to the Fund.

**Systems Risks**

The Fund will depend on the Manager and the Subadvisor to develop and implement appropriate systems for the Fund’s activities. The Fund will rely extensively on computer programs and systems to monitor its portfolio and net
capital and to generate reports that are critical to the oversight of the Fund’s activities. In addition, certain of the operations of the Manager and the Subadvisor interface with or depend on systems operated by third parties, including market counterparties and other service providers, and the Fund, the Manager or the Subadvisor may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures, or interruptions, including, but not limited to, those caused by worms, viruses, and power failures. Any such defect or failure could have a material adverse effect on the Fund.

Tax Risk

“Mutual fund trust” status - In order to qualify as a mutual fund trust under the Tax Act, the Fund 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 Fund 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 Holders 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 Fund 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). Holders who receive distributions from the Fund 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 Fund on its non-portfolio earnings and the tax payable by a Holder 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 Fund are listed or traded on a stock exchange or other public market, provided the Fund only invests in bitcoin, the Fund 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 Fund 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 Fund 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 Fund, which is automatically distributed by the Fund to its Holders under the terms of the Declaration of Trust at the Fund’s taxation year end; with the result that Canadian-resident Holders could be reassessed by the CRA to increase their taxable income by the amount of such increase, and non-resident Holders 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 Fund for a failure of the Fund to withhold tax on distributions made by it to non-resident Holders that are subject to withholding tax, and typically would do so rather than assessing the non-resident Holders directly. Accordingly, any such re-determination by the CRA may result in the Fund being liable for unremittable withholding taxes on prior distributions made to Holders who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. As the Fund may not be able to recover such withholding taxes from the non-resident Holders whose Units are redeemed, payment of any such amounts by the Fund would reduce the Net Asset Value of the Fund.

“Loss restriction event” - If the Fund 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 Fund’s taxable income at such time to Holders so that the Fund 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 Fund will be subject to a loss restriction event when a person becomes a “majority-interest beneficiary” of the Fund, or a group of persons becomes a “majority-interest group of beneficiaries” of the Fund, 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 Fund 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 Fund.

**No Operating History**

The Fund is a newly organized investment trust with no operating history.

**The Fund is not a Trust Company**

The Fund 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.

**Nature of Units**

The Units represent a fractional interest in the assets of the Fund. Holders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions.

**Potential purchasers may wish to consult with their own investment advisers for advice in connection with an investment in the Units.**

**DISTRIBUTION POLICY**

It is not anticipated that the Fund will make cash distributions.

If the Fund’s net income for tax purposes, including net realized capital gains, for any year exceeds the aggregate amount of the distributions made in the year to Holders, if any, the Fund will be required to pay one or more special year-end distributions in such year to Holders as is necessary to ensure that the Fund will not be liable for income tax on such amounts under the *Tax Act* (after taking into account all available deductions, credits and refunds). Such special distributions may be paid in the form of Units and/or cash. Any special distributions payable in Units will increase the aggregate adjusted cost base of a Holder’s Units. Immediately following payment of such a special distribution in Units, the number of Units outstanding will be automatically consolidated such that the number of Units outstanding after such distribution will be equal to the number of Units outstanding immediately prior to such distribution, except in the case of a non-resident Holder to the extent tax was required to be withheld in respect of the distribution. See “Income Tax Considerations”.

**REDEMPTION OF SECURITIES**

**Annual Redemption**

Commencing in 2021, at the option of the Holder, Class A Units may be surrendered annually for redemption during the period from the first Business Day in November until 5:00 p.m. (Toronto time) on the 10th Business Day in November of each year (the “Notice Period”) subject to the Fund’s right to suspend redemptions in certain circumstances. Class A Units properly surrendered for redemption during the Notice Period will be redeemed on the second last Business Day in December of each year (the “Annual Redemption Date”) and the Holder will receive payment on or before the 15th day following the Annual Redemption Date. Redeeming Holders will receive a redemption price per Class A Unit equal to 100% of the NAV per Class A Unit as determined on the Annual Redemption Date, less any costs and expenses incurred by the Fund in order to fund such redemption. The redemption price will be paid in U.S. dollars.

**Monthly Redemptions**

Units may be surrendered for redemption at any time. Units may be redeemed at the option of Holders on a Monthly Redemption Date, subject to the Fund’s right to suspend redemptions in certain circumstances, and in order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the date which is the 10th Business Day of the month preceding the Monthly Redemption Date. Payment of the redemption price will be
Exercise of Redemption Right

A holder of Class A Units who desires to exercise redemption privileges thereunder must do so by causing a Participant to advise the Depositary on behalf of the Holder of the Holder’s intention to redeem Class A Units. A Holder who desires to redeem Class A Units should ensure that the Participant is provided with notice of his or her intention to exercise his or her redemption privilege sufficiently in advance of the relevant notice date so as to permit the Participant to deliver notice to the Depositary and so as to permit the Depositary to deliver notice to the registrar and transfer agent of the Fund in advance of the required time. Any expense associated with the preparation and delivery of such notice will be for the account of the Holder exercising the redemption privilege.

Except as provided under “Suspension of Redemptions”, by causing a Participant to deliver to the Depositary a notice of the owner’s intention to redeem Class A Units, an owner shall be deemed to have irrevocably surrendered his or her Class A Units for redemption and appointed such Participant to act as his or her exclusive settlement agent with respect to the exercise of the redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

A notice delivered by a Participant regarding an owner’s intent to redeem which the Depositary determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the redemption privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with the owner’s instructions will not give rise to any obligations or liability on the part of the Fund or the Manager to the Participant or to the owner.

Any and all Class A Units which have been properly surrendered to the Fund for redemption are deemed to be outstanding until (but not after) the close of business on the applicable Valuation Date, unless the redemption proceeds are not paid on or before the applicable payment date in which event such Class A Units will remain outstanding.

Suspension of Redemptions

The Manager may suspend the redemption of Units or payment of redemption proceeds of the Fund with the prior permission of the securities regulatory authorities, for any period during which the Manager determines that conditions exist that render impractical the sale of assets of the Fund or that impair the ability of the Valuation Agent to determine the value of the assets of the Fund. 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 Holders 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 Holders 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 Fund, any declaration of suspension made by the Manager shall be conclusive.

INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Fund, and Osler, Hoskin & Harcourt LLP, counsel to the Agents, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act for the Fund and for a prospective investor in the Fund 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 Fund as capital property, is not affiliated and deals at arm’s length with the Fund, and has not entered into a “derivative forward agreement” (as defined in the Tax Act) with respect to Units of the Fund. This summary is based upon the current provisions of the Tax Act and regulations thereunder, the Excise Tax Act and regulations thereunder, the Tax Proposals and counsel’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 Fund be a SIFT trust. Even if units of the Fund are listed or traded on a stock exchange or other public market, provided the Fund only invests in bitcoin, the Fund 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 Fund and its Holders to the extent that the Fund is a SIFT trust to which the SIFT Rules apply, and the Fund earns income from non-portfolio property or taxable capital gains from the disposition of “non-portfolio property”. Counsel believes that the SIFT Rules were not intended to apply to trusts such as the Fund and the Fund is subject to investment restrictions intended to restrict its ability to hold “non-portfolio property”. If the Fund is considered to be a SIFT trust, “non-portfolio earnings” of the Fund will be subject to the tax under the SIFT Rules when such amounts are distributed by the Fund to its Holders and such distributions will be treated in the hands of such Holders as eligible dividends from a taxable Canadian corporation.

**Status of the Fund**

This summary is based on the assumption that the Fund 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. Counsel is advised that the Fund is expected to qualify as a “mutual fund trust” under the Tax Act at all material times. If the Fund 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.

In the opinion of counsel, provided that the Fund qualifies as a “mutual fund trust” within the meaning of the Tax Act, or the Units of a class of the Fund 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 Fund, or if such holder, subscriber or annuitant does not deal at arm’s length with the Fund for purposes of the Tax Act, the Units of the Fund will be a “prohibited investment” for such TFSA, RDSP, RESP, RRSP or RRIF. If Units of the Fund 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 Fund unless the holder, subscriber or annuitant owns 10% or more of the value of the outstanding Units of the Fund, either alone or together with persons and partnerships with which the holder, subscriber or annuitant does not deal at arm’s length. Holders of TFSA and RDSPs, subscribers of RESPs, and annuitants under RRSPs and RRIFs should consult their own tax advisors to ensure Units of the Fund 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 Fund

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

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 Fund intends to be a long-term holder of bitcoin, the Manager anticipates that the Fund 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 Fund may instead include the full amount in (or deduct the full amount from) income.

If the Fund 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 Holder, all or a portion of the amount received by the Holder may be designated and treated for income tax purposes as a distribution to the Holder 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 Fund beginning on or after March 19, 2019, deny the Fund a deduction for the portion of a capital gain designated to a Holder on a redemption of Units that is greater than the Holder’s accrued gain on those Units, where the Holder’s 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 Holders to ensure the Fund will not be liable for non-refundable income tax thereon. Accordingly, the amounts of taxable distributions made to Holder may be greater than they would have been in the absence of such amendments.

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

The Fund 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 Fund 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 Fund owns the substituted property 30 days after the original disposition. If a loss is suspended, the Fund 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 Fund to be made payable to its Holders.

The Fund 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 Holders

Distributions

A Holder will be required to include in the Holder’s income for tax purposes for any year the amount of net income and net taxable capital gains of the Fund, if any, paid or payable to the Holder in the year and deducted by the Fund 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 Fund that is paid or payable to a Holder in a taxation year will not be included in computing the Holder’s income for the year and, provided appropriate designations are made by the Fund, will not reduce the adjusted cost base of the Holder’s Units. Any returns of capital will reduce the Holder’s adjusted cost base. To the extent that a Holder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Holder and the Holder’s adjusted cost base will be nil immediately thereafter. The Fund will designate, to the extent permitted by the Tax Act, the portion of the net income distributed
to Holders as may reasonably be considered to consist of net taxable capital gains realized or considered to be realized by the Fund. Any such designated amount will be deemed for tax purposes to be realized by Holders 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 Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the Holders.

Composition of Distributions

Holders 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 Fund's Distribution Policy

When a Holder acquires Units, a portion of the price may reflect income and capital gains of the Fund 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 Fund, they must be taken into account by the Holder in computing its income for tax purposes even though such amounts may have been reflected in the price paid by the Holder.

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 Holder 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 Holder of the Unit and any reasonable costs of disposition. In general, the adjusted cost base of all Units held by the Holder 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 Holder. For the purpose of determining the adjusted cost base of Units to a Holder, 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 Holder as capital property immediately before that time.

Where Units are exchanged by the redeeming Holder for bitcoin, the proceeds of disposition to the Holder of the Units will be equal to the fair market value of the bitcoin so received, plus the amount of any cash received on the exchange, and less any capital gain or income realized by the Fund as a result of the transfer of the bitcoin which has been designated by the Fund to the Holder. If any income or capital gain realized by the Fund as a result of the transfer of bitcoin on the redemption of Units were designated by the Fund to a redeeming Holder, the Holder would be required to include in income the income or taxable portion of the capital gain so designated. The cost for tax purposes of bitcoin acquired by a redeeming Holder on the exchange or redemption of Units will generally be the fair market value of the bitcoin at that time.

Based on counsels’ understanding of the current published administrative policies and assessing practices of the CRA, the reclassification of Class C Units and Class F Units as Class A Units will not constitute a disposition of such Class C Units and Class F Units for the purposes of the Tax Act.

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 Fund and designated by the Fund 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 Fund 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 Fund are exchanged by the redeeming Holder for bitcoin, or liquidation of the bitcoin of the Fund is not
practicable upon termination of the Fund, any bitcoin received by a Holder would not be a qualified investment for Registered Plans.

**EXCHANGE OF TAX INFORMATION**

The Fund 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. As long as Units of a class of the Fund continue to be listed on the TSX, the Fund 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 Holders. However, dealers through which Holders hold the Units are subject to due diligence and reporting obligations with respect to financial accounts that they maintain for their clients. Holders may be requested to provide information to their dealer in order to allow the dealer to identify U.S. persons holding Units. If a Holder is a U.S. person (including a U.S. citizen or green card holder who is resident in Canada) or if the Holder does not provide the requested information, the Holder’s dealer will be required under Part XVIII of the Tax Act to report certain information to the CRA about such Holder’s investment in the Fund, unless the Units are held by a Deferred Plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

In addition, reporting obligations in the Tax Act which came into force on July 1, 2017, have implemented the Organization for Economic Co-operation and Development’s (the “OECD”) Common Reporting Standard (the “CRS Rules”). Pursuant to the CRS Rules, in order to meet the objectives of the OECD’S Common Reporting Standard (the “CRS”), Canadian financial institutions are required to have procedures in place to identify accounts held by residents of foreign countries which have agreed to a bilateral information exchange with Canada under the CRS (the “Participating Jurisdictions”), or by certain entities any of whose “controlling persons” are resident in a Participating Jurisdiction, and to report the required information to the CRA. Such information will be exchanged on a reciprocal, bilateral basis with the Participating Jurisdictions in which the Holders, or such controlling persons, are resident. Under the CRS Rules, Holders will be required to provide the required information regarding their investment in the Fund to the Holder’s dealer for the purpose of the information exchange, unless the Units are held by a Registered Plan.

**ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND**

**The Manager**

CI Investments Inc., a registered investment fund manager and portfolio manager, is the promoter, trustee and manager of the Fund. The Manager’s principal office is located at 2 Queen Street East, 20th Floor, Toronto, Ontario M5C 3G7. The Manager is a subsidiary of CI Financial Corp., an independent company offering global asset management and wealth management advisory services with approximately C$202 billion in assets as of October 31, 2020. The Manager will be responsible for providing or arranging for the provision of administrative services and management functions to, including the day-to-day management of, the Fund. The Manager will receive the Management Fee.

**Duties and Services to be Provided by the Manager**

Pursuant to the Declaration of Trust, the Manager provides and arranges for the provision of management services and required administrative services to the Fund including, without limitation: negotiating contracts with certain third-party service providers, including, but not limited to the Subadvisor, the Custodian, the Sub-Custodian, registrars, transfer agents and auditors; authorizing the payment of operating expenses incurred on behalf of the Fund; maintaining accounting records; preparing the reports to Holders and to the Canadian securities regulatory authorities; preparing financial statements, income tax returns and financial and accounting information as required; ensuring that Holders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the Fund complies with all other regulatory requirements including continuous disclosure obligations under applicable securities laws; administering purchases, redemptions and other transactions in Units; arranging for any payments required upon termination of the Fund; and dealing and communicating with the Holders. The Manager will provide office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the Fund. The Manager will also monitor the investment strategy of the Fund to ensure that the Fund complies with its investment objective, investment strategy and investment restrictions and practices.
Pursuant to the Declaration of Trust, the Manager has full authority and responsibility to manage and direct the business and affairs of the Fund, to make all decisions regarding the business of the Fund and to bind the Fund. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund to do so.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Holders, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Manager will not be liable to the Fund or to any Holder or any other person for any loss or damage relating to any matter regarding the Fund, including any loss or diminution of value of the assets of the Fund if it has satisfied its standard of care set forth above.

The Manager and each of its directors, officers, employees and agents may be indemnified out of the assets of the Fund from and against all claims whatsoever, including costs, charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done or omitted in or in relation to the execution of its duties to the Fund as long as the person acted honestly and in good faith with a view to the best interests of the Fund.

The Manager may resign upon 90 days’ prior written notice to the Trustee (defined below) or upon such lesser notice period as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days’ written notice to the Manager. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager’s resignation.

The Manager is entitled to the Management Fee and will be reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Fund. The Manager may, in its discretion, terminate the Fund without the approval of Holders if, in its opinion, it is no longer economically feasible to continue the Fund and/or it would otherwise be in the best interests of Holders to terminate the Fund.

The administration and management services of the Manager under the Declaration of Trust are not exclusive and nothing in the Declaration of Trust prevents the Manager from providing similar administrative and management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Fund) or from engaging in other activities.

**Officers and Directors of the Manager**

The following is a list of individuals who are the directors and executive officers of the Manager:

<table>
<thead>
<tr>
<th>Name and Municipality of Residence</th>
<th>Position with the Manager</th>
<th>Principal Occupation in the last five years</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOUGLAS J. JAMIESON, TORONTO, ONTARIO</td>
<td>Director, President and Ultimate Designated Person</td>
<td>President, Ultimate Designated Person and Director, CI Investments Inc. since March 2019</td>
</tr>
<tr>
<td></td>
<td>Executive Vice-President since June 2013 and Chief Financial Officer, CI Financial Corp. since May 2005. On November 13, 2020, Mr. Jamieson informed CI Financial Corp. of his intention to resign from his positions with CI Financial Corp. and its affiliates, including the Manager, to pursue other opportunities. Mr. Jamieson and CI Financial Corp. have agreed that he will remain in these positions until an orderly transition of his responsibilities is completed.</td>
<td></td>
</tr>
<tr>
<td>DAVID POSTER, TORONTO, ONTARIO</td>
<td>Chief Financial Officer</td>
<td>Chief Financial Officer, CI Investments Inc. since March 2019</td>
</tr>
<tr>
<td>DARIE URBANKY, TORONTO, ONTARIO</td>
<td>Director and Chief Operating Officer</td>
<td>Director since December 2019 and Chief Operating Officer, CI Investments Inc. since September 2018</td>
</tr>
<tr>
<td></td>
<td>President and Chief Operating Officer, CI Financial Corp. since June 2019</td>
<td></td>
</tr>
<tr>
<td>Name and Municipality of Residence</td>
<td>Position with the Manager</td>
<td>Principal Occupation in the last five years</td>
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<tr>
<td>Ajay Vashisht, Toronto, Ontario</td>
<td>Vice-President, Compliance and Chief Compliance Officer</td>
<td>Vice-President, Compliance since March 2019 and Chief Compliance Officer, CI Investments Inc. since May 2020. General Counsel and Chief Compliance Officer, Equiton Capital Inc. from December 2017 to March 2019. Lawyer, Avenue Legal P.C. from March 2016 to December 2017. Director, Compliance Legal Counsel from 2011 to March 2016.</td>
</tr>
<tr>
<td>Edward Kelterborn, Toronto, Ontario</td>
<td>Director, Senior Vice-President and General Counsel</td>
<td>Executive Vice-President since November 2020 and Chief Legal Officer, CI Financial Corp. since September 2018. Director, Senior Vice-President and General Counsel, CI Investments Inc. since February 2019.</td>
</tr>
</tbody>
</table>

Except where another company is disclosed above, all directors and executive officers have held position(s) with CI Investments Inc. for the last five (5) consecutive years. Where a director or executive officer has held multiple positions with CI Investments Inc. or another company for the last five (5) consecutive years, the above table generally sets out only the current or most recently-held position(s) held at such company. The start date for each position generally refers to the date on which the director or executive officer commenced the applicable position(s).

**The Subadvisor**

Galaxy Digital Capital Management LP will act as the bitcoin subadvisor for the Fund (the “Subadvisor”). The Subadvisor is incorporated under the laws of the Cayman Islands and its head office is located at 107 Grand St., New York, NY, 10013.

The Subadvisor is an affiliate of Galaxy Digital Holdings Ltd. (“Galaxy Digital”), a diversified financial services and investment management company in the digital asset, cryptocurrency and blockchain technology sector. In addition to asset management, the primary business areas of Galaxy Digital Holdings are trading, investment banking and principal investments. Galaxy Digital currently has over 80 employees and is led by Michael Novogratz and Steve Kurz. Paul Capelli is expected to be responsible for the subadvisory services to the Fund.

**Michael Novogratz**

Mr. Novogratz is currently Chairman and Chief Executive Officer of Galaxy Digital. He was formerly a Principal and a member of the Board of Directors of Fortress Investment Group LLC and Chief Investment Officer of the Fortress Macro Fund. Mr. Novogratz joined Fortress in 2002 after spending more than a decade at Goldman Sachs, where he was elected Partner in 1998. Mr. Novogratz received an A.B. degree from Princeton University in Economics and served as a helicopter pilot in the United States Army. He is also on the Board of Directors for Beat the Streets, Inc., the Jazz Foundation, Friends of Hudson River Park, the Bail Project, Princeton Varsity Club and the Board of Overseers for New York University Hospital.

**Steve Kurz**

Mr. Kurz is currently a Partner and Head of Asset Management for Galaxy Digital Capital Management LP. Mr. Kurz joined the Subadvisor in 2017. Prior to 2017, Mr. Kurz was a Principal and Head of Business Development at River Birch Capital, LLC. Prior to joining River Birch, Mr. Kurz was a Vice President at Fortress Investment Group, where he held capital raising, product specialist, and strategy roles. Mr. Kurz started his financial services career at Lehman Brothers as a Capital Markets Analyst in the Fixed Income Division. Mr. Kurz is an active angel investor, and is a Co-Founder of and Senior Advisor to Outer Realm VR, a Board Observer and Advisor to MicroCures Inc., and a member of NextGen Venture Partners. He serves on the New York Advisory Board of a music charity called Little Kids Rock. Mr. Kurz holds a B.A. in Economics from Cornell University.
Paul Cappelli

Mr. Cappelli joined Galaxy Digital Capital Management LP in 2017. Prior to 2017, Mr. Cappelli was a Director of Fixed Income at State Street Global Advisors (SSGA) working in Capital Markets for their ETF Business. Prior to joining SSGA, Mr. Cappelli was a Director in High Yield sales and trading at Oppenheimer. Mr. Cappelli started his career at HSBC as a Foreign Exchange Analyst before spending nearly 10 years at Citigroup in Fixed Income sales and trading. Mr. Cappelli is a member of the Monogram Club at the University of Notre Dame where he won a Monogram as member of the Men’s Lacrosse Team from 2000-2004. Mr. Cappelli is also a supporter of a Walk on Water which promotes therapy through surfing. Mr. Cappelli holds a B.A. in Political Science from the University of Notre Dame.

Details of the Subadvisor Agreement

The Subadvisor will provide its services to the Fund pursuant to a subadvisor agreement (the “Subadvisor Agreement”) to be entered into on or prior to the Closing between the Fund, the Manager and the Subadvisor.

Pursuant to the Subadvisor Agreement, the Subadvisor will manage the assets held by the Fund in accordance with its investment objectives and investment strategy and subject to applicable investment restrictions. The Subadvisor agrees to discharge its duties honestly, in good faith and in the best interests of the Fund and, in connection therewith, it shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Subadvisor Agreement provides that it may be terminated by either party if the other party commits certain acts or fails to perform its duties under the agreement. The Subadvisor Agreement also provides that the agreement will automatically terminate in the event of certain circumstances. In consideration for the services provided by the Subadvisor pursuant to the Subadvisor Agreement, the Subadvisor is paid a fee by the Manager out of the Management Fee payable by the Fund.

As further described under “Risk Factors – Risk Factors Relating to Bitcoin – Network Forks”, in the event of a fork, the Fund will hold bitcoin, the new alternative, or both, based on the Subadvisor’s sole discretion as to whether the new alternative is an appropriate medium for investment. The Subadvisor will retain full discretion as it relates to the handling of forks.

Conflicts of Interest

The Manager and the Subadvisor and their affiliates are engaged in a wide range of investment management, investment advisory and other business activities. The services provided by the Manager under the Declaration of Trust and the Subadvisor under the Subadvisor Agreement are not exclusive and nothing in the agreement prevents the Manager or the Subadvisor or any of their affiliates from providing similar services to other investment funds or clients (whether or not their investment objectives, strategies and policies are similar to those of the Fund) or from engaging in other activities. The Manager and the Subadvisor therefore will have conflicts of interest in allocating management time, services and functions to the Fund and the other persons for which they provide similar services. The Manager’s and the Subadvisor’s investment decisions for the Fund will be made independently of those made on behalf of their other clients or for their own investments. On occasion, however, the Manager and the Subadvisor will make the same investment for the Fund and for one or more of their other clients. If the Fund and one or more of the other clients of the Manager or the Subadvisor or any of their affiliates are engaged in the purchase or sale of the same assets, the transactions will be effected on an equitable basis. In this regard, the Manager and the Subadvisor will generally endeavour to allocate investment opportunities to the Fund on a pro rata basis.

The Manager and the Subadvisor may trade and make investments for their own accounts, and the Manager and the Subadvisor may trade and manage accounts other than the Fund’s account utilizing trading and investment strategies which are the same as or different from the ones to be utilized in making investment decisions for the Fund. In addition, in proprietary trading and investment, the Manager or the Subadvisor may take positions the same as, different than or opposite to those of the Fund.

The Manager has established policies and procedures relating to conflicts of interest. The Manager has adopted the CI Financial Business Code of Ethics and Conduct and CI Personal Trading Policy (the “Codes”), which establish rules of conduct designed to ensure fair treatment of the Holders and to ensure that at all times the interests of the Fund and the Holders are placed above personal interests of employees, officers and directors of the Manager, and each of its subsidiaries, affiliates and portfolio subadvisors. The Codes apply the highest standards of integrity and ethical business conduct. The objective is not only to remove any potential for real conflict of interest, but also to avoid any
perception of conflict. The Codes address the area of investments, which covers personal trading by employees, conflict of interest, and confidentiality among departments and portfolio subadvisors. They also address confidentiality, fiduciary duty, enforcement of rules of conduct and sanctions for violations.

The Manager may at times have interests that differ from the interests of the Holders. Where the Manager or its affiliates otherwise perceive in the course of business, that they are or may be in a material conflict of interest position, the matter will be referred to the IRC. The IRC will consider all matters referred to it and provide its recommendations to the Manager as soon as possible.

In evaluating these conflicts of interest, potential investors should be aware that the Manager has a responsibility to the Holders to exercise good faith and fairness in all dealings affecting the Fund. In the event that a Holder believes that the Manager has violated its duty to such Holder, the Holder may seek relief for itself or on behalf of the Fund to recover damages from or to require an accounting by the Manager. Holders should be aware that the performance by the Manager of its responsibilities to the Fund will be measured in accordance with (i) the provisions of the Declaration of Trust; and (ii) applicable laws.

**Independent Review Committee**

Set out below is a list of the individuals who comprise the independent review committee (the “IRC”) for the Fund:

<table>
<thead>
<tr>
<th>Name and Municipality of Residence</th>
<th>Principal Occupation in the last five years</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAMES M. WERRY</td>
<td>Chair of the IRC</td>
</tr>
<tr>
<td>TORONTO, ONTARIO</td>
<td>Corporate director</td>
</tr>
<tr>
<td>TOM EISENHUWER</td>
<td>Chief Executive Officer of Bonnefield Financial Inc.</td>
</tr>
<tr>
<td>TORONTO, ONTARIO</td>
<td></td>
</tr>
<tr>
<td>KAREN FISHER</td>
<td>Corporate director</td>
</tr>
<tr>
<td>NEWCASTLE, ONTARIO</td>
<td></td>
</tr>
<tr>
<td>JAMES MCPHEDRAN</td>
<td>Corporate director</td>
</tr>
<tr>
<td>TORONTO, ONTARIO</td>
<td>Senior Advisor, McKinsey &amp; Company since 2018</td>
</tr>
<tr>
<td></td>
<td>Supervisory Board Director, Maduro &amp; Curiel’s Bank (Curaçao), since 2018</td>
</tr>
<tr>
<td></td>
<td>Executive Vice-President, Canadian Banking, Scotiabank, from 2015 to 2018</td>
</tr>
<tr>
<td>DONNA TOTH</td>
<td>Corporate director</td>
</tr>
<tr>
<td>TORONTO, ONTARIO</td>
<td>Managing Director, Global Equity Sales, Scotia Capital from 2009 to 2016</td>
</tr>
</tbody>
</table>

Each member of the IRC is independent of the Manager, the Manager’s affiliates and the Fund. The IRC provides independent oversight and impartial judgment on conflicts of interest involving the Fund. Its mandate is to consider matters relating to conflicts of interest and recommend to the Manager what action the Manager should take to achieve a fair and reasonable result for the Fund in those circumstances; and to review and advise on or consent to, if appropriate, any other matter required by the Declaration of Trust and by applicable securities laws, regulations and rules. The IRC will meet at least quarterly.

Among other matters, the IRC prepares, at least annually, a report of its activities for Holders which will be available at www.ci.com and upon request by any Holder, at no cost, by calling 1-800-792-9355 or e-mailing service@ci.com.

The IRC members perform a similar function as the independent review committee for other investment funds managed by the Manager or the Manager’s affiliates. The Chair of the IRC is paid $88,000 annually and each member other than the Chair is paid $72,000. Members of the IRC are also paid a meeting fee of $1,500 per meeting after the sixth meeting attended and are reimbursed for their expenses which are typically nominal and associated with travel and the administration of meetings. Their annual fees are allocated across all investment funds managed by the Manager with the result that only a small portion of such fees were allocated to any single fund.

The individuals who comprise the IRC also perform a function similar to an audit committee for certain CI funds.
The Trustee

CI Investments Inc., is also the trustee of the Fund pursuant to the Declaration of Trust (in such capacity, the “Trustee”). The Trustee may resign and be discharged from all further duties under the Declaration of Trust upon 90 days’ prior written notice to the Manager or upon such lesser notice as the Manager may accept. No Trustee of the Fund shall be a person who (i) is not a resident of Canada for the purposes of the Tax Act, or (ii) does not agree to carry out its functions of managing the Fund in Canada, and exercise the main powers and discretions of the trustee of the Fund in Canada. The Manager shall make every effort to select and appoint a successor trustee prior to the effective date of the Trustee’s resignation. If the Manager fails to appoint a successor trustee within 90 days after notice is given or a vacancy occurs, the Manager shall call a meeting of Holders within 60 days thereafter for the purpose of appointing a successor trustee. In each case, if, upon the expiry of a further 30 days, neither the Manager nor the Holders have appointed a successor trustee, the Fund shall be terminated and the property of the Fund shall be distributed in accordance with the terms of the Declaration of Trust.

The Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund, and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Trustee will not be liable in carrying out its duties under the Declaration of Trust as long as the Trustee has adhered to its standard of care set out above. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out its duties.

The Custodian

Cidel Trust Company is the custodian of the assets of the Fund (the “Custodian”). The Custodian is a federally regulated trust company based in Calgary, Alberta and will provide services to the Fund 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 Fund delivered to it (but not those assets of the Fund 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 Custodian may terminate the Custodian Agreement on 30 days’ written notice to the Fund in the event that the Custodian has delivered a termination notice to the Sub-Custodian, or is entitled to deliver a termination notice to the Sub-Custodian 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 Fund as described under “Fees and Expenses – Ongoing Expenses of the Fund” and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Fund.

The Custodian, in carrying out its duties concerning the safekeeping of, and dealing with, the portfolio assets of the Fund, 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).

The Sub-Custodian

Gemini acts as sub-custodian of the Fund in respect of the Fund’s holdings of bitcoin (the “Sub-Custodian”) pursuant to a sub-custodian agreement between the Custodian, the Fund, and Gemini dated October 28, 2020 (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 Fund for assets held outside of Canada in accordance with NI 81-102. Gemini operates in 49 U.S. states, Canada and certain other international jurisdictions. Having successfully completed its SOC 1 Type 1 examination and SOC 2 Type 2 examinations, all conducted by Deloitte & Touche LLP, Gemini is the world’s first cryptocurrency custodian to demonstrate this high level of financial operations and security compliance with respect to protecting customer data and funds.

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 Fund 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 Fund. Gemini will not loan, hypothecate, pledge or otherwise encumber the Fund’s bitcoins without the Fund’s instruction. Gemini, in carrying out its duties concerning the safekeeping of, and dealing with, the Fund’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.

The Manager may appoint additional sub-custodians from time to time in accordance with NI 81-102.

**Bitcoin Storage, Security Policies and Practices**

The bitcoin that Gemini will hold for the Fund will be stored offline in cold storage only. 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.

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; all fund transfers require the coordinated actions of multiple employees; and digital asset whitelisting is enforced for all cold storage accounts.

**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 Fund. Gemini maintains commercial crime insurance in respect of the bitcoin held by it (e.g., bitcoin held in “cold storage”). To date, Gemini has never experienced a loss due to unauthorized access from its hot wallet or the cold storage vaults where the Fund’s bitcoin will be custodied. The Fund’s bitcoin will be held in cold storage vaults only.

The Auditor

The auditors of the Fund are Ernst & Young LLP, Toronto, Ontario.

The Registrar and Transfer Agent

TSX Trust Company (the “Registrar and Transfer Agent”) will be appointed the registrar and transfer agent for the Units. The Registrar and Transfer Agent is located in, and the register of Units will be kept by the Registrar and Transfer Agent in, Toronto, Ontario.

The Valuation Agent

CIBC Mellon Global Securities Services Company (the “Valuation Agent”) will be appointed as valuation agent and will provide accounting and valuation services to the Fund. The Valuation Agent is located in Toronto, Ontario.

CALCULATION OF NET ASSET VALUE

The Net Asset Value per Unit of a class will be computed by adding up the cash and other assets of the Fund allocated to the class pro rata, less the liabilities allocated to the class pro rata, and dividing the value of the net assets of that class by the total number of Units of that class that are outstanding. The NAV per Unit so determined will be adjusted to the nearest cent per Unit of that class and will remain in effect until the time at which the determination of the NAV per Unit is made. The NAV per Unit will be calculated as of 4:00 p.m. (Toronto time), or such other time as the Manager deems appropriate (the “Valuation Time”) on each Valuation Date.

Valuation Policies and Procedures of the Fund

The following valuation procedures will be used in determining the NAV of the Fund and the NAV per Unit on each Valuation Date:

(a) the value of any cash on hand, on deposit or on call, bills and notes and accounts receivable, prepaid expenses, cash dividends to be received and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the Manager determines that any such deposit, call loan, bill, note or account receivable is not worth the face amount thereof, in which event the value thereof will be deemed to be such value as the Manager determines, on such basis and in such manner as may be approved by the board of directors of the Manager to be the reasonable value thereof;

(b) the Fund’s bitcoin will be valued based on the BTC maintained on Bloomberg or on such other index selected by the Manager from time to time;
the liabilities of the Fund will include:

(i) all bills, notes and accounts payable of which the Fund is an obligor;
(ii) all brokerage expenses of the Fund;
(iii) all Management Fees;
(iv) all contractual obligations of the Fund for the payment of money on property, including the amount of any unpaid distribution credited to the Holders on or before that Valuation Date;
(v) all allowances of the Fund authorized or approved by the Manager for taxes (if any) or contingencies; and
(vi) all other liabilities of the Fund of whatsoever kind and nature; and

(d) each transaction of purchase or sale of a portfolio asset effected by the Fund shall be reflected by no later than the next time that the NAV of the Fund and the NAV per Unit is calculated.

Prior to the calculation of the NAV of the Fund, any non-U.S. dollar denominated assets and liabilities of the Fund will be converted into U.S. currency at the prevailing rate of exchange, as determined by the Manager, on the applicable Valuation Date.

In determining the NAV of the Fund, Units subscribed for will be deemed to be outstanding immediately following the calculation of the applicable NAV per Unit that is the issue price of the Units and the amount payable in connection with the issuance shall then be deemed to be an asset of the Fund. Units that are being redeemed shall be deemed to remain outstanding until immediately following the calculation of the applicable NAV per Unit that is the redemption price of the Units and thereafter, the redemption proceeds, until paid, will be a liability of the Fund.

**Reporting of Net Asset Value**

Following the Valuation Time on the Valuation Date, the most recent NAV per Unit will be made available to persons or companies at no cost, by calling the Manager at 1-800-792-9355 or checking the Fund’s website at www.ci.com.

**Bloomberg Galaxy Bitcoin Index**

The Fund’s bitcoin will be priced based upon the Bloomberg Galaxy Bitcoin Index (“BTC”). BTC is designed to measure the performance of a single bitcoin traded in USD. The index is owned and administered by Bloomberg Index Services Limited and is co-branded with Galaxy Digital Capital Management LP.

BTC is calculated using Bloomberg’s Bloomberg Crypto Fixing (“CFIX”) is used to calculate end-of-day index level. CFIX is an average of the Bloomberg Generic prices between 16:00:00 and 16:15:00 ET for each cryptocurrency (example Bloomberg ticker: XBT CFIX Currency). Pricing sources are assessed for risk and suitability, and leverage a rules-based index methodology. BTC prices are available once per day, Monday through Friday, following its calculation window.

For more details see the description of the BTC calculation methodology at: https://data.bloomberglp.com/professional/sites/10/CFIX-Methodology.pdf. Such description has been prepared by Bloomberg and neither the Manager nor the Fund makes any representations or warranties as to the accuracy of such description.

As the BTC is calculated as an average of those pricing sources selected by Bloomberg, it will not necessarily be reflective of the price of bitcoin available on any given exchange or other venue where the Fund’s trades are executed. In addition, the BTC is available once per day, whereas bitcoin trades 24 hours a day. As such, the BTC may not be reflective of market events and other developments that occur after its pricing window and thus the BTC may not be reflective of the then-available market price of bitcoin in periods between its calculation.

The BTC will publish Monday to Friday when the CFIX is pricing and not currently over weekends.

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**ATTRIBUTES OF THE SECURITIES**

The Offering consists of a minimum of 2,000,000 Class A Units and a maximum of 35,000,000 Class A Units and/or Class C Units and/or Class F Units.

The following is a summary of the material attributes and characteristics of the Units as set out in the Declaration of Trust. This summary does not purport to be complete and is subject to, and qualified by, the terms of the Declaration of Trust.

**Description of the Securities Distributed**

The Fund is authorized to issue an unlimited number of units issuable in such classes as the Manager may determine, which evidence the proportionate ownership interest of a Holder in the capital of the Fund. Initially, only Class A Units, Class C Units and Class F Units have been authorized for issuance and the Fund is authorized to issue an unlimited number of Class A Units, Class C Units and Class F Units. The Class C Units and Class F Units will be reclassified as Class A Units immediately upon the closing of the Offering and holders of Class C Units and Class F Units will upon the closing of the Offering become holders of Class A Units and no Class C Units or Class F Units will be outstanding. See “Reclassification of Class F Units upon Closing”.

The Class A Units, Class C Units and Class F Units are freely transferable, except as restricted in order to comply with any applicable laws, regulations or other requirements imposed by regulatory authorities or to obtain, maintain or renew any licences, rights, status or powers pursuant to any applicable laws, regulations or other requirements imposed by any stock exchange or other applicable regulatory authorities. The number of Class A Units, Class C Units and Class F Units may be consolidated or subdivided on the direction of the Manager.

Each Unit of a class entitles the Holder of such class to the same rights and obligations as a holder of any other Unit of such class and no Holder of a class is entitled to any privilege, priority or preference in relation to any other Holder of such class. Each Unit of a class entitles the Holder to one vote at all meetings of all Holders and at all meetings of Holders of that class. Each Holder of a class is entitled to participate equally with respect to any and all distributions to that class made by the Fund, including distributions of net income and net realized capital gains, if any. Any special distributions of net income and/or realized net capital gains payable in Units will increase the aggregate adjusted cost base of a Holder’s Units.

No holder of a fraction of a Unit, as such, is entitled to notice of, or to attend or to vote at, meetings of Holders, except to the extent that such fractional Units may represent in the aggregate one or more whole Units.

Units are transferable and, in certain circumstances, redeemable at the option of the Fund. Holders have rights of redemption and will be entitled to receive distributions declared by the Fund. See “Redemption of Securities” and “Distribution Policy”.

The TSX has conditionally approved the listing of the Class A Units. Listing of the Class A Units is subject to the Fund fulfilling all of the requirements of the TSX on or before February 25, 2021.

**Reclassification of Class C Units upon Closing**

All outstanding Class C Units will be reclassified as Class A Units immediately upon closing of the Offering and holders of Class C Units will receive the number of Class A Units determined by dividing the Net Asset Value per Class C Unit by the Net Asset Value per Class A Unit on the Closing Date. Following the reclassification of the Class C Units as Class A Units upon the closing of the Offering, only Class A Units will be outstanding. A reclassification of Class C Units as Class A Units will not constitute a disposition of such Class C Units for the purposes of the Tax Act. See “Income Tax Considerations”.

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Reclassification of Class F Units upon Closing

All outstanding Class F Units will be reclassified as Class A Units immediately upon closing of the Offering and holders of Class F Units will receive the number of Class A Units determined by dividing the Net Asset Value per Class F Unit by the Net Asset Value per Class A Unit on the Closing Date. Following the reclassification of the Class F Units as Class A Units upon the closing of the Offering, only Class A Units will be outstanding. A reclassification of Class F Units as Class A Units will not constitute a disposition of such Class F Units for the purposes of the Tax Act. See “Income Tax Considerations”.

Nevertheless, additional Class F Units or other classes of units of the Fund may be issued in the future and may not be reclassified immediately as Class A Units.

Market Purchases

The Fund will have the right (but not the obligation), exercisable in the Manager’s sole discretion, at any time to purchase additional Class A Units in the market, subject to any applicable regulatory and stock exchange requirements and limitations. It is expected that such purchases, if made, will be made as normal course issuer bids through the facilities and under the rules of the exchange or market on which the Class A Units are listed, if applicable, as provided for in the Declaration of Trust or as otherwise permitted by applicable securities laws.

Following the closing of this Offering, the Fund may submit an application to the Canadian securities regulatory authorities to obtain the necessary regulatory approvals in order that the Fund may arrange for one or more securities dealers to find purchasers for any such Class A Units. There is no guarantee that the Fund will make such application or, if made, receive the necessary regulatory and stock exchange approvals.

Take-Over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for the Class A Units and not less than 90% of the aggregate of the Class A Units (but not including any Class A Units held at the date of the takeover bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Class A Units held by Holders who did not accept the take-over bid on the terms offered by the offeror.

Book-Entry Only System

Registration of interest in, and transfer of, the Units will be made only through non-certificated interests issued under the Book-Entry Only System. On the Closing Date, non-certificated interests representing the aggregate number of Units subscribed for under the Offering will be recorded in the name of the Depositary, or its nominee, on the register of the Fund maintained by the Registrar and Transfer Agent. Units must be purchased, converted, transferred and surrendered for redemption through a Participant. All rights of Holders must be exercised through, and all payments or other property to which such Holders are entitled will be made or delivered by, the Depositary or the Participant through which the Holder holds such Units. Upon purchase of any Units, the Holder will receive only a customary confirmation from the registered dealer which is a Participant and from or through which the Units are purchased.

The Fund, the Manager, and the Agents will not have any liability for (i) records maintained by the Depositary relating to the beneficial interests in the Units or the book-based entry accounts maintained by the Depositary, (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests or (iii) any advice or representation made or given by the Depositary and made or given with respect to the rules and regulations of the Depositary or any action taken by the Depositary or at the direction of the Participants.

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

SECURITYHOLDER MATTERS

The following description of the Declaration of Trust does not purport to be complete and is subject to, and is qualified in its entirety by, reference to the Declaration of Trust.
Meetings of Securityholders

A meeting of Holders may be convened by the Manager at any time and must be convened if requisitioned by the Holders of not less than 25% of the Units then outstanding entitled to vote on the matter by a written requisition specifying the purpose of the meeting. The Manager may convene a meeting of a specific class if the nature of the business to be transacted at that meeting is only relevant to Holders of the applicable class.

Not less than 21 days and not more than 50 days’ notice will be given of any meeting of Holders. The quorum for a meeting of all Holders is one or more Holders present in person or by proxy holding not less than 5% of the outstanding Units entitled to vote on the matter. If no quorum is present at such meeting when called, the meeting, if called on the requisition of Holders, will be terminated and otherwise will be adjourned for not less than 10 days and at the adjourned meeting the Holders then present in person or represented by proxy will form the necessary quorum. At any such meeting, each Holder will be entitled to one vote for each whole Unit registered in the Holder’s name.

The Fund does not intend to hold annual meetings of Holders.

Matters Requiring Securityholder Approval

Any matter to be considered at a meeting of Holders, other than certain matters requiring the approval of Holders by Extraordinary Resolution as discussed under “Securityholder Matters - Amendments to the Declaration of Trust”, will require the approval of Holders by a resolution passed by holders of not less than 50% of the Units voting thereon at a meeting duly convened for the consideration of such matter.

The following matters may be undertaken only with the approval by an Extraordinary Resolution:

(a) any change in the investment objective or investment restrictions of the Fund, unless such change is necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;

(b) any change of the Manager unless the new manager is an affiliate of the current manager of the Fund;

(c) any increase in the Management Fee; and

(d) a change in the frequency of calculating the NAV per Unit to less often than every Business Day.

Amendments to the Declaration of Trust

Pursuant to the Declaration of Trust, the Manager is entitled, without the consent of the Holders, to make all such amendments to the Declaration of Trust as the Manager reasonably believes that the proposed amendment does not have the potential to adversely impact the financial interests or rights of Holders or that the proposed amendment is necessary to:

(a) ensure compliance with applicable laws, regulations or policies of any governmental authority having jurisdiction over the Fund or the distribution of the Units;

(b) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any applicable laws, regulations or policies affecting the Fund, the Trustee or its agents;

(c) make any change or correction in the Declaration of Trust which is a typographical correction or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission or error contained therein;

(d) facilitate the administration of the Fund as an investment fund or make amendments or adjustments in response to any existing or proposed amendments to the Tax Act or its administration which might otherwise adversely affect the tax status of the Fund or Holders;

(e) protect the Holders; or

(f) make any change or correction which is necessary or desirable for the purpose of bringing the Declaration of Trust into conformity with current market practice within the securities or investment fund industries or curing or correcting any administrative difficulty.
Any amendment made by the Manager without the consent of Holders must be disclosed in the next regularly scheduled report to Holders.

The Manager may also amend the Declaration of Trust without the consent of the Holders for the purpose of: (a) changing the Fund’s taxation year-end as permitted under the Tax Act or providing the Fund with the right to acquire Units from any Holder for the purpose of maintaining the status of the Fund as a “mutual fund trust” for purposes of the Tax Act; or (b) to reflect new class of units of the Fund.

**Reporting to Securityholders**

The Fund will furnish to Holders such financial statements (including interim unaudited and annual audited financial statements, accompanied by management reports of fund performance) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Holders’ tax returns under the Tax Act and equivalent provincial legislation.

The Fund will comply with all of the continuous disclosure requirements applicable to it as a reporting issuer under applicable securities laws. Prior to any meeting of Holders, the Fund will provide to Holders (along with notice of such meeting) all such information as is required by applicable law to be provided to Holders.

**Accounting and Reporting**

The Fund’s fiscal year will be the calendar year. The annual financial statements of the Fund shall be audited by the Fund’s auditors in accordance with Canadian auditing standards. The auditors will be asked to report on the fair presentation of the annual financial statements in accordance with international financial reporting standards. The Manager will ensure that the Fund complies with all applicable reporting and administrative requirements, including preparing and issuing unaudited interim financial statements.

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

**TERMINATION OF THE FUND**

The Fund does not have a fixed termination date. The Manager may, in its discretion, terminate the Fund at any time without the approval of Holders if, in its opinion, it is no longer economically practical to continue the Fund and/or it would be in the best interests of the Fund to terminate the Fund. The Manager will provide at least 15 days’ prior notice of such termination to Holders by way of press release. Upon such termination, the Fund will liquidate its assets and distribute to Holders on a pro rata basis after all liabilities of the Fund have been satisfied or appropriately provided for, and which will include cash and, to the extent liquidation of certain assets is not practicable prior to the termination date, such unliquidated assets in specie rather than in cash, subject to compliance with any securities or other laws applicable to such distributions. Following such distribution, the Fund will be dissolved.

**USE OF PROCEEDS**

The Fund will use the proceeds from the sale of Units as follows:

<table>
<thead>
<tr>
<th></th>
<th>Maximum Offering$^{(1)(2)}</th>
<th>Minimum Offering$^{(1)(2)}</th>
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<tbody>
<tr>
<td>Gross Proceeds to the Fund</td>
<td>$350,000,000</td>
<td>$20,000,000</td>
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<tr>
<td>Agents’ fees</td>
<td>$19,250,000</td>
<td>$1,100,000</td>
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<tr>
<td>Expenses of the Offering$^{(3)}</td>
<td>$850,000</td>
<td>$300,000</td>
</tr>
<tr>
<td>Net proceeds to the Fund</td>
<td>$329,900,000</td>
<td>$18,600,000</td>
</tr>
</tbody>
</table>

$^{(1)}$ There will be no Closing unless a minimum of 2,000,000 Class A Units are sold. If subscriptions for a minimum of 2,000,000 Class A Units have not been received within 90 days following the date of issuance of a receipt for this prospectus, this Offering may not continue without the consent of the securities authorities and those who have subscribed on or before such date. The
minimum Offering assumes an offering of 2,000,000 Class A Units and the maximum Offering assumes an offering of 35,000,000 Class A Units.

(2) The Fund has granted the Agents an Over-Allotment Option, exercisable for a period of 30 days following the Closing of the Offering, to purchase additional Class A Units in an amount up to 15% of the aggregate number of Class A Units issued at the Closing on the same terms as set forth above. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents’ fees and the net proceeds to the Fund before deducting the expenses of the Offering will be $402,500,000, $22,137,500 and $380,362,500, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Class A Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Class A Units forming part of the over-allocation position acquires those Class A Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

(3) Subject to a maximum of 1.5% of the gross proceeds of the Offering.

The net proceeds from the Offering, after payment of the Agents’ fees and the Offering expenses will be used to execute the Fund’s investment strategy.

**PLAN OF DISTRIBUTION**

Pursuant to the Agency Agreement, the Agents have agreed to conditionally offer the Units for sale, as agents of the Fund, on a best efforts basis, if, as and when issued by the Fund. The Agents will receive a fee equal to $0.55 per Class A Unit and $0.35 per Class F Unit sold and will be reimbursed for reasonable out-of-pocket expenses incurred by them. The Agents will not receive a fee in respect of the Class C Units. The Agents may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Units offered hereby, the Agents will not be obligated to purchase Units that are not sold.

The Offering price of $10.00 per Class A Unit or Equivalent in Canadian Dollars, $10.00 per Class C Unit or Equivalent in Canadian Dollars and $10.00 per Class F Unit or Equivalent in Canadian Dollars was established by negotiation between the Agents and the Manager.

The Fund has granted the Agents an option (the “Over-Allotment Option”), exercisable for a period of 30 days following the Closing, to purchase additional Class A Units in an amount up to 15% of the aggregate number of Class A Units issued at the Closing on the same terms set forth above. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents’ fees and the net proceeds to the Fund before deducting the expenses of the Offering, will be $402,500,000, $22,137,500 and $380,362,500, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Class A Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Class A Units forming part of the over-allocation position acquires those Class A Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

If subscriptions for a minimum of 2,000,000 Class A Units have not been received within 90 days following the date of issuance of a final receipt for this prospectus, the Offering may not continue without the consent of the securities authorities and those who have subscribed for Units on or before such date. Under the terms of the Agency Agreement, the Agents may, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, terminate the Agency Agreement. Proceeds from subscriptions will be held by the Agents until Closing. If the minimum Offering is not achieved and the necessary consents are not obtained or if the Closing does not occur for any reason, subscription proceeds received from prospective purchasers will be held in trust by the applicable Agent and will be returned to such purchasers promptly without interest or deduction. Subscriptions for Units will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice. If the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the
price of Units. Such exceptions include a bid or purchase permitted under applicable by-laws and rules of the relevant self-regulatory authorities relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

The TSX has conditionally approved the listing of the Class A Units. Listing of the Class A Units is subject to the Fund fulfilling all of the requirements of the TSX on or before February 25, 2021.

The Units have not been, nor will they be, registered under the United States Securities Act of 1933, as amended (the “1933 Act”) or any state securities legislation and these securities will not be offered or sold in the United States or to or for the account of a person in the United States or a U.S. person except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities legislation. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States.

**INTEREST OF MANAGER AND OTHERS IN MATERIAL TRANSACTIONS**

The Manager is entitled to receive the Management Fee in respect of the Fund and will be reimbursed by the Fund for all reasonable expenses and liabilities incurred in connection with the operation and management of the Fund. The Subadvisor will be remunerated out of the Management Fee. See “Fees and Expenses”.

**PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD**

The Fund is not expected to hold portfolio securities; nevertheless, the Manager has a Proxy Voting Policy and Guidelines (the “Guidelines”) that have been designed to provide general guidance, in compliance with the applicable legislation, for the voting of proxies. The Guidelines set out the voting procedures to be followed in voting routine and non-routine matters, together with general guidelines suggesting a process to be followed in determining how and whether to vote proxies. Although the Guidelines allow for the creation of a standing policy for voting on certain routine matters, each routine and non-routine matter must be assessed on a case-by-case basis to determine whether the applicable standing policy or general Guidelines should be followed. The Guidelines also address situations in which the Manager may not be able to vote, or where the costs of voting outweigh the benefits. If the Fund is invested in an underlying fund that is also managed by the Manager, the proxy of the underlying fund will not be voted by the Manager. However, the Manager may arrange for the Holders to vote their share of those securities. A copy of the Guidelines is available upon request, at no cost, by calling the Manager toll-free at 1-800-792-9355 or by writing to the Manager at 2 Queen Street East, 20th Floor, Toronto, Ontario M5C 3G7.

After August 31 of each year, Holders may obtain upon request to the Manager, free of charge, the proxy voting records of the Fund, if any, for the year ended June 30 for that year. These documents also will be made available on the Manager’s website, www.ci.com.

**MATERIAL CONTRACTS**

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

(a) the Declaration of Trust;
(b) the Agency Agreement;
(c) the Subadvisor Agreement;
(d) the Custodian Agreement; and
(e) the Sub-Custodian Agreement.

Copies of the foregoing documents, after the execution thereof, may be inspected during business hours at the principal office of the Fund during the course of distribution of the Units offered hereby and will be available following the closing of this Offering at www.sedar.com.
EXPERTS

The matters referred to under “Income Tax Considerations” and certain other legal matters relating to the securities offered hereby will be passed upon by Blake, Cassels & Graydon LLP on behalf of the Fund and Osler, Hoskin & Harcourt LLP on behalf of the Agents.

The auditors of the Fund are Ernst & Young LLP, Toronto, Ontario. The Auditors have prepared a report to the Trustee dated December 4, 2020 on the Fund’s Statement of Financial Position as at December 4, 2020. The Auditors have advised the Manager and Trustee that they are independent of the Fund within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

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 securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, 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 any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal adviser.
INDEPENDENT AUDITOR’S REPORT

To the Unitholder and Trustee of
CI Galaxy Bitcoin Fund (the “Fund”)

Opinion

We have audited the financial statement of the Fund, which comprises the Statement of Financial Position as at December 4, 2020 and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Fund as at December 4, 2020 in accordance with those requirements of International Financial Reporting Standards (IFRS) relevant to preparing such financial statement.

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 Financial Statement section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statement 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 Financial Statement

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

In preparing the financial statement, management is responsible for assessing the Fund’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 Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement 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 this financial statement.

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 financial statement, 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 Fund’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 Fund’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 financial statement 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 Fund to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement 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.

Toronto, Canada  
December 4, 2020

(signed) Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants
CI GALAXY BITCOIN FUND  
STATEMENT OF FINANCIAL POSITION  
As at December 4, 2020

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Actual (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
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<tr>
<td>Investment in portfolio securities</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$10.00</strong></td>
</tr>
</tbody>
</table>

**NET ASSETS ATTRIBUTABLE TO HOLDER OF REDEEMABLE UNIT**

Net assets attributable to holder of redeemable unit (1 Class A Unit) (Note 1) $10.00

**NET ASSET VALUE PER UNIT** $10.00

Approved by the Manager:  
CI INVESTMENTS INC.

(Signed) Darie Urbanky  
Director

(Signed) Edward Kelterborn  
Director
CI GALAXY BITCOIN FUND
NOTES TO STATEMENT OF FINANCIAL POSITION
December 4, 2020

1. ORGANIZATION AND UNITHOLDER’S EQUITY

CI Galaxy Bitcoin Fund (the “Fund”) was established under the laws of the Province of Ontario by a declaration of trust made as of December 4, 2020. The manager of the Fund is CI Investments Inc. (the “Manager”). The Manager is also the trustee of the Fund (the “Trustee”). The Fund is authorized to issue an unlimited number of transferable Class A units (the “Class A Units”), Class C units (the “Class C Units”), and Class F units (the “Class F Units” and together with the Class A Units and Class C Units, the “Units”) of the Fund. The Fund’s investment objective is to provide holders of Units with exposure to bitcoin through an institutional-quality fund platform. On December 4, 2020, the Fund issued one Class A Unit for US$10.00 cash.

Commencing in 2021, the Units may, at the option of the holder of such Units, be surrendered annually for redemption during the period from the first business day in November until 5:00 p.m. (Toronto time) on the 10th business day in November of each year (the “Notice Period”) subject to the Fund’s right to suspend redemptions in certain circumstances. Units properly surrendered for redemption during the Notice Period will be redeemed on the second last business day in December of each year (the “Annual Redemption Date”) and the holder will receive payment on or before the 15th day following the Annual Redemption Date. Redeeming holders will receive a redemption price per Unit equal to 100% of the net asset value per Unit, as applicable, as determined on the Annual Redemption Date, less any costs and expenses incurred by the Fund in order to fund such redemption.

Units may also be surrendered by no later than 5:00 p.m. (Toronto time) on the date which is the 10th business day of the month preceding the Monthly Redemption Date for redemption on the Monthly Redemption Date. “Monthly Redemption Date” means the second last business day of each month (other than the Annual Redemption Date).

2. MANAGEMENT FEES AND OTHER EXPENSES

The Manager is entitled to receive an annual management fee (the “Management Fee”) equal to 1.80% per annum of the net asset value of the Fund, calculated daily and payable monthly in arrears, plus applicable taxes.

The Fund will also pay for all expenses incurred in connection with its operation and administration including commissions and other costs of portfolio transactions and any extraordinary expenses which it may incur from time to time.

3. INITIAL OFFERING

The Fund, the Manager and Galaxy Digital Capital Management LP have entered into an agency agreement with CIBC World Markets Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., Industrial Alliance Securities Inc., Richardson Wealth Limited, Echelon Wealth Partners Inc., Hampton Securities Limited, Leede Jones Gable Inc., Mackie Research Capital Corporation, and PI Financial Corp. (collectively, the “Agents”) dated as of December 4, 2020 pursuant to which the Fund has agreed to create, issue and sell, and the Agents have agreed to offer for sale to the public, a minimum of 2,000,000 Class A Units and a maximum 35,000,000 Units at US$10.00 per Class A Unit, US$10.00 per Class C Unit and US$10.00 per Class F Unit. In consideration for their services in connection with this offering, the Agents will be paid a fee of US$0.55 per Class A Unit and US$0.35 per Class F Unit out of the proceeds of the offering. The Agents will not receive a fee in respect of the Class C Units.

As set forth in this prospectus, the Fund proposes to issue a minimum of 2,000,000 Class A Units and a maximum of 35,000,000 Units at a price of US$10.00 per Class A Unit, US$10.00 per Class C Unit, and US$10.00 per Class F Unit. The Fund has granted to the Agents an option exercisable for a period of 30 days following the closing of the offering of the Units to purchase additional Class A Units in an amount up to 15% of the aggregate number of Class A Units issued at the closing of the offering on the same terms as the offering of Class A Units to cover over-allotments, if any.
CERTIFICATE OF THE ISSUER, MANAGER AND PROMOTER

Dated: December 4, 2020

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

CI INVESTMENTS INC
(as Manager and Promoter of the Fund and on behalf of the Fund)

(Signed) Douglas J. Jamieson  (Signed) David Poster
President, acting as Chief Executive Officer  Chief Financial Officer

On behalf of the Board of Directors of
CI INVESTMENTS INC.

(Signed) Darie Urbanky  (Signed) Edward Kelterborn
Director  Director
CERTIFICATE OF THE AGENTS

Dated: December 4, 2020

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

CIBC WORLD MARKETS INC.

(Signed) Richard Finkelstein

BMO NESBITT BURNS INC.

(Signed) Robin G. Tessier

CANACCORD GENUITY CORP.

(Signed) Michael Sardo

INDUSTRIAL ALLIANCE SECURITIES INC.  RICHARDSON WEALTH LIMITED

(Signed) Richard Kassabian  (Signed) Nargis Sunderji

ECHELON WEALTH PARTNERS INC.  HAMPTON SECURITIES LIMITED  LEEDE JONES GABLE INC.  MACKIE RESEARCH CAPITAL CORPORATION  PI FINANCIAL CORP.

(Signed) Farooq Moosa  (Signed) Mike Ligeti  (Signed) Richard Carter  (Signed) David Keating  (Signed) Trina Wang