

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

PROSPECTUS

Continuous Offering

March 31, 2022



3iQ CoinShares Bitcoin ETF 3iQ CoinShares Ether ETF

(collectively, the “3iQ CoinShares ETFs” and each, a “3iQ CoinShares ETF”)

3iQ CoinShares Bitcoin ETF and 3iQ CoinShares Ether ETF invest in the digital currency bitcoin and ether, respectively. Given the speculative nature of bitcoin and ether and the volatility of the digital asset markets, there is considerable risk that the 3iQ CoinShares ETFs will not be able to meet their investment objectives. An investment in the 3iQ CoinShares ETFs 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 3iQ CoinShares ETFs is considered high risk.

This prospectus qualifies the distribution of units (“Units”) of the 3iQ CoinShares ETFs, each of which is an alternative mutual fund trust within the meaning of National Instrument 81-102 – *Investment Funds* (“NI 81-102”) created under the laws of the Province of Ontario. The 3iQ CoinShares ETFs have the ability to invest in asset classes and use investment strategies that are not permitted for conventional mutual funds. While these strategies will be used in accordance with the 3iQ CoinShares ETF’s investment objective and strategies, during certain market conditions, they may accelerate the pace at which your investment decreases in value. The 3iQ CoinShares ETFs are subject to restrictions and practices contained in Canadian securities legislation applicable to alternative mutual funds, including NI 81-102, and are managed in accordance with these restrictions, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities. The Units are purchased and sold in Canadian dollars and U.S. dollars.

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

The 3iQ CoinShares Bitcoin ETF’s investment objectives are to seek to provide holders of Units (“Unitholders”) of the 3iQ CoinShares Bitcoin ETF with: (a) exposure to the digital currency bitcoin (“**bitcoin**”) and the daily price movements of the U.S. dollar price of bitcoin; and (b) the opportunity for long-term capital appreciation. See “Investment Objectives – 3iQ CoinShares Bitcoin ETF”.

The 3iQ CoinShares Ether ETF’s investment objectives are to seek to provide Unitholders of the 3iQ CoinShares Ether ETF with: (a) exposure to the digital currency ether (“**ether**”) and the daily price movements of the U.S. dollar price of ether; and (b) the opportunity for long-term capital appreciation. See “Investment Objectives - 3iQ CoinShares Ether ETF”.

To achieve its investment objectives, the 3iQ CoinShares Bitcoin ETF invests in long-term holdings of bitcoin and the 3iQ CoinShares Ether ETF invests in long-term holdings of ether. Bitcoin and ether is purchased from reputable digital asset trading platforms and OTC counterparties, in order to provide investors with a convenient, safer alternative to a direct investment in bitcoin or ether, as applicable. See “Investment Strategies”.

The 3iQ CoinShares ETFs will not speculate with regard to short-term changes in bitcoin or ether prices, as applicable. See “Investment Strategies”.

The Manager believes an investment in bitcoin and/or ether provides investors with a low-correlated asset class which complements traditional investment strategies.

Purchase and Listing of Units

The Units of the 3iQ CoinShares ETFs are listed for trading on the Toronto Stock Exchange (the “TSX”) and offered on a continuous basis, and an investor is able to buy or sell Units of the 3iQ CoinShares ETFs on the TSX through registered brokers and dealers in the Province or Territory where the investor resides. The TSX ticker symbol for the Units of (a) the 3iQ CoinShares Bitcoin ETF is “BTCQ” (in Canadian dollars) and “BTCQ.U” (in U.S. dollars) and (b) the 3iQ CoinShares Ether ETF is “ETHQ” (in Canadian dollars) and “ETHQ.U” (in U.S. dollars). Investors may incur customary brokerage commissions in buying and selling the Units. See “Purchases of Units – Buying and Selling Units”.

Additional Considerations

No underwriter has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus. The 3iQ CoinShares ETFs have received an exemption from the requirement to include a certificate of an underwriter in this prospectus. The Designated Broker (as defined herein) and Dealers (as defined herein) are not underwriters of the 3iQ CoinShares ETFs in connection with the distribution of Units under this prospectus.

The Manager, on behalf, of the 3iQ CoinShares ETF has entered into agreements with the Designated Broker and Dealers, which amongst other things enables the Designated Broker and Dealers to purchase and redeem Units directly from the 3iQ CoinShares ETFs. The 3iQ CoinShares ETFs issue Units directly to the Designated Broker and Dealers. Unitholders are able to redeem Units for cash at a redemption price equal to the lesser of 95% of (a) the closing price for the Units on the TSX on the effective day of the redemption and (b) the net asset value per Unit.

The Units of the 3iQ CoinShares ETFs are highly speculative and involve a high degree of risk. You may lose a substantial portion or even all of the money you place in a 3iQ CoinShares ETF. The risk of loss in buying, holding and selling bitcoin and ether can be substantial. In considering whether to invest in a 3iQ CoinShares ETF, you should be aware that an investment in bitcoin and/or ether can quickly lead to large losses as well as gains. Such investment losses can sharply reduce the net asset value of the 3iQ CoinShares ETFs and consequently the value of your interest in a 3iQ CoinShares ETF. Also, market conditions may make it difficult or impossible for a 3iQ CoinShares ETF to liquidate a position.

For a discussion of the risks associated with an investment in Units of the 3iQ CoinShares ETFs, see “Risk Factors”.

In the opinion of counsel, provided that a 3iQ CoinShares ETF qualifies as a mutual fund trust within the meaning of the *Income Tax Act* (Canada) (the “**Tax Act**”), or the Units of a 3iQ CoinShares ETF are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSX), such Units will be qualified investments for trusts governed by Registered Plans (as defined herein). See “Eligibility for Investment”.

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

Additional information about the 3iQ CoinShares ETFs is available in the most recently-filed annual financial statements, any interim financial statements filed after the most recent annual financial statements, the most recently-filed annual management report of fund performance (“**MRFP**”), any interim MRFP filed after the most recently-filed annual MRFP and the most recently-filed ETF Facts for the 3iQ CoinShares ETFs. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. See “Documents Incorporated by Reference”.

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GLOSSARY OF TERMS

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

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

Administrative Fee – has the meaning given to it under “Fees and Expenses – Fees and Expenses Payable by the 3iQ CoinShares ETFs – Operating Expenses”.

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

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

ATR Rule – has the meaning given to it under “Redemption and Exchange of Units – Allocations of Capital Gains to Redeeming or Exchanging Unitholders”.

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

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

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

CDS – CDS Clearing and Depository Services Inc.

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

CoinShares – has the meaning given to it under “Principal Unitholders of the 3iQ CoinShares ETFs”.

CRA – Canada Revenue Agency.

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

CFTC – U.S. Commodity Futures Trading Commission.

CME – Chicago Mercantile Exchange.

Custodian – Cidel Trust Company.

Custodian Agreement – (a) the custodian agreement dated March 31, 2021, between the Manager, on behalf of the 3iQ CoinShares Bitcoin ETF and the Custodian or (b) the custodian agreement dated April 19, 2021, between the Manager, on behalf of the 3iQ CoinShares Ether ETF and the Custodian, as applicable, each, as may be amended from time to time.

CryptoCompare Benchmark Rating – as described under “Calculation of Net Asset Value – The Indices”.

DApps – has the meaning given to it under “Overview of the Sector in which the 3iQ CoinShares ETFs Invest”.

Digital Asset Source – has the meaning given to it under “Overview of the Sector in which the 3iQ CoinShares ETFs Invest – Purchasing Digital Assets for the 3iQ CoinShares ETFs’ Portfolios”.

Dealer – a registered dealer (that may or may not be the Designated Broker) that has entered into a Dealer Agreement with the Manager, on behalf of the 3iQ CoinShares ETFs, pursuant to which the Dealer may subscribe for Units of the 3iQ CoinShares ETFs as described under “Purchases of Units – Issuance of Units”.

Dealer Agreement – an agreement between the Manager, on behalf of the 3iQ CoinShares ETFs, and a Dealer, as amended from time to time.

Declaration of Trust – the amended and restated master declaration of trust dated April 19, 2021, as may be amended and restated from time to time, governing the 3iQ CoinShares ETFs.

Designated Broker – a registered dealer that has entered into a Designated Broker Agreement with the Manager, on behalf of a 3iQ CoinShares ETF pursuant to which the Designated Broker agrees to perform certain duties in relation to the 3iQ CoinShares ETF.

Designated Broker Agreement – an agreement between the Manager, on behalf of a 3iQ CoinShares ETF, and a Designated Broker, as amended from time to time.

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

ETF – an exchange traded fund.

Ether – refers to the digital currency that is the native unit of account within the Ethereum Network.

Ethereum Network – the online, end-user-to-end-user computer network hosting a public transaction ledger, known as the blockchain, and the source algorithmic protocols governing such network.

ETH 2.0 – has the meaning given to it under “Risk Factors – Additional Risk Associated with Investing in the 3iQ CoinShares Ether ETF – Moving from Proof-of-Work (PoW) to Proof-of-Stake (PoS) Consensus Mechanism”.

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

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

Fork Asset – has the meaning given to it under “Risk Factors – Risks Associated with the Bitcoin Network and the Ethereum Network – Blockchain may Temporarily or Permanently Fork and/or Split”.

Fund Costs – has the meaning given to it under “Fees and Expenses – Fees and Expenses Payable by the 3iQ CoinShares ETFs – Operating Expenses”.

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

Gemini – Gemini Trust Company, LLC.

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

GST – the goods and services tax imposed under the *Excise Tax Act* (Canada) that is applicable in certain provinces of Canada.

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

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

IFRS – International Financial Reporting Standards.

Index Licensing Agreements – has the meaning given to it under “Material Contracts – Index Licensing Agreements”.

IRC – the Independent Review Committee of the 3iQ CoinShares ETFs.

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

Manager – 3iQ Corp.

Management Fee – has the meaning given to it under “Fees and Expenses – Fees and Expenses Payable by the 3iQ CoinShares ETFs – Management Fees”.

Management Fee Distributions – has the meaning given to it under “Fees and Expenses – Fees and Expenses Payable by the 3iQ CoinShares ETFs – Management Fees”.

MER – management expense ratio.

MRFP – management report of fund performance.

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

MVIBBR Index Licensing Agreement – has the meaning given to it under “Material Contracts – Index Licensing Agreements”.

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

MVIEBR Index Licensing Agreement – has the meaning given to it under “Material Contracts – Index Licensing Agreements”.

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

NAV and **NAV per Unit** – the net asset value of a 3iQ CoinShares ETF and the net asset value per Unit of a 3iQ CoinShares ETF, calculated by the Administrator as described under “Calculation of Net Asset Value”.

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

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

Operating Expenses – has the meaning given to it under “Fees and Expenses – Fees and Expenses Payable by the 3iQ CoinShares ETFs – Operating Expenses”.

OTC – “over the counter”.

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

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

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

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

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

Reportable Jurisdictions – has the meaning given to it under “International Information Reporting.

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

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

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

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

SEDAR – System for Electronic Document Analysis and Retrieval.

SIFT Rules – has the meaning given to it under “Risk Factors – Risk Factors Relating to an Investment in the 3iQ CoinShares ETFs – Tax Risk”.

SIFT Trust – has the meaning given to it under “Risk Factors – Risk Factors Relating to an Investment in the 3iQ CoinShares ETFs – Tax Risk”.

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

Sub-Custodian Agreement – (a) the sub-custodian agreement between the Custodian, 3iQ CoinShares Bitcoin ETF, and Gemini dated March 31, 2021 or (b) the sub-custodian agreement between the Custodian, 3iQ CoinShares Ether ETF and Gemini dated April 19, 2021, as applicable, each, as may be amended from time to time.

substituted property – has the meaning given to it under “Income Tax Considerations – Taxation of the 3iQ CoinShares ETFs”.

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

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

TER – trading expense ratio.

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

Trading Day – a day on which: (i) a regular session of the TSX is held; and (ii) the primary market or exchange for the majority of the assets held by the 3iQ CoinShares ETFs is open for trading.

TSX – the Toronto Stock Exchange.

Unit – a redeemable, transferable Unit of a 3iQ CoinShares ETF, which represents an equal, undivided interest in the net assets of the 3iQ CoinShares ETF.

Unitholder – a holder of Units of a 3iQ CoinShares ETF.

Valuation Date – each Trading Day and any other day designated by the Manager on which the NAV and NAV per Unit of a 3iQ CoinShares ETF is calculated. If a 3iQ CoinShares ETF elects to have a December 15 year-end for tax purposes as permitted by the Tax Act, the NAV per Unit will be calculated on December 15.

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

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

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

PROSPECTUS SUMMARY

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

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

Issuer: **3iQ CoinShares Bitcoin ETF**
3iQ CoinShares Ether ETF
(collectively, the “**3iQ CoinShares ETFs**” and each, a “**3iQ CoinShares ETF**”)

The 3iQ CoinShares ETFs are alternative mutual fund trusts within the meaning of National Instrument 81-102 – *Investment Funds* (“**NI 81-102**”) created under the laws of the Province of Ontario. While the 3iQ CoinShares ETFs are mutual funds under the securities legislation of certain Provinces and Territories of Canada, certain provisions of Canadian securities legislation applicable to conventional mutual funds do not apply to the 3iQ CoinShares ETFs because each of the 3iQ CoinShares ETFs is an “alternative mutual fund” within the meaning of NI 81-102. The 3iQ CoinShares ETFs are subject to restrictions and practices contained in Canadian securities legislation applicable to alternative mutual funds, including NI 81-102, and are managed in accordance with these restrictions, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities.

3iQ Corp. is the trustee, manager, portfolio manager and promoter of the 3iQ CoinShares ETFs. See “Overview of the Legal Structure of the 3iQ CoinShares ETFs”.

Offering: Each 3iQ CoinShares ETF is offering one class of units (the “**Units**”). The Units are purchased and sold in Canadian dollars and U.S. dollars.

Continuous Distribution: Units of the 3iQ CoinShares ETFs are issued and sold on a continuous basis and there is no maximum number of Units that may be issued.

The Units of the 3iQ CoinShares ETFs are listed on the Toronto Stock Exchange (the “**TSX**”). The Units of the 3iQ CoinShares ETFs are offered on a continuous basis and an investor is able to buy or sell Units of the 3iQ CoinShares ETFs on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Units of the 3iQ CoinShares ETFs.

Each 3iQ CoinShares ETF issues Units directly to its Designated Broker (as defined herein) and Dealers (as defined herein). See “Purchases of Units – Offerings and Continuous Distribution” and “Purchases of Units – Buying and Selling Units”.

Investment Objectives: *3iQ CoinShares Bitcoin ETF*

The 3iQ CoinShares Bitcoin ETF’s investment objectives are to seek to provide holders of Units (“**Unitholders**”) of the 3iQ CoinShares Bitcoin ETF with: (a) exposure to the digital currency

bitcoin (“**bitcoin**”) and the daily price movements of the U.S. dollar price of bitcoin; and (b) the opportunity for long-term capital appreciation. See “Investment Objectives – 3iQ CoinShares Bitcoin ETF”.

3iQ CoinShares Ether ETF

The 3iQ CoinShares Ether ETF’s investment objectives are to seek to provide Unitholders of the 3iQ CoinShares Ether ETF with: (a) exposure to the digital currency ether (“**ether**”) and the daily price movements of the U.S. dollar price of ether; and (b) the opportunity for long-term capital appreciation. See “Investment Objectives - 3iQ CoinShares Ether ETF”.

Investment Strategies:

To achieve its investment objectives, the 3iQ CoinShares Bitcoin ETF invests in long-term holdings of bitcoin and the 3iQ CoinShares Ether ETF invests in long-term holdings of ether. Bitcoin and ether is purchased from reputable digital asset trading platforms and OTC counterparties, in order to provide investors with a convenient, safer alternative to a direct investment in bitcoin or ether, as applicable.

Digital asset trading platforms are spot markets in which bitcoin and ether can be exchanged for U.S. dollars. Digital asset trading platforms are not regulated as securities exchanges or commodity futures exchanges under the securities or commodity futures laws of Canada, the United States or other global jurisdictions. The Manager seeks to ensure that the digital asset trading platforms on which the 3iQ CoinShares ETFs transact are reputable, stable and in compliance with AML Regulation. See “Overview of the Sector in which the 3iQ CoinShares ETFs Invest – Purchasing Digital Assets for the 3iQ CoinShares ETFs’ Portfolio”.

The 3iQ CoinShares ETFs will not speculate with regard to short-term changes in bitcoin or ether prices, as applicable.

The 3iQ CoinShares ETFs do not and will not hedge any U.S. dollar currency exposure back to the Canadian dollar. See “Investment Strategies”.

For a description of how the 3iQ CoinShares ETFs purchase digital assets for their portfolios see “Overview of the Sector in which the 3iQ CoinShares ETFs Invest – Purchasing Digital Assets for the 3iQ CoinShares ETFs’ Portfolios”.

Generally, the 3iQ CoinShares ETFs do not intend to borrow money or employ other forms of leverage to acquire bitcoin or ether, as applicable, for their portfolio. The 3iQ CoinShares ETFs may however borrow money on a temporary short term basis to acquire bitcoin or ether, as applicable, in connection with a subscription for Units by a Dealer. Any borrowing by a 3iQ CoinShares ETF will be made in accordance with the borrowing restrictions applicable to an alternative mutual fund under NI 81-102.

See “Investment Strategies”.

Special Considerations for Purchasers:

The provisions of the so-called “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units. In addition, the Manager, on behalf of the 3iQ CoinShares ETFs, has obtained exemptive relief from the securities regulatory authorities to permit Unitholders to acquire more than 20% of the Units of a 3iQ CoinShares ETF through purchases on the TSX without regard to the take-over bid requirements of Canadian securities legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, undertakes to the Manager not to vote more than 20% of the Units of the 3iQ CoinShares ETF at any meeting of Unitholders.

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

Distributions:

The 3iQ CoinShares ETFs do not intend to pay distributions to Unitholders.

On an annual basis, the 3iQ CoinShares ETFs will ensure that their income and net realized capital gains, if any, have been distributed to Unitholders to such an extent that the 3iQ CoinShares ETFs are not liable for ordinary income tax thereon. To the extent that a 3iQ CoinShares ETF has not distributed the full amount of its net income or capital gains in any year, the difference between such amount and the amount actually distributed by the 3iQ CoinShares ETF will be paid as a “reinvested distribution”. Reinvested distributions by a 3iQ CoinShares ETF, net of any required withholding taxes, will be reinvested automatically in additional Units of the 3iQ CoinShares ETF at a price equal to the NAV per Unit and the Units will be immediately consolidated such that the number of outstanding Units of the 3iQ CoinShares ETF following the distribution will equal the number of Units of the 3iQ CoinShares ETF outstanding prior to the distribution.

In addition to the distributions described above, the 3iQ CoinShares ETFs may from time to time pay additional distributions on their Units, including without restriction in connection with a special distribution or in connection with returns of capital.

See “Distribution Policy”.

Exchanges and Redemptions: Unitholders of a 3iQ CoinShares ETF may redeem Units of the 3iQ CoinShares ETF for cash, subject to a redemption discount. Unitholders of a 3iQ CoinShares ETF may also exchange a Prescribed Number of Units (or integral multiple thereof) for cash, or if agreed to by the Manager, for cash and portfolio assets held by the 3iQ CoinShares ETF. See “Redemption and Exchange of Units”.

Termination: The 3iQ CoinShares ETFs do not have a fixed termination date but may be terminated by the Manager upon not less than 60 days’ written notice to Unitholders. See “Termination of the 3iQ CoinShares ETFs”.

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

Risk Factors: The following are certain risks relating to an investment in Units of the 3iQ CoinShares ETFs which prospective investors should consider before purchasing such securities.

Risk Factors Relating to an Investment in the 3iQ CoinShares ETFs

- (a) No Assurance in Achieving Investment Objectives
- (b) Trading Price of Units
- (c) Loss of Investment
- (d) Fluctuations in NAV, NAV per Unit and the Value of Digital Assets
- (e) Concentration Risk
- (f) Use of Leverage
- (g) Reliance on the Manager
- (h) Use of Derivatives
- (i) No Ownership Interest in the Portfolio
- (j) Changes in Legislation
- (k) Conflicts of Interest
- (l) Valuation of the 3iQ CoinShares ETFs
- (m) Manager, Custodian and Sub-Custodian Standard of Care

- (n) SOC 2 Type 2 Report of the Sub-Custodian
- (o) Potential Conflicts of Interest
- (p) Risk of No Active Market for the Units
- (q) Not a Trust Company
- (r) U.S. Currency Exposure
- (s) Cyber Security Risk
- (t) Tax Risk
- (u) Large Investor Risk
- (v) COVID-19 Outbreak

Additional Risk Associated with Investing in the 3iQ CoinShares Ether ETF

- (a) Moving from Proof-of-Work (PoW) to Proof-of-Stake (PoS) Consensus Mechanism

Risks Associated with Investing in Bitcoin and Ether

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

Risks Associated with the Bitcoin Network and the Ethereum Network

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

Risks Associated with Digital Asset Trading Platforms

- (a) Regulation of Digital Asset Trading Platforms
- (b) Limited Operating History of Digital Asset Trading Platforms
- (c) Hacking of Digital Asset Trading Platforms May Have a Negative Impact on Perception of the Security of the Networks

- (d) Different Prices of Bitcoin and Ether on the Digital Asset Trading Platforms May Adversely Affect the NAV of the Units
- (e) Closure of Digital Asset Trading Platform(s)
- (f) Liquidity Constraints on Digital Asset Markets may Impact a 3iQ CoinShares ETF's Holdings
- (g) Risk of Manipulation on Digital Asset Trading Platforms
- (h) Settlement of Transactions on the Networks

See "Risk Factors".

Income Tax Considerations:

This summary of Canadian federal income tax considerations for the 3iQ CoinShares ETFs and for Canadian resident Unitholders of the 3iQ CoinShares ETFs is subject in its entirety to the qualifications, limitations and assumptions set out under "Income Tax Considerations".

A Unitholder of a 3iQ CoinShares ETF who is an individual (other than a trust) resident in Canada and who holds Units of a 3iQ CoinShares ETF as capital property (all within the meaning of the Tax Act) will generally be required to include in the Unitholder's income for tax purposes for any year the amount of net income and net taxable capital gains of the 3iQ CoinShares ETF paid or payable to the Unitholder (including any reinvested distributions) in the year and deducted by the 3iQ CoinShares ETF in computing its income. Any non-taxable distributions from the 3iQ CoinShares ETF (other than the non-taxable portion of any net realized capital gains of the 3iQ CoinShares ETF) paid or payable to a Unitholder of a 3iQ CoinShares ETF in a taxation year, such as a return of capital, will reduce the adjusted cost base of the Unitholder's Units of the 3iQ CoinShares ETF. To the extent that a Unitholder's adjusted cost base would otherwise be a negative amount, the negative amount is deemed to be a capital gain realized by the Unitholder and the adjusted cost base of the Unit of the 3iQ CoinShares ETF to the Unitholder is nil immediately thereafter. Any loss of a 3iQ CoinShares ETF cannot be allocated to, and cannot be treated as a loss of, the Unitholders of the 3iQ CoinShares ETF. Upon the actual or deemed disposition of a Unit of a 3iQ CoinShares ETF, including the exchange or redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the Unitholder of the 3iQ CoinShares ETF to the extent that the proceeds of disposition of the Unit exceeds (or is less than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition.

The Declaration of Trust requires that the 3iQ CoinShares ETFs distribute their net income and net realized capital gains, if any, for each taxation year to their Unitholders to such an extent that the 3iQ CoinShares ETFs will not be liable in respect of the taxation year for ordinary income tax.

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

Taxation of Registered Plans:

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the 3iQ CoinShares ETFs, provided that a 3iQ CoinShares ETF qualifies as a "mutual fund trust" within the meaning of the Tax Act, or the Units of the 3iQ CoinShares ETF are listed on a "designated stock exchange" within the meaning of the Tax Act, such Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts (collectively, "**Registered Plans**"). Holders of tax-free savings accounts and registered disability savings plans, annuitants under registered retirement savings plans and registered retirement income funds, and subscribers under registered education savings plans should consult their own tax advisors to ensure Units of a 3iQ CoinShares ETF would not be a "prohibited investment" for the purposes of the Tax Act in their particular circumstances. See "Income Tax Considerations – Status of the 3iQ CoinShares ETFs".

Organization and Management Details

- Trustee, Manager and Promoter:** 3iQ Corp. is the trustee, manager, portfolio manager and promoter of the 3iQ CoinShares ETFs. The Manager operates as the manager of investment funds in Canada. The head office and principal place of business of the 3iQ CoinShares ETFs is located at 181 Bay Street, Suite 1020, Toronto, Ontario M5J 2T3.
- The Manager may be considered a promoter of the 3iQ CoinShares ETFs within the meaning of applicable securities legislation by reason of its initiative in organizing the 3iQ CoinShares ETFs. See “Organization and Management Details – The Trustee, Manager and Promoter”.
- Custodian:** Cidel Trust Company is the custodian of the assets of the 3iQ CoinShares ETFs and has been given the authority to appoint sub-custodians. The address of the Custodian is 60 Bloor St W, 9th Floor, Toronto, Ontario M4W 3B8. The Custodian is entitled to receive fees from the Manager as described under “Fees and Expenses – Fees and Expenses Payable by the 3iQ CoinShares ETFs – Operating Expenses” and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the 3iQ CoinShares ETFs. See “Organization and Management Details – Custodian”.
- Sub-Custodian:** Gemini Trust Company, LLC (the “**Sub-Custodian**”) acts as sub-custodian of the 3iQ CoinShares ETFs. The address of the Sub-Custodian is 600 Third Avenue, New York, New York 10016. See “Organization and Management Details – Sub-Custodian”.
- Administrator:** CIBC Mellon Global Securities Services Company acts as the administrator of the 3iQ CoinShares ETFs at its principal offices in Toronto, Ontario. The administrator is responsible for providing certain fund accounting and valuation services to the 3iQ CoinShares ETFs including, without limitation, calculating the NAV, NAV per Unit, net income and net realized capital gains of the 3iQ CoinShares ETFs. See “Organization and Management Details – Administrator”.
- Registrar and Transfer Agent:** TSX Trust Company, at its principal offices in Toronto, Ontario, is the registrar and transfer agent for the Units of the 3iQ CoinShares ETFs. The register of each of the 3iQ CoinShares ETFs is kept in Toronto. See “Organization and Management Details – Registrar and Transfer Agent”.
- Auditor:** Raymond Chabot Grant Thornton LLP, at its principal offices in Montreal, Quebec, is the auditor of the 3iQ CoinShares ETFs. See “Organization and Management Details – Auditor”.

SUMMARY OF FEES AND EXPENSES

This table lists the fees and expenses that you may have to pay if you invest in a 3iQ CoinShares ETF. You may have to pay some of these fees and expenses directly. A 3iQ CoinShares ETF may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in such 3iQ CoinShares ETF. For further particulars, see “Fees and Expenses”.

Fees and Expenses Payable by the 3iQ CoinShares ETFs

- Management Fees:** Each 3iQ CoinShares ETF pays an annual management fee (the “**Management Fee**”) to the Manager for acting as trustee, manager and portfolio manager of the 3iQ CoinShares ETF equal to 1.00% of the NAV of the 3iQ CoinShares ETF, calculated daily and payable monthly in arrears, plus applicable taxes.

The Manager may, at its discretion, agree to charge a reduced Management Fee (or reimburse all or a portion of such Management Fee) for some Unitholders as compared to the Management Fee that the Manager would otherwise be entitled to receive from a 3iQ CoinShares ETF, provided

that the difference between the fee otherwise chargeable and the reduced fee is distributed periodically by the applicable 3iQ CoinShares ETF to the applicable Unitholders as a management fee distribution (the “**Management Fee Distributions**”). Any reduction will depend on a number of factors, including the amount invested, the NAV of the 3iQ CoinShares ETF and the expected amount of account activity. Management Fee Distributions are paid first out of net income of the 3iQ CoinShares ETF then out of capital gains of the 3iQ CoinShares ETF and thereafter out of capital. See “Fees and Expenses – Fees and Expenses Payable by the 3iQ CoinShares ETFs – Management Fees”.

Operating Expenses:

In addition to the Management Fee, and any debt servicing costs, each 3iQ CoinShares ETF bears and pays all of its costs, expenses and liabilities (“**Operating Expenses**”) including all of its administrative and operating expenses as well as those incurred by the Manager in the performance of its duties as manager of the 3iQ CoinShares ETF. Such fees and expenses include, without limitation: fees and expenses payable to the independent review committee (“**IRC**”) of the 3iQ CoinShares ETF; brokerage and trading commissions and other fees and expenses associated with the execution of transactions in respect of the 3iQ CoinShares ETF’s investment in bitcoin or ether, as applicable; fees payable to the Registrar and Transfer Agent; fees payable to any custodians and/or sub-custodians for the assets of the 3iQ CoinShares ETF as well as the fees of the Administrator and other service providers; licensing fee payable to MVIS to license the MVIBBR or the MVIEBR, as applicable; expenses relating to the monitoring of the relationships with the Custodian, Sub-Custodian, the Registrar and Transfer Agent and other organizations serving the 3iQ CoinShares ETF; legal, audit, and valuation fees and expenses; fees payable for listings, the maintenance of listings and filings or other requirements of stock exchanges on which any of the Units of the 3iQ CoinShares ETF may become listed or quoted; the preparation and supervision costs relating to the calculation and publication of the NAV; costs and expenses of preparing, printing, and mailing financial and other reports to Unitholders, material for Unitholders’ meetings and securities regulatory filings; costs and expenses of communication with Unitholders; costs and expenses arising as a result of complying with all applicable securities legislation and other applicable laws, regulations and policies; all taxes (including income, capital, federal GST or HST, and Provincial/Territorial sales taxes); and costs associated with the provision of such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the 3iQ CoinShares ETF.

The Manager may, from time to time, in its sole discretion, pay all or a portion of any Operating Expenses which would otherwise be payable by a 3iQ CoinShares ETF.

See “Fees and Expenses – Fees and Expenses Payable by the 3iQ CoinShares ETFs – Operating Expenses” and “Organization and Management Details – The Trustee, Manager and Promoter”.

Fees and Expenses Payable Directly by the Unitholders

Administrative Fee:

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

See “Fees and Expenses – Fees and Expenses Payable by the 3iQ CoinShares ETFs – Administrative Fee”.

OVERVIEW OF THE LEGAL STRUCTURE OF THE 3IQ COINSHARES ETFs

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

While the 3iQ CoinShares ETFs are mutual funds under the securities legislation of certain provinces and territories of Canada, certain provisions of Canadian securities legislation applicable to conventional mutual funds do not apply to the 3iQ CoinShares ETFs because each of the 3iQ CoinShares ETFs is an “alternative mutual fund” within the meaning of NI 81-102. The 3iQ CoinShares ETFs are subject to the restrictions and practices contained in Canadian securities legislation applicable to alternative mutual funds, including NI 81-102, and are managed in accordance with these restrictions, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities.

Each of the 3iQ CoinShares ETFs is offering one class of units. The Units are purchased and sold in Canadian dollars and U.S. dollars.

The Units of the 3iQ CoinShares ETFs are listed on the TSX. The Units of the 3iQ CoinShares ETFs are offered on a continuous basis and an investor is able to buy or sell Units of the 3iQ CoinShares ETFs on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying and selling the Units of the 3iQ CoinShares ETFs.

The head and registered office of the 3iQ CoinShares ETFs and the Manager is located at 181 Bay Street, Suite 1020, Toronto, Ontario M5J 2T3.

The following table sets out the full legal name as well as the TSX ticker symbols for the 3iQ CoinShares ETFs:

Legal Name	Ticker Symbol
3iQ CoinShares Bitcoin ETF	BTCQ / BTCQ.U
3iQ CoinShares Ether ETF	ETHQ / ETHQ.U

INVESTMENT OBJECTIVES

The 3iQ CoinShares Bitcoin ETF’s investment objectives are to seek to provide holders of Units (“**Unitholders**”) of the 3iQ CoinShares Bitcoin ETF with: (a) exposure to the digital currency bitcoin (“**bitcoin**”) and the daily price movements of the U.S. dollar price of bitcoin; and (b) the opportunity for long-term capital appreciation.

The 3iQ CoinShares Ether ETF’s investment objectives are to seek to provide Unitholders of the 3iQ CoinShares Ether ETF with: (a) exposure to the digital currency ether (“**ether**”) and the daily price movements of the U.S. dollar price of ether; and (b) the opportunity for long-term capital appreciation.

INVESTMENT STRATEGIES

To achieve its investment objectives, the 3iQ CoinShares Bitcoin ETF invests in long-term holdings of bitcoin and the 3iQ CoinShares Ether ETF invests in long-term holdings of ether. Bitcoin and ether is purchased from reputable digital asset trading platforms and OTC counterparties, in order to provide investors with a convenient, safer alternative to a direct investment in bitcoin or ether, as applicable.

Digital asset trading platforms are spot markets on which bitcoin and ether can be exchanged for U.S. dollars. Digital asset trading platforms are not regulated as securities exchanges or commodity futures exchanges under the securities or commodity futures laws of Canada, the United States or other global jurisdictions. The Manager seeks to ensure that the digital asset trading platforms on which the 3iQ CoinShares ETFs transact are reputable, stable and in compliance with AML Regulation. See “Overview of the Sector in which the 3iQ CoinShares ETFs Invest – Purchasing Digital Assets for the 3iQ CoinShares ETFs’ Portfolios”.

The 3iQ CoinShares ETFs will not speculate with regard to short-term changes in bitcoin or ether prices, as applicable. The 3iQ CoinShares ETFs provide investors with the ability to effectively invest in bitcoin or ether, as applicable, without the inconvenience and additional transaction and storage costs associated with a direct investment in bitcoin and ether.

The 3iQ CoinShares ETFs do not and will not hedge any U.S. dollar currency exposure back to the Canadian dollar.

For a description of how the 3iQ CoinShares ETFs purchase bitcoin and ether for their portfolios see “Overview of the Sector in which the 3iQ CoinShares ETFs Invest – Purchasing Digital Assets for the 3iQ CoinShares ETFs’ Portfolios”.

The Manager may also indirectly invest in bitcoin or ether, as applicable, through the use of futures contracts, the underlying interest of which is bitcoin or ether, as applicable, for non-hedging purposes consistent with the 3iQ CoinShares ETF’s investment objectives and investment strategies to gain exposure to bitcoin or ether, as applicable, subject to its investment restrictions. For example, a 3iQ CoinShares ETF may trade in bitcoin futures listed on the CME (CME:BTC) and other commodity futures exchanges regulated by the CFTC. Any trading in futures by a 3iQ CoinShares ETF will be incidental to the 3iQ CoinShares ETF’s core investment strategy of investing in the bitcoin or ether, as applicable. A 3iQ CoinShares ETF will not transact in any futures contract if, as a result of such transaction, the 3iQ CoinShares ETF’s aggregate exposure to derivatives would exceed 5% of the NAV of the 3iQ CoinShares ETF.

Generally, the 3iQ CoinShares ETFs do not intend to borrow money or employ other forms of leverage to acquire bitcoin or ether, as applicable, for their portfolio. The 3iQ CoinShares ETFs may however borrow money on a temporary short term basis to acquire bitcoin or ether, as applicable, in connection with a subscription for Units by a Dealer. Any borrowing by the 3iQ CoinShares ETFs will be made in accordance with the borrowing restrictions applicable to an alternative mutual fund under NI 81-102.

OVERVIEW OF THE SECTOR IN WHICH THE 3IQ COINSHARES ETFs INVEST

3iQ CoinShares Bitcoin ETF

The 3iQ CoinShares Bitcoin ETF invests substantially all of its assets in bitcoin. Bitcoin is a digital asset that is not issued by any government, bank or central organization. Bitcoin is based on the decentralized, open source protocol of the peer-to-peer bitcoin computer network (the “**Bitcoin Network**”), which creates the decentralized public transaction ledger, known as the “blockchain”, on which all bitcoin transactions are recorded. Movement of bitcoin is facilitated by a digital, transparent and immutable ledger, enabling the rapid transfer of value across the internet without the need for centralized intermediaries. The Bitcoin Network software source code includes the protocol that governs the creation of bitcoin and the cryptographic operations that verify and secure bitcoin transactions. It is common practice to refer to Bitcoin with a capital “B” when referring to the protocol or network, and bitcoin with a lowercase “b” when referring to the digital asset. The blockchain is an official record of every bitcoin transaction (including creation or “mining” of new bitcoin) and every bitcoin address associated with a quantity of bitcoin. The Bitcoin Network, and software applications built atop it, can interpret the blockchain to determine the exact bitcoin balance, if any, of any public bitcoin address listed in the blockchain. A bitcoin private key controls the transfer or “spending” of bitcoin from its associated public bitcoin address. A bitcoin “wallet” is a collection of public bitcoin addresses and their associated private key(s). It is designed such that only the owner of bitcoin can send bitcoin, only the intended recipient of bitcoin can unlock what the sender sent and the transactional validation and bitcoin ownership can be verified by any third party anywhere in the world.

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

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

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

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

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

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

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

As of February 28, 2022, no single miner or pool controlled more than 18.63% of the Bitcoin Network, though a group of five miners located in China is believed to currently control over 58% of the hash rate of the Bitcoin Network. In terms of the Herfindahl-Hirschman Index, which is commonly used to measure market concentration, the Bitcoin Network classifies as a competitive industry.

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

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

For example, from the time of launch of the Bitcoin Network on January 3, 2009 up until November 28, 2012, coinbase transactions issued 50 bitcoin to the miner who created the block. Starting from a base of zero bitcoin outstanding, this made the currency highly inflationary. However, on November 28, 2012, the coinbase transaction was switched to 25 bitcoin. This switch was hard wired into Bitcoin’s protocol, so that once the 210,000th block had been mined all subsequent blocks created only issued 25 bitcoin as the miner’s fee transaction. On July 9, 2016, the issuance was cut in half again, to only 12.5 bitcoin per miner’s fee transaction. The most recent halving event occurred on May 11, 2020 when the block reward decreased from 12.5 bitcoin to 6.25 bitcoin, which means that currently there are only 900 newly minted bitcoin issued per day.

User Behavior, Identity, and Adoption

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

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

Bitcoin as a Means of Exchange

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

3iQ CoinShares Ether ETF

The 3iQ CoinShares Ether ETF invests substantially all of its assets in ether. Ether is the native digital currency of the “Ethereum Network” – a decentralized, open source computer network where all transactions are recorded on a decentralized public ledger, known as a “blockchain”. The open-source Ethereum Network software code includes the protocol that governs the creation of ether and the cryptographic operations that verify and secure ether transactions. The Ethereum Network goes beyond a peer-to-peer money system as it supports peer-to-peer contracts, known as smart contracts, as well as de-centralized applications (“**DApps**”). The absence of a centralized authority for such activities represents significant technological progression. The purpose and utility of smart contracts and DApps will be further explained in below.

Application developers and other participants on the Ethereum Network use ether to pay the transactional fees and computational services associated with creating and running applications on the Ethereum Network. While miners, those who help maintain the Ethereum Network through their complex validation process, are compensated for their services with ether. Additionally, ether can be converted into fiat currencies at rates based on either the digital asset trading platforms or transactions between end-users. Since individuals are contributing to, and being compensated by ether, the Ethereum Network remains sustainable.

The Manager believes that investing in Units of the 3iQ CoinShares Ether ETF to obtain exposure to ether will be advantageous for the following reasons:

- *Convenient way to own ether.* The 3iQ CoinShares Ether ETF provides investors with the ability to gain exposure to ether and the ether market as well as having the ability to buy and sell Units on the TSX. The 3iQ CoinShares Ether ETF will be eligible for registered accounts in Canada for a tax-efficient, long-term investment horizon. See “Income Tax Considerations – Status of the 3iQ CoinShares ETFs”.
- *Lower transaction costs.* The Manager expects that, for many investors, the costs and risks associated with buying, holding and selling the Units in the secondary market and the payment of the 3iQ CoinShares Ether ETF’s ongoing expenses will be lower than the costs and risks associated with buying, holding and selling ether at a regulated digital asset trading platform or through opening an individual digital asset wallet that supports ether.
- *Cold Storage at Gemini.* Gemini is a regulated and licensed custodian of ether. Storage of ether can either be in a “hot wallet”, which is connected to the internet, or in “cold storage” where private keys have no contact with the internet, are created, stored, and managed on hardware security modules located in access-guarded facilities that are geographically distributed. The 3iQ CoinShares Ether ETF’s ether will be held in Gemini’s cold storage system, protected in accordance with the industry-leading protocols described under “Organization and Management Details – Sub-Custodian”.

History and Progression of the Ethereum Network

Blockchain technology was introduced widely by bitcoin in 2009 as a way to track digital value ownership in a secure manner through a shared, immutable ledger. The rise of bitcoin prompted the development of further blockchain use cases beyond digital currencies. In 2013, Vitalik Buterin of Toronto, Ontario, proposed the Ethereum Network as an open source platform that would significantly lower the entry barrier for developers to create their own smart contracts and decentralized applications. Buterin’s proposal gained traction and the development of the Ethereum Network was ultimately spearheaded by a Swiss firm called Ethereum Switzerland GmbH. The Ethereum Network has a dedicated non-profit organization, Ethereum Foundation, which supports the ongoing development of the ecosystem.

On July 15, 2015, the Ethereum Network went live, creating 72 million ether to be distributed. Of the initial distribution, 60 million ether was sold to the public through crowd sale for an aggregate of \$18 million. The Ethereum Foundation and Ethereum developers received ether to cover operational costs and their contributions, at 6 million and 3 million ether respectively. Lastly, individual members of the Ethereum Foundation received 3 million ether so that they could purchase ether at the initial crowd price.

Ether continues to be generated through a process known as progressive mining, which occurs when new ether transactions are successfully settled and validated by miners across the Ethereum Network. Currently, progressive mining in the Ethereum Network is capped at 16 million ether per year. However, there is no aggregate cap on the total number of ether that may be mined.

Notably, a shift in progressive mining may arise in 2021. There is a possibility that miners will move from the current “proof-of-work” protocol to a “proof-of-stake” protocol, whereby miners settle and validate transactions according to the amount of coin they lock within the system. The shift to proof-of-stake is likely to enhance efficiency as it requires a significantly lower amount of computing power and effort. Increasingly, developments and modifications to the Ethereum Network are centered around scalability for future uses.

Transacting on the Ethereum Network

The network is designed to achieve three main characteristics: (1) only the owner of ether can send ether; (2) only the intended recipient of ether can unlock what the sender sent; and (3) ether transactional validation and ether ownership can be verified by any third party anywhere in the world.

Users require a digital asset wallet that supports ether (an “ether wallet”) to use or hold ether on the network. A digital asset wallet that supports ether will have an Ethereum Network address defined by a public key and associated private key(s). The public key is used to derive an address for others to send ether to, while the private key is used to unlock balances of the user’s ether to send to others. Effectively, a compatible wallet address’ private key controls the transfer and use of ether from its associated public Ethereum address. The Ethereum Network, and applications subsequently built on it, can interpret its blockchain to determine the exact ether balance of any public ether wallet address. To complete a transaction directly on the Ethereum Network, users must have sufficient ether in their public key. Notably, however, not all transactions occur directly on the Ethereum Network. These transactions are known as “off-blockchain transactions”. Information and data from off-blockchain transactions is not recorded in the public ledger of the Ethereum Network. Without the blockchain validation and protection of the Ethereum Network, these transactions are exposed to greater risk.

An ether wallet can be a desktop client, which is a software application running on a computer, or a hardware wallet provided by a company offering such products. With either a desktop client or hardware wallet, a user is in control of the private keys which are required to initiate transfers of ether from the user’s wallet. Alternatively, users may obtain a hosted ether wallet where a provider protects the user’s private keys, and the user is able to access their accounts through a web browser or mobile application. Generally, those who are new to ether and the Ethereum Network make their initial purchases through a hosted ether wallet.

Once the appropriate address information is exchanged between the spending user and the receiving user, the data from the transaction is distributed across the Ethereum Network, to be included in the blockchain.

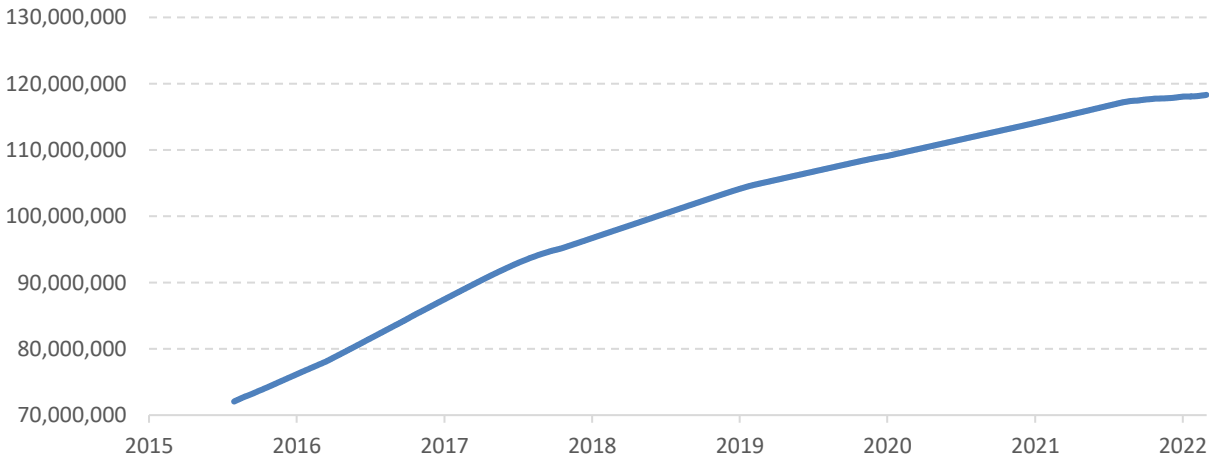
Some wallet providers require customers to establish their identity, just as they would if opening an account at a Canadian chartered bank in compliance with applicable AML Regulation and KYC procedures. When a user converts fiat currency into ether, they also need to connect a bank account or credit card to their wallet therefore providing additional connections to the user’s identity. Once a user has accurately completed these steps, the wallet provider will know the user’s identity. However, if these steps are not accurately completed, the user’s identity remains pseudonymous, represented by an alphanumeric string of characters. Since ether’s blockchain is transparent, the actions of pseudonymous users can be tracked. If necessary, network forensics can uncover a user’s identity.

Supply Characteristics

By 2050, the Manager anticipates that the number of ether available to the public will have reached a near equilibrium state of 135 million, though this may change under proof-of-stake consensus developments from the current proof-of-work. This differs from a traditional currency, which does not have a theoretical cap on the amount of the currency that will be circulated to the public.

The following graphs illustrate the growth and supply of ether and the number of holders and current supply of ether.

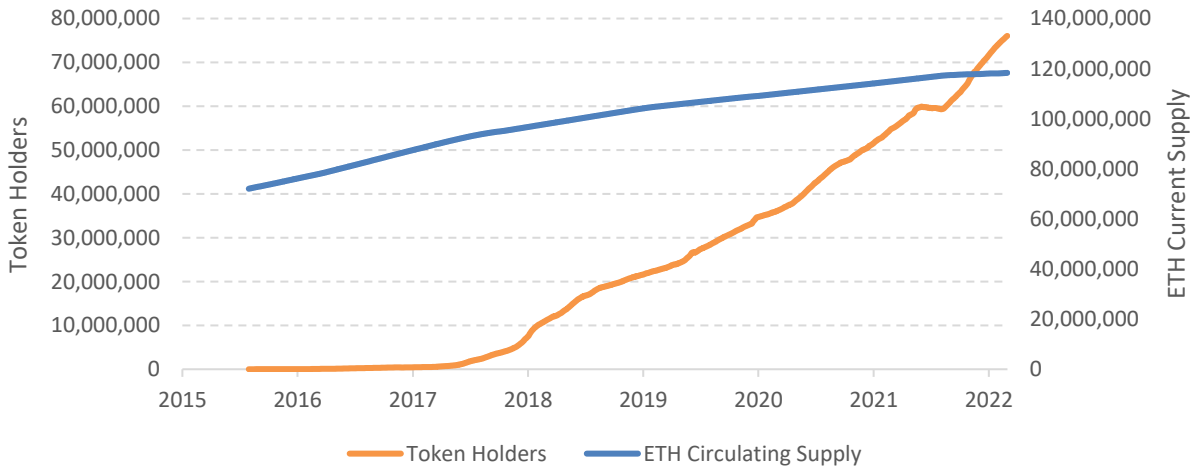
ETH Circulating Supply



Note:

(1) Data as of February 28, 2022
 Source: <https://etherscan.io/chart/ethersupplygrowth>

ETH Circulating Supply and Holders Count

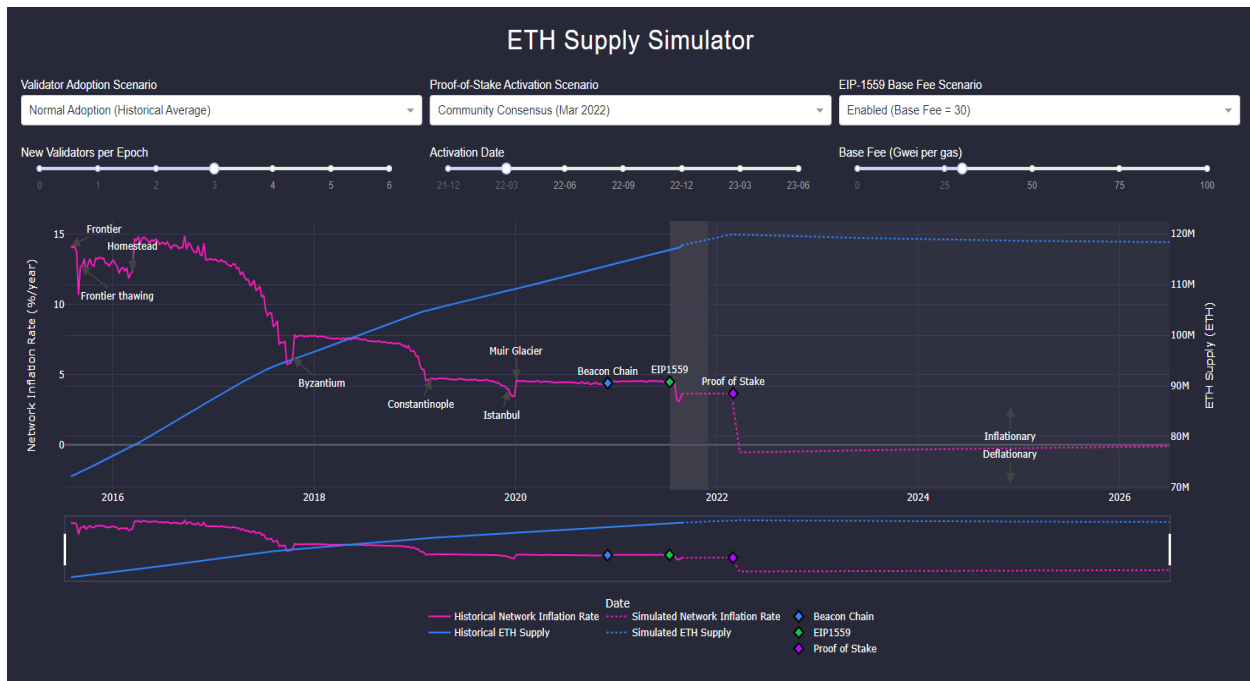


Notes:

(1) Data as of February 28, 2022
 (2) ERC-20 token holders included, smart contracts holding ETH and ERC-20 tokens are excluded.
 Source: https://bloxy.info/token_holders/ether

The Manager believes based on basic economic theory of supply and demand, if demand for ether as a means of exchange, store of value and network access payment continues to increase, then with a deflationary supply schedule, the price of ether may increase, or the velocity should increase, or both, in order to facilitate this increased demand.

The supply of ether increases according to a disinflation protocol that is subject to adjustment in the development of the network. As previously noted, Ethereum is transitioning from a proof-of-work to proof-of-stake consensus mechanism for the distributed ledger. The following graph shows the historical and projected issuance rate of Ethereum since its inception.



Note:

(1) Image as of February 28, 2022
 Source: <https://www.ethmodel.io/>

The Manager believes that by the middle of the next decade, it is likely that ether will be one of the least inflationary currencies in the world, given the annual issuance cap on the number of units of ether available in the Ethereum Network.

Ether as a Means of Exchange

The use of ether as a means of exchange through smart contracts and a basis for decentralized finance, is increasing rapidly throughout the world – particularly in nations where faith in central bank backed fiat currencies is unstable, or where necessary banking infrastructure is lacking. Ethereum makes it possible for DApp users to accept and send global transactions directly from their smart phone, twenty-four hours a day (see Gilded DApp (<https://gilded.finance/>)).

Security of the Ethereum Network

The Manager believes the following are key metrics that determine the security of the Ethereum Network. First, there is the large number of nodes connected to the network. A “node” is a computer connected directly to the Ethereum Network. If a node discovers that a block contains an invalid transaction or has otherwise violated the consensus rules, then that block is rejected and will not be appended to the Ethereum blockchain. While some of these nodes are miners, not all of them are. Some nodes are present to forward transactions around the network and keep track of Ethereum Network, without getting involved with Ether’s proof-of-work process to create new blocks. As of February 28, 2022, there were over 6,000 nodes connected to the Ethereum Network.

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

Digital Asset Trading Platforms

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

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

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

Volatility

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

Purchasing Digital Assets for the 3iQ CoinShares ETFs’ Portfolios

Bitcoin and ether will be purchased for the 3iQ CoinShares ETFs from digital asset trading platforms and OTC counterparties (each, a “**Digital Asset Source**”). The Manager conducts due diligence on each proposed Digital Asset Source prior to transacting with such Digital Asset Source in order to confirm its reputation and stability and the regulatory regime, if any, applicable to the Digital Asset Source. The Manager also confirms that each Digital Asset Source maintains appropriate KYC policies and procedures and will not transact with any person or entity that is on a list of designated persons or entities established and maintained under applicable AML Regulation in the jurisdiction of the Digital Asset Source. The Manager ensures that each Digital Asset Source has its head office in a jurisdiction which is a member of the FATF or its global network of FATF-Style Regional Bodies.

The Manager expects that the 3iQ CoinShares ETFs’ Digital Asset Sources will include Coinbase, Genesis Global Trading, Inc. and other regulated trading platforms and OTC counterparties. The Manager also expects that established investment dealers will offer trading of digital assets in the near future. The Manager will consider such broker-dealers as potential Digital Asset Sources at such time.

The Manager determines where to place a 3iQ CoinShares ETF’s bitcoin or ether orders based on the price and liquidity available through the Digital Asset Sources with a view to achieving best execution for the 3iQ CoinShares ETF. Once a bitcoin or ether order has been executed and allocated to a 3iQ CoinShares ETF, the Manager reviews and approves the transaction. Upon approval, the Custodian is notified and payment for the trade is settled. Once the Sub-Custodian receives the bitcoin or ether, as applicable, on behalf of the 3iQ CoinShares ETF, the Sub-Custodian immediately places the bitcoin or ether, as applicable, in cold storage, ensuring that such bitcoin or ether, as applicable, is allocated to the applicable 3iQ CoinShares ETF’s account on a segregated basis with the Sub-Custodian. See “Organization and Management Details – Sub-Custodian”.

INVESTMENT RESTRICTIONS

The 3iQ CoinShares ETFs are subject to certain restrictions and practices contained in Canadian securities legislation applicable to alternative mutual funds, including NI 81-102. Additionally, the 3iQ CoinShares ETFs are subject to certain investment restrictions that, among other things, limit the assets that the 3iQ CoinShares ETFs may acquire for their portfolio. The 3iQ CoinShares ETFs are managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities. See “Exemptions and Approvals”. A change to the fundamental investment objective of a 3iQ CoinShares ETF would require the approval of the Unitholders of the 3iQ CoinShares ETF. See “Unitholder Matters – Matters Requiring Unitholder Approval”.

FEES AND EXPENSES

Fees and Expenses Payable by the 3iQ CoinShares ETFs

Management Fees

Each 3iQ CoinShares ETF pays an annual management fee (the “**Management Fee**”) to the Manager for acting as trustee, manager and portfolio manager of the 3iQ CoinShares ETF equal to 1.00% of the NAV of the 3iQ CoinShares ETF, calculated daily and payable monthly in arrears, plus applicable taxes. See “Organization and Management Details – The Trustee, Manager and Promoter”.

The Manager may, at its discretion, agree to charge a reduced Management Fee (or reimburse all or a portion of such Management Fee) for some Unitholders as compared to the Management Fee that the Manager would otherwise be entitled to receive from a 3iQ CoinShares ETF, provided that the difference between the fee otherwise chargeable and the reduced fee is distributed periodically by the applicable 3iQ CoinShares ETF to the applicable Unitholders as a management fee distribution (the “**Management Fee Distributions**”). Any reduction will depend on a number of factors, including the amount invested, the NAV of the 3iQ CoinShares ETF and the expected amount of account activity. Management Fee Distributions are paid first out of net income of the 3iQ CoinShares ETF then out of capital gains of the 3iQ CoinShares ETF and thereafter out of capital.

Operating Expenses

In addition to the Management Fee, and any debt servicing costs, each 3iQ CoinShares ETF bears and pays all of its costs, expenses and liabilities (“**Operating Expenses**”) including all of its administrative and operating expenses as well as those incurred by the Manager in the performance of its duties as manager of the 3iQ CoinShares ETF. Such fees and expenses include, without limitation: fees and expenses payable to the independent review committee (“**IRC**”) of the 3iQ CoinShares ETF; brokerage and trading commissions and other fees and expenses associated with the execution of transactions in respect of the 3iQ CoinShares ETF’s investment in bitcoin or ether, as applicable; fees payable to the Registrar and Transfer Agent; fees payable to any custodians and/or sub-custodians for the assets of the 3iQ CoinShares ETF as well as the fees of the Administrator and other service providers; licensing fee payable to MVIS to license the MVIBBR or the MVIEBR, as applicable; expenses relating to the monitoring of the relationships with the Custodian, Sub-Custodian, the Registrar and Transfer Agent and other organizations serving the 3iQ CoinShares ETF; legal, audit, and valuation fees and expenses; fees payable for listings, the maintenance of listings and filings or other requirements of stock exchanges on which any of the Units of the 3iQ CoinShares ETF may become listed or quoted; the preparation and supervision costs relating to the calculation and publication of the NAV; costs and expenses of preparing, printing, and mailing financial and other reports to Unitholders, material for Unitholders’ meetings and securities regulatory filings; costs and expenses of communication with Unitholders; costs and expenses arising as a result of complying with all applicable securities legislation and other applicable laws, regulations and policies; all taxes (including income, capital, federal GST or HST, and Provincial/Territorial sales taxes); and costs associated with the provision of such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the 3iQ CoinShares ETF.

The Manager may, from time to time, in its sole discretion, pay all or a portion of any Operating Expenses which would otherwise be payable by a 3iQ CoinShares ETF.

Fees and Expenses Payable Directly by the Unitholders

Administrative Fee

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

RISK FACTORS

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

Risks Factors Relating to an Investment in the 3iQ CoinShares ETFs

No Assurance in Achieving Investment Objectives

There is no assurance that the 3iQ CoinShares ETFs will achieve their investment objectives.

Trading Price of Units

Units of the 3iQ CoinShares ETFs may trade in the market at a premium or discount to the NAV per Unit. There can be no assurance that Units will trade at prices that reflect their NAV. The trading price of the Units of a 3iQ CoinShares ETF will fluctuate in accordance with changes in the 3iQ CoinShares ETF's NAV, as well as market supply and demand on the TSX. However, given that generally only a Prescribed Number of Units are issued to the Designated Broker and Dealers, and that holders of a Prescribed Number of Units (or an integral multiple thereof) may redeem such Units at their NAV, the Manager believes that large discounts or premiums to the NAV of the Units should not be sustained.

Loss of Investment

An investment in the 3iQ CoinShares ETFs is appropriate only for investors who have the capacity to absorb a loss on their investment.

Fluctuations in NAV, NAV per Unit and the Value of Digital Assets

The NAV of the Units of a 3iQ CoinShares ETF will vary according to, among other things, the value of bitcoin and ether, as applicable, included in the 3iQ CoinShares ETF's portfolio. The value of the bitcoin or ether, as applicable, will be influenced by factors which are not within the control of the 3iQ CoinShares ETF or the Manager, including factors that affect the cryptocurrency markets generally such as general economic and political conditions, fluctuations in interest rates and factors unique to bitcoin or ether, as applicable.

Concentration Risk

The 3iQ CoinShares ETFs were created to invest in bitcoin or ether, as applicable, and are not expected to have exposure to any other investments or assets. Other than cash or cash equivalents, the 3iQ CoinShares ETFs invest substantially all of their assets in bitcoin or ether, as applicable. The NAV per Unit of the 3iQ CoinShares ETFs may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative impact on the NAV of the Units of a 3iQ CoinShares ETF.

Use of Leverage

A 3iQ CoinShares ETF may borrow money on a temporary short term basis to acquire bitcoin or ether, as applicable, in connection with a subscription for Units of the 3iQ CoinShares ETF by a Dealer. Any borrowing by the

3iQ CoinShares ETFs will be made in accordance with the borrowing restrictions applicable to an alternative mutual fund under NI 81-102.

Reliance on the Manager

Unitholders depend on the abilities of the Manager to effectively administer the affairs of the 3iQ CoinShares ETFs. The Manager depends, to a great extent, on a very limited number of individuals in the administration of its activities as manager of the 3iQ CoinShares ETFs. The loss of the services of any one of these individuals for any reason could impair the ability of the Manager to perform its duties as manager on behalf of the 3iQ CoinShares ETFs.

Use of Derivatives

The 3iQ CoinShares ETFs may use derivative instruments from time to time as described under “Investment Strategies”. The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (a) there is no guarantee that hedging to reduce risk will not result in a loss or that there will be a gain; (b) there is no guarantee that a market will exist when a 3iQ CoinShares ETF wants to complete or settle the derivative contract, which could prevent the 3iQ CoinShares ETF from reducing a loss or making a profit; (c) securities exchanges may impose trading limits on options and futures contracts, and these limits may prevent a 3iQ CoinShares ETF from completing or settling the derivative contract; (d) a 3iQ CoinShares ETF could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; (e) if a 3iQ CoinShares ETF has an open position in an option, a futures contract or a forward contract with a dealer who goes bankrupt, the 3iQ CoinShares ETF could experience a loss and, for an open futures or forward contract, a loss of margin deposited with that dealer; and (f) if a derivative is based on a market index and trading is halted or disrupted on a substantial number of stocks or bonds in the index or there is a change in the composition of the index, there could be an adverse effect on the derivative.

No Ownership Interest in the Portfolio

An investment in Units of a 3iQ CoinShares ETF does not constitute an investment by Unitholders in the bitcoin, ether or cash and cash equivalents included in the 3iQ CoinShares ETF’s portfolio. Unitholders do not own the bitcoin, ether or cash or cash equivalents held by a 3iQ CoinShares ETF.

Changes in Legislation

There can be no assurance that certain laws applicable to the 3iQ CoinShares ETFs, including income tax laws, government incentive programs and the treatment of mutual fund trusts under the Tax Act, will not be changed in a manner which adversely affects the 3iQ CoinShares ETFs or their Unitholders.

Conflicts of Interest

The Manager and its directors and officers engage in the promotion, management or investment management of one or more funds or trusts with similar investment objectives to those of the 3iQ CoinShares ETFs. Although none of the directors or officers of the Manager devotes his or her full time to the business and affairs of the 3iQ CoinShares ETFs, each director and officer of the Manager will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of officers) the 3iQ CoinShares ETFs and the Manager.

Valuation of the 3iQ CoinShares ETFs

Valuation of the 3iQ CoinShares ETFs may involve uncertainties and judgement determinations, and, if such valuations should prove to be incorrect, the NAV of the 3iQ CoinShares ETFs could be adversely affected. The Manager may face a conflict of interest in valuing the bitcoin or ether, as applicable, held by the 3iQ CoinShares ETFs because the values assigned will affect the calculation of the Management Fee payable by the 3iQ CoinShares ETFs to it. This risk is mitigated by the fact that the bitcoin and ether held by the 3iQ CoinShares ETFs is valued based on the MVIS® CryptoCompare Bitcoin Benchmark Rate Index and MVIS® CryptoCompare Ethereum Benchmark Rate Index, respectively, as described in “Calculation of Net Asset Value”.

Manager, Custodian and Sub-Custodian Standard of Care

Each of the Manager, the Custodian and the Sub-Custodian are subject to a contractual standard of care in carrying out its duties concerning the 3iQ CoinShares ETFs (See “Organization and Management Details – Details of the Declaration of Trust”, “Organization and Management Details – Custodian” and “Organization and Management Details – Sub-Custodian”). In the case that a 3iQ CoinShares ETF suffers a loss of its bitcoin or ether, as applicable, and each of the Manager, the Custodian and the Sub-Custodian satisfied its respective standard of care, the 3iQ CoinShares ETF bears the risk of loss as with respect to these parties.

Under the terms of the Custodian Agreement, the Custodian is required to exercise the standard of care required by NI 81-102. However, the Custodian will not be liable to the 3iQ CoinShares ETFs for any loss of a 3iQ CoinShares ETF’s bitcoin or ether, as applicable, held by the Sub-Custodian unless such loss is directly caused by the Custodian’s gross negligence, fraud, wilful default, or the breach of its standard of care. In the event of such loss, the Custodian is required to take reasonable steps to enforce such rights as it may have against the Sub-Custodian pursuant to the terms of the Sub-Custodian Agreement and applicable law.

SOC 2 Type 2 Report of the Sub-Custodian

The Sub-Custodian has advised the Manager that a SOC 2 Type 2 Report of its internal controls is available for review by the auditor of the 3iQ CoinShares ETFs in connection with the audit of the annual financial statements of the 3iQ CoinShares ETFs. 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 3iQ CoinShares ETFs 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. Each of the 3iQ CoinShares ETFs filed an undertaking with applicable securities regulatory authorities that provides that while it remains a reporting issuer, the 3iQ CoinShares ETF will obtain from the Sub-Custodian of the 3iQ CoinShares ETF’s bitcoin or ether, as applicable, a SOC 2 – Type 2 report or written confirmation from the Sub-Custodian to permit the auditor of the 3iQ CoinShares ETF to test its controls.

In the event that the auditor of the 3iQ CoinShares ETFs 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 3iQ CoinShares ETF’s annual financial statements, the auditor would not be able to complete its audit of the annual financial statements of the 3iQ CoinShares ETF in accordance with the current guidance of the Canadian Public Accountability Board.

Potential Conflicts of Interest

The Manager and its directors, officers, affiliates and associates may engage in the promotion, management or investment management of other accounts, funds or trusts that invest primarily in the assets or securities held by the 3iQ CoinShares ETFs or that have similar investment objectives to the 3iQ CoinShares ETFs.

Although officers, directors and professional staff of the Manager devote as much time to the 3iQ CoinShares ETFs as is deemed appropriate to perform their duties, the staff of the Manager may have conflicts in allocating their time and services among the 3iQ CoinShares ETFs and the other funds managed by the Manager.

Risk of No Active Market for the Units

Although the 3iQ CoinShares ETFs are listed on the TSX, there can be no assurance that an active public market for the Units will continue to develop or be sustained.

Not a Trust Company

The 3iQ CoinShares ETFs are not trust companies and, accordingly, are not registered under the trust company legislation of any jurisdiction. Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that statute or any other legislation.

U.S. Currency Exposure

The 3iQ CoinShares ETFs’ functional and presentation currency is and the investor’s investment is made in U.S. dollars. The 3iQ CoinShares ETFs purchase bitcoin or ether, as applicable, which is currently denominated in U.S. dollars.

Canadian investors should be aware that the 3iQ CoinShares ETFs do not hedge the investor’s investment in the 3iQ CoinShares ETFs against Canadian currency exposure. Fluctuations in the value of the Canadian dollar relative to the U.S. dollar will impact the relative value of an investor’s investment in Canadian dollars. If the value of the Canadian dollar has increased relative to the U.S. dollar, the return on the bitcoin and ether converted into Canadian dollars may be reduced, eliminated or made negative. The opposite can also occur and if it does occur, a Canadian investor and the value of such investor’s investment converted into Canadian dollars may benefit from an increase in the value of the U.S. dollar relative to the Canadian dollar.

Cyber Security Risk

As the use of technology has become more prevalent in the course of business, investment funds like the 3iQ CoinShares ETFs have become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause the 3iQ CoinShares ETFs to lose proprietary information or other information subject to privacy laws, suffer data corruption, or lose operational capacity. This in turn could cause the 3iQ CoinShares ETFs to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. Cyber security breaches may involve unauthorized access to the 3iQ CoinShares ETFs’ digital information systems (e.g. through “hacking” or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e. efforts to make network services unavailable to intended users). In addition, cyber security breaches of the 3iQ CoinShares ETFs’ third-party service providers (e.g. the Registrar and Transfer Agent, the Custodian and the Sub-Custodian) can also subject the 3iQ CoinShares ETFs to many of the same risks associated with direct cyber security breaches. Like with operational risk in general, the 3iQ CoinShares ETFs has established risk management systems designed to reduce the risks associated with cyber security.

Tax Risk

“*Mutual fund trust*” status - In order to qualify as a mutual fund trust under the Tax Act, a 3iQ CoinShares ETF must comply with various requirements contained in the Tax Act, including to restrict its undertaking to the investment of its funds in property. If a 3iQ CoinShares ETF were to cease to qualify as a mutual fund trust (whether as a result of a change in law or administrative practice, or due to its failure to comply with the current Canadian requirements for qualification as a mutual fund trust), it may experience various potential adverse consequences, including: becoming subject to a requirement to withhold tax on distributions made to non-resident Unitholders of any taxable capital gains; Units not qualifying for investment by Registered Plans; and Units ceasing to qualify as “Canadian securities” for the purposes of the election provided in subsection 39(4) of the Tax Act.

“*SIFT Rules*” - The SIFT Rules apply to trusts that are resident in Canada for the purposes of the Tax Act and that hold one or more “non-portfolio properties” (as defined in the Tax Act) and the units of which are listed or traded on a stock exchange or other public market (“**SIFT Trust**”). Under the SIFT Rules, if a 3iQ CoinShares ETF were a SIFT Trust it will generally be subject to tax at rates applicable to a Canadian corporation on income from a non-portfolio property (other than a taxable dividend) and net taxable capital gains realized on the disposition of a non-portfolio property (generally, “non-portfolio earnings” under the Tax Act). Unitholders who receive distributions from a 3iQ CoinShares ETF of this income and gain are deemed to receive an eligible dividend from a Canadian corporation for tax purposes. The total of the tax payable by a 3iQ CoinShares ETF on its non-portfolio earnings and the tax payable by a Unitholder on the distribution of those earnings will generally be more than the tax that would have been payable in the absence of the tax rules that apply to a SIFT trust. Even if Units of a 3iQ CoinShares ETF

are listed or traded on a stock exchange or other public market, provided the 3iQ CoinShares ETF only invests in bitcoin or ether, as applicable, the 3iQ CoinShares ETF should not be a SIFT trust; however, no assurance can be given in this regard.

Treatment of gains and losses on dispositions of bitcoin and ether - A 3iQ CoinShares ETF generally will treat gains (or losses) as a result of any disposition of bitcoin or ether, as applicable, as capital gains (or capital losses). The CRA has taken the administrative position that virtual currencies, such as bitcoin, 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 a 3iQ CoinShares ETF are reported by it on capital account, but are subsequently determined by the CRA to be on income account, there may be an increase in the net income of the 3iQ CoinShares ETF, including that which is automatically distributed by the 3iQ CoinShares ETF to its Unitholders under the terms of the Declaration of Trust at the 3iQ CoinShares ETF's taxation year end; with the result that Canadian-resident Unitholders could be reassessed by the CRA to increase their taxable income by the amount of such increase, and non-resident Unitholders potentially could be assessed directly by the CRA for Canadian withholding tax on the amount of net gains on such transactions that were treated by the CRA as having been distributed to them. The CRA could assess a 3iQ CoinShares ETF for a failure of the 3iQ CoinShares ETF to withhold tax on distributions made by it to non-resident Unitholders that are subject to withholding tax, and typically would do so rather than assessing the non-resident Unitholders directly. Accordingly, any such re-determination by the CRA may result in a 3iQ CoinShares ETF being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. As a 3iQ CoinShares ETF may not be able to recover such withholding taxes from the non-resident Unitholders whose Units are redeemed, payment of any such amounts by a 3iQ CoinShares ETF would reduce the NAV of the 3iQ CoinShares ETF.

“Loss restriction event” - If a 3iQ CoinShares ETF experience a “loss restriction event”, they will: (i) be deemed to have a year-end for tax purposes (which would result in an allocation of the 3iQ CoinShares ETF's taxable income at such time to Unitholders so that the 3iQ CoinShares ETF is not liable for income tax on such amounts); and (ii) become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, a 3iQ CoinShares ETF is subject to a loss restriction event when a person becomes a “majority-interest beneficiary” of the 3iQ CoinShares ETF, or a group of persons becomes a “majority-interest group of beneficiaries” of the 3iQ CoinShares ETF, as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of a 3iQ CoinShares ETF is 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 3iQ CoinShares ETF.

Large Investor Risk

A significant portion of the Units of a 3iQ CoinShares ETF may be held by a single investor. If a significant investor were to buy or sell a substantial portion of Units of a 3iQ CoinShares ETF, the market value of the Units might temporarily decline or increase, as the case may be, resulting in the Units being bought or sold at a discount or premium to the NAV per Unit. However, given that Unitholders may subscribe for or exchange a Prescribed Number of Units at the NAV per Unit, the Manager believes that large discounts to the NAV per Unit of the 3iQ CoinShares ETFs should not be sustained. If a Unitholder purchases Units of a 3iQ CoinShares ETF at a time when the market price of a Unit of the 3iQ CoinShares ETF is at a premium to the NAV per Unit or sells Units of a 3iQ CoinShares ETF at a time when the market price of a Unit is at a discount to the NAV per Unit, the Unitholder may sustain a loss.

COVID-19 Outbreak

The novel coronavirus (COVID-19) outbreak was characterized as a pandemic by the World Health Organization on March 11, 2020. The outbreak has spread throughout the world, causing companies and various governments to impose restrictions, such as quarantines, closures, cancellations and travel restrictions. The effects of COVID-19 and the measures taken by companies and governments to combat the coronavirus negatively affected asset values and increased volatility in the financial markets, including the market price and volatility of bitcoin and

ether. At this point, the extent to which the coronavirus may impact, or may continue to impact, the market price of bitcoin and ether and, in turn, the market price of the Units, is uncertain and cannot be predicted.

Additional Risk Associated with Investing in the 3iQ CoinShares Ether ETF

Moving from Proof-of-Work (PoW) to Proof-of-Stake (PoS) Consensus Mechanism

The Ethereum Network is attempting to move from a proof-of-work algorithm to a proof-of-stake mechanism called Ethereum 2.0 that may result in users potentially adopting the new mechanism or rejecting it in favour of other smart contract protocols. Beginning in December, 2020 the Ethereum 2.0 proof-of-stake protocol (“**ETH 2.0**”) began its rollout. There is no guarantee that the ETH community will embrace ETH 2.0 and the new protocol may never reach critical mass. Although ETH 2.0 is supported by many of Ethereum’s core developers as it is expected to improve network efficiency, scalability and security, the current ETH mining community may resist adoption of the new protocol and it may be slowed or stopped all together. It is possible that there will never be a complete transition to ETH 2.0 and the two protocols will both endure and compete going forward. Lack of adoption of ETH 2.0 may have a negative effect on the market value of Ether, and consequently the NAV of the 3iQ CoinShares Ether ETF.

Risks Associated with Investing in Bitcoin and Ether

Cryptocurrency Risk

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

Short History Risk

Bitcoin and ether as digital assets or tokens have a limited history. Due to this short history, it is not clear how all elements of bitcoin and ether 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 and/or ether decreases. Since the bitcoin and ether communities have successfully navigated a considerable number of technical and political challenges since their inception, the Manager believes that they will continue to engineer their way around future challenges. The history of open source software development would indicate that vibrant communities are able to change the software under development at a pace sufficient to stay relevant. The continuation of such vibrant communities is not guaranteed, and insufficient software development or any other unforeseen challenges that the community is not able to navigate could have an adverse impact on a 3iQ CoinShares ETF’s portfolio.

Limited History of the Digital Asset Markets

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

Volatility in the Price of Bitcoin and Ether

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

The price of bitcoin and ether on public digital asset trading platforms has a limited history. Bitcoin and ether prices on the digital asset trading platforms as a whole have been volatile and subject to influence by many factors including the levels of liquidity on digital asset trading platforms. Even the largest digital asset trading platforms have been subject to operational interruption, limiting the liquidity of bitcoin or ether on the digital asset trading platform market and resulting in volatile prices and a reduction in confidence in the Bitcoin Network, the Ethereum Network and the digital asset trading platform market generally. Volatility in the price of bitcoin or ether on digital asset trading platforms could adversely affect the NAV of the Units of a 3iQ CoinShares ETF.

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the public, accounts for anticipated future appreciation in value. The Manager believes that momentum pricing of bitcoin and ether has resulted, and may continue to result, in speculation regarding future appreciation in the value of bitcoin and ether, inflating and making more volatile the value of a bitcoin and ether. As a result, bitcoin and ether may be more likely to fluctuate in value due to changing investor confidence in future appreciation, which could adversely affect an investment in the Units of a 3iQ CoinShares ETF.

Despite the advantage of the Bitcoin Network and Ethereum Network over other digital protocols, it is possible that another digital protocol could become materially popular due to either a perceived or exposed shortcoming of the Bitcoin Network or Ethereum Network protocol that is not immediately addressed by the bitcoin and ether contributor community or a perceived advantage of an alternative digital token or “altcoin” that includes features not incorporated into bitcoin or ether. If a digital asset obtains significant market share (either in market capitalization, mining power or use as a payment technology), this could reduce bitcoin and ether’s market share and have a negative impact on the demand for, and price of, bitcoin and ether and thereby adversely affect the NAV of the Units of a 3iQ CoinShares ETF.

Potential Decrease in Global Demand for Bitcoin and Ether

As a currency bitcoin and ether must serve as a means of exchange, store of value, and unit of account. Many people using bitcoin and ether as money-over-internet-protocol (MoIP) do so with it as an international means of exchange. Speculators and investors using bitcoin and ether as a store of value then layer on top of means of exchange users, creating further demand. If consumers stop using bitcoin or ether as a means of exchange, or its adoption therein slows, then bitcoin’s or ether’s, as applicable, price may suffer, adversely affecting a 3iQ CoinShares ETF.

Investors should be aware that there is no assurance that bitcoin and ether will maintain their long-term value in terms of purchasing power in the future or that the acceptance of bitcoin and ether for payments by mainstream retail merchants and commercial businesses will continue to grow. In the event that the price of bitcoin or ether declines, the Manager expects the NAV of the Units of the applicable 3iQ CoinShares ETF to decline proportionately. As relatively new products and technologies, bitcoin and ether and the Bitcoin Network and Ethereum Network have yet to become widely accepted as a means of payment for goods and services by many major retail and commercial outlets, and use of bitcoin and ether by consumers to pay such retail and commercial outlets remains limited. Banks and other established financial institutions may refuse to process funds for bitcoin and ether based transactions, process wire transfers to or from digital asset trading platforms, bitcoin- or ether- related companies or service providers, or maintain accounts for persons or entities transacting in bitcoin and ether. Conversely, a significant portion of bitcoin and ether demand is generated by speculators and investors seeking to profit from the short- or long-term holding of bitcoin and ether. The Manager believes that, like any commodity, bitcoin and ether will fluctuate in value, but over time will gain a level of acceptance as a store of value, medium of exchange or token of utility.

Financial Institutions may refuse to Support Transactions involving Bitcoin and Ether

In the uncertain regulatory climate for digital assets, including bitcoin and ether, Canadian regulated financial institutions may cease to support transactions involving digital assets, including the receipt of cash proceeds from sales of digital assets.

Limited Insurance

Neither the 3iQ CoinShares ETFs nor the Custodian maintains insurance against risk of loss of bitcoin and ether held by the 3iQ CoinShares ETFs, as such insurance is not currently available in Canada on economically reasonable terms.

The 3iQ CoinShares ETFs' bitcoin and ether is held by Gemini offline in "cold storage". Gemini currently maintains \$200 million in specie coverage for digital assets held in Gemini's cold storage system. The amounts and continuing availability of this coverage are subject to change at Gemini's sole discretion. Digital assets held in cold storage are also protected by Gemini's security measures, which reflect best practices in the payment industry generally and in the cryptoasset space in particular. The 3iQ CoinShares ETFs' bitcoin and ether may also be temporarily held online in a Gemini "hot wallet". Gemini maintains separate commercial crime insurance coverage for digital assets custodied in its "hot wallet".

Residency of the Sub-Custodian

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

Liability of Unitholders

The 3iQ CoinShares ETFs are unit trusts and as such their Unitholders do not receive the protection of statutorily mandated limited liability in some provinces and territories as in the case of shareholders of most Canadian corporations. There is no guarantee, therefore, that Unitholders of a 3iQ CoinShares ETF could not be made party to legal action in connection with the 3iQ CoinShares ETF. However, the Declaration of Trust provides that no Unitholder, in its capacity as such, is subject to any liability whatsoever, in tort, contract or otherwise, to any person in connection with a 3iQ CoinShares ETF's property or the obligations or the affairs of a 3iQ CoinShares ETF and all such persons are to look solely to the 3iQ CoinShares ETF's property for satisfaction of claims of any nature arising out of or in connection therewith and only the 3iQ CoinShares ETF's property is subject to levy or execution. Pursuant to the Declaration of Trust, a 3iQ CoinShares ETF will indemnify and hold harmless each Unitholder of the 3iQ CoinShares ETF from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having limited liability.

As a result of the foregoing, it is considered that the risk of any personal liability of Unitholders is minimal in view of the nature of its activities. In the event that a Unitholder should be required to satisfy any obligation of a 3iQ CoinShares ETF, such Unitholder shall be entitled to reimbursement from any available assets of the 3iQ CoinShares ETF.

Underlying Value Risk

Bitcoin and ether represent a new form of digital value that is still being digested by society. Its underlying value is driven by its utility as a store of value, means of exchange, and unit of account, and the demand for bitcoin and ether within those use cases. Just as oil is priced by the supply and demand of global markets, as a function of its utility to, for instance, power machines and create plastics, so too are bitcoin and ether priced by the supply and demand of global markets for its own utility within remittances, B2B payments, time-stamping, etc.

Top Bitcoin and Ether Holders Control a Significant Percentage of the Outstanding Bitcoin and Ether

The top 115 bitcoin addresses hold roughly 20% of the bitcoin currently outstanding. While this concentration has decreased significantly over the years it is still concentrated. If one of these top holders were to exit their bitcoin position it could cause volatility that may adversely affect the NAV of the Units of the 3iQ CoinShares Bitcoin ETF.

The founders of the Ethereum Network may control large amounts of ether. There are several addresses outside of digital asset trading platforms that have large holdings of ether, which can be found at: <https://etherscan.io/accounts>. While there appear to be few concentrated holders of ether based on individual addresses, some holders may have their ether spread across multiple addresses.

Regulation of Digital Assets

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

Loss of “Private Keys”

The loss or destruction of certain “private keys” (numerical codes required by the 3iQ CoinShares ETFs to access its bitcoin or ether, as applicable) could prevent the 3iQ CoinShares ETFs from accessing their bitcoin or ether, as applicable. Loss of these private keys may be irreversible and could result in the loss of all or substantially all of an investment in a 3iQ CoinShares ETF.

Risk that Holdings May Become Illiquid

A 3iQ CoinShares ETF may not always be able to liquidate its bitcoin or ether, as applicable, at a desired price. It may become difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in the marketplace, including on digital asset trading platforms. Unexpected market illiquidity may cause major losses to the holders of bitcoin or ether, as applicable. The large size of bitcoin or ether, as applicable, that a 3iQ CoinShares ETFs may acquire increases the risks of illiquidity by both making its bitcoin or ether, as applicable, difficult to liquidate and in liquidating, the 3iQ CoinShares ETF may affect bitcoin’s or ether’s, as applicable, price significantly.

Improper Transfers

Bitcoin and ether transfers are irreversible. An improper transfer (whereby bitcoin or ether is accidentally sent to the wrong recipient), whether accidental or resulting from theft, can only be undone by the receiver of the bitcoin or ether, as applicable, agreeing to send the bitcoin or ether back to the original sender in a separate subsequent transaction. To the extent a 3iQ CoinShares ETF erroneously transfers, whether accidental or otherwise, bitcoin or ether in incorrect amounts or to the wrong recipients, the 3iQ CoinShares ETF may be unable to recover such bitcoin or ether, which could adversely affect an investment in the Units of the 3iQ CoinShares ETF.

Uncertain Regulatory Framework

Due to bitcoin and ether’s short history, and their emergence as a new asset class, regulation of bitcoin and ether is still a work in progress. For example, in the United States the Commodity Futures Trading Commission has ruled it a commodity, while the IRS has ruled it a property. The U.S. Securities and Exchange Commission (the “SEC”) and the Canadian Securities Administrators generally take the view that bitcoin and ether are commodities, however, they have not made a formal statement regarding its classification. On May 17, 2019, the Department of Finance (Canada) introduced proposed amendments to the Excise Tax Act that, if enacted as proposed, would, as of May 18, 2019, treat bitcoin and ether as a “financial instrument” for purposes of the Excise Tax Act. Meanwhile, other jurisdictions, like the European Union, Russia and Japan have moved to treat bitcoin and ether like a currency for taxation purposes, which the Manager believes is likely helping to fuel adoption in those areas. The Manager believes that the bitcoin and ether regulatory situation will continue to evolve to allow for innovation while also protecting consumers. Regulators worldwide are increasingly recognizing the powerful innovation of bitcoin and ether and blockchain technology, and therefore the Manager believes that it is unlikely that a hostile regulatory environment will develop. However, if a hostile regulatory environment were to emerge against bitcoin and ether, it could have an adverse impact on the NAV of the Units of a 3iQ CoinShares ETF.

Because the digital asset markets are largely unregulated today, many marketplaces and OTC counterparties that trade or facilitate trading exclusively in digital assets are not subject to registration or licensing requirements with any financial services regulatory body and, therefore, are not directly subject to prescribed KYC, reporting and recordkeeping requirements which apply financial services firms and other “reporting entities” under AML Regulation. The Manager uses all reasonable efforts to confirm that each digital asset trading platform and institutional liquidity provider from which the 3iQ CoinShares ETFs may purchase bitcoin or ether, as applicable, has adopted KYC procedures which reflect industry best practices to seek to ensure compliance with AML Regulation requirements which apply generally in the jurisdictions where they carry on business. In addition, the Sub-Custodian

is a reporting entity under the U.S. Bank Secrecy Act and AML Regulation in the U.S. and has adopted the Gemini BSA/AML Compliance Program.

Risks Associated with the Bitcoin Network and Ethereum Network

Dependence on Network Developers

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

Issues with the Cryptography Underlying the Bitcoin Network and Ethereum Network

Although the Bitcoin Network and the Ethereum Network are the most established digital asset networks, the Bitcoin Network, the Ethereum Network and other cryptographic and algorithmic protocols governing the issuance of digital assets represent a new and rapidly evolving industry that is subject to a variety of factors that are difficult to evaluate. In the past, flaws in the source code for digital assets have been exposed and exploited, including flaws that disabled some functionality for users, exposed users' personal information and/or resulted in the theft of users' digital assets. The cryptography underlying bitcoin and/or ether could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to take a 3iQ CoinShares ETF's bitcoin or ether, as applicable, which would adversely affect an investment in the Units of the 3iQ CoinShares ETF. Moreover, functionality of the Bitcoin Network and the Ethereum Network may be negatively affected such that it is no longer attractive to users, thereby dampening demand for bitcoin or ether, as applicable. Even if another digital asset other than bitcoin or ether, as applicable, were affected by similar circumstances, any reduction in confidence in the source code or cryptography underlying digital assets generally could negatively affect the demand for digital assets and therefore adversely affect an investment in the Units of the 3iQ CoinShares ETFs.

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

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

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

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

Blockchain may Temporarily or Permanently Fork and/or Split

The bitcoin and ether software and protocol are open source. When a modification is released by the developers and a substantial majority of miners consent to the modification, the change is implemented and the Bitcoin Network or Ethereum Network, as applicable, continue uninterrupted. However, if a change were activated with less than a substantial majority consenting to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a "hard fork" (i.e. a split) of the applicable network (and the blockchains). One blockchain would be maintained by the pre-modified software and the other by the post-modification software. The effect is that both blockchain algorithms would be running parallel to one another, but each would be building an independent blockchain with independent native assets (e.g., bitcoin 1 and bitcoin 2).

Although forks are likely to be addressed by a community-led effort to merge the two groups, such a fork could adversely affect bitcoin's or ether's, as applicable, viability.

In the event that a fork in the bitcoin or ether blockchain results in: (i) issuance to a 3iQ CoinShares ETF of an additional digital asset alongside the bitcoin or ether held by the 3iQ CoinShares ETF; or (ii) a choice to keep the existing bitcoin or ether, as applicable, or exchange or replace it with a different digital asset, the Manager will make the investment decision that it believes is in the best interest of the 3iQ CoinShares ETF and its Unitholders at the time.

The Sub-Custodian Agreement provides that the Sub-Custodian will support the forked network that requires the greatest total threshold number of hash attempts to mine all existing blocks measured during the 48-hour period following the fork, subject to its ability to, under certain circumstances and in consultation with the New York State Department of Financial Services and its licensing partners, make a good faith determination as to the forked network that is most likely to be supported by the greatest number of users and miners and support that network. The Sub-Custodian may, in its discretion, choose to not support the forked network, in which case the Sub-Custodian may abandon the Fork Asset (as defined below), retain the Fork Asset for itself or allow a one-time withdrawal of the Fork Asset by the 3iQ CoinShares ETFs. The Sub-Custodian may also choose to support the forked network.

It is ultimately an investment decision of the Manager to determine how a 3iQ CoinShares ETF will deal with a fork in its blockchain. There will likely be many factors relevant to such decision, including the value and liquidity of the new/replacement asset (the "**Fork Asset**") and whether a disposition of such Fork Asset would trigger a taxable event for the 3iQ CoinShares ETF. As such, if it was in the best interest of the 3iQ CoinShares ETF to receive a Fork Asset or otherwise participate in a fork in the blockchain that is not supported by the Sub-Custodian, the Manager could instruct the Custodian to move the 3iQ CoinShares ETF's bitcoin or ether, as applicable, from the Sub-Custodian to an account with another sub-custodian which would support such fork.

The Manager will consult with the auditor of the 3iQ CoinShares ETFs to ensure that all Fork Assets held by a 3iQ CoinShares ETF are properly valued in accordance with International Financial Reporting Standards for the purpose of calculating the NAV of the 3iQ CoinShares ETF. The Manager has confirmed with the auditor of the 3iQ CoinShares ETFs that in the event of a fork or split of the applicable blockchain (or the blockchain of another Fork Asset held by the applicable 3iQ CoinShares ETF), the 3iQ CoinShares ETF would not be required to reflect ownership of any resulting Fork Asset on its financial statements until such asset is released by the Sub-Custodian (or the relevant Fork Asset custodian) into the 3iQ CoinShares ETF's account.

The Manager will ensure that redeeming Unitholders of the 3iQ CoinShares ETF receive the appropriate redemption price for their Units of the 3iQ CoinShares ETF, including in circumstances where a Fork Asset held by the 3iQ CoinShares ETF cannot be liquidated due to restrictions imposed by the custodian of the Fork Asset or other market forces. However, the Manager does not guarantee that ultimately the right Fork Asset will be chosen.

Digital assets are also susceptible to "airdrops", whereby promoters entitle existing holders to claim a certain portion of the new digital asset at no-cost. Since airdrops are both uncertain and unguaranteed, the 3iQ CoinShares ETFs may not derive any benefit from the airdrops.

Dependence on the Internet

Bitcoin and ether miners relay transactions to one another via the internet, and when blocks are mined they are also forwarded via the internet. Users and developers access bitcoin and ether via the internet. Thus, the Bitcoin Network and Ethereum Network is dependent upon the continued functioning of the internet.

Risk if Entity Gains a 51% Share of the Network

If an entity gains controls over 51% of the compute power (hash rate) of the Bitcoin Network or Ethereum Network the entity could use its majority share to double spend bitcoin or ether, as applicable. Essentially, the entity would send bitcoin or ether, as applicable, to one recipient, which is confirmed in the existing blockchain, while also creating a shadow blockchain that sends that same bitcoin or ether, as applicable, to another entity under its control. After a period of time, the entity will release its hidden blockchain and reverse previously confirmed transactions, and

due to the way mining works, that new blockchain will become the record of truth. This would significantly erode trust in the Bitcoin Network or the Ethereum Network, as applicable, to store value and serve as a means of exchange which may significantly decrease the value of the bitcoin or ether, as applicable, and in turn the NAV of the Units of a 3iQ CoinShares ETF.

The two largest miners or pools of Ethereum control in the aggregate more than 51% of the Ethereum Network.

Possible Changes in Transaction Fees

Bitcoin and ether miners, functioning in their transaction confirmation capacity, collect fees for confirming blocks. Miners confirm transactions by adding previously unconfirmed transactions to new blocks in the blockchain. Miners are not forced to confirm any specific transaction, but they are economically incentivized to confirm valid transactions as a means of collecting fees. Miners have historically accepted relatively low transaction confirmation fees because miners have very low marginal cost of validating unconfirmed transactions. If miners collude in an anticompetitive manner to reject low transaction fees, then bitcoin or ether users, as applicable, could be forced to pay higher fees, thus reducing the attractiveness of the Bitcoin Network and the Ethereum Network. Bitcoin and Ether mining occurs globally and it may be difficult for authorities to apply antitrust regulations across multiple jurisdictions. Any collusion among miners to attempt an attack on the Bitcoin Network or Ethereum Network, as the case may be, may adversely impact the trust in the Bitcoin Network or Ethereum Network, as applicable, bitcoin or ether, as applicable, and thus the NAV per Unit of a 3iQ CoinShares ETF.

Attacks on the Network

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

Decrease in Block Reward

The block reward on the Bitcoin Network will decrease over time. On May 11, 2020, the block reward on the Bitcoin Network reduced from 12.5 to 6.25 bitcoin. The block reward on the Bitcoin Network will decrease to 3.125 bitcoin in 2024. As the block reward on the Bitcoin Network continues to decrease over time, the mining incentive structure will transition to a higher reliance on transaction verification fees in order to incentivize miners to continue to dedicate processing power to the blockchain. If transaction verification fees become too high, the marketplace may be reluctant to use bitcoin. Decreased demand for bitcoin may adversely affect the NAV of the Units of the 3iQ CoinShares Bitcoin ETF.

In the event of a material decrease in the block reward to the Ethereum Network, miners may cease to provide their computational power to the consensus mechanism for the Ethereum Network blockchain.

Competitors to Bitcoin and Ether

To the extent a competitor to bitcoin or ether gains popularity and greater market share, the use and price of bitcoin or ether, as applicable, could be negatively impacted, which may adversely affect an investment in Units of a 3iQ CoinShares ETF. Similarly, bitcoin and ether and the price of bitcoin and ether could be negatively impacted by competition from incumbents in the credit card and payments industries, which may adversely affect the NAV of the Units of the 3iQ CoinShares ETFs.

Significant Energy Consumption to run the Networks

Because of the significant computing power required to mine bitcoin and ether, the Bitcoin Network's and Ethereum Network's energy consumption as a whole may ultimately be deemed to be or indeed become unsustainable

(barring improvements in efficiency which could be designed for the protocol). This could pose a risk to broader and sustained acceptance of the applicable network as a peer-to-peer transactional platform.

Risks Associated with Digital Asset Trading Platforms

Regulation of Digital Asset Trading Platforms

Digital asset trading platforms are spot markets in which bitcoin and ether can be exchanged for U.S. dollars. Digital asset trading platforms are not regulated as securities exchanges or commodity futures exchanges under the securities or commodity futures laws of Canada, the United States or other global jurisdictions. The Manager seeks to ensure that the digital asset trading platforms on which the 3iQ CoinShares ETFs transact are reputable, stable and in compliance with AML Regulation. See “Overview of the Sector in which the 3iQ CoinShares ETFs Invest – Purchasing Digital Assets for the 3iQ CoinShares ETFs’ Portfolios”.

Limited Operating History of Digital Asset Trading Platforms

Digital asset trading platforms have a limited operating history. Since 2009 several digital asset trading platforms have been closed or experienced disruptions due to fraud, failure, security breaches or distributed denial of service attacks. In many of these instances, the customers of such trading platforms were not compensated or made whole for the partial or complete loss of funds held at digital asset trading platforms. The potential for instability of digital asset trading platforms and the closure or temporary shutdown of digital asset trading platforms due to fraud, business failure, hackers, distributed denial of service attacks or malware or government-mandated regulation may reduce confidence in bitcoin and ether, which may adversely affect the NAV of the Units of the 3iQ CoinShares ETFs.

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

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

Different Prices of Digital Assets on the Digital Asset Trading Platforms May Adversely Affect the NAV of the Units

Most platforms operate as isolated pools of liquidity, and so when demand spikes for a specific platform the market price for bitcoin and ether on that platform can also spike, making it trade at a premium to other platforms.

Closure of Digital Asset Trading Platform(s)

Prior to 2019, a number of digital asset trading platforms had 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).

Liquidity Constraints on Digital Asset Markets may Impact a 3iQ CoinShares ETF's Holdings

While the liquidity and traded volume of bitcoin and ether are continually growing, they are still maturing assets. A 3iQ CoinShares ETF may not always be able to acquire or liquidate its assets at a desired price. It may become difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in the marketplace, including on digital assets exchanges. When transacting in the digital asset markets, the 3iQ CoinShares ETFs are competing for liquidity with other large investors, including speculators, miners and other investment funds and institutional investors.

Unexpected market illiquidity, and other conditions beyond the Manager's control, may cause major losses to the holders of a digital asset, including bitcoin and ether. The large position in bitcoin and ether that a 3iQ CoinShares ETF may acquire increases the risks of illiquidity by making its bitcoin or ether, as applicable, difficult to liquidate. In addition, liquidation of significant amounts of bitcoin and ether by a 3iQ CoinShares ETF may impact the market price of bitcoin or ether, as applicable.

Risk of Manipulation on Digital Asset Trading Platforms

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

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

The Manager seeks to ensure that the digital asset trading platforms on which the 3iQ CoinShares ETFs transact are reputable, stable and in compliance with AML Regulation. See "Overview of the Sector in which the 3iQ CoinShares ETFs Invest – Purchasing Digital Assets for the 3iQ CoinShares ETFs' Portfolios".

Settlement of Transactions on the Network

There is no central clearing house for cash-to-bitcoin or cash-to-ether transactions. Current practice is for the purchaser of bitcoin or ether to send fiat currency to a bank account designated by the seller, and for the seller to broadcast the transfer of bitcoin or ether to the purchaser's public bitcoin or ether 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 3iQ CoinShares ETFs purchase bitcoin or ether, as applicable, from a Digital Asset Source, there is a risk that the Digital Asset Source will not initiate the transfer on the Bitcoin Network or the Ethereum Network, as applicable, upon receipt of cash from the 3iQ CoinShares ETF, or that the bank where the Digital Asset Source's account is located will not credit the incoming cash from the 3iQ CoinShares ETF for the account of the Digital Asset Source. The Manager mitigates this risk by transacting with regulated Digital Asset Sources that have undergone due diligence, as described under "Overview of the Sector in which the 3iQ CoinShares ETFs Invest – Purchasing Digital Assets for the 3iQ CoinShares ETFs' Portfolios" and by confirming the solvency of the Digital Asset Source and the bank designated by each Digital Asset Source based on publicly available information.

Risk Rating of the 3iQ CoinShares ETFs

The Manager assigns a risk rating to each 3iQ CoinShares ETF as an additional guide to help investors decide whether it is right for them. This information is only a guide. The Manager determines the risk rating for the 3iQ CoinShares ETFs in accordance with NI 81-102. The investment risk level of the 3iQ CoinShares ETFs is required to be determined in accordance with standardized risk classification methodology that is based on the historical volatility of a 3iQ CoinShares ETF as measured by the 10-year standard deviation of the returns of the 3iQ CoinShares ETF. Just as historical performance may not be indicative of future returns, a 3iQ CoinShares ETF's historical volatility may not be indicative of its future volatility. Investors should be aware that other types of risk, both measurable and

non-measurable, also exist.

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

Using this methodology, the Manager assigns a risk rating to the 3iQ CoinShares ETFs as either low, low to medium, medium, medium to high, or high risk as follows:

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

Each 3iQ CoinShares ETF's risk rating is determined by calculating its standard deviation for the most recent 10 years using monthly returns and assuming the reinvestment of all income and capital gains distributions in additional Units of the 3iQ CoinShares ETF. As the 3iQ CoinShares ETFs do not have at least 10 years of performance history, the Manager uses a reference index that is reasonably expected to approximate the standard deviation of the 3iQ CoinShares ETFs as a proxy. There may be times when the Manager believes this methodology produces a result that does not reflect a 3iQ CoinShares ETF's risk based on other qualitative factors. As a result, the Manager may place a 3iQ CoinShares ETF in a higher risk rating category, as appropriate. The Manager reviews the risk rating for the 3iQ CoinShares ETFs on an annual basis or if there has been a material change to a 3iQ CoinShares ETF's investment objectives or investment strategies.

A copy of the methodology used by the Manager to identify the investment risk levels of the 3iQ CoinShares ETFs is available on request, at no cost, by calling (416) 639-2130. The Manager has assigned the 3iQ CoinShares ETFs the risk rating in the table below, such risk rating does not necessarily correspond to an investor's risk tolerance assessment. Investors are advised to consult their financial advisor for advice regarding their personal circumstances.

Legal Name	Risk Rating
3iQ CoinShares Bitcoin ETF	High
3iQ CoinShares Ether ETF	High

The 3iQ CoinShares Bitcoin ETF's risk classification is based on the 3iQ CoinShares ETF's return and the return of the MVIBBR as described under "Calculation of Net Asset Value – The Indices".

The 3iQ CoinShares Ether ETF's risk classification is based on the 3iQ CoinShares ETF's return and the return of the MVIBBR as described under "Calculation of Net Asset Value – The Indices".

DISTRIBUTION POLICY

Distributions

The 3iQ CoinShares ETFs have not and do not intend to pay distributions to Unitholders.

On an annual basis, the 3iQ CoinShares ETFs will ensure that their income and net realized capital gains, if any, have been distributed to Unitholders to such an extent that the 3iQ CoinShares ETFs are not liable for ordinary income tax thereon. To the extent that a 3iQ CoinShares ETF has not distributed the full amount of its net income or capital gains in any year, the difference between such amount and the amount actually distributed by the 3iQ CoinShares ETF will be paid as a “reinvested distribution”. Reinvested distributions by a 3iQ CoinShares ETF, net of any required withholding taxes, will be reinvested automatically in additional Units of the 3iQ CoinShares ETF at a price equal to the NAV per Unit and the Units will be immediately consolidated such that the number of outstanding Units of the 3iQ CoinShares ETF following the distribution will equal the number of Units of the 3iQ CoinShares ETF outstanding prior to the distribution.

In addition to the distributions described above, the 3iQ CoinShares ETFs may from time to time pay additional distributions on their Units, including without restriction in connection with a special distribution or in connection with returns of capital.

PURCHASES OF UNITS

Offerings and Continuous Distribution

Units of the 3iQ CoinShares ETFs are issued and sold on a continuous basis and there is no maximum number of Units that may be issued.

Designated Broker

The Manager, on behalf each of the 3iQ CoinShares ETFs, has entered into a Designated Broker Agreement with a Designated Broker pursuant to which the Designated Broker agreed to perform certain duties relating to the 3iQ CoinShares ETF including, without limitation: (i) to subscribe for a sufficient number of Units of the 3iQ CoinShares ETF to satisfy the TSX’s original listing requirements; (ii) to subscribe for Units of the 3iQ CoinShares ETF on an ongoing basis in connection with the rebalancing of and adjustments to the 3iQ CoinShares ETF’s portfolio when redemptions of Units occur as described under “Redemption and Exchange of Units – Redemption of Units”; and (iii) to post a liquid two-way market for the trading of Units of the 3iQ CoinShares ETF on the TSX. The Manager may, in its discretion from time to time, reimburse the Designated Broker for certain expenses incurred by the Designated Broker in performing these duties.

The Designated Broker Agreement provides that the Manager may from time to time and, in any event not more than once quarterly, require the Designated Broker to subscribe for Units of a 3iQ CoinShares ETF for cash in a dollar amount not to exceed 0.30% of the NAV of the 3iQ CoinShares ETF. The number of Units of the 3iQ CoinShares ETF issued is the subscription amount divided by the NAV per Unit of the 3iQ CoinShares ETF next determined following the delivery by the Manager of a subscription notice to the Designated Broker. Payment for the Units must be made by the Designated Broker, and the Units will be issued, by no later than the second Trading Day after the subscription notice has been delivered.

Issuance of Units

To the Designated Broker and Dealers

All orders to purchase Units directly from the 3iQ CoinShares ETFs must be placed by the Designated Broker or Dealers. The 3iQ CoinShares ETFs reserve the absolute right to reject any subscription order placed by the Designated Broker or Dealer. No fees are payable by the 3iQ CoinShares ETFs to the Designated Broker or Dealer in connection with the issuance of Units. On the issuance of Units, the Manager may, in its discretion, charge an

administrative fee to the Designated Broker or a Dealer to offset the expenses (including any applicable TSX additional listing fees) incurred in issuing the Units.

On any Trading Day, the Designated Broker or Dealer may place a subscription order for the Prescribed Number of Units (or an integral multiple thereof) of a 3iQ CoinShares ETF. If a subscription order is received by a 3iQ CoinShares ETF by 9:00 a.m. (Toronto time) on a Trading Day (or such later time on such Trading Day as the Manager may permit), the 3iQ CoinShares ETF will issue to the Designated Broker or Dealer the Prescribed Number of Units (or an integral multiple thereof) by no later than the second Trading Day after the date on which the subscription order is accepted, provided that payment for such Units has been received.

The Designated Broker or Dealer must deliver cash or, subject to receipt of regulatory approval, bitcoin or ether, as applicable, in an amount equal to the NAV of the Units next determined following the receipt of the subscription order.

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

Buying and Selling Units

The Units of the 3iQ CoinShares ETFs are listed for trading on the Toronto Stock Exchange (the "TSX") and offered on a continuous basis, and an investor is able to buy or sell Units of the 3iQ CoinShares ETFs on the TSX through registered brokers and dealers in the Province or Territory where the investor resides. The TSX ticker symbol for the Units of (a) the 3iQ CoinShares Bitcoin ETF is "BTCQ" (in Canadian dollars) and "BTCQ.U" (in U.S. dollars) and (b) the 3iQ CoinShares Ether ETF is "ETHQ" (in Canadian dollars) and "ETHQ.U" (in U.S. dollars). Investors may incur customary brokerage commissions in buying and selling Units of the 3iQ CoinShares ETFs. The 3iQ CoinShares ETFs issue Units directly to the Designated Broker and Dealers.

Special Considerations for Unitholders

The provisions of the so-called "early warning" requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units. In addition, the Manager, on behalf of the 3iQ CoinShares ETFs, has obtained exemptive relief from the securities regulatory authorities to permit Unitholders to acquire more than 20% of the Units of a 3iQ CoinShares ETF through purchases on the TSX without regard to the take-over bid requirements of Canadian securities legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, undertakes to the Manager not to vote more than 20% of the Units of the 3iQ CoinShares ETF at any meeting of Unitholders.

Registration and Transfer through CDS

Registration of interests in, and transfers of, the Units of the 3iQ CoinShares ETFs are made only through CDS. Units must be purchased, transferred and surrendered for exchange or redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled are made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner receives only the customary confirmation and physical certificates evidencing ownership are not issued. References in this prospectus to a Unitholder mean, unless the context otherwise requires, the owner of the beneficial interest in such Units.

Neither the 3iQ CoinShares ETFs nor the Manager have any liability for: (i) records maintained by CDS relating to the beneficial interests in the Units or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

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

The 3iQ CoinShares ETFs have the option to terminate registration of the Units through the book based system in which case certificates for Units in fully registered form may be issued to beneficial owners of such Units or to their nominees.

REDEMPTION AND EXCHANGE OF UNITS

Redemption of Units

On any Trading Day, Unitholders of a 3iQ CoinShares ETF may redeem Units for cash at a redemption price per Unit equal to the lesser of 95% of (a) the closing price for the Units of the 3iQ CoinShares ETF on the TSX on the effective day of the redemption and (b) the NAV per Unit of the 3iQ CoinShares ETF. Because Unitholders are generally able to sell Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered to the applicable 3iQ CoinShares ETF at its registered office by 9:00 a.m. (Toronto time) on the Trading Day (or such later time on such Trading Day as the Manager may permit). If a cash redemption request is not received by the delivery deadlines noted immediately above on a Trading Day, the cash redemption request will be effective only on the next Trading Day. Payment of the redemption price will be made by no later than the second Trading Day after the effective day of the redemption. The cash redemption request forms may be obtained from any registered broker or dealer.

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

In connection with the redemption of Units, the 3iQ CoinShares ETFs may dispose of securities or other assets to satisfy the redemption.

Exchange of Units

On any Trading Day, Unitholders of a 3iQ CoinShares ETF may exchange the Prescribed Number of Units (or an integral multiple thereof) for cash or, if agreed to by the Manager, for cash and/or portfolio assets held by the 3iQ CoinShares ETF.

To effect an exchange of Units, a Unitholder must submit an exchange request in the form prescribed by the Manager from time to time to the applicable 3iQ CoinShares ETF at its registered office by 9:00 a.m. (Toronto time) on a Trading Day (or such later time on such Trading Day as the Manager may permit). The exchange price will be equal to the NAV of the Units of the 3iQ CoinShares ETF on the effective day of the exchange request, payable by delivery of cash or, if applicable, assets. The Units will be redeemed in the exchange.

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

Unitholders should be aware that the NAV per Unit of a 3iQ CoinShares ETF will decline on the date of declaration of any distribution payable in cash on Units of the 3iQ CoinShares ETF. A Unitholder that is no longer a holder of record on the applicable distribution record date is not entitled to receive that distribution.

Requests for Exchange and Redemption

A Unitholder submitting an exchange or redemption request is deemed to represent to the 3iQ CoinShares ETF(s) and the Manager that: (a) it has full legal authority to tender the Units for exchange or redemption and to receive the proceeds of the exchange or redemption; and (b) the Units have not been loaned or pledged and are not the subject of a repurchase agreement, securities lending agreement or a similar arrangement that would preclude the

delivery of the Units to the 3iQ CoinShares ETF(s). The Manager reserves the right to verify these representations at its discretion. Generally, the Manager requires verification with respect to an exchange or redemption request if there are unusually high levels of exchange or redemption activity or short interest in a 3iQ CoinShares ETF. If the Unitholder, upon receipt of a verification request, does not provide the Manager with satisfactory evidence of the truth of the representations, the Unitholder's exchange or redemption request will not be considered to have been received in proper form and will be rejected.

Suspension of Exchange and Redemption

The Manager may suspend the redemption of Units or payment of redemption proceeds of a 3iQ CoinShares ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the 3iQ CoinShares ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the 3iQ CoinShares ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the 3iQ CoinShares ETF; or (ii) with the prior permission of the securities regulatory authorities for any period not exceeding 30 days during which the Manager determines that conditions exist that render impractical the sale of assets of the 3iQ CoinShares ETF or that impair the ability of the Valuation Agent to determine the value of the assets of the 3iQ CoinShares ETF. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the 3iQ CoinShares ETFs, any declaration of suspension made by the Manager shall be conclusive.

Costs Associated with Exchange and Redemption

Unitholders who buy and sell Units of the 3iQ CoinShares ETFs through the facilities of the TSX on which Units of the 3iQ CoinShares ETFs are traded do not pay a fee directly to the Manager or the 3iQ CoinShares ETFs in respect of those purchases and sales.

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

Allocations of Capital Gains to Redeeming or Exchanging Unitholders

Pursuant to the Declaration of Trust, a 3iQ CoinShares ETF may allocate and designate as payable any capital gains realized by the 3iQ CoinShares ETF as a result of any disposition of property of the 3iQ CoinShares ETF. In addition, a 3iQ CoinShares ETF has the authority to distribute, allocate and designate any capital gains of the 3iQ CoinShares ETF to a Unitholder of the 3iQ CoinShares ETF who has redeemed or exchanged Units during a year. Any such allocations and designations reduce the redemption price otherwise payable to the redeeming Unitholder. The taxable portion of the capital gain so designated must be included in the income of the redeeming Unitholder (as taxable capital gains) and may be deductible by a 3iQ CoinShares ETF in computing its income, subject to subsection 132(5.3) of the Tax Act. Subsection 132(5.3) of the Tax Act only permits a trust that is a "mutual fund trust" for purposes of the Tax Act a deduction in respect of a capital gain of the "mutual fund trust" designated to a unitholder on a redemption of units where the unitholder's proceeds of disposition are reduced by the designation, up to the amount of the unitholder's accrued gain on those units. Alternatively, if certain Tax Proposals are enacted as proposed (the "ATR Rule"), the limitation in subsection 132(5.3) would no longer apply to a 3iQ CoinShares ETF and instead amounts of taxable capital gain so allocated and designated to redeeming Unitholders will be deductible to a 3iQ CoinShares ETF to the extent of the redeeming Unitholders' pro rata share (as determined under the ATR Rule) of the net taxable capital gains of the applicable 3iQ CoinShares ETF for the year. The portion of taxable capital gains that is not deductible by a 3iQ CoinShares ETF under subsection 132(5.3) or, if enacted, the ATR Rule may be made payable to non-redeeming Unitholders so that the 3iQ CoinShares ETF will not be liable for non-refundable income

tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming Unitholders of a 3iQ CoinShares ETF may be greater than would have been the case in the absence of subsection 132(5.3) or the ATR Rule.

Exchange and Redemption of Units through CDS Participants

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

Short-Term Trading

At the present time, the Manager is of the view that it is not necessary to impose any short-term trading restrictions on the 3iQ CoinShares ETFs as Units of the 3iQ CoinShares ETFs are generally traded by investors on an exchange in the secondary market in the same way as other listed securities. In the few situations where the 3iQ CoinShares ETFs are not purchased in the secondary market, purchases usually involve the Designated Broker or a Dealer upon whom the Manager may impose a redemption fee, which is intended to compensate the 3iQ CoinShares ETFs for any costs and expenses incurred in relation to the trade.

PRICE RANGE AND TRADING VOLUME OF UNITS

The following tables set forth the market price range and trading volume of the Units of the 3iQ CoinShares ETFs on the TSX for the calendar periods indicated. The greatest volume of trading of the 3iQ CoinShares ETFs generally occurs on the TSX.

	3iQ CoinShares Bitcoin ETF (BTCQ.U) (in U.S. dollars)			3iQ CoinShares Ether ETF (ETHQ.U) (in U.S. dollars)		
	Price Range		Volume	Price Range		Volume
	High	Low		High	Low	
2022						
February	\$7.49	\$6.07	360,815	\$13.27	\$10.51	72,281
January	\$7.74	\$5.95	495,626	\$15.56	\$9.62	186,620
2021						
December	\$9.54	\$7.68	289,055	\$18.68	\$14.85	182,634
November	\$11.28	\$9.17	235,285	\$19.47	\$16.56	278,158
October	\$11.14	\$8.06	351,051	\$17.94	\$13.47	131,607
September	\$8.51	\$6.91	327,831	\$16.16	\$11.49	237,615
August	\$8.28	\$6.45	381,373	\$13.75	\$10.38	104,874
July	\$6.76	\$5.00	73,511	\$9.75	\$7.36	138,188
June	\$6.83	\$5.35	291,848	\$11.47	\$7.62	93,225
May	\$9.78	\$6.05	255,076	\$16.75	\$9.71	468,715
April	\$9.66 ⁽¹⁾	\$8.55 ⁽¹⁾	77,543 ⁽¹⁾	\$11.47 ⁽²⁾	\$9.68 ⁽²⁾	34,494 ⁽²⁾
March	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Information available from April 19, 2021 being the date on which the units of the 3iQ CoinShares ETF commenced trading on the TSX.
- (2) Information available from April 23, 2021 being the date on which the units of the 3iQ CoinShares ETF commenced trading on the TSX.

	3iQ CoinShares Bitcoin ETF (BTCQ) (in Canadian dollars)			3iQ CoinShares Ether ETF (ETHQ) (in Canadian dollars)		
	<u>Price Range</u>		<u>Volume</u>	<u>Price Range</u>		<u>Volume</u>
	<u>High</u>	<u>Low</u>		<u>High</u>	<u>Low</u>	
2022						
February	\$9.48	\$7.71	496,304	\$16.84	\$13.30	545,680
January	\$9.85	\$7.57	1,656,025	\$19.78	\$12.22	647,537
2021						
December	\$12.23	\$9.72	799,630	\$23.88	\$18.78	968,920
November	\$14.04	\$11.70	697,015	\$24.35	\$20.87	948,866
October	\$13.73	\$10.18	1,287,009	\$22.26	\$17.03	653,793
September	\$10.62	\$8.82	1,159,234	\$20.24	\$14.68	686,616
August	\$10.50	\$8.02	563,140	\$17.66	\$12.67	1,018,067
July	\$8.51	\$6.32	460,687	\$12.23	\$9.29	381,057
June	\$8.20	\$6.71	1,439,564	\$13.90	\$9.22	452,957
May	\$11.92	\$7.33	749,745	\$20.31	\$11.76	1,369,504
April	\$12.08 ⁽¹⁾	\$10.70 ⁽¹⁾	225,872 ⁽¹⁾	\$14.10 ⁽²⁾	\$12.14 ⁽²⁾	323,447 ⁽²⁾
March	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Information available from April 19, 2021 being the date on which the units of the 3iQ CoinShares ETF commenced trading on the TSX.
- (2) Information available from April 23, 2021 being the date on which the units of the 3iQ CoinShares ETF commenced trading on the TSX.

INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) for the 3iQ CoinShares ETFs and for a prospective investor in a 3iQ CoinShares ETF who, for the purpose of the Tax Act at all relevant times, is an individual (other than a trust), is resident in Canada, holds Units of a 3iQ CoinShares ETF as capital property, is not affiliated and deals at arm's length with the 3iQ CoinShares ETF, and has not entered into a "derivative forward agreement" (as defined in the Tax Act) with respect to Units of the 3iQ CoinShares ETF. This summary is based upon the current provisions of the Tax Act and regulations thereunder, the *Excise Tax Act* and regulations thereunder, all specific proposals to amend the Tax Act or Excise Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and the Manager's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency publicly available prior to the date hereof. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the considerations described below.

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

This summary assumes that at no time will a 3iQ CoinShares ETF be a SIFT trust. Even if Units of a 3iQ CoinShares ETF are listed or traded on a stock exchange or other public market, provided the 3iQ CoinShares ETF only invests in bitcoin or ether, as applicable, the 3iQ CoinShares ETF should not be a SIFT trust; however, no assurance can be given in this regard.

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

The SIFT Rules could affect a 3iQ CoinShares ETF and its Unitholders to the extent that the 3iQ CoinShares ETF is a SIFT trust to which the SIFT Rules apply, and the 3iQ CoinShares ETF earns income from non-portfolio property or taxable capital gains from the disposition of “non-portfolio property”. The Manager believes that the SIFT Rules were not intended to apply to trusts such as the 3iQ CoinShares ETFs and the 3iQ CoinShares ETFs are subject to investment restrictions intended to restrict its ability to hold “non-portfolio property”. If a 3iQ CoinShares ETF is considered to be a SIFT trust, “non-portfolio earnings” of the 3iQ CoinShares ETF will be subject to the tax under the SIFT Rules when such amounts are distributed by the 3iQ CoinShares ETF to its Unitholders and such distributions will be treated in the hands of such Unitholders as eligible dividends from a taxable Canadian corporation.

Status of the 3iQ CoinShares ETFs

This summary is based on the assumption that each of the 3iQ CoinShares ETFs will comply at all material times with the conditions prescribed in the Tax Act and otherwise so as to qualify as a “mutual fund trust” as defined in the Tax Act. The 3iQ CoinShares ETFs are expected to qualify as a “mutual fund trust” under the Tax Act at all material times. If a 3iQ CoinShares ETF were to not qualify as a “mutual fund trust” for the purposes of the Tax Act for any period of time, the tax considerations could be materially different from those described below.

Provided that a 3iQ CoinShares ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, or the Units of a class of the 3iQ CoinShares ETF continue to be listed on a “designated stock exchange” within the meaning of the Tax Act, such Units of the 3iQ CoinShares ETF 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 3iQ CoinShares ETF, or if such holder, subscriber or annuitant does not deal at arm’s length with the 3iQ CoinShares ETF for purposes of the Tax Act, the Units of the 3iQ CoinShares ETF will be a “prohibited investment” for such TFSA, RDSP, RESP, RRSP or RRIF. If Units of a 3iQ CoinShares ETF are a “prohibited investment” for a TFSA, RDSP, RESP, RRSP or RRIF that acquires such Units, the holder of the TFSA or RDSP, subscriber of the RESP, or annuitant under the RRSP or RRIF will be subject to a penalty tax as set out in the Tax Act. Generally, a holder, subscriber or annuitant will not be considered to have a “significant interest” in a 3iQ CoinShares ETF unless the holder, subscriber or annuitant owns 10% or more of the value of the outstanding Units of the 3iQ CoinShares ETF, either alone or together with persons and partnerships with which the holder, subscriber or annuitant does not deal at arm’s length. Holders of TFSAs and RDSPs, subscribers of RESPs, and annuitants under RRSPs and RRIFs should consult their own tax advisors to ensure Units of the 3iQ CoinShares ETFs 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 3iQ CoinShares ETFs

Each of the 3iQ CoinShares ETFs 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 3iQ CoinShares ETF on the disposition of assets held by it, and other income. The Declaration of Trust requires that a 3iQ CoinShares ETF distribute its net income and net realized capital gains, if any, for each taxation year of the 3iQ CoinShares ETF to Unitholders to such an extent that the 3iQ CoinShares ETF will not be liable in any taxation year for ordinary income tax (after taking into account any applicable losses of the 3iQ CoinShares ETF and any capital gains refunds to which the 3iQ CoinShares ETF is entitled). If in a taxation year the income for tax purposes of a 3iQ CoinShares ETF exceeds the cash available for distribution by the 3iQ CoinShares ETF, the 3iQ CoinShares ETF will distribute its income through a payment of reinvested distributions.

The CRA has taken the administrative position that virtual currencies, such as bitcoin and ether, are treated as a commodity for the purposes of the Tax Act. The CRA has expressed the opinion that gains (or losses) of mutual fund trusts resulting from transactions in commodities should generally be treated for tax purposes as ordinary income

rather than as capital gains, although the treatment in each particular case remains a question of fact to be determined having regard to all the circumstances. As the 3iQ CoinShares ETFs intend to be a long-term holder of bitcoin or ether, as applicable, the Manager anticipates that the 3iQ CoinShares ETFs will generally treat gains (or losses) as a result of any disposition of bitcoin or ether, as applicable, as capital gains (or capital losses) although, depending on the circumstances, the 3iQ CoinShares ETFs may instead include the full amount in (or deduct the full amount from) income.

Gains or losses on derivatives entered into by a 3iQ CoinShares ETF as a substitute for direct investment will be treated by the 3iQ CoinShares ETF on income account. Such gains or losses will be recognized for tax purposes at the time they are realized by the 3iQ CoinShares ETF.

If a 3iQ CoinShares ETF realizes capital gains as a result of a transfer or disposition of its property undertaken to permit an exchange or redemption of Units by a Unitholder, all or a portion of the amount received by the Unitholder may be designated and treated for income tax purposes as a distribution to the Unitholder out of such capital gains rather than being treated as proceeds of disposition of the Units. The taxable portion of the capital gain so designated must be included in the income of the redeeming Unitholder (as taxable capital gains) and may be deductible by a 3iQ CoinShares ETF in computing its income, subject to subsection 132(5.3) of the Tax Act. Subsection 132(5.3) of the Tax Act only permits a trust that is a “mutual fund trust” for purposes of the Tax Act a deduction in respect of a capital gain of the “mutual fund trust” designated to a unitholder on a redemption of units where the unitholder’s proceeds of disposition are reduced by the designation, up to the amount of the unitholder’s accrued gain on those units. Alternatively, if the ATR Rule is enacted as proposed, the limitation in subsection 132(5.3) would no longer apply to a 3iQ CoinShares ETF and instead amounts of taxable capital gain so allocated and designated to redeeming Unitholders will be deductible to a 3iQ CoinShares ETF to the extent of the redeeming Unitholders’ pro rata share (as determined under the ATR Rule) of the net taxable capital gains of the applicable 3iQ CoinShares ETF for the year. The portion of taxable capital gains that is not deductible by a 3iQ CoinShares ETF under subsection 132(5.3) or, if enacted, the ATR Rule may be made payable to non-redeeming Unitholders so that the 3iQ CoinShares ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming Unitholders of a 3iQ CoinShares ETF may be greater than would have been the case in the absence of subsection 132(5.3) or the ATR Rule.

Any losses incurred by a 3iQ CoinShares ETF may not be allocated to Unitholders of the 3iQ CoinShares ETF, but may generally be carried forward and back and deducted in computing the taxable income of the 3iQ CoinShares ETF in accordance with the detailed rules and limitations in the Tax Act.

The 3iQ CoinShares ETFs are 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 3iQ CoinShares ETF acquires a property (a “substituted property”) that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the 3iQ CoinShares ETF own the substituted property 30 days after the original disposition. If a loss is suspended, the 3iQ CoinShares ETF cannot deduct the loss until the substituted property is sold and is not reacquired within 30 days before and after the sale, which may increase the amount of net realized capital gains of the 3iQ CoinShares ETF to be made payable to its Unitholders.

The 3iQ CoinShares ETFs are required to compute their income and gains for tax purposes in Canadian dollars. Therefore, the amount of income, cost, proceeds of disposition and other amounts in respect of investments that are not Canadian dollar denominated will be affected by fluctuations in the exchange rate of the Canadian dollar against the relevant foreign currency.

Taxation of Unitholders

Distributions

A Unitholder will be required to include in the Unitholder’s income for tax purposes for any year the amount of net income and net taxable capital gains of a 3iQ CoinShares ETF, if any, paid or payable to the Unitholder in the year and deducted by the 3iQ CoinShares ETF in computing its income, whether or not such amounts are reinvested in additional Units of the 3iQ CoinShares ETF. The non-taxable portion of any net realized capital gains of a 3iQ CoinShares ETF that is paid or payable to a Unitholder in a taxation year will not be included in computing the

Unitholder's income for the year and, provided appropriate designations are made by the 3iQ CoinShares ETF, will not reduce the adjusted cost base of the Unitholder's Units of the 3iQ CoinShares ETF. Any returns of capital will reduce the Unitholder's adjusted cost base. To the extent that a Unitholder's adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the Unitholder's adjusted cost base will be nil immediately thereafter. The 3iQ CoinShares ETFs will designate, to the extent permitted by the Tax Act, the portion of the net income distributed to Unitholders as may reasonably be considered to consist of net taxable capital gains realized or considered to be realized by the 3iQ CoinShares ETFs. Any such designated amount will be deemed for tax purposes to be realized by Unitholders in the year as a taxable capital gain. Capital gains so designated will be subject to the general rules relating to the taxation of capital gains described below. Any loss of a 3iQ CoinShares ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the Unitholders of the 3iQ CoinShares ETF.

Composition of Distributions

Unitholders are 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 3iQ CoinShares ETFs' Distribution Policy

When a Unitholder acquires Units of a 3iQ CoinShares ETF, a portion of the price may reflect income and capital gains of the 3iQ CoinShares ETF that have not been realized or distributed. This may particularly be the case near year-end before year-end distributions have been made. When such income and capital gains are distributed by the 3iQ CoinShares ETF, they must be taken into account by the Unitholder in computing its income for tax purposes even though such amounts may have been reflected in the price paid by the Unitholder.

Disposition of Units

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

Taxation of Capital Gains and Capital Losses

One-half of any capital gain realized by an investor and the amount of any net taxable capital gains realized or considered to be realized by a 3iQ CoinShares ETF and designated by the 3iQ CoinShares ETF in respect of an investor will be included in the investor's income as a taxable capital gain. One-half of a capital loss will be an allowable capital loss realized by an investor that will be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

Taxation of Registered Plans

In general, the amount of a distribution paid or payable to a Registered Plan from a 3iQ CoinShares ETF and gains realized by a Registered Plan on a disposition of a Unit will not be taxable under the Tax Act. As is the case for all investments held in Registered Plans, amounts withdrawn from a Registered Plan (other than from a TFSA or a return of contributions from an RESP or certain withdrawals from an RDSP) will generally be subject to tax. To the extent Units of a 3iQ CoinShares ETF are exchanged by the redeeming Unitholder for bitcoin or ether, as applicable, or liquidation of the 3iQ CoinShares ETF's bitcoin or ether, as applicable, is not practicable upon termination of the 3iQ CoinShares ETF, any bitcoin or ether, as applicable, received by a Unitholder would not be a qualified investment for Registered Plans.

INTERNATIONAL INFORMATION REPORTING

The 3iQ CoinShares ETFs are required to comply with due diligence and reporting obligations in the Tax Act enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement (the “IGA”). Dealers through which Unitholders hold their Units are subject to due diligence and reporting obligations with respect to financial accounts that they maintain for their clients. Unitholders (and, if applicable, the controlling person(s) of a Unitholder) may be requested to provide information to their dealer to identify U.S. persons holding Units. If a Unitholder, or its controlling person(s), is a “Specified U.S. Person”, as defined under the IGA (including a U.S. citizen who is a resident of Canada), if no such determination has been made but the information provided includes indicia of U.S. status and sufficient evidence to the contrary is not timely provided, or if the Unitholder fails to provide the requested information and indicia of U.S. status are present, then Part XVIII of the Tax Act will generally require information about the Unitholder’s investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a Registered Plan. The CRA will then provide that information to the U.S. Internal Revenue Service.

In addition, pursuant to Part XIX of the Tax Act implementing the Organization for Economic Co-operation and Development Common Reporting Standard (the “CRS Rules”), Canadian financial institutions are required to have procedures in place to identify accounts held by tax residents of foreign countries other than the U.S. (“Reportable Jurisdictions”) or by certain entities any of whose “controlling persons” are tax residents of Reportable Jurisdictions. The CRS Rules provide that Canadian financial institutions must report certain account information and other personal identifying details of Unitholders (and, if applicable, of the controlling persons of such Unitholders) who are tax residents of Reportable Jurisdictions to the CRA annually. Such information would generally be exchanged on a reciprocal, bilateral basis with Reportable Jurisdictions in which the account holders or such controlling persons are tax resident under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Under the CRS Rules, Unitholders will be required to provide such information regarding their investment in the 3iQ CoinShares ETFs to their dealer for the purpose of such information exchange, unless the investment is held within a Registered Plan.

ORGANIZATION AND MANAGEMENT DETAILS

The Trustee, Manager and Promoter

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

The Manager was incorporated under the *Canada Business Corporations Act* on July 9, 2012. The Manager’s head office is located at 181 Bay Street, Suite 1020, Toronto, Ontario M5J 2T3.

The 3iQ CoinShares ETFs have retained the Manager to manage and administer the day-to-day business and affairs of the 3iQ CoinShares ETFs. The Manager is responsible for providing managerial, administrative and compliance services to the 3iQ CoinShares ETFs pursuant to the Declaration of Trust, including, without limitation, acquiring or arranging to acquire bitcoin or ether, as applicable, on behalf of the 3iQ CoinShares ETFs, calculating the NAV of the 3iQ CoinShares ETFs and NAV per Unit of the 3iQ CoinShares ETFs, net income and net realized capital gains of the 3iQ CoinShares ETFs, authorizing the payment of operating expenses incurred on behalf of the 3iQ CoinShares ETFs, preparing financial statements and financial and accounting information as required by the 3iQ CoinShares ETFs, ensuring that Unitholders are provided with financial statements (including interim and annual financial statements) and other reports as are required by applicable law from time to time, ensuring that the 3iQ CoinShares ETFs comply with regulatory requirements and applicable stock exchange listing requirements, preparing reports to Unitholders and the securities regulatory authorities and negotiating contractual agreements with third-party providers of services, including the Custodian, the Sub-Custodian, the Registrar and Transfer Agent, the auditor and printers. The Manager may from time to time employ or retain any other person or entity to perform, or to assist the Manager in the performance of management, administrative and advisory services to all or any portion of a 3iQ CoinShares ETF’s assets and in performing other duties of the Manager as set out in the Declaration of Trust.

Officers and Directors of the Trustee, Manager and Promoter

The board of directors of the Manager currently consists of three members. The name, municipality of residence and office with the Manager of each director and senior officer is set out below. The directors do not have a fixed term of office.

<u>Name</u>	<u>Municipality of Residence</u>	<u>Office with the Manager</u>	<u>Principal Occupation</u>
Frederick T. Pye	Pointe Claire, Quebec	Chairman, Chief Executive Officer and Director	Chief Executive Officer of 3iQ Corp.
Pascal St-Jean	Ottawa, Ontario	President	President of 3iQ Corp.
John Loeprich	Moffat, Ontario	Chief Financial Officer and Director	Chief Financial Officer of 3iQ Corp.
Ashley Peters	Calgary, Alberta	Chief Compliance Officer	Chief Compliance Officer of 3iQ Corp.
Anthony L. Cox	Toronto, Ontario	Executive Vice President and Director	Financial Executive

A description of the experience and background relevant to the business of the Fund and information regarding the principal occupations held by the above noted individuals during the past five years is set out below.

Frederick T. Pye

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

Pascal St-Jean

Pascal St-Jean is the President of 3iQ Corp. Throughout his career, Mr. St-Jean has focused on the transformation and disruption of industries via rapid scaling of businesses under his leadership. Having successfully created and grown multiple business ventures, Mr. St-Jean was recognized as one of the youngest recipients of Ottawa's Forty Under 40 award. Mr. St-Jean is the co-founder of STAND Advisors where he served as Strategic Advisor and Fractional Executive to over 5% of the Globe and Mail's 500 fastest growing companies in Canada. He is also a founding partner of Futuring, an executive coaching business, and the Chair of TEC Canada. Mr. St-Jean's experience in open-source technologies and distributed systems led him to invest in cryptocurrency in 2016, and act as an educational resource on digital asset investments to several organizations. Mr. St-Jean has served as a strategic consultant to bitcoin mining start-ups such as Hydra Mining and founded Quasar Strategy, a private multi-strategy bitcoin fund.

John Loeprich

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

Ashley Peters

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

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

Anthony L. Cox

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

Details of the Declaration of Trust

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Unitholders of the 3iQ CoinShares ETFs, and in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent trustee and manager would exercise in similar circumstances.

The Manager may resign as trustee and manager of the 3iQ CoinShares ETFs upon 60 days' notice to the Unitholders. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by the Unitholders. If the Manager is in material default of its obligations under the Declaration of Trust and such default has not been cured within 30 days after notice of the same has been given to the Manager, the Unitholders may remove the Manager and appoint a successor trustee and/or manager.

The Manager is entitled to fees for its services as manager under the Declaration of Trust as described under "Fees and Expenses – Fees and Expenses Payable by the 3iQ CoinShares ETFs – Management Fees". In addition, the Manager and its affiliates and each of their directors, officers, employees and agents are indemnified by the 3iQ CoinShares ETFs for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that

is proposed or commenced or other claim that is made against any of them in the exercise of the Manager's duties under the Declaration of Trust, if they do not result from the Manager's wilful misconduct, bad faith, negligence or breach of its obligations thereunder.

The services of the Manager are not exclusive and nothing in the Declaration of Trust or any agreement prevents the Manager from providing similar services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the 3iQ CoinShares ETFs) or from engaging in other business activities.

Conflicts of Interest

The Manager and its affiliates may be managers or portfolio advisors of funds that invest in the same securities and/or assets as the 3iQ CoinShares ETFs. Such transactions will only be undertaken where permitted by applicable securities legislation and upon obtaining any required regulatory or IRC approvals.

Independent Review Committee

In accordance with NI 81-107, the Manager has appointed an independent review committee comprised of three members, each of whom is independent of the Manager, entities related to the Manager, and the 3iQ CoinShares ETFs. The IRC has engaged Independent Review Inc. to provide an independent secretariat service to assist the IRC and provide an independent secretariat for IRC members. The mandate of the IRC is to review and provide its decisions to the Manager on conflict of interest matters that the Manager has referred to the Independent Review Committee for review. The Manager is required to identify conflict of interest matters inherent in its management of the 3iQ CoinShares ETFs and request input from the IRC in respect of how it manages those conflicts of interest, as well as its written policies and procedures outlining its management of those conflicts of interest. The IRC has adopted a written charter which it follows when performing its functions and is subject to requirements to conduct regular assessments. In performing their duties, members of the IRC are required to act honestly, in good faith, and in the best interests of the 3iQ CoinShares ETFs and to exercise the degree of care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.

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

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

Compensation for members of the IRC in respect of the investment funds managed by the Manager and subject to NI 81-107 is currently \$10,000 per member per annum and \$12,500 per annum for the chair of the committee, plus applicable taxes in each case. The fees and other reasonable expenses of members of the IRC, including fees payable to IRI, as well as premiums for insurance coverage for such members are paid by the 3iQ CoinShares ETFs and other public funds managed by the Manager. In addition, the 3iQ CoinShares ETFs and the Manager have agreed to indemnify the members of the IRC against certain liabilities. All such IRC costs are allocated to the funds on a pro rata basis. The expenses of the officers and directors of the Manager are paid by the Manager.

Custodian

Cidel Trust Company (the "**Custodian**") is the custodian of the assets of the 3iQ CoinShares ETFs, pursuant to the Custodian Agreement. The Custodian is a federally regulated trust company based in Calgary, Alberta and provides services to the 3iQ CoinShares ETFs 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 is responsible for safekeeping of all the investments and other assets of the 3iQ CoinShares ETFs delivered to it (but not those assets of the 3iQ CoinShares ETFs not directly controlled or held by the Custodian, as the case may be). The Custodian may appoint a sub-custodian from time to time in accordance with NI 81-102.

The Manager, on behalf of a 3iQ CoinShares ETF, or the Custodian may terminate the Custodian Agreement upon at least 120 days' written notice. The Manager, on behalf of a 3iQ CoinShares ETF, may terminate the Custodian

Agreement immediately if the Custodian ceases to be qualified to act as a custodian of the 3iQ CoinShares ETFs under applicable law. The Custodian may terminate the Custodian Agreement on 30 days' written notice to a 3iQ CoinShares ETF in the event that the Custodian has delivered a termination notice to the Sub-Custodian, or is entitled to deliver a termination notice to Gemini upon the occurrence of certain termination events, pursuant to the terms of the Sub-Custodian Agreement. The Custodian is entitled to receive fees from the 3iQ CoinShares ETFs as described under "Fees and Expenses – Fees and Expenses Payable by the 3iQ CoinShares ETFs – Operating Expenses" and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the 3iQ CoinShares ETFs.

The Custodian, in carrying out its duties concerning the safekeeping of, and dealing with, the portfolio assets of the 3iQ CoinShares ETFs, is required to exercise (a) the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances; or (b) at least the same degree of care as they exercise with respect to their own property of a similar kind, if this is a higher degree of care than the degree of care referred to in (a).

Sub-Custodian

Gemini Trust Company, LLC acts as sub-custodian of the 3iQ CoinShares ETFs in respect of the 3iQ CoinShares ETFs' holdings of bitcoin or ether, as applicable, pursuant to 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 3iQ CoinShares ETFs for assets held outside of Canada in accordance with NI 81-102. Gemini operates in 50 U.S. states, Canada and certain other international jurisdictions.

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

Gemini uses segregated cold storage bitcoin and ether addresses for the 3iQ CoinShares ETFs which are separate from the bitcoin and ether addresses that Gemini uses for its other customers and which are directly verifiable via the Bitcoin blockchain and the Ether blockchain. Gemini will at all times record and identify in its books and records that such bitcoin and ether constitute the property of the 3iQ CoinShares ETFs. Gemini will not loan, hypothecate, pledge or otherwise encumber the 3iQ CoinShares ETFs' bitcoin and ether without the applicable 3iQ CoinShares ETF's instruction. Gemini, in carrying out its duties concerning the safekeeping of, and dealing with, the 3iQ CoinShares ETFs' bitcoin and ether, is required to take reasonable care and use commercially reasonable efforts in executing its responsibilities under the Sub-Custodian Agreement, and has agreed to adhere to the standard of care required by law, including NI 81-102.

Bitcoin and Ether Storage, Security Policies and Practices

Bitcoin and ether 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 and ether that Gemini holds for the 3iQ CoinShares ETFs is stored offline in cold storage. When under the purview of Gemini, bitcoin and ether will only enter "hot" storage in the case of deposits and redemptions, meaning that the bitcoin and ether will only be in "hot" storage for a temporary period.

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

security and monitoring controls are implemented to safeguard HSMs within storage facilities; and all fund transfers require the coordinated actions of multiple employees.

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

Gemini BSA/AML Program

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

Website Security

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

Internal Controls

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

Insurance

As sub-custodian, Gemini is responsible for securing the bitcoin and ether owned by the 3iQ CoinShares ETFs.

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

Gemini also maintains separate commercial crime insurance coverage for digital assets custodied in its "hot wallet". To date, Gemini has never experienced a loss due to unauthorized access from its hot wallet or the cold storage vaults where the 3iQ CoinShares ETFs' bitcoin and ether is custodied.

Administrator

The Manager has engaged CIBC Mellon Global Securities Services Company to provide certain administrative services to the 3iQ CoinShares ETFs including calculation of NAV and NAV per Unit and related fund accounting services. The principal office of the Administrator is located in Toronto, Ontario.

The Administrator is entitled to receive fees from the 3iQ CoinShares ETFs as described under “Fees and Expenses – Operating Expenses” and to be reimbursed for all expenses and liabilities which are properly incurred by the Administrator in connection with the activities of the 3iQ CoinShares ETFs.

Auditor

Raymond Chabot Grant Thornton LLP is the auditor of the 3iQ CoinShares ETFs. The office of the auditor is located in Montreal, Quebec.

Registrar and Transfer Agent

TSX Trust Company, at its principal offices in Toronto, is the registrar and transfer agent for the Units. The register of each of the 3iQ CoinShares ETFs is kept in Toronto.

CALCULATION OF NET ASSET VALUE

The NAV and NAV per Unit of the 3iQ CoinShares ETFs are calculated by the Administrator as of the Valuation Time on each Valuation Date. The NAV of a 3iQ CoinShares ETF on a particular date is equal to the aggregate value of the assets of the 3iQ CoinShares ETF less the aggregate value of the liabilities of the 3iQ CoinShares ETF, expressed in U.S. dollars at the applicable exchange rate on such date. The NAV is calculated using the fair value of the 3iQ CoinShares ETF’s assets and liabilities. The NAV per Unit of a class on any day is obtained by dividing the NAV of the 3iQ CoinShares ETF attributable to such class on such day by the number of Units of the applicable 3iQ CoinShares ETF then outstanding.

Valuation Policies and Procedures

In determining the NAV of a 3iQ CoinShares ETF, at any time the Administrator will take into account the following:

- (a) the value of any cash on hand or on deposit, bill, demand note, account receivable, prepaid expense, dividend, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the value of the assets is being determined, and to be receivable) and interest accrued and not yet received will be deemed to be the full amount thereof provided that if the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, dividend, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the value of the assets is being determined, and to be receivable) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof will be deemed to be such value as the Manager determines to be the fair value thereof;
- (b) as applicable, the 3iQ CoinShares ETF’s (i) bitcoin will be valued based on the MVIS® CryptoCompare Bitcoin Benchmark Rate Index or (ii) ether will be valued based on the MVIS® CryptoCompare Ethereum Benchmark Rate Index (see “The Indices” below for further information);
- (c) any market price reported in currency other than U.S. dollars will be translated into U.S. currency at the rate of exchange available from the Administrator on the Valuation Date on which the value of the assets is being determined;

- (d) the value of any futures contract or forward contract shall be the gain or loss with respect thereto that would be realized if, at the Valuation Time, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- (e) estimated operating expenses by the 3iQ CoinShares ETF shall be accrued to the Valuation Date; and
- (f) the value of any security, property or other assets (including any illiquid investments) to which, in the reasonable opinion of the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, no published market exists or for any other reason) shall be the fair market value thereof determined in good faith in such manner as the Manager, in consultation with the Administrator, adopts from time to time.

Each portfolio transaction will be reflected in the calculation of the NAV per Unit of the 3iQ CoinShares ETF no later than the calculation of NAV per Unit of the 3iQ CoinShares ETF next made after the date on which the transaction becomes binding. The issue of Units of a 3iQ CoinShares ETF will be reflected in the calculation of NAV per Unit of the 3iQ CoinShares ETF next made after the issue date for such Units, which may be up to three Trading Days after the date that the subscription order for such Units is accepted. The exchange or redemption of Units of a 3iQ CoinShares ETF will be reflected in the calculation of the NAV per Unit of the 3iQ CoinShares ETF next made after the exchange request or redemption request is accepted.

The NAV per Unit of the 3iQ CoinShares ETFs is calculated in U.S. dollars in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the 3iQ CoinShares ETFs may obtain. The NAV per Unit of a class of a 3iQ CoinShares ETF determined in accordance with the principles set out above may differ from the NAV per Unit determined under International Financial Reporting Standards.

Reporting of Net Asset Value

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

The Indices

MVIS® CryptoCompare Bitcoin Benchmark Rate Index, maintained by MVIS, is designed to be a robust price for bitcoin in U.S. dollars. There is no component other than bitcoin in the MVIBBR. The MVIBBR is reviewed by MVIS on a semi-annual basis. MVIS selects the top 5 rated bitcoin trading platforms for inclusion in the MVIBBR based on their CryptoCompare Benchmark Rating. All bitcoin trading platforms that provide input data to the calculation of the MVIBBR adhere to AML and KYC regulations, as they are requirements enforced by the benchmark administrator. Further information regarding MVIBBR is available at <https://mvis-indices.com/indices/digital-assets/mvis-cryptocompare-bitcoin-benchmark-rate>.

MVIS® CryptoCompare Ethereum Benchmark Rate Index, maintained by MVIS, is designed to be a robust price for ETH in U.S. dollars. There is no component other than ETH in the MVIEBR. The MVIEBR is reviewed by MVIS on a semi-annual basis. MVIS selects the top 5 rated ether trading platforms for inclusion in the MVIEBR based on their CryptoCompare Benchmark Rating. All ether trading platforms that provide input data to the calculation of the MVIEBR adhere to AML and KYC regulations, as they are requirements enforced by the benchmark administrator. Further information regarding MVIEBR is available at <https://www.mvis-indices.com/indices/digital-assets/mvis-cryptocompare-institutional-ethereum>.

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

and trade data) approach and uses correlation of volume to volatility and standard deviation of volume as inputs to the analysis.

MVIS is an index provider based in Frankfurt, Germany and regulated as an index administrator by the German Federal Financial Supervisory Authority (BaFin). MVIS has adopted indexing practices and operations for its digital assets indices, including MVIBBR and MVIEBR, which comply with the EU benchmark regulations. MVIS's pricing benchmarks are also compliant with International Organisation of Securities Commissions regulations. At this time, there are no guidelines for the calculation of indices that are based on digital assets under the EU benchmark regulations, however MVIS expects to comply with any such guidelines when they are released. MVIS follows the ESMA Regulatory Technical Standards (RTS) in the creation and maintenance of its indices.

ATTRIBUTES OF THE UNITS

Description of the Securities Distributed

Each 3iQ CoinShares ETF is authorized to issue an unlimited number of redeemable, transferable units designated as Units, each of which represents an equal, undivided interest in the net assets of the 3iQ CoinShares ETF.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of the Province of Ontario. Each of the 3iQ CoinShares ETFs is governed by the laws of the Province of Ontario by virtue of the provisions of the Declaration of Trust and is a reporting issuer under the *Securities Act* (Ontario).

Certain Provisions of the Units

All Units of the 3iQ CoinShares ETFs have equal rights and privileges. Each whole Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with respect to any and all distributions made by the 3iQ CoinShares ETF to Unitholders other than management fee distributions, including distributions of net income and net realized capital gains and distributions upon the termination of the 3iQ CoinShares ETF. Units are issued only as fully-paid and are non-assessable.

Exchange of Units

On any Trading Day, Unitholders of a 3iQ CoinShares ETF may exchange the Prescribed Number of Units (or an integral multiple thereof) for cash or, if agreed to by the Manager, for cash and/or portfolio assets. See "Redemption and Exchange of Units – Exchange of Units".

Redemption of Units

On any Trading Day, Unitholders of a 3iQ CoinShares ETF may redeem Units of the 3iQ CoinShares ETF for cash at a redemption price per Unit of the 3iQ CoinShares ETF equal to the lesser of 95% of (a) the closing price for the Units of the 3iQ CoinShares ETF on the TSX on the effective day of the redemption and (b) the NAV per Unit of the 3iQ CoinShares ETF on the effective day of the redemption. See "Redemption and Exchange of Units – Redemption of Units".

Modification of Terms

The rights attached to the Units of the 3iQ CoinShares ETFs may only be modified, amended or varied in accordance with the terms of the Declaration of Trust. See "Unitholder Matters – Matters Requiring Unitholder Approval".

UNITHOLDER MATTERS

Meeting of Unitholders

A meeting of the Unitholders of a 3iQ CoinShares ETF may be called at any time by the Manager and shall be called by the Manager upon written request of Unitholders of the 3iQ CoinShares ETF holding in the aggregate not less than 5% of the Units of the 3iQ CoinShares ETF. Except as otherwise required or permitted by law, meetings of Unitholders of a 3iQ CoinShares ETF are held if called by the Manager upon written notice of not less than 21 days nor more than 50 days before the meeting. At any meeting of Unitholders of a 3iQ CoinShares ETF, a quorum shall consist of two or more Unitholders of the 3iQ CoinShares ETF present in person or by proxy and holding 10% of the Units of the 3iQ CoinShares ETF. If no quorum is present at such meeting, the meeting, if convened upon the request of Unitholders or for the purpose of considering a change in the manager of the 3iQ CoinShares ETF, shall be cancelled, but in any other case, the meeting shall stand adjourned and held at the same time and place on the day which is not less than 10 days later. The Manager gives at least three days' notice by press release to Unitholders of the date of the reconvened meeting, and at the reconvened meeting, Unitholders present in person or represented by proxy constitute a quorum.

Matters Requiring Unitholder Approval

NI 81-102 requires a meeting of Unitholders of a 3iQ CoinShares ETF to be called to approve certain changes as follows:

- (a) the basis of the calculation of a fee or expense that is charged to the 3iQ CoinShares ETF is changed in a way that could result in an increase in charges to the 3iQ CoinShares ETF, except where:
 - (i) the 3iQ CoinShares ETF is at arm's length with the person or company charging the fees;
 - (ii) the Unitholders have received at least 60 days' notice before the effective date of the change; and
 - (iii) the right to notice described in (ii) is disclosed in the prospectus of the 3iQ CoinShares ETF;
- (b) a fee or expense is introduced that is to be charged to the 3iQ CoinShares ETF or directly to its Unitholders by the 3iQ CoinShares ETF or the Manager in connection with the holding of Units of the 3iQ CoinShares ETF that could result in an increase in charges to the 3iQ CoinShares ETF or its Unitholders, except where:
 - (i) the 3iQ CoinShares ETF is at arm's length with the person or company charging the fees;
 - (ii) the Unitholders have received at least 60 days' notice before the effective date of the change; and
 - (iii) the right to notice described in (ii) is disclosed in the prospectus of the 3iQ CoinShares ETF;
- (c) the Manager is changed, unless the new manager of the 3iQ CoinShares ETF is an affiliate of the Manager;
- (d) any change to the fundamental investment objectives of the 3iQ CoinShares ETF;
- (e) the 3iQ CoinShares ETF decreases the frequency of calculating its NAV per Unit;
- (f) any change to the investment restrictions of the 3iQ CoinShares ETF, unless such change is necessary to ensure compliance with all applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;

- (g) the 3iQ CoinShares ETF undertakes a reorganization with, or transfers its assets to, another mutual fund, if the 3iQ CoinShares ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the 3iQ CoinShares ETF becoming securityholders in the other mutual fund unless:
 - (i) the IRC of the 3iQ CoinShares ETF has approved the change;
 - (ii) the 3iQ CoinShares ETF is being reorganized with, or its assets are being transferred to, another mutual fund that is managed by the Manager, or an affiliate of the Manager;
 - (iii) the Unitholders have received at least 60 days' notice before the effective date of the change;
 - (iv) the right to notice described in (iii) is disclosed in the prospectus of the 3iQ CoinShares ETF; and
 - (v) the transaction complies with certain other requirements of applicable Canadian securities legislation;
- (h) the 3iQ CoinShares ETF undertakes a reorganization (other than a Permitted Merger as defined below) with, or acquisition of assets of, a mutual fund trust, if
 - (i) the 3iQ CoinShares ETF continues after the reorganization or acquisition of assets;
 - (ii) the transaction results in the securityholders of the mutual fund trust becoming Unitholders of the 3iQ CoinShares ETF; and
 - (iii) the transaction would be a material change to the 3iQ CoinShares ETF;
- (i) a reorganization that results in the 3iQ CoinShares ETF becoming a non-redeemable investment fund or an issuer that is not an investment fund; or
- (j) any matter which is required by the constating documents of the 3iQ CoinShares ETF or by the laws applicable to the 3iQ CoinShares ETF or by any agreement to be submitted to a vote of the Unitholders of the 3iQ CoinShares ETF.

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

A 3iQ CoinShares ETF may, without Unitholders' approval, enter into a merger or other similar transaction that has the effect of combining the 3iQ CoinShares ETF or its assets (a "**Permitted Merger**") with any other investment fund or funds managed by the Manager or an affiliate of the Manager that have investment objectives that are substantially similar to those of the 3iQ CoinShares ETF, subject to:

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

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

In addition, the auditor of a 3iQ CoinShares ETF may not be changed unless:

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

Amendments to the Declaration of Trust

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

- (a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law or regulation applicable to or affecting the 3iQ CoinShares ETFs;
- (b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- (c) bring the Declaration of Trust into conformity with applicable laws, including the rules and policies of Canadian securities regulators or with current practice within the securities or investment fund industries provided that any such amendment does not adversely affect the rights, privileges or interests of Unitholders;
- (d) maintain, or permit the Manager to take such steps as may be desirable or necessary to maintain, the status of a 3iQ CoinShares ETF as a "mutual fund trust" and a "unit trust" for the purposes of the Tax Act or to respond to amendments to the Tax Act or to the interpretation or administration thereof; or
- (e) provide added protection to Unitholders.

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

Reporting to Unitholders

The 3iQ CoinShares ETFs' fiscal year is the calendar year. The taxation year is the calendar year or such other fiscal period permitted under the Tax Act as the 3iQ CoinShares ETFs elect. The annual financial statements of the 3iQ CoinShares ETFs shall be audited by the 3iQ CoinShares ETFs' auditor in accordance with Canadian generally accepted auditing standards. The auditor is asked to report on the fair presentation of the annual financial statements in accordance with IFRS. The Manager ensures that the 3iQ CoinShares ETFs comply with all applicable reporting and administrative requirements.

The Manager, on behalf of the 3iQ CoinShares ETFs, furnishes Unitholders of the 3iQ CoinShares ETFs with unaudited interim financial statements, audited annual financial statements, interim MRFPs and the annual MRFPs of the 3iQ CoinShares ETFs, in accordance with applicable laws.

Any tax information necessary for Unitholders to prepare their annual federal income tax returns are distributed to them within 90 days after the end of each financial year of the 3iQ CoinShares ETFs.

The Manager keeps adequate books and records reflecting the activities of the 3iQ CoinShares ETFs. A Unitholder or his or her duly authorized representative has the right to examine the books and records of the applicable 3iQ CoinShares ETF during normal business hours at the registered office of the Manager. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the 3iQ CoinShares ETF.

TERMINATION OF THE 3IQ COINSHARES ETFs

The 3iQ CoinShares ETFs may be terminated by the Manager on at least 60 days' notice to Unitholders of such termination and the Manager issues a press release in advance thereof. Upon termination of a 3iQ CoinShares ETF, the cash and other assets remaining after paying or providing for all liabilities and obligations of the 3iQ CoinShares ETF, determined in accordance with the 3iQ CoinShares ETF's valuation policies and procedures, shall be distributed *pro rata* among the Unitholders of the 3iQ CoinShares ETF.

The rights of Unitholders to exchange and redeem Units described under "Redemption and Exchange of Units" ceases as and from the date of termination of the 3iQ CoinShares ETF.

PRINCIPAL UNITHOLDERS OF THE 3IQ COINSHARES ETFs

CDS & Co., the nominee of CDS, is the registered owner of the Units of the 3iQ CoinShares ETFs, which it holds for various brokers and other persons on behalf of their clients and others. From time to time, the Designated Broker, Dealers, or another investment fund managed by the Manager or an affiliate thereof, may beneficially own, directly or indirectly, more than 10% of the Units of a 3iQ CoinShares ETF.

To the knowledge of the Manager, as of March 30, 2022, the only person that beneficially owns, directly or indirectly, or exercises control or direction of Units of a 3iQ CoinShares ETF carrying 10% or more of the voting rights attached to the outstanding Units of the 3iQ CoinShares ETFs is CoinShares International Limited ("**CoinShares**"), a public limited liability company incorporated in Jersey, Channel Islands, which owns more than 10% of the outstanding Units of 3iQ CoinShares Bitcoin ETF and 3iQ CoinShares Ether ETF. See "Risk Factors – Risks Relating to an Investment in the 3iQ CoinShares ETFs – Large Investor Risk".

CoinShares operates within several sectors of the digital asset industry and is predominately involved in providing both passive digital asset management in the form of exchange traded products (ETPs) and a range of capital market activities which includes liquidity provision in respect of its ETPs, lending and borrowing, as well as proprietary trading with a non-directional bias. CoinShares is also involved in active asset management and advisory in the form of financing, syndication and fundraising.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Manager receives fees for its services to the 3iQ CoinShares ETFs. See "Fees and Expenses".

Shareholders of the Manager may be shareholders, directors, officers or employees of Digital Asset Sources which trade bitcoin or ether, as applicable, with the Manager on behalf of the 3iQ CoinShares ETFs. Trade execution on behalf of the 3iQ CoinShares ETFs is conducted on a best price basis and no preference is given to digital asset trading platforms or counterparties in respect of which shareholders of the Manager are shareholders, directors, officers or employees.

Shareholders of the Manager may invest in Units of the 3iQ CoinShares ETFs on their own behalf or on behalf of clients or funds managed by them.

CoinShares has agreed to allow the 3iQ CoinShares ETFs to use the name "CoinShares" in the name of the 3iQ CoinShares ETFs subject to the terms and conditions of an agreement entered into between each of the 3iQ CoinShares ETFs and CoinShares. CoinShares may nominate one director to the Board of Directors of the parent company of the Manager.

MVIS is a wholly-owned subsidiary of Van Eck Associates Corporation ("**Van Eck**") and receives an annual licensing fee based on the NAV of the 3iQ CoinShares ETFs in consideration for providing the MVIS® CryptoCompare Bitcoin Benchmark Rate Index and the MVIS® CryptoCompare Ethereum Benchmark Rate Index. Van Eck is a shareholder of the parent company of the Manager and may nominate up to two directors to the Board of Directors of such parent company. Van Eck has nominated one director to such Board of Directors. See "Fees and

Expenses – Fees and Expenses Payable by the 3iQ CoinShares ETFs – Operating Expenses” and “Calculation of Net Asset Value – Valuation Policies and Procedures”.

The 3iQ CoinShares ETFs are not sponsored, endorsed, sold or promoted by MVIS. MVIS makes no representation or warranty, express or implied, to the owners of the 3iQ CoinShares ETFs or any member of the public regarding the advisability of investing in securities generally or in the 3iQ CoinShares ETFs particularly or the ability of MVIBBR or MVIEBR to provide a robust rate for bitcoin or ether, as applicable, in U.S. dollars. MVIS’s only direct relationship to the 3iQ CoinShares ETFs and the Manager is the licensing of certain service marks and trade names of MVIS and of MVIBBR and MVIEBR that is determined, composed and calculated by MVIS without regard to the 3iQ CoinShares ETFs or the Manager. MVIS has no obligation to take the needs of the 3iQ CoinShares ETFs or the owners of the 3iQ CoinShares ETFs into consideration in determining, composing or calculating MVIBBR and MVIEBR. MVIS is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the 3iQ CoinShares ETFs to be issued or in the determination or calculation of the equation by which the 3iQ CoinShares ETFs is to be converted into cash. MVIS has no obligation or liability in connection with the administration, marketing or trading of the 3iQ CoinShares ETFs.

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MATERIAL CONTRACTS

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

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

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

Index Licensing Agreements

The Manager and MVIS entered into a license agreement on March 31, 2021 (the “**MVIBBR Index Licensing Agreement**”), pursuant to which MVIS granted the Manager the right to use the MVIBBR in connection with the 3iQ CoinShares Bitcoin ETF subject to the terms and conditions provided for in the MVIBBR Index Licensing Agreement. The term of the MVIBBR Index Licensing Agreement will automatically renew for successive renewal terms of one year unless the Manager provides MVIS with at least 180 days’ prior written notice of its intention not to renew the MVIBBR Index Licensing Agreement effective on the expiration of the then-current-term or renewal term however either party may terminate the MVIBBR Index Licensing Agreement if among others, in the event of a material breach by the other party of the terms of the agreement.

The Manager and MVIS entered into a license agreement on April 19, 2021 (the “**MVIEBR Index Licensing Agreement**” and together with the MVIBBR Index Licensing Agreement, the “**Index Licensing Agreements**”), pursuant to which MVIS has granted the Manager the right to use the MVIEBR in connection with the 3iQ CoinShares Ether ETF subject to the terms and conditions provided for in the MVIEBR Index Licensing Agreement. The term of the MVIEBR Index Licensing Agreement will automatically renew for successive renewal terms of one year unless the Manager provides MVIS with at least 180 days’ prior written notice of its intention not to renew the MVIEBR Index Licensing Agreement effective on the expiration of the then-current-term or renewal term however either party may terminate the MVIEBR Index Licensing Agreement if among others, in the event of a material breach by the other party of the terms of the agreement.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

The 3iQ CoinShares ETFs are not involved in any legal proceedings nor is the Manager aware of existing or pending legal or arbitration proceedings involving the 3iQ CoinShares ETFs.

EXPERTS

Osler, Hoskin & Harcourt LLP, legal counsel to the 3iQ CoinShares ETFs and the Manager, has provided certain legal opinions on the principal Canadian federal income tax considerations that apply to an investment in the Units by an individual resident in Canada. See “Income Tax Considerations” and “Eligibility for Investment”. As of the date hereof, partners and associates of Osler, Hoskin & Harcourt LLP beneficially owned, directly or indirectly, less than 1% of the outstanding Units of the 3iQ CoinShares ETFs.

Raymond Chabot Grant Thornton LLP is the auditor of the 3iQ CoinShares ETFs and has consented to the incorporation by reference of its reports on the 3iQ CoinShares ETFs dated February 14, 2022. Raymond Chabot Grant Thornton LLP has confirmed that it is independent with respect to the 3iQ CoinShares ETFs within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

EXEMPTIONS AND APPROVALS

The Manager, on behalf of the 3iQ CoinShares ETFs, has obtained exemptive relief from the Canadian securities regulatory authorities to permit the following:

- (a) the purchase by a Unitholder of the 3iQ CoinShares ETFs of more than 20% of the Units of a 3iQ CoinShares ETF through purchases on the TSX without regard to the take-over bid requirements of Canadian securities legislation; and
- (b) to relieve the 3iQ CoinShares ETFs from the requirement that a prospectus contain a certificate of the underwriters.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

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

DOCUMENTS INCORPORATED BY REFERENCE

Additional information about the 3iQ CoinShares ETFs is available in the following documents:

- (a) the most recently-filed comparative annual financial statements of the 3iQ CoinShares ETFs, together with the accompanying report of the auditor;
- (b) any interim financial statements of the 3iQ CoinShares ETFs filed after the most recently-filed comparative annual financial statements of the 3iQ CoinShares ETFs;
- (c) the most recently-filed annual MRFP of the 3iQ CoinShares ETFs;
- (d) any interim MRFP of the 3iQ CoinShares ETFs filed after that most recently-filed annual MRFP of the 3iQ CoinShares ETFs; and
- (e) the most recently filed ETF Facts of the 3iQ CoinShares ETFs.

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

CERTIFICATE OF 3iQ COINSHARES ETFs AND THE TRUSTEE, MANAGER AND PROMOTER

Dated: March 31, 2022

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

3iQ CORP.
(as trustee and manager of the 3iQ CoinShares ETFs)

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

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

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

By: "*Frederick T. Pye*"
Frederick T. Pye
Director

By: "*John Loeprich*"
John Loeprich
Director

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

3iQ CORP.
(as promoter of the 3iQ CoinShares ETFs)

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