

PROSPECTUS SUPPLEMENT NO. 5
(to the Prospectus dated January 11, 2024, as amended)

INVESCO GALAXY BITCOIN ETF

Common Shares

This prospectus supplement (“Supplement No. 5”) supplements and amends the prospectus dated January 11, 2024, as amended January 29, 2024, May 14, 2024, August 2, 2024 and August 7, 2024 (the “Prospectus”), for the Invesco Galaxy Bitcoin ETF (the “Trust”). Supplement No. 5 is being filed to include the information contained in our Quarterly Report on Form 10-Q, for the quarter ended September 30, 2024, filed with the Securities and Exchange Commission on November 7, 2024 (the “Form 10-Q”). Accordingly, we have attached the Form 10-Q to this Supplement No. 5. Supplement No. 5 should be read together with the Prospectus.

Shares of the Trust are listed on Cboe BZX Exchange, Inc. under the symbol “BTCO.”

Investing in the Shares involves significant risks. See “RISK FACTORS” starting on page 14 of the Prospectus.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission passed upon the adequacy or accuracy of the Prospectus or this Prospectus Supplement No. 5. Any representation to the contrary is a criminal offense.

The Trust is not a mutual fund or any other type of investment company within the meaning of the Investment Company Act of 1940, as amended, and is not subject to regulation thereunder.

The date of this Prospectus Supplement No. 5 is November 7, 2024.

PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE

P-BTCO-PRO-1-SUP-5 110724

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-41913

Invesco Galaxy Bitcoin ETF

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

88-6155978
(I.R.S. Employer
Identification No.)

c/o Invesco Capital Management LLC
3500 Lacey Road, Suite 700
Downers Grove, Illinois
(Address of Principal Executive Offices)

60515
(Zip Code)

Registrant's telephone number, including area code: (800) 983-0903

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares of Beneficial Interest	BTCO	Cboe BZX Exchange, Inc.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company,

or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of outstanding Shares as of September 30, 2024: 8,145,000

INVESCO GALAXY BITCOIN ETF
QUARTER ENDED SEPTEMBER 30, 2024
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Invesco Galaxy Bitcoin ETF

Statements of Financial Condition September 30, 2024 and December 31, 2023 (Unaudited)

	September 30, 2024	December 31, 2023
Assets		
Investments in Bitcoin, at value (cost \$405,676,080 as of September 30, 2024)	\$516,728,346	\$ —
Cash held by custodian	—	100,000
Total Assets	<u>\$ 516,728,346</u>	<u>\$ 100,000</u>
Liabilities		
Payable for:		
Accrued Sponsor's fees	\$ 96,653	—
Total Liabilities	<u>\$ 96,653</u>	<u>\$ —</u>
Commitments and Contingencies (Note 9)		
Net Assets	<u>\$516,631,693</u>	<u>\$ 100,000</u>
Net assets consist of:		
Paid-in-capital	\$375,736,568	\$ 100,000
Distributable earnings (loss)	140,895,125	—
	<u>\$516,631,693</u>	<u>\$ 100,000</u>
Shares outstanding	8,145,000	4,000
Net asset value per share	\$ 63.43	\$ 25.00
Market value per share	\$ 63.44	\$ 25.00

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

Schedule of Investments
September 30, 2024
(Unaudited)

<u>Description</u>	<u>Quantity</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of Net Assets</u>
Cryptocurrency				
Bitcoin	8,142	\$ 405,676,080	\$ 516,728,346	100.02%
Total Investments	8,142	\$405,676,080	\$516,728,346	100.02%
Other Assets Less Liabilities			\$ (96,653)	(0.02)
Net assets			\$ 516,631,693	100.00%

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

*Statement of Income and Expenses
For the Three and Nine Months Ended September 30, 2024
(Unaudited)*

	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
Income		
Total Income	\$ —	\$ —
Expenses		
Sponsor Fees	296,332	749,050
Total Expenses	296,332	749,050
Less: Waivers	(28,021)	(480,739)
Net Expenses	268,311	268,311
Net Investment Income (Loss)	(268,311)	(268,311)
Net Realized and Net Change in Unrealized Gain (Loss)		
Net Realized Gain (Loss) from		
Investments in Bitcoin Sold to Pay Sponsor Fee	(24,850)	(24,850)
Investments in Bitcoin Sold for Redemptions	(3,921,986)	30,036,020
Net Realized Gain (Loss)	(3,946,836)	30,011,170
Net Change in Unrealized Gain (Loss) from Investments in Bitcoin	8,275,270	111,052,266
Net Realized and Net Change in Unrealized Gain (Loss) from Investments in Bitcoin	4,328,434	141,063,436
Net Income (Loss)	\$ 4,060,123	\$ 140,795,125

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

*Statement of Changes in Shareholders' Equity
For the Three Months Ended September 30, 2024
(Unaudited)*

	Shares	Total Shareholders' Equity
Balance at June 30, 2024	<u>6,945,000</u>	<u>\$ 435,244,053</u>
Purchases of Shares	1,580,000	99,636,056
Redemption of Shares	<u>(380,000)</u>	<u>(22,308,539)</u>
Net Increase (Decrease) due to Share Transactions	1,200,000	77,327,517
Net Income (Loss)		
Net Investment Income (Loss)		(268,311)
Net Realized Gain (Loss) from Investments in Bitcoin Sold for Sponsor Fee and Redemptions		(3,946,836)
Net Change in Unrealized Gain (Loss) from Investments in Bitcoin		8,275,270
Net Income (Loss)		<u>4,060,123</u>
Net Change in Shareholders' Equity	<u>1,200,000</u>	<u>81,387,640</u>
Balance at September 30, 2024	<u><u>8,145,000</u></u>	<u><u>\$ 516,631,693</u></u>

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

*Statement of Changes in Shareholders' Equity
For the Nine Months Ended September 30, 2024
(Unaudited)*

	Shares	Total Shareholders' Equity
Balance at December 31, 2023	<u>4,000</u>	<u>\$ 100,000</u>
Purchases of Shares	13,285,000	663,638,201
Redemption of Shares	<u>(5,144,000)</u>	<u>(287,901,633)</u>
Net Increase (Decrease) due to Share Transactions	8,141,000	375,736,568
Net Income (Loss)		
Net Investment Income (Loss)		(268,311)
Net Realized Gain (Loss) from Investments in Bitcoin Sold for Sponsor Fee and Redemptions		30,011,170
Net Change in Unrealized Gain (Loss) from Investments in Bitcoin		<u>111,052,266</u>
Net Income (Loss)		<u>140,795,125</u>
Net Change in Shareholders' Equity	<u>8,141,000</u>	<u>516,531,693</u>
Balance at September 30, 2024	<u><u>8,145,000</u></u>	<u><u>\$ 516,631,693</u></u>

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

*Statement of Cash Flows
For the Nine Months Ended September 30, 2024
(Unaudited)*

	Nine Months Ended September 30, 2024
Cash flows from operating activities:	
Net Income (Loss)	\$ 140,795,125
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Cost of bitcoin purchased	(609,352,034)
Proceeds from bitcoin sold to pay Sponsor Fee	171,659
Proceeds from bitcoin sold for redemptions	233,515,465
Net Realized (Gain) Loss from Investments in Bitcoin Sold to pay Sponsor Fee	24,850
Net Realized (Gain) Loss from Investments in Bitcoin Sold for Redemptions	(30,036,020)
Net Change in Unrealized (Gain) Loss from Investments in Bitcoin	(111,052,266)
Change in operating assets and liabilities:	
Accrued Sponsor's fees	96,653
Net cash provided by (used in) operating activities	(375,836,568)
Cash flows from financing activities:	
Proceeds from purchases of Shares	663,638,201
Redemption of Shares	(287,901,633)
Net cash provided by (used in) financing activities	375,736,568
Net change in cash	(100,000)
Cash at beginning of period	100,000
Cash at end of period	\$ —

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

Notes to Unaudited Financial Statements September 30, 2024

Note 1 – Organization

Invesco Galaxy Bitcoin ETF (the “Trust”) is a Delaware statutory trust, formed on April 5, 2021 pursuant to the Delaware Statutory Trust Act (the “DSTA”). The Trust continuously issues common shares representing fractional undivided beneficial interest in and ownership of the Trust (“Shares”). The Trust operates pursuant to its Second Amended and Restated Declaration of Trust and Trust Agreement, dated as of January 5, 2024 (the “Trust Agreement”). Delaware Trust Company, a Delaware trust company, is the Delaware trustee of the Trust (the “Trustee”). The Trust is managed and controlled by Invesco Capital Management LLC (the “Sponsor”).

The Trust offers Shares only to certain eligible financial institutions (“Authorized Participants”) in one or more blocks of 5,000 Shares (“Creation Baskets”) based on the quantity of bitcoin attributable to each Share of the Trust. The Trust has an unlimited number of shares authorized for issuance.

On December 20, 2023, Invesco Ltd. (in such role, the “Seed Capital Investor”), subject to certain conditions, purchased 4,000 Shares in exchange for \$100,000, which comprised the initial purchase of the Trust’s Shares (“Initial Seed Shares”). Through December 31, 2023, the Trust had no operations other than those related to its organization and registration and the sale of Shares to the Seed Capital Investor. As of December 31, 2023, the Seed Capital Investor owned one hundred percent of the outstanding Shares.

On January 2, 2024, the Seed Capital Investor purchased an additional 200,000 Shares at a per-Share price of \$25.00 (“Seed Creation Baskets”). Total proceeds to the Trust from the sale of the Initial Seed Shares and the Seed Creation Baskets were \$5,100,000. On January 4, 2024, the Sponsor redeemed the Initial Seed Shares and the Seed Creation Baskets for cash at a per-Share price of \$25.00 for a total redemption value of \$5,100,000 and immediately created 110,000 Shares (22 Creation Baskets) at a price of \$44.16305 per Share based on the price of the Lukka Prime Bitcoin Reference Rate (the “Benchmark”) as of 4:00 p.m. ET on January 4, 2024. The Benchmark is designed to provide an estimated fair market value price for bitcoin, based on the execution price of bitcoin on its principal market. The price of the Shares acquired by the Seed Capital Investor was determined based on the price of the Benchmark. The Seed Capital Investor no longer held Shares as of September 30, 2024.

Effective January 10, 2024, the Trust’s registration statement was declared effective by the U.S. Securities and Exchange Commission (the “SEC”). The Trust commenced trading on the Cboe BZX Exchange, Inc. (the “Exchange”) on January 11, 2024.

The Trust’s investment objective is to reflect the performance of the spot price of bitcoin as measured using the Benchmark, less the Trust’s expenses and other liabilities. The Shares are intended to provide institutional and retail investors with a simple, cost-effective means of gaining investment benefits similar to those of holding bitcoin.

In seeking to achieve its investment objective, the Trust will hold bitcoin. Coinbase Custody Trust Company, LLC (the “Bitcoin Custodian”) will hold all of the Trust’s bitcoin on the Trust’s behalf as bitcoin custodian.

The Bank of New York Mellon (“BNYM”), the Trust’s “Administrator,” calculates, and the Sponsor publishes, the Trust’s Net Asset Value (“NAV”) once each business day. To calculate the NAV, the Administrator totals the current market value of bitcoin in the Trust and any other assets, and subtracts any liabilities including accrued but unpaid expenses. The Trust’s NAV is an amount denominated in U.S. dollars.

This Quarterly Report (the “Report”) covers the three and nine months ended September 30, 2024. The accompanying unaudited financial statements were prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and with the instructions for Form 10-Q and the rules and regulations of the SEC. In the opinion of management, all material adjustments, consisting only of normal recurring adjustments, considered necessary for a fair statement of the interim period financial statements have been made. Interim period results are not necessarily indicative of results for a full-year period. These financial statements and the notes thereto should be read in conjunction with the Trust’s financial statements included in its Annual Report on Form 10-K for the period ended December 31, 2023, as filed with the SEC on March 8, 2024.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Trust have been prepared using U.S. GAAP. The Trust is considered an investment company under U.S. GAAP for financial statement purposes and follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946, *Financial Services—Investment Companies*, but is not registered, and is not required to be registered, under the Investment Company Act of 1940, as amended.

B. Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. In addition, the Trust monitors for material events or transactions that may occur or become known after the period-end date and before the date the financial statements are issued.

C. Cash and Cash Equivalents

The Trust defines cash as cash held by the Cash Custodian (as defined below). There were no cash equivalents held by the Trust as of September 30, 2024 and December 31, 2023.

D. Investment Valuations

The Trust applies FASB ASC Topic 820, *Fair Value Measurement*, in the valuation of bitcoin held by the Trust and for financial statement purposes. The fair market value price for bitcoin reflects the price that would be received for bitcoin in a current sale, which assumes an orderly transaction between market participants on the measurement date of bitcoin on its “principal market,” generally, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact. The Trust determines its principal market (or in the absence of a principal market the most advantageous market) on a periodic basis to determine which market is its Principal Market for the purpose of calculating fair value for the creation of quarterly and annual financial statements. Issuer-specific events, market trends, bid/asked quotes of brokers and information providers and other data may be reviewed in the course of making a good faith determination of a security’s fair value.

E. Investment Transactions

Bitcoin transactions are accounted for on a trade date basis. Realized gains or losses from the sale or disposition of bitcoin are determined on a specific identification basis and recognized in the Statements of Income and Expenses in the period in which the sale or disposition occurs, respectively.

F. Routine Operational, Administrative and Other Ordinary Expenses

The Sponsor is responsible for all routine operational, administrative and other ordinary expenses of the Trust, including, but not limited to, the Trustee’s fees, the fees of the BNYM (the Administrator and the “Transfer Agent”) (for its services as the Administrator, Transfer Agent, and Cash Custodian (defined herein)), the fees of the Bitcoin Custodian, the fees of Galaxy Digital Funds LLC (the “Execution Agent”), Exchange listing fees, SEC registration fees, printing and mailing costs, legal costs and audit fees. The Trust does not reimburse the Sponsor for the routine operational, administrative and other ordinary expenses of the Trust. Accordingly, such expenses are not reflected in the Statements of Income and Expense of the Trust.

G. Non-Recurring Fees and Expenses

In certain cases, the Trust will pay for some expenses in addition to the Sponsor Fee. These exceptions include expenses not assumed by the Sponsor (i.e., expenses other than those identified in Section F of this Note 2), litigation and indemnification expenses, judgments, transactional expenses, taxes and other expenses not expected to be incurred in the ordinary course of the Trust’s business. The only expenses of the Trust during the three and nine months ended September 30, 2024 were the Sponsor Fee.

H. Federal Income Taxes

The Sponsor intends to take the position that the Trust is properly treated as a grantor trust for U.S. federal income tax purposes. Assuming that the Trust is a grantor trust, the Trust will not be subject to U.S. federal income tax and, therefore, no provision for federal income taxes is required. Rather, if the Trust is a grantor trust, each beneficial owner of Shares will be treated as directly owning its pro rata share of the Trust’s assets and a pro rata portion of the Trust’s income, gain, losses and deductions will “flow through” to each beneficial owner of Shares.

Note 3 – Concentration Risk

Unlike other funds that may invest in diversified assets, the Trust’s investment strategy is concentrated in a single asset: bitcoin. This concentration maximizes the degree of the Trust’s exposure to a variety of market risks associated with bitcoin, including the rise or fall in its price, sometimes rapidly or unexpectedly. By concentrating its investment strategy solely in bitcoin, any losses suffered as a result of a decrease in the value of bitcoin can be expected to reduce the value of an interest in the Trust proportionately and will not be offset by other gains if the Trust were to invest in underlying assets that were diversified. There is no assurance that bitcoin will maintain its long-term value in terms of purchasing power in the future. In the event that the price of bitcoin declines, the Sponsor expects the value of an investment in the Shares to decline proportionately. Each of these events could have a material effect on the Trust’s financial position and the results of its operations.

Note 4 – Service Providers and Related Party Agreements

The Trustee

Delaware Trust Company, a Delaware trust company, acts as the Trustee of the Trust as required to create a Delaware statutory trust in accordance with the Trust Agreement and the DSTA. Under the Trust Agreement, the duties of the Trustee are limited to (i) accepting legal process served on the Trust in the State of Delaware and (ii) at the direction of the Sponsor, the execution of any certificates required to be filed with the Secretary of State of the State of Delaware which the Trustee is required to execute under the DSTA.

The Sponsor

Invesco Capital Management LLC is the Sponsor of the Trust. The Sponsor arranged for the creation of the Trust and is responsible for the ongoing registration of the Shares for their public offering, the listing of Shares on the Exchange and valuing the bitcoin held by the Trust. The Sponsor is a limited liability company formed in the state of Delaware on February 7, 2003, and is a wholly-owned subsidiary of Invesco Ltd. Invesco Ltd. and its subsidiaries, including the Sponsor, are an independent global investment management group.

The Trust pays the Sponsor a unified fee (the “Sponsor Fee”) in an amount equal to 0.25% per annum of the daily total net assets of the Trust as compensation for services performed under the Trust Agreement. The Sponsor Fee is accrued daily and paid monthly in arrears on the first day the Exchange is open for regular trading (a “Business Day”) of the month in U.S. dollars, and will be calculated by the Administrator. The Sponsor also paid the costs of the Trust’s organization.

From January 9, 2024 until January 28, 2024, the Sponsor Fee was 0.39% per annum. Prior to January 9, 2024, the Sponsor Fee was 0.59% per annum. For a 6-month period commencing on the day the Trust’s Shares were initially listed on the Exchange (January 11, 2024), the Sponsor agreed to waive the entire Sponsor Fee on the first \$5 billion of Trust assets. Effective July 11, 2024, this waiver expired, and the Sponsor is no longer waiving the Sponsor Fee.

To cover the Sponsor Fee, and extraordinary expenses not assumed by the Sponsor, the Sponsor or its delegate will cause the Trust (or its delegate) to instruct the Execution Agent to convert bitcoin held by the Trust into U.S. dollars. Extraordinary expenses include, but are not limited to, taxes and governmental charges, any applicable brokerage commissions, financing fees, Bitcoin network fees and similar transaction fees, expenses and costs of any extraordinary services performed by the Sponsor (or any other service provider) on behalf of the Trust to protect the Trust or the interests of Shareholders (including, for example, in connection with any fork of the Bitcoin blockchain), any indemnification of the Sponsor, Cash Custodian, Bitcoin Custodian, Administrator or other agents, service providers or counterparties of the Trust and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters. The NAV of the Trust and the number of bitcoins represented by a Share will decline each time the Trust accrues the Sponsor Fee or any Trust expenses not assumed by the Sponsor. The Trust is not responsible for paying any costs associated with the transfer of bitcoin to or from the Trust in connection with paying the Sponsor Fee or in connection with creation and redemption transactions.

The Sponsor waived fees of \$28,021 and \$480,739 for the three and nine months ended September 30, 2024, respectively.

The Administrator

BNYM serves as the Trust’s Administrator. Under the trust administration and accounting agreement, the Administrator provides necessary administrative, tax and accounting services and financial reporting for the maintenance and operations of the Trust, including calculating the NAV of the Trust and the net assets of the Trust.

The Transfer Agent

BNYM also serves as the Transfer Agent for the Trust. The Transfer Agent is responsible for (1) issuing and redeeming Shares, (2) responding to correspondence by Shareholders and others relating to its duties, (3) maintaining Shareholder accounts and (4) making periodic reports to the Trust.

The Bitcoin Custodian

Coinbase Custody Trust Company, LLC serves as the Trust’s Bitcoin Custodian. Under the custodial agreement, the Bitcoin Custodian is responsible for (1) safekeeping all of the bitcoin owned by the Trust, (2) opening an account that holds the Trust’s bitcoin and (3) facilitating the transfer of bitcoin required for the operation of the Trust, as directed by the Sponsor. The Bitcoin Custodian is chartered as a limited purpose trust company by the New York State Department of Financial Services (“NYSDFS”) and is authorized by the NYSDFS to provide digital asset custody services. The Bitcoin Custodian is a wholly-owned subsidiary of Coinbase Global, Inc.

The Cash Custodian

BNYM serves as the Trust's Cash Custodian. Under the Cash Custody Agreement, BNYM is responsible for holding the Trust's cash in connection with creation and redemption transactions effected in cash (the "Cash Custodian"). The Cash Custodian is a New York state-chartered bank and a member of the Federal Reserve System.

The Marketing Agent

Invesco Distributors, Inc. (the "Marketing Agent") is responsible for: (1) working with the Transfer Agent to review and approve, or reject, purchase and redemption orders of Creation Baskets placed by Authorized Participants with the Transfer Agent; and (2) reviewing and approving the marketing materials prepared by the Trust for compliance with applicable SEC and Financial Industry Regulatory Authority advertising laws, rules, and regulations.

The Execution Agent

The Sponsor has entered into an agreement with Galaxy Digital Funds LLC, a subsidiary of Galaxy Digital LP ("Galaxy"), to serve as Execution Agent. The Trust from time to time will be required to sell bitcoin in such quantities as necessary to permit payment of the Sponsor Fee and any Trust expenses and liabilities not assumed by the Sponsor. The Sponsor has engaged the Execution Agent to sell bitcoin on the Trust's behalf in such circumstances. The Sponsor or its delegate will cause the Trust (or its delegate) to instruct the Execution Agent to sell bitcoin at approximately the price at which it is valued by the Trust and in the smallest amounts required to permit such payments as they become due, with the intention of minimizing the Trust's holdings of assets other than bitcoin. Accordingly, the amount of bitcoin to be sold may vary from time to time depending on the level of the Trust's expenses and liabilities and the market price of bitcoin. The Trust also may utilize the services of the Execution Agent to purchase or sell bitcoin in connection with cash creations and redemptions. In addition, as part of this agreement, the Execution Agent has agreed to co-brand and co-market the Trust, and the Sponsor has licensed the use of certain Galaxy trademarks, service marks and trade names in connection with the Trust.

Galaxy is a subsidiary of Galaxy Digital Holdings LP ("Galaxy Holdings"). Galaxy Digital Holdings Ltd., which holds a limited partner interest in Galaxy Holdings, is listed on the Toronto Stock Exchange under the symbol "GLXY."

Note 5 – Organization and Offering Costs

The Sponsor has agreed to pay the organizational and initial offering costs of the Trust and the Trust will not be obligated to reimburse the Sponsor. The organizational and initial offering costs include preparation and filing of incorporation documents, bylaws, declarations of trust, registration statements, board materials, state and federal registration of shares and audit fees. As a result, the Trust's financial statements will not reflect these organizational and offering costs.

Note 6 – Additional Valuation Information

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. U.S. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods, giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3), generally when market prices are not readily available or are unreliable. Based on the valuation inputs, the securities or other investments are tiered into one of three levels. Changes in valuation methods or market conditions may result in transfers in or out of an investment's assigned level:

Level 1: Prices are determined using quoted prices in an active market for identical assets.

Level 2: Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, loss severities, default rates, discount rates, volatilities and others.

Level 3: Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Trust's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

As of September 30, 2024, the investments in this Trust were valued based on Level 1 inputs. The levels assigned to the investment valuations may not be an indication of the risk or liquidity associated with investing in those investments. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

Note 7 – Investments in Bitcoin

The Trust expects to purchase or sell bitcoin in connection with cash creation or redemption transactions, and may sell bitcoin to pay certain expenses, including the Sponsor Fee. The following is a summary of the transactions in, and earnings from, investments in bitcoin for the three months ended September 30, 2024.

	<u>Fair Value</u>
Opening Balance as of 06/30/2024	\$435,244,053
Purchases at Cost	99,635,636
Proceeds from Sales to Pay Sponsor Fee	(171,659)
Proceeds from Sales to Redemptions	(22,308,118)
Change in Unrealized Appreciation (Depreciation)	8,275,270
Net Realized (Gain) Loss from Investments in Bitcoin Sold to pay Sponsor Fee	(24,850)
Net Realized (Gain) Loss from Investments in Bitcoin Sold for Redemptions	(3,921,986)
Ending Balance as of 09/30/2024	<u>\$516,728,346</u>

The following is a summary of the transactions in, and earnings from, investments in bitcoin for the nine months ended September 30, 2024.

	<u>Fair Value</u>
Opening Balance as of 12/31/2023	\$ —
Purchases at Cost	609,352,034
Proceeds from Sales to Pay Sponsor Fee	(171,659)
Proceeds from Sales to Redemptions	(233,515,465)
Change in Unrealized Appreciation (Depreciation)	111,052,266
Net Realized (Gain) Loss from Investments in Bitcoin Sold to pay Sponsor Fee	(24,850)
Net Realized (Gain) Loss from Investments in Bitcoin Sold for Redemptions	30,036,020
Ending Balance as of 09/30/2024	<u>\$ 516,728,346</u>

Note 8 – Share Purchases and Redemptions

The Trust will process all creations and redemptions of Shares in transactions with Authorized Participants. When the Trust issues or redeems its Shares, it will do so only in Creation Baskets based on the quantity of bitcoin attributable to each Share of the Trust (net of accrued but unpaid Sponsor fees and any accrued but unpaid expenses or liabilities). Creation and redemption transactions take place in cash, but in the future, pending regulatory approval, the Trust may permit or require creation and redemption transactions to take place in-kind. Authorized Participants are the only persons that may place orders to create and redeem Creation Baskets. Authorized Participants must be (1) registered broker-dealers or other securities market participants, such as banks or other financial institutions, that are not required to register as broker-dealers to engage in securities transactions as described below, and (2) participants in DTC such as banks, dealers and trust companies (“DTC Participants”). To become an Authorized Participant, a person must enter into an Authorized Participant Agreement.

When purchasing Creation Baskets, Authorized Participants will deliver cash to the Cash Custodian. The Execution Agent will be responsible for acquiring the requisite amount of bitcoin on behalf of the Trust on an agency basis. After receipt of the bitcoin by the Bitcoin Custodian, the Transfer Agent will issue Creation Baskets of Shares to the creating Authorized Participant in satisfaction of the creation order.

When redeeming Creation Baskets, the Execution Agent will be responsible for selling the requisite amount of bitcoin on behalf of the Trust on an agency basis. After receipt of the cash payment, the Transfer Agent will redeem the Shares and the Cash Custodian will distribute the resulting cash to the redeeming Authorized Participant in satisfaction of the redemption order.

Note 9 – Commitments and Contingencies

The Sponsor, either in its own capacity or in its capacity as the Sponsor and on behalf of the Trust, has entered into various service agreements that contain a variety of representations, or provide indemnification provisions related to certain risks service providers undertake in performing services for the Trust. The Trust’s organizational documents provide for the Trust to indemnify the Sponsor and any affiliate of the Sponsor that provides services to the Trust to the maximum extent permitted by applicable law, subject to certain exceptions for disqualifying conduct by the Sponsor or such an affiliate. The Trust’s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Further, the Trust has not had prior claims or losses pursuant to these contracts.

Note 10 – Financial Highlights

The Trust is presenting the following NAV and financial highlights related to investment performance for a Share outstanding for the three months ended September 30, 2024 and the period January 10, 2024 to September 30, 2024. An individual investor's return and ratios may vary based on the timing of capital transactions.

NAV per Share is the NAV of the Trust divided by the number of outstanding Shares at the date of each respective period presented.

	Three Months Ended September 30, 2024	For the Period January 10, 2024 (the effective date of the Trust's registration statement) to September 30, 2024
Net Asset Value		
Net asset value per Share, beginning of period	\$ 62.67	\$ 46.65
Net realized and change in unrealized gain (loss) on investments in Bitcoin ^(a)	0.79	16.82
Net investment income (loss) ^(b)	(0.03)	(0.04)
Net income (loss)	0.76	16.78
Net asset value per Share, end of period ^(c)	\$ 63.43	\$ 63.43
Market value per Share, beginning of period ^(d)	\$ 59.94	\$ 46.30
Market value per Share, end of period ^(d)	\$ 63.44	\$ 63.44
Ratio to average Net Assets ^(e)		
Net investment income (loss)	(0.23)%	(0.09)%
Expenses, after waivers	0.23%	0.09%
Expenses, prior to waivers	0.25%	0.25%
Total Return, at net asset value ^{(f)(g)}	1.22%	35.97%
Total Return, at market value ^{(f)(g)}	5.84%	37.02%

- (a) Net realized and change in unrealized gain (loss) on investments in Bitcoin per share may not correlate with the Trust's net realized and unrealized gain (loss) due to timing of shareholder transactions in relation to the fluctuating market values of the Trust's investments.
- (b) Based on average shares outstanding.
- (c) For financial reporting purposes, the Trust values transactions based upon the end of reporting period price in the market. Accordingly, the investment valuations in these financial statements may differ from those used in the calculation of certain of the Trust's final creation and redemption NAVs.
- (d) The mean between the last bid and ask prices.
- (e) Annualized.
- (f) Total Return, at NAV is calculated assuming an initial investment made at the NAV at the beginning of the period, reinvestment of all dividends and distributions at NAV during the period, and redemption of Shares at NAV on the last day of the period. Total Return, at NAV includes adjustments in accordance with U.S. GAAP and as such, the NAV for financial reporting purposes and the returns based upon those NAVs may differ from the NAVs and returns for shareholder transactions. Total Return, at market value is calculated assuming an initial investment made at the market value at the beginning of the period, reinvestment of all dividends and distributions at market value during the period, and redemption of Shares at the market value on the last day of the period. Not annualized for periods less than one year, if applicable.
- (g) The net asset value total return from January 1, 2024 to September 30, 2024 was 153.72%. The market price total return from January 1, 2024 to September 30, 2024 was 153.76%.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This information should be read in conjunction with the financial statements and notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q (the “Report”). This Report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that involve substantial risks and uncertainties. The matters discussed throughout this Report that are not historical facts are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or the negative of these terms or other comparable terminology. All statements (other than statements of historical fact) included in this Report that address activities, events or developments that will or may occur in the future, including such matters as movements in the digital asset markets, operations of Invesco Galaxy Bitcoin ETF (the “Trust”), plans and references by Invesco Capital Management LLC (the “Sponsor”) to the Trust’s future success and other similar matters, are forward-looking statements. These statements are only predictions. Actual events or results may differ materially. These statements are based upon certain assumptions and analyses the Sponsor has made based on its perception of historical trends, technology developments regarding the use of bitcoin and other digital assets, including the systems used by the Sponsor and Coinbase Custody Trust Company, LLC, the Trust’s bitcoin custodian (the “Bitcoin Custodian”) in their provision of services to the Trust, current conditions and expected future developments, as well as other factors appropriate in the circumstances. Whether or not actual results and developments will conform to the Sponsor’s expectations and predictions, however, is subject to a number of risks and uncertainties, including the special considerations discussed in this Report, and the risks described in the in Part I, Item 1A. “Risk Factors” of the Trust’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and in other SEC filings by the Trust, as well as general economic, market and business conditions, changes in laws or regulations, including those concerning taxes, made by governmental authorities or regulatory bodies, and other economic and political developments. Consequently, all the forward-looking statements made in this Report are qualified by these cautionary statements, and there can be no assurance that actual results or developments the Sponsor anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, the Trust’s operations or the value of its Shares. None of the Trust, the Sponsor, or the Trustee or their respective affiliates is under a duty to update any of the forward-looking statements to conform such statements to actual results or to a change in the Sponsor’s expectations or predictions.

Overview/Introduction

The Invesco Galaxy Bitcoin ETF (the “Trust”) is a Delaware statutory trust that was formed on April 5, 2021. The Trust continuously issues common shares representing fractional undivided beneficial interest in and ownership of the Trust (“Shares”). The Trust operates pursuant to its Second Amended and Restated Declaration of Trust and Trust Agreement, dated as of January 5, 2024 (the “Trust Agreement”). The Shares began trading on the Cboe BZX Exchange, Inc. (the “Exchange”) under the ticker symbol “BTCO” on January 11, 2024. The Trust offers Shares only to certain eligible financial institutions (“Authorized Participants”) in one or more blocks of 5,000 Shares (“Creation Baskets”) based on the quantity of bitcoin attributable to each Share of the Trust.

The following discussion and analysis was prepared to supplement information contained in the accompanying financial statements and is intended to explain certain items regarding the Trust’s financial condition as of September 30, 2024, and its results of operations for the three months ended September 30, 2024 and the period January 11, 2024 to September 30, 2024. It should be read in conjunction with the audited financial statements and related notes thereto contained in this Report.

Investment Objective

The investment objective of the Trust is for the Shares to reflect the performance of the spot price of bitcoin as measured using the Lukka Prime Bitcoin Reference Rate (the “Benchmark”) less the Trust’s expenses and other liabilities. The Shares are intended to provide institutional and retail investors with a simple, cost-effective means of gaining investment benefits similar to those of holding bitcoin.

Determination of Net Asset Value

The Administrator calculates, and the Sponsor publishes, the Trust’s Net Asset Value (“NAV”) once each business day. To calculate the NAV, the Administrator totals the current market value of bitcoin in the Trust and any other assets, and subtracts any liabilities including accrued but unpaid expenses. The Trust’s NAV is an amount denominated in U.S. dollars.

The Administrator also determines the NAV per Share, which equals the NAV of the Trust divided by the number of outstanding Shares. The NAV of the Trust and the NAV per Share are published by the Sponsor on each day that the Exchange is open for regular trading and are posted on the Trust’s website, www.invesco.com/BTCO.

Valuation of Bitcoin

The Trust applies FASB ASC Topic 820, *Fair Value Measurement*, in the valuation of bitcoin held by the Trust and for financial statement purposes. The fair market value price for bitcoin reflects the price that would be received for bitcoin in a current sale, which assumes an orderly transaction between market participants on the measurement date of bitcoin on its “principal market,”

generally, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact. The Trust determines its principal market (or in the absence of a principal market the most advantageous market) on a periodic basis to determine which market is its Principal Market for the purpose of calculating fair value for the creation of quarterly and annual financial statements. Issuer-specific events, market trends, bid/asked quotes of brokers and information providers and other data may be reviewed in the course of making a good faith determination of a security's fair value.

Liquidity and Capital Resources

The Sponsor is not aware of any known trends, demands, commitments, events or uncertainties that will result in, or are reasonably likely to result in, material changes to the Trust's liquidity and capital resources needs.

The Trust pays the Sponsor a unified fee of 0.25% per annum (the "Sponsor Fee") as compensation for services performed under the Trust Agreement. From January 9, 2024 until January 28, 2024, the Sponsor Fee was 0.39% per annum. Prior to January 9, 2024, the Sponsor Fee was 0.59% per annum. The Trust's only ordinary recurring expense is the Sponsor Fee. For a 6-month period beginning January 11, 2024 the Sponsor agreed to waive the entire Sponsor Fee on the first \$5 billion of Trust assets. Effective July 11, 2024, this waiver expired, and the Sponsor is no longer waiving the Sponsor Fee.

Except for periods during which all or a portion of the Sponsor Fee was being waived, the Sponsor Fee is accrued daily and paid monthly in arrears in U.S. dollars, and is calculated by Bank of New York Mellon (the "Administrator"). The Administrator calculates the Sponsor Fee on a daily basis by applying the 0.25% annualized rate to the Trust's total net assets.

Except as noted below, the Sponsor has agreed to pay all of the Trust's ordinary expenses out of the Sponsor's unified fee, including, but not limited to, the Trustee's fees, the fees of The Bank of New York Mellon (for its services as the Administrator, Transfer Agent, and Cash Custodian), the fees of the Bitcoin Custodian, the fees of the Execution Agent, Exchange listing fees, SEC registration fees, printing and mailing costs, legal costs and audit fees. The Sponsor also paid the costs of the Trust's organization.

The Trust may incur certain extraordinary expenses that are not assumed by the Sponsor. These include, but are not limited to, taxes and governmental charges, any applicable brokerage commissions, financing fees, Bitcoin network fees and similar transaction fees, expenses and costs of any extraordinary services performed by the Sponsor (or any other service provider) on behalf of the Trust to protect the Trust or the interests of Shareholders (including, for example, in connection with any fork of the Bitcoin blockchain), any indemnification of the Sponsor, Cash Custodian, Bitcoin Custodian, Administrator or other agents, service providers or counterparties of the Trust and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters.

To cover the Sponsor Fee, and extraordinary expenses not assumed by the Sponsor, the Sponsor or its delegate will cause the Trust (or its delegate) to instruct Galaxy Digital Funds LLC (the "Execution Agent") to convert bitcoin held by the Trust into U.S. dollars. The Sponsor has engaged the Execution Agent to sell bitcoin on the Trust's behalf in such circumstances. At the direction of the Trust, the Execution Agent will seek to sell bitcoin at approximately the price at which it is valued by the Trust and in the smallest amounts required to permit such payments as they become due, with the intention of minimizing the Trust's holdings of assets other than bitcoin. Accordingly, the amount of bitcoin to be sold may vary from time to time depending on the level of the Trust's expenses and liabilities and the market price of bitcoin. The NAV of the Trust and the number of bitcoins represented by a Share will decline each time the Trust accrues the Sponsor Fee or any Trust expenses not assumed by the Sponsor. The Trust is not responsible for paying any costs associated with the transfer of bitcoin to or from the Trust in connection with paying the Sponsor Fee or in connection with creation and redemption transactions.

The Trust has not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Trust's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to Shareholders.

Cash Flows

A primary cash flow activity of the Trust is to raise capital from Authorized Participants through the issuance of Shares. This cash is used to invest in bitcoin.

As of the date of this Report, each of ABN AMRO Clearing Chicago LLC, BNY Mellon Capital Markets, LLC, Citadel Securities LLC, Goldman Sachs & Co., Jane Street Capital LLC, JP Morgan Securities Inc., Macquarie Capital (USA) Inc., Marex Capital Markets Inc. and Virtu Americas LLC has executed a Participant Agreement and are the only Authorized Participants.

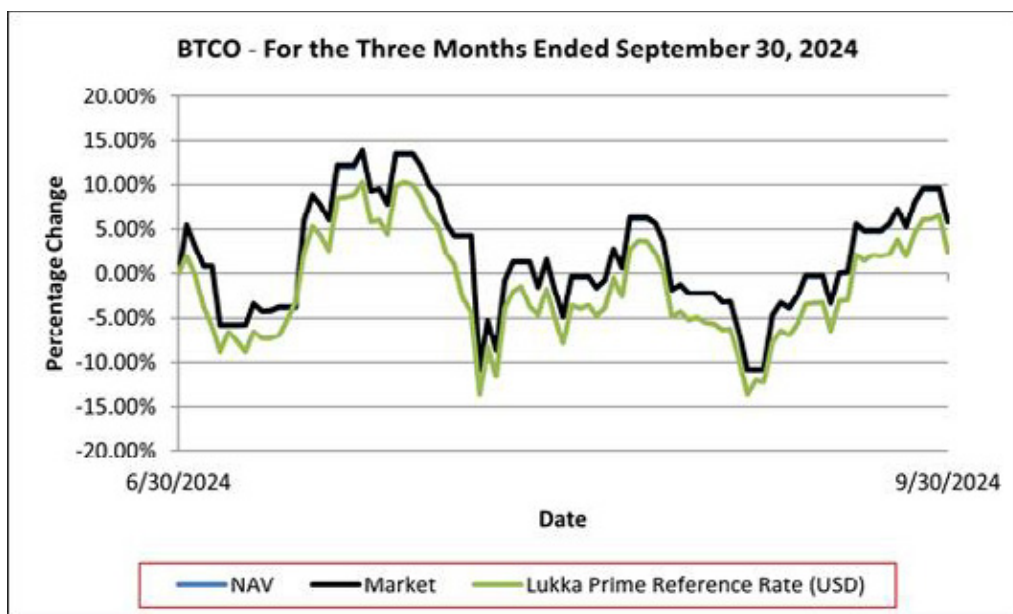
Results of Operations

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024 AND THE PERIOD JANUARY 11, 2024 TO SEPTEMBER 30, 2024

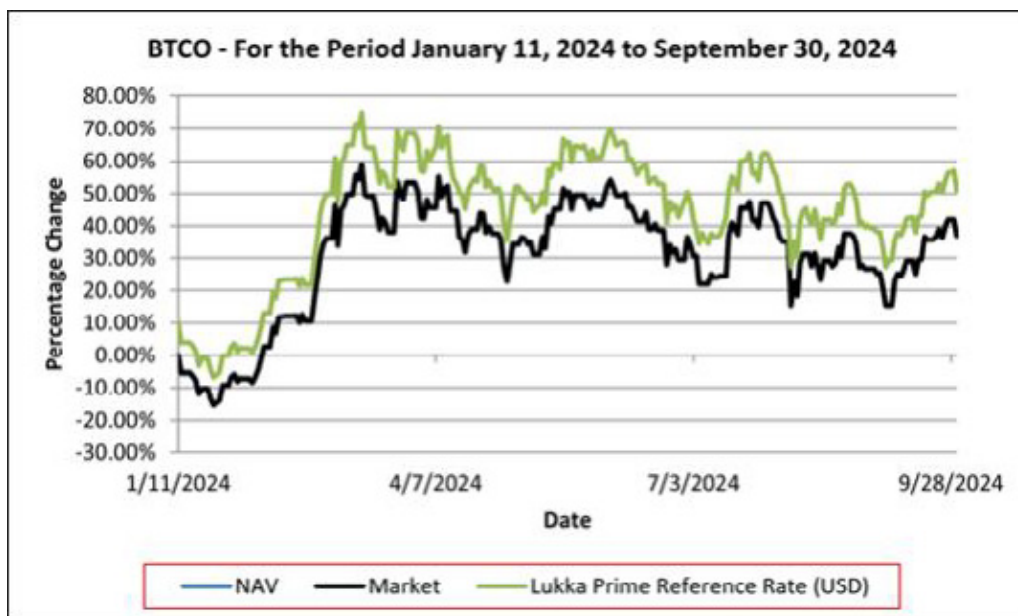
The following graph illustrates the percentage changes in (i) the market price of the Shares (as reflected by the line "Market"), (ii) the Trust's NAV (as reflected by the line "NAV"), and (iii) the closing levels of the Benchmark (as reflected by the line "Lukka Prime Reference Rate (USD)"). There can be no assurances that the price of the Shares or the Trust's NAV will exceed the Benchmark levels.

No representation is being made that the Benchmark will or is likely to achieve closing levels consistent with or similar to those set forth herein.

COMPARISON OF MARKET, NAV AND LUKKA PRIME REFERENCE RATE (USD)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024 AND THE PERIOD JANUARY 11, 2024 TO SEPTEMBER 30, 2024



NEITHER THE PAST PERFORMANCE OF THE TRUST NOR THE PRIOR BENCHMARK LEVELS AND CHANGES, POSITIVE OR NEGATIVE, SHOULD BE TAKEN AS AN INDICATION OF THE TRUST'S FUTURE PERFORMANCE.



NEITHER THE PAST PERFORMANCE OF THE TRUST NOR THE PRIOR BENCHMARK LEVELS AND CHANGES, POSITIVE OR NEGATIVE, SHOULD BE TAKEN AS AN INDICATION OF THE TRUST'S FUTURE PERFORMANCE.

Trust Share Price Performance

For the three months ended September 30, 2024, the Exchange market value of each Share increased from \$59.94 per Share to \$63.44 per Share. The Share price low and high for the three months ended September 30, 2024 and related change from the Share price on June 30, 2024 was as follows: Shares traded at a low of \$53.47 per Share (-10.80%) on August 5, 2024 and a high of \$68.30 per Share (+13.94%) on July 22, 2024. The total return for the Trust on a market value basis was +5.84%.

Bitcoin posted positive performance in the third quarter of 2024. The launch of spot Ethereum ETPs in July and the kickoff of the Federal Reserve (the “Fed”) easing cycle in September 2024 fueled more bullish sentiment for cryptocurrencies. Although bitcoin has been range-bound, it was generally trending lower since mid-March 2024 on growing economic concerns in the US and reduced risk appetite, however, Fed Chair Powell’s optimistic messaging on the economy provided some relief. Another influencing factor was market expectations for a potential second term as president by former President Trump, especially prior to Vice President Harris joining the presidential race in August. In this respect, former President Trump was generally viewed as more “pro-crypto” and could potentially seek relaxed regulations and more innovation-focused projects.

For the period January 11, 2024 (Commencement of Trading) to September 30, 2024, the Exchange market value of each Share increased from \$46.30 per Share to \$63.44 per Share. The Share price low and high for the period ended September 30, 2024 and related change from the Share price on January 11, 2024 was as follows: Shares traded at a low of \$39.11 per Share (-15.54%) on January 23, 2024 and a high of \$73.57 per Share (+58.90%) on March 13, 2024. The total return for the Trust on a market value basis was +37.02%.

For the period January 11, 2024 through September 30, 2024, bitcoin’s spot price rallied over 35%, leading to strong gains for the Trust. The rally was initially driven by spot bitcoin ETP demand following their historic launch on January 11, 2024, improving macro sentiment supporting investor risk appetite, and the anticipation leading up to the April 2024 bitcoin halving event, which has historically provided upside potential for bitcoin. However, after hitting a record high in March 2024 of \$73,000, bitcoin prices trended lower in a range for the balance of the period, waiting for a catalyst to break out. The third quarter was a positive quarter for bitcoin as the kickoff of the Fed easing cycle and market expectations for a potential second term as president by former President Trump fueled the bullish sentiment around cryptocurrencies. The launch of spot Ethereum ETPs in July may have also been a supportive catalyst.

Trust Share Net Asset Performance

For the three months ended September 30, 2024, the NAV of each Share increased from \$59.95 per Share to \$63.43 per Share. Rising price for bitcoin during the three months ended September 30, 2024 contributed to an overall 2.48% increase in the level of the Benchmark. The total return for the Trust on a NAV basis was +5.81%.

Net income (loss) for the three months ended September 30, 2024 was \$4.1 million, primarily resulting from net realized gain (loss) of \$(3.9) million, net change in unrealized gain (loss) of \$8.3 million and net operating expenses of \$0.3 million.

For the period January 11, 2024 (Commencement of Trading) to September 30, 2024, the NAV of each Share increased from \$46.29 per Share to \$63.43 per Share. Rising price for bitcoin during the period ended September 30, 2024 contributed to an overall 36.75% increase in the level of the Benchmark. The total return for the Trust on a NAV basis was +37.03%.

Net income (loss) for the nine months ended September 30, 2024 was \$140.8 million, primarily resulting from net realized gain (loss) of \$30.0 million, net change in unrealized gain (loss) of \$111.1 million and net operating expenses of \$0.3 million.

Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Sponsor to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period covered by this report. A description of the valuation of bitcoin, a critical accounting policy that the Trust believes is important to understanding its results of operations and financial position, is provided in the section entitled “Valuation of Bitcoin,” above. In addition, please refer to Note 2 to the financial statements of the Trust for further discussion of the Trust’s accounting policies and Part II, Item 7 – “Management’s Discussions and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates” in the Annual Report on Form 10-K for the period ended December 31, 2023.

There were no material estimates, which involve a significant level of estimation uncertainty and had or are reasonably likely to have had a material impact on the Trust’s financial condition, used in the preparation of these financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

None.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of the management of the Sponsor, including Brian Hartigan, its Principal Executive Officer, and Kelli Gallegos, its Principal Financial and Accounting Officer, Investment Pools, the Trust carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this Quarterly Report, and, based upon that evaluation, Brian Hartigan, the Principal Executive Officer of the Sponsor, and Kelli Gallegos, the Principal Financial and Accounting Officer, Investment Pools, of the Sponsor, concluded that the Trust’s disclosure controls and procedures were effective to provide reasonable assurance that information the Trust is required to disclose in the reports that it files or submits with the Securities and Exchange Commission (the “SEC”) under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and to provide reasonable assurance that information required to be disclosed by the Trust in the reports that it files or submits under the Exchange Act is accumulated and communicated to management of the Sponsor, including its Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in internal control over financial reporting (as defined in the Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the Trust’s quarter ended September 30, 2024 that has materially affected, or is reasonably likely to materially affect, the Trust’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Not applicable.

Item 1A. Risk Factors.

There are no material changes from risk factors as previously disclosed in the Trust’s Annual Report on Form 10-K for the period ended December 31, 2023, filed March 8, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) There have been no unregistered sales of Shares. No Shares are authorized for issuance by the Trust under equity compensation plans.

(b) Not applicable.

(c) Although the Trust did not redeem Shares directly from its Shareholders, the Trust redeemed Creation Baskets from Authorized Participants during the three months ended September 30, 2024 as follows:

<u>Period of Redemption</u>	<u>Total Number of Shares Redeemed</u>	<u>Average Price Paid per Share</u>
July 1, 2024 to July 31, 2024	—	\$ —
August 1, 2024 to August 31, 2024	150,000	58.96
September 1, 2024 to September 30, 2024	230,000	58.54
Total	380,000	\$ 58.71

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the period covered by this Report, none of the members of the Sponsor responsible for overseeing the business and operations of the Trust adopted, modified or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement.

Item 6. Exhibits.

Exhibit No.	Description
31.1	Certification required under Exchange Act Rules 13a-14 and 15d-14 (filed herewith)
31.2	Certification required under Exchange Act Rules 13a-14 and 15d-14 (filed herewith)
32.1	Certification by Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification by Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101	Interactive data file pursuant to Rule 405 of Regulation S-T: (i) the Statements of Financial Condition of Invesco Galaxy Bitcoin ETF — September 30, 2024 and December 31, 2023 (Unaudited), (ii) the Schedule of Investments of Invesco Galaxy Bitcoin ETF — September 30, 2024 (Unaudited), (iii) the Statement of Income and Expenses of Invesco Galaxy Bitcoin ETF — For the Three and Nine Months Ended September 30, 2024 (Unaudited), (iv) the Statement of Changes in Shareholders' Equity of Invesco Galaxy Bitcoin ETF — For the Three Months Ended September 30, 2024 (Unaudited), (v) the Statement of Changes in Shareholders' Equity of Invesco Galaxy Bitcoin ETF — For the Nine Months Ended September 30, 2024 (Unaudited), (vi) the Statement of Cash Flows of Invesco Galaxy Bitcoin ETF — For the Nine Months Ended September 30, 2024 (Unaudited) and (vii) Notes to Unaudited Financial Statements of Invesco Galaxy Bitcoin ETF — September 30, 2024.
101.INS	Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	The cover page of the Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in Inline XBRL

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Invesco Galaxy Bitcoin ETF

By: Invesco Capital Management LLC
its Sponsor

Dated: November 6, 2024

By: _____/S/ BRIAN HARTIGAN
Name: Brian Hartigan
Title: Principal Executive Officer

Dated: November 6, 2024

By: _____/S/ KELLI GALLEGOS
Name: Kelli Gallegos
Title: Principal Financial and Accounting Officer, Investment Pools

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Brian Hartigan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Invesco Galaxy Bitcoin ETF;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of managers (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 6, 2024

/s/ Brian Hartigan

Brian Hartigan

Principal Executive Officer of Invesco Capital Management LLC,
the Sponsor

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Kelli Gallegos, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Invesco Galaxy Bitcoin ETF;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of managers (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 6, 2024

/s/ Kelli Gallegos

Kelli Gallegos

Principal Financial and Accounting Officer, Investment Pools, of
Invesco Capital Management LLC, the Sponsor

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Brian Hartigan, Principal Executive Officer of Invesco Capital Management LLC, the Sponsor of Invesco Galaxy Bitcoin ETF (the “Trust”), hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Trust’s Quarterly Report on Form 10-Q for the period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Quarterly Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended;
- (2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Trust; and
- (3) This certification accompanies the report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of such report), irrespective of any general incorporation language contained in such filing.

Dated: November 6, 2024

/s/ Brian Hartigan

Brian Hartigan

Principal Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Kelli Gallegos, Principal Financial and Accounting Officer, Investment Pools of Invesco Capital Management LLC, the Sponsor of Invesco Galaxy Bitcoin ETF (the “Trust”), hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Trust’s Quarterly Report on Form 10-Q for the period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Quarterly Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended;
- (2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Trust; and
- (3) This certification accompanies the report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of such report), irrespective of any general incorporation language contained in such filing.

Dated: November 6, 2024

/s/ Kelli Gallegos

Kelli Gallegos

Principal Financial and Accounting Officer, Investment Pools

PROSPECTUS SUPPLEMENT NO. 4
(to the Prospectus dated January 11, 2024, as amended)

INVESCO GALAXY BITCOIN ETF
Common Shares

This prospectus supplement (“Supplement No. 4”) supplements and amends the prospectus dated January 11, 2024, as amended January 29, 2024, May 14, 2024 and August 2, 2024 (the “Prospectus”), for the Invesco Galaxy Bitcoin ETF. Supplement No. 4 is being filed to include the information contained in our Quarterly Report on Form 10-Q, for the quarter ended June 30, 2024, filed with the Securities and Exchange Commission on August 7, 2024 (the “Form 10-Q”). Accordingly, we have attached the Form 10-Q to this Supplement No. 4. Supplement No. 4 should be read together with the Prospectus.

Shares of the Trust are listed on Cboe BZX Exchange, Inc. under the symbol “BTCO.”

Investing in the Shares involves significant risks. See “RISK FACTORS” starting on page 14 of the Prospectus.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission passed upon the adequacy or accuracy of the Prospectus or this Prospectus Supplement No. 4. Any representation to the contrary is a criminal offense.

The Fund is not a mutual fund or any other type of investment company within the meaning of the Investment Company Act of 1940, as amended, and is not subject to regulation thereunder.

The date of this Prospectus Supplement No. 4 is August 7, 2024.

PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-41913

Invesco Galaxy Bitcoin ETF

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

88-6155978
(I.R.S. Employer
Identification No.)

c/o Invesco Capital Management LLC
3500 Lacey Road, Suite 700
Downers Grove, Illinois
(Address of Principal Executive Offices)

60515
(Zip Code)

Registrant's telephone number, including area code: (800) 983-0903

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares of Beneficial Interest	BTCO	Cboe BZX Exchange, Inc.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company,

or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of outstanding Shares as of June 30, 2024: 6,945,000

INVESCO GALAXY BITCOIN ETF
QUARTER ENDED JUNE 30, 2024
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Invesco Galaxy Bitcoin ETF

Statements of Financial Condition June 30, 2024 and December 31, 2023 (Unaudited)

	June 30, 2024	December 31, 2023
Assets		
Investments in Bitcoin, at value (cost \$332,467,057 as of June 30, 2024)	\$ 435,244,053	\$ —
Cash held by custodian	—	100,000
Total Assets	<u>\$ 435,244,053</u>	<u>\$ 100,000</u>
Liabilities		
Total Liabilities	\$ —	\$ —
Commitments and Contingencies (Note 9)		
Net Assets	<u>\$435,244,053</u>	<u>\$ 100,000</u>
Net assets consist of:		
Paid-in-capital	\$298,409,051	\$ 100,000
Distributable earnings (loss)	136,835,002	—
	<u>\$435,244,053</u>	<u>\$ 100,000</u>
Shares outstanding	6,945,000	4,000
Net asset value per share	\$ 62.67	\$ 25.00
Market value per share	\$ 59.94	\$ 25.00

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

Schedule of Investments
June 30, 2024
(Unaudited)

Description	Quantity	Cost	Fair Value	% of Net Assets
Cryptocurrency				
Bitcoin	6,945	\$332,467,057	\$435,244,053	100.00%
Total Investments	6,945	\$332,467,057	\$435,244,053	100.00%
Other Assets Less Liabilities			\$ —	0.00%
Net assets			\$ 435,244,053	100.00%

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

*Statement of Income and Expenses
For the Three and Six Months Ended June 30, 2024
(Unaudited)*

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
Income		
Total Income	\$ —	\$ —
Expenses		
Sponsor Fees	271,217	452,718
Total Expenses	271,217	452,718
Less: Waivers	(271,217)	(452,718)
Net Expenses	—	—
Net Investment Income (Loss)	—	—
Net Realized and Net Change in Unrealized Gain (Loss)		
Net Realized Gain (Loss) on Investments in Bitcoin	(3,068,108)	33,958,006
Net Change in Unrealized Gain (Loss) on Investments in Bitcoin	(46,013,857)	102,776,996
Net Realized and Net Change in Unrealized Gain (Loss) on Investments in Bitcoin	(49,081,965)	136,735,002
Net Income (Loss)	<u>\$(49,081,965)</u>	<u>\$136,735,002</u>

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

*Statement of Changes in Shareholders' Equity
For the Three Months Ended June 30, 2024
(Unaudited)*

	Shares	Total Shareholders' Equity
Balance at March 31, 2024	<u>5,905,000</u>	<u>\$ 418,315,928</u>
Purchases of Shares	1,630,000	104,538,465
Redemption of Shares	<u>(590,000)</u>	<u>(38,528,375)</u>
Net Increase (Decrease) due to Share Transactions	1,040,000	66,010,090
Net Income (Loss)		
Net Investment Income (Loss)		—
Net Realized Gain (Loss) on Investments in Bitcoin		(3,068,108)
Net Change in Unrealized Gain (Loss) on Investments in Bitcoin		<u>(46,013,857)</u>
Net Income (Loss)		<u>(49,081,965)</u>
Net Change in Shareholders' Equity	<u>1,040,000</u>	<u>16,928,125</u>
Balance at June 30, 2024	<u><u>6,945,000</u></u>	<u><u>\$ 435,244,053</u></u>

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

*Statement of Changes in Shareholders' Equity
For the Six Months Ended June 30, 2024
(Unaudited)*

	Shares	Total Shareholders' Equity
Balance at December 31, 2023	<u>4,000</u>	<u>\$ 100,000</u>
Purchases of Shares	11,705,000	564,002,145
Redemption of Shares	<u>(4,764,000)</u>	<u>(265,593,094)</u>
Net Increase (Decrease) due to Share Transactions	6,941,000	298,409,051
Net Income (Loss)		
Net Investment Income (Loss)		—
Net Realized Gain (Loss) on Investments in Bitcoin		33,958,006
Net Change in Unrealized Gain (Loss) on Investments in Bitcoin		<u>102,776,996</u>
Net Income (Loss)		136,735,002
Net Change in Shareholders' Equity	<u>6,941,000</u>	<u>435,144,053</u>
Balance at June 30, 2024	<u><u>6,945,000</u></u>	<u><u>\$ 435,244,053</u></u>

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

*Statement of Cash Flows
For the Six Months Ended June 30, 2024
(Unaudited)*

	Six Months Ended June 30, 2024
Cash flows from operating activities:	
Net Income (Loss)	\$ 136,735,002
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Cost of bitcoin purchased	(509,716,398)
Proceeds from bitcoin sold	211,207,347
Net Realized Gain (Loss) on Investments in Bitcoin	(33,958,006)
Net Change in Unrealized Gain (Loss) on Investments in Bitcoin	(102,776,996)
Net cash provided by (used in) operating activities	(298,509,051)
Cash flows from financing activities:	
Proceeds from purchases of Shares	564,002,145
Redemption of Shares	(265,593,094)
Net cash provided by (used in) financing activities	298,409,051
Net change in cash	(100,000)
Cash at beginning of period	100,000
Cash at end of period	\$ —

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

Notes to Unaudited Financial Statements

June 30, 2024

Note 1 – Organization

Invesco Galaxy Bitcoin ETF (the “Trust”) is a Delaware statutory trust, formed on April 5, 2021 pursuant to the Delaware Statutory Trust Act (the “DSTA”). The Trust continuously issues common shares representing fractional undivided beneficial interest in and ownership of the Trust (“Shares”). The Trust operates pursuant to its Second Amended and Restated Declaration of Trust and Trust Agreement, dated as of January 5, 2024 (the “Trust Agreement”). Delaware Trust Company, a Delaware trust company, is the Delaware trustee of the Trust (the “Trustee”). The Trust is managed and controlled by Invesco Capital Management LLC (the “Sponsor”).

The Trust offers Shares only to certain eligible financial institutions (“Authorized Participants”) in one or more blocks of 5,000 Shares (“Creation Baskets”) based on the quantity of bitcoin attributable to each Share of the Trust. The Trust has an unlimited number of shares authorized for issuance.

On December 20, 2023, Invesco Ltd. (in such role, the “Seed Capital Investor”), subject to certain conditions, purchased 4,000 Shares in exchange for \$100,000, which comprised the initial purchase of the Trust’s Shares (“Initial Seed Shares”). Through December 31, 2023, the Trust had no operations other than those related to its organization and registration and the sale of Shares to the Seed Capital Investor. As of December 31, 2023, the Seed Capital Investor owned one hundred percent of the outstanding Shares.

On January 2, 2024, the Seed Capital Investor purchased an additional 200,000 Shares at a per-Share price of \$25.00 (“Seed Creation Baskets”). Total proceeds to the Trust from the sale of the Initial Seed Shares and the Seed Creation Baskets were \$5,100,000. On January 4, 2024, the Sponsor redeemed the Initial Seed Shares and the Seed Creation Baskets for cash at a per-Share price of \$25.00 for a total redemption value of \$5,100,000 and immediately created 110,000 Shares (22 Creation Baskets) at a price of \$44.16305 per Share based on the price of the Lukka Prime Bitcoin Reference Rate (the “Benchmark”) as of 4:00 p.m. ET on January 4, 2024. The Benchmark is designed to provide an estimated fair market value price for bitcoin, based on the execution price of bitcoin on its principal market. The price of the Shares acquired by the Seed Capital Investor was determined as described in the Prospectus. The Seed Capital Investor no longer held Shares as of June 30, 2024.

Effective January 10, 2024, the Trust’s registration statement was declared effective by the U.S. Securities and Exchange Commission (the “SEC”). The Trust commenced trading on the Cboe BZX Exchange, Inc. (the “Exchange”) on January 11, 2024.

The Trust’s investment objective is to reflect the performance of the spot price of bitcoin as measured using the Benchmark, less the Trust’s expenses and other liabilities. The Shares are intended to provide institutional and retail investors with a simple, cost-effective means of gaining investment benefits similar to those of holding bitcoin.

In seeking to achieve its investment objective, the Trust will hold bitcoin. Coinbase Custody Trust Company, LLC (the “Bitcoin Custodian”) will hold all of the Trust’s bitcoin on the Trust’s behalf as bitcoin custodian.

The Bank of New York Mellon (“BNYM”), the Trust’s “Administrator,” calculates, and the Sponsor publishes, the Trust’s Net Asset Value (“NAV”) once each business day. To calculate the NAV, the Administrator totals the current market value of bitcoin in the Trust and any other assets, and subtracts any liabilities including accrued but unpaid expenses. The Trust’s NAV is an amount denominated in U.S. dollars.

This Quarterly Report (the “Report”) covers the three and six months ended June 30, 2024. The accompanying unaudited financial statements were prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and with the instructions for Form 10-Q and the rules and regulations of the SEC. In the opinion of management, all material adjustments, consisting only of normal recurring adjustments, considered necessary for a fair statement of the interim period financial statements have been made. Interim period results are not necessarily indicative of results for a full-year period. These financial statements and the notes thereto should be read in conjunction with the Trust’s financial statements included in its Annual Report on Form 10-K for the period ended December 31, 2023, as filed with the SEC on March 8, 2024.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Trust have been prepared using U.S. GAAP. The Trust is considered an investment company under U.S. GAAP for financial statement purposes and follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946, *Financial Services—Investment Companies*, but is not registered, and is not required to be registered, under the Investment Company Act of 1940, as amended.

B. Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. In addition, the Trust monitors for material events or transactions that may occur or become known after the period-end date and before the date the financial statements are issued.

C. Investment Valuations

The Trust applies FASB ASC Topic 820, *Fair Value Measurement*, in the valuation of bitcoin held by the Trust and for financial statement purposes. The fair market value price for bitcoin reflects the price that would be received for bitcoin in a current sale, which assumes an orderly transaction between market participants on the measurement date of bitcoin on its “principal market,” generally, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact. The Trust determines its principal market (or in the absence of a principal market the most advantageous market) on a periodic basis to determine which market is its Principal Market for the purpose of calculating fair value for the creation of quarterly and annual financial statements. Issuer-specific events, market trends, bid/asked quotes of brokers and information providers and other data may be reviewed in the course of making a good faith determination of a security’s fair value.

D. Investment Transactions

Bitcoin transactions are accounted for on a trade date basis. Realized gains or losses from the sale or disposition of bitcoin are determined on a specific identification basis and recognized in the Statements of Income and Expenses in the period in which the sale or disposition occurs, respectively.

E. Routine Operational, Administrative and Other Ordinary Expenses

The Sponsor is responsible for all routine operational, administrative and other ordinary expenses of the Trust, including, but not limited to, the Trustee’s fees, the fees of the BNYM (the Administrator and the “Transfer Agent”) (for its services as the Administrator, Transfer Agent, and Cash Custodian (defined herein)), the fees of the Bitcoin Custodian, the fees of Galaxy Digital Funds LLC (the “Execution Agent”), Exchange listing fees, SEC registration fees, printing and mailing costs, legal costs and audit fees. The Trust does not reimburse the Sponsor for the routine operational, administrative and other ordinary expenses of the Trust. Accordingly, such expenses are not reflected in the Statements of Income and Expense of the Trust.

F. Non-Recurring Fees and Expenses

In certain cases, the Trust will pay for some expenses in addition to the Sponsor Fee. These exceptions include expenses not assumed by the Sponsor (i.e., expenses other than those identified in Section E of this Note 2), litigation and indemnification expenses, judgments, transactional expenses, taxes and other expenses not expected to be incurred in the ordinary course of the Trust’s business. The only expenses of the Trust during the three and six months ended June 30, 2024 were the Sponsor Fee.

G. Federal Income Taxes

The Sponsor intends to take the position that the Trust is properly treated as a grantor trust for U.S. federal income tax purposes. Assuming that the Trust is a grantor trust, the Trust will not be subject to U.S. federal income tax and, therefore, no provision for federal income taxes is required. Rather, if the Trust is a grantor trust, each beneficial owner of Shares will be treated as directly owning its pro rata share of the Trust’s assets and a pro rata portion of the Trust’s income, gain, losses and deductions will “flow through” to each beneficial owner of Shares.

H. Cash and Cash Equivalents

The Trust defines cash as cash held by the Cash Custodian (as defined below). There were no cash equivalents held by the Trust as of June 30, 2024 and December 31, 2023.

Note 3 – Concentration Risk

Unlike other funds that may invest in diversified assets, the Trust’s investment strategy is concentrated in a single asset: bitcoin. This concentration maximizes the degree of the Trust’s exposure to a variety of market risks associated with bitcoin, including the rise or fall in its price, sometimes rapidly or unexpectedly. By concentrating its investment strategy solely in bitcoin, any losses suffered as a result of a decrease in the value of bitcoin can be expected to reduce the value of an interest in the Trust proportionately and will not be offset by other gains if the Trust were to invest in underlying assets that were diversified. There is no assurance that bitcoin will maintain its long-term value in terms of purchasing power in the future. In the event that the price of bitcoin declines, the Sponsor expects the value of an investment in the Shares to decline proportionately. Each of these events could have a material effect on the Trust’s financial position and the results of its operations.

Note 4 – Service Providers and Related Party Agreements

The Trustee

Delaware Trust Company, a Delaware trust company, acts as the Trustee of the Trust as required to create a Delaware statutory trust in accordance with the Trust Agreement and the DSTA. Under the Trust Agreement, the duties of the Trustee are limited to (i) accepting legal process served on the Trust in the State of Delaware and (ii) at the direction of the Sponsor, the execution of any certificates required to be filed with the Secretary of State of the State of Delaware which the Trustee is required to execute under the DSTA.

The Sponsor

Invesco Capital Management LLC is the Sponsor of the Trust. The Sponsor arranged for the creation of the Trust and is responsible for the ongoing registration of the Shares for their public offering, the listing of Shares on the Exchange and valuing the bitcoin held by the Trust. The Sponsor is a limited liability company formed in the state of Delaware on February 7, 2003, and is a wholly-owned subsidiary of Invesco Ltd. Invesco Ltd. and its subsidiaries, including the Sponsor, are an independent global investment management group.

The Trust will pay the Sponsor a unified fee (the “Sponsor Fee”) as compensation for services performed under the Trust Agreement. The Sponsor Fee will be accrued daily and paid monthly in arrears on the first day the Exchange is open for regular trading (a “Business Day”) of the month in U.S. dollars, and will be calculated by the Administrator. The Sponsor also paid the costs of the Trust’s organization.

Effective as of January 29, 2024, the Sponsor Fee was 0.25% per annum of the daily total net assets of the Trust. From January 9, 2024 until January 28, 2024, the Sponsor Fee was 0.39% per annum. Prior to January 9, 2024, the Sponsor Fee was 0.59% per annum. For a 6-month period commencing on the day the Trust’s Shares were initially listed on the Exchange (January 11, 2024), the Sponsor agreed to waive the entire Sponsor Fee on the first \$5 billion of Trust assets.

To cover the Sponsor Fee, and extraordinary expenses not assumed by the Sponsor, the Sponsor or its delegate will cause the Trust (or its delegate) to instruct the Execution Agent to convert bitcoin held by the Trust into U.S. dollars. The NAV of the Trust and the number of bitcoins represented by a Share will decline each time the Trust accrues the Sponsor Fee or any Trust expenses not assumed by the Sponsor. The Trust is not responsible for paying any costs associated with the transfer of bitcoin to or from the Trust in connection with paying the Sponsor Fee or in connection with creation and redemption transactions.

The Sponsor waived fees of \$271,217 and \$452,718 for the three and six months ended June 30, 2024, respectively.

The Administrator

The BNYM serves as the Trust’s Administrator. Under the trust administration and accounting agreement, the Administrator provides necessary administrative, tax and accounting services and financial reporting for the maintenance and operations of the Trust, including calculating the NAV of the Trust and the net assets of the Trust.

The Transfer Agent

BNYM also serves as the Transfer Agent for the Trust. The Transfer Agent is responsible for (1) issuing and redeeming Shares, (2) responding to correspondence by Shareholders and others relating to its duties, (3) maintaining Shareholder accounts and (4) making periodic reports to the Trust.

The Bitcoin Custodian

Coinbase Custody Trust Company, LLC serves as the Trust’s Bitcoin Custodian. Under the custodial agreement, the Bitcoin Custodian is responsible for (1) safekeeping all of the bitcoin owned by the Trust, (2) opening an account that holds the Trust’s bitcoin and (3) facilitating the transfer of bitcoin required for the operation of the Trust, as directed by the Sponsor. The Bitcoin Custodian is chartered as a limited purpose trust company by the New York State Department of Financial Services (“NYSDFS”) and is authorized by the NYSDFS to provide digital asset custody services. The Bitcoin Custodian is a wholly-owned subsidiary of Coinbase Global, Inc.

The Cash Custodian

Under the Cash Custody Agreement, BNYM is responsible for holding the Trust’s cash in connection with creation and redemption transactions effected in cash (the “Cash Custodian”). The Cash Custodian is a New York state-chartered bank and a member of the Federal Reserve System.

The Marketing Agent

Invesco Distributors, Inc. (the “Marketing Agent”) is responsible for: (1) working with the Transfer Agent to review and approve, or reject, purchase and redemption orders of Creation Baskets placed by Authorized Participants with the Transfer Agent; and (2) reviewing and approving the marketing materials prepared by the Trust for compliance with applicable SEC and Financial Industry Regulatory Authority advertising laws, rules, and regulations.

The Execution Agent

The Sponsor has entered into an agreement with Galaxy Digital Funds LLC, a subsidiary of Galaxy Digital LP (“Galaxy”), to serve as Execution Agent. The Trust from time to time will be required to sell bitcoin in such quantities as necessary to permit payment of the Sponsor Fee and any Trust expenses and liabilities not assumed by the Sponsor. The Sponsor has engaged the Execution Agent to sell bitcoin on the Trust’s behalf in such circumstances. At the direction of the Trust, the Execution Agent will seek to sell bitcoin at approximately the price at which it is valued by the Trust and in the smallest amounts required to permit such payments as they become due, with the intention of minimizing the Trust’s holdings of assets other than bitcoin. Accordingly, the amount of bitcoin to be sold may vary from time to time depending on the level of the Trust’s expenses and liabilities and the market price of bitcoin. The Trust also may utilize the services of the Execution Agent to purchase or sell bitcoin in connection with cash creations and redemptions. In addition, as part of this agreement, the Execution Agent has agreed to co-brand and co-market the Trust, and the Sponsor has licensed the use of certain Galaxy trademarks, service marks and trade names in connection with the Trust.

Galaxy is a subsidiary of Galaxy Digital Holdings LP (“Galaxy Holdings”). Galaxy Digital Holdings Ltd., which holds a limited partner interest in Galaxy Holdings, is listed on the Toronto Stock Exchange under the symbol “GLXY.”

Note 5 – Organization and Offering Costs

The Sponsor has agreed to pay the organizational and initial offering costs of the Trust and the Trust will not be obligated to reimburse the Sponsor. The organizational and initial offering costs include preparation and filing of incorporation documents, bylaws, declarations of trust, registration statements, board materials, state and federal registration of shares and audit fees. As a result, the Trust’s financial statements will not reflect these organizational and offering costs.

Note 6 – Additional Valuation Information

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. U.S. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods, giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3), generally when market prices are not readily available or are unreliable. Based on the valuation inputs, the securities or other investments are tiered into one of three levels. Changes in valuation methods or market conditions may result in transfers in or out of an investment’s assigned level:

Level 1: Prices are determined using quoted prices in an active market for identical assets.

Level 2: Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, loss severities, default rates, discount rates, volatilities and others.

Level 3: Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Trust’s own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

As of June 30, 2024, the investments in this Trust were valued based on Level 1 inputs. The levels assigned to the investment valuations may not be an indication of the risk or liquidity associated with investing in those investments. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

Note 7 – Investments in Bitcoin

The Trust expects to purchase or sell bitcoin in connection with cash creation or redemption transactions, and may sell bitcoin to pay certain expenses, including the Sponsor Fee. The following is a summary of the transactions in, and earnings from, investments in bitcoin for the three months ended June 30, 2024.

Opening Balance as of 03/31/2024	Purchases at Cost	Proceeds from Sales	Change in Unrealized Appreciation (Depreciation)	Realized Gain (Loss)	Ending Balance as of 06/30/2024
\$ 418,315,928	\$ 104,538,465	\$ (38,528,375)	\$ (46,013,857)	\$ (3,068,108)	\$ 435,244,053

The following is a summary of the transactions in, and earnings from, investments in bitcoin for the six months ended June 30, 2024.

<u>Opening Balance as of 12/31/2023</u>	<u>Purchases at Cost</u>	<u>Proceeds from Sales</u>	<u>Change in Unrealized Appreciation (Depreciation)</u>	<u>Realized Gain (Loss)</u>	<u>Ending Balance as of 06/30/2024</u>
\$ —	\$ 509,716,398	\$ (211,207,347)	\$ 102,776,996	\$ 33,958,006	\$ 435,244,053

Note 8 – Share Purchases and Redemptions

The Trust will process all creations and redemptions of Shares in transactions with Authorized Participants. When the Trust issues or redeems its Shares, it will do so only in Creation Baskets based on the quantity of bitcoin attributable to each Share of the Trust (net of accrued but unpaid Sponsor fees and any accrued but unpaid expenses or liabilities). Creation and redemption transactions take place in cash, but in the future, pending regulatory approval, the Trust may permit or require creation and redemption transactions to take place in-kind. Authorized Participants are the only persons that may place orders to create and redeem Creation Baskets. Authorized Participants must be (1) registered broker-dealers or other securities market participants, such as banks or other financial institutions, that are not required to register as broker-dealers to engage in securities transactions as described below, and (2) participants in DTC such as banks, dealers and trust companies (“DTC Participants”). To become an Authorized Participant, a person must enter into an Authorized Participant Agreement.

When purchasing Creation Baskets, Authorized Participants will deliver cash to the Cash Custodian. The Execution Agent will be responsible for acquiring the requisite amount of bitcoin on behalf of the Trust on an agency basis. After receipt of the bitcoin by the Bitcoin Custodian, the Transfer Agent will issue Creation Baskets of Shares to the creating Authorized Participant in satisfaction of the creation order.

When redeeming Creation Baskets, the Execution Agent will be responsible for selling the requisite amount of bitcoin on behalf of the Trust on an agency basis. After receipt of the cash payment, the Transfer Agent will redeem the Shares and the Cash Custodian will distribute the resulting cash to the redeeming Authorized Participant in satisfaction of the redemption order.

Note 9 – Commitments and Contingencies

The Sponsor, either in its own capacity or in its capacity as the Sponsor and on behalf of the Trust, has entered into various service agreements that contain a variety of representations, or provide indemnification provisions related to certain risks service providers undertake in performing services for the Trust. The Trust’s organizational documents provide for the Trust to indemnify the Sponsor and any affiliate of the Sponsor that provides services to the Trust to the maximum extent permitted by applicable law, subject to certain exceptions for disqualifying conduct by the Sponsor or such an affiliate. The Trust’s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Further, the Trust has not had prior claims or losses pursuant to these contracts. Accordingly, the Sponsor expects the risk of loss to be remote.

Note 10 – Financial Highlights

The Trust is presenting the following NAV and financial highlights related to investment performance for a Share outstanding for the three months ended June 30, 2024 and the period January 10, 2024 to June 30, 2024. An individual investor's return and ratios may vary based on the timing of capital transactions.

NAV per Share is the NAV of the Trust divided by the number of outstanding Shares at the date of each respective period presented.

	Three Months Ended June 30, 2024	For the Period January 10, 2024 (the effective date of the Trust's registration statement) to June 30, 2024
Net Asset Value		
Net asset value per Share, beginning of period	\$ 70.84	\$ 46.65
Net realized and change in unrealized gain (loss) on investments in Bitcoin ^(a)	(8.17)	16.02
Net investment income (loss) ^(b)	—	—
Net income (loss)	(8.17)	16.02
Net asset value per Share, end of period ^(c)	\$ 62.67	\$ 62.67
Market value per Share, beginning of period ^(d)	\$ 70.98	\$ 46.30
Market value per Share, end of period ^(d)	\$ 59.94	\$ 59.94
Ratio to average Net Assets ^(e)		
Net investment income (loss)	0.00%	0.00%
Expenses, after waivers	0.00%	0.00%
Expenses, prior to waivers	0.25%	0.27%
Total Return, at net asset value ^{(f)(g)}	(11.54)%	34.34%
Total Return, at market value ^{(f)(g)}	(15.56)%	29.46%

- (a) Net realized and change in unrealized gain (loss) on Bitcoin per share may not correlate with the Trust's net realized and unrealized gain (loss) due to timing of shareholder transactions in relation to the fluctuating market values of the Trust's investments.
- (b) Based on average shares outstanding.
- (c) For financial reporting purposes, the Trust values transactions based upon the end of reporting period price in the market. Accordingly, the investment valuations in these financial statements may differ from those used in the calculation of certain of the Trust's final creation and redemption NAVs.
- (d) The mean between the last bid and ask prices.
- (e) Annualized.
- (f) Total Return, at NAV is calculated assuming an initial investment made at the NAV at the beginning of the period, reinvestment of all dividends and distributions at NAV during the period, and redemption of Shares at NAV on the last day of the period. Total Return, at NAV includes adjustments in accordance with U.S. GAAP and as such, the NAV for financial reporting purposes and the returns based upon those NAVs may differ from the NAVs and returns for shareholder transactions. Total Return, at market value is calculated assuming an initial investment made at the market value at the beginning of the period, reinvestment of all dividends and distributions at market value during the period, and redemption of Shares at the market value on the last day of the period. Not annualized for periods less than one year, if applicable.
- (g) The net asset value total return from January 1, 2024 to June 30, 2024 was 150.68%. The market price total return from January 1, 2024 to June 30, 2024 was 139.76%.

Note 11 - Subsequent Events

For the 6-month period commencing on the day the Trust's shares were initially listed (January 11, 2024), the Sponsor had agreed to waive the entire Sponsor Fee on the first \$5 billion of Trust assets. Effective July 11, 2024, this waiver expired, and the Sponsor is no longer waiving the entire Sponsor Fee.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This information should be read in conjunction with the financial statements and notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q (the “Report”). This Report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that involve substantial risks and uncertainties. The matters discussed throughout this Report that are not historical facts are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or the negative of these terms or other comparable terminology. All statements (other than statements of historical fact) included in this Report that address activities, events or developments that will or may occur in the future, including such matters as movements in the digital asset markets, operations of Invesco Galaxy Bitcoin ETF (the “Trust”), plans and references by Invesco Capital Management LLC (the “Sponsor”) to the Trust’s future success and other similar matters, are forward-looking statements. These statements are only predictions. Actual events or results may differ materially. These statements are based upon certain assumptions and analyses the Sponsor has made based on its perception of historical trends, technology developments regarding the use of bitcoin and other digital assets, including the systems used by the Sponsor and Coinbase Custody Trust Company, LLC, the Trust’s bitcoin custodian (the “Bitcoin Custodian”) in their provision of services to the Trust, current conditions and expected future developments, as well as other factors appropriate in the circumstances. Whether or not actual results and developments will conform to the Sponsor’s expectations and predictions, however, is subject to a number of risks and uncertainties, including the special considerations discussed in this Report, and the risks described in the in Part I, Item 1A. “Risk Factors” of the Trust’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and in other SEC filings by the Trust, as well as general economic, market and business conditions, changes in laws or regulations, including those concerning taxes, made by governmental authorities or regulatory bodies, and other economic and political developments. Consequently, all the forward-looking statements made in this Report are qualified by these cautionary statements, and there can be no assurance that actual results or developments the Sponsor anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, the Trust’s operations or the value of its Shares. None of the Trust, the Sponsor, or the Trustee or their respective affiliates is under a duty to update any of the forward-looking statements to conform such statements to actual results or to a change in the Sponsor’s expectations or predictions.

Overview/Introduction

The Invesco Galaxy Bitcoin ETF (the “Trust”) is a Delaware statutory trust that was formed on April 5, 2021. The Trust continuously issues common shares representing fractional undivided beneficial interest in and ownership of the Trust (“Shares”). The Trust operates pursuant to its Second Amended and Restated Declaration of Trust and Trust Agreement, dated as of January 5, 2024 (the “Trust Agreement”). The Shares began trading on the Cboe BZX Exchange, Inc. (the “Exchange”) under the ticker symbol “BTCO” on January 11, 2024. The Trust offers Shares only to certain eligible financial institutions (“Authorized Participants”) in one or more blocks of 5,000 Shares (“Creation Baskets”) based on the quantity of bitcoin attributable to each Share of the Trust.

The following discussion and analysis was prepared to supplement information contained in the accompanying financial statements and is intended to explain certain items regarding the Trust’s financial condition as of June 30, 2024, and its results of operations for the three months ended June 30, 2024 and the period January 11, 2024 to June 30, 2024. It should be read in conjunction with the audited financial statements and related notes thereto contained in this Report.

Investment Objective

The investment objective of the Trust is for the Shares to reflect the performance of the spot price of bitcoin as measured using the Lukka Prime Bitcoin Reference Rate (the “Benchmark”) less the Trust’s expenses and other liabilities. The Shares are intended to provide institutional and retail investors with a simple, cost-effective means of gaining investment benefits similar to those of holding bitcoin.

Determination of Net Asset Value

The Administrator calculates, and the Sponsor publishes, the Trust’s Net Asset Value (“NAV”) once each business day. To calculate the NAV, the Administrator totals the current market value of bitcoin in the Trust and any other assets, and subtracts any liabilities including accrued but unpaid expenses. The Trust’s NAV is an amount denominated in U.S. dollars.

The Administrator also determines the NAV per Share, which equals the NAV of the Trust divided by the number of outstanding Shares. The NAV of the Trust and the NAV per Share are published by the Sponsor on each day that the Exchange is open for regular trading and are posted on the Trust’s website, www.invesco.com/BTCO.

Valuation of Bitcoin

The Trust applies FASB ASC Topic 820, *Fair Value Measurement*, in the valuation of bitcoin held by the Trust and for financial statement purposes. The fair market value price for bitcoin reflects the price that would be received for bitcoin in a current sale, which assumes an orderly transaction between market participants on the measurement date of bitcoin on its “principal market,”

generally, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact. The Trust determines its principal market (or in the absence of a principal market the most advantageous market) on a periodic basis to determine which market is its Principal Market for the purpose of calculating fair value for the creation of quarterly and annual financial statements. Issuer-specific events, market trends, bid/asked quotes of brokers and information providers and other data may be reviewed in the course of making a good faith determination of a security's fair value.

Liquidity and Capital Resources

The Sponsor is not aware of any known trends, demands, commitments, events or uncertainties that will result in, or are reasonably likely to result in, material changes to the Trust's liquidity and capital resources needs.

The Trust will pay the Sponsor a unified fee of 0.25% per annum (the "Sponsor Fee") as compensation for services performed under the Trust Agreement. From January 9, 2024 until January 28, 2024, the Sponsor Fee was 0.39% per annum. Prior to January 9, 2024, the Sponsor Fee was 0.59% per annum. The Trust's only ordinary recurring expense is the Sponsor Fee. For a 6-month period beginning January 11, 2024 the Sponsor agreed to waive the entire Sponsor Fee on the first \$5 billion of Trust assets.

Except for periods during which all or a portion of the Sponsor Fee was being waived, the Sponsor Fee will be accrued daily and paid monthly in arrears in U.S. dollars, and will be calculated by Bank of New York Mellon (the "Administrator"). The Administrator will calculate the Sponsor Fee on a daily basis by applying the 0.25% annualized rate to the Trust's total net assets.

Except as noted below, the Sponsor has agreed to pay all of the Trust's ordinary expenses out of the Sponsor's unified fee, including, but not limited to, the Trustee's fees, the fees of The Bank of New York Mellon (for its services as the Administrator, Transfer Agent, and Cash Custodian), the fees of the Bitcoin Custodian, the fees of the Execution Agent, Exchange listing fees, SEC registration fees, printing and mailing costs, legal costs and audit fees. The Sponsor also paid the costs of the Trust's organization.

The Trust may incur certain extraordinary expenses that are not assumed by the Sponsor. These include, but are not limited to, taxes and governmental charges, any applicable brokerage commissions, financing fees, Bitcoin network fees and similar transaction fees, expenses and costs of any extraordinary services performed by the Sponsor (or any other service provider) on behalf of the Trust to protect the Trust or the interests of Shareholders (including, for example, in connection with any fork of the Bitcoin blockchain), any indemnification of the Sponsor, Cash Custodian, Bitcoin Custodian, Administrator or other agents, service providers or counterparties of the Trust and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters.

To cover the Sponsor Fee, and extraordinary expenses not assumed by the Sponsor, the Sponsor or its delegate will cause the Trust (or its delegate) to instruct Galaxy Digital Funds LLC (the "Execution Agent") to convert bitcoin held by the Trust into U.S. dollars. The Sponsor has engaged the Execution Agent to sell bitcoin on the Trust's behalf in such circumstances. At the direction of the Trust, the Execution Agent will seek to sell bitcoin at approximately the price at which it is valued by the Trust and in the smallest amounts required to permit such payments as they become due, with the intention of minimizing the Trust's holdings of assets other than bitcoin. Accordingly, the amount of bitcoin to be sold may vary from time to time depending on the level of the Trust's expenses and liabilities and the market price of bitcoin. The NAV of the Trust and the number of bitcoins represented by a Share will decline each time the Trust accrues the Sponsor Fee or any Trust expenses not assumed by the Sponsor. The Trust is not responsible for paying any costs associated with the transfer of bitcoin to or from the Trust in connection with paying the Sponsor Fee or in connection with creation and redemption transactions.

The Trust has not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Trust's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to Shareholders.

Cash Flows

A primary cash flow activity of the Trust is to raise capital from Authorized Participants through the issuance of Shares. This cash is used to invest in bitcoin.

As of the date of this Report, each of ABN AMRO Clearing Chicago LLC, BNY Mellon Capital Markets, LLC, Citadel Securities LLC, Goldman Sachs & Co., Jane Street Capital LLC, JP Morgan Securities Inc., Macquarie Capital (USA) Inc., Marex Capital Markets Inc. and Virtu Americas LLC has executed a Participant Agreement and are the only Authorized Participants.

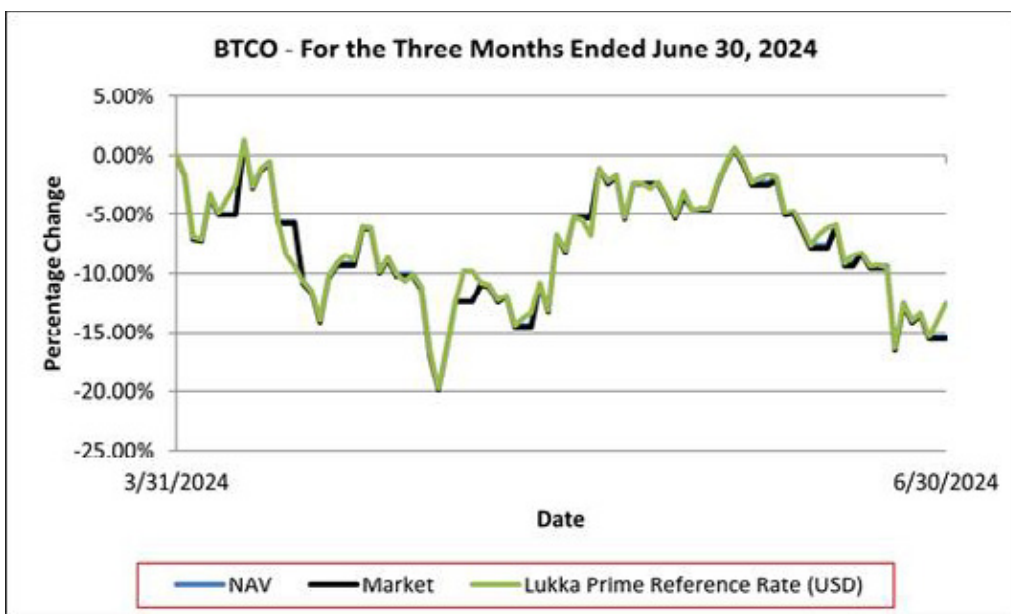
Results of Operations

FOR THE THREE MONTHS ENDED JUNE 30, 2024 AND THE PERIOD JANUARY 11, 2024 TO JUNE 30, 2024

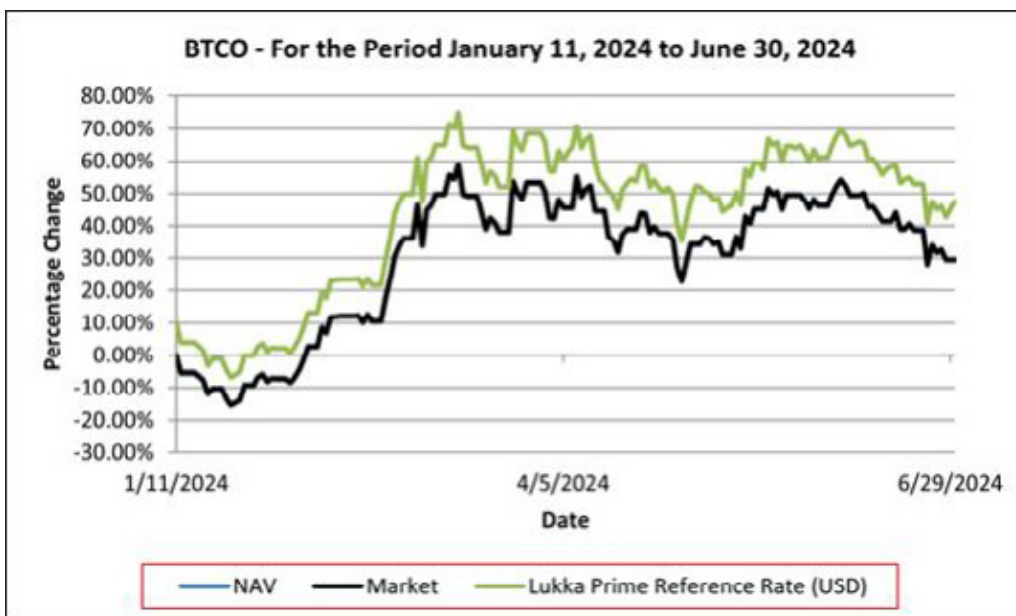
The following graph illustrates the percentage changes in (i) the market price of the Shares (as reflected by the line "Market"), (ii) the Trust's NAV (as reflected by the line "NAV"), and (iii) the closing levels of the Benchmark (as reflected by the line "Lukka Prime Reference Rate (USD)"). There can be no assurances that the price of the Shares or the Trust's NAV will exceed the Benchmark levels.

No representation is being made that the Benchmark will or is likely to achieve closing levels consistent with or similar to those set forth herein.

COMPARISON OF MARKET, NAV AND LUKKA PRIME REFERENCE RATE (USD)
FOR THE THREE MONTHS ENDED JUNE 30, 2024 AND THE PERIOD JANUARY 11, 2024 TO JUNE 30, 2024



NEITHER THE PAST PERFORMANCE OF THE TRUST NOR THE PRIOR BENCHMARK LEVELS AND CHANGES, POSITIVE OR NEGATIVE, SHOULD BE TAKEN AS AN INDICATION OF THE FUND'S FUTURE PERFORMANCE.



NEITHER THE PAST PERFORMANCE OF THE TRUST NOR THE PRIOR BENCHMARK LEVELS AND CHANGES, POSITIVE OR NEGATIVE, SHOULD BE TAKEN AS AN INDICATION OF THE FUND'S FUTURE PERFORMANCE.

Trust Share Price Performance

For the three months ended June 30, 2024, the Exchange market value of each Share decreased from \$70.98 per Share to \$59.94 per Share. The Share price low and high for the three months ended June 30, 2024 and related change from the Share price on March 31, 2024 was as follows: Shares traded at a low of \$56.87 per Share (-19.88%) on May 1, 2024, and a high of \$71.81 per Share (+1.17%) on April 8, 2024. The total return for the Trust on a market value basis was -15.56%.

After hitting its all-time-high price in March 2024, bitcoin was range-bound for most of the period between April 1, 2024, and June 30, 2024, waiting for a catalyst to break out of the \$55,000 - \$70,000 range. Many market participants were focused on the April bitcoin halving, where the reward for “mining” bitcoin is cut in half. In past halvings, on average, prices for bitcoin moved higher before and after the event, but as this digital asset class matures, price moves may not follow historical trends. Gains leading into the halving may have also been exaggerated by the launch of the spot bitcoin exchange-traded products (“ETPs”), possibly tempering any move after the event. Expectations for an eventual Federal Reserve (Fed) easing and US election developments also influenced price action in the second quarter, and could serve as catalysts for bitcoin to break out of its current range.

For the period January 11, 2024 to June 30, 2024, the Exchange market value of each Share increased from \$46.30 per Share to \$59.94 per Share. The Share price low and high for the period ended June 30, 2024 and related change from the Share price on January 11, 2024 was as follows: Shares traded at a low of \$39.11 per Share (-15.54%) on January 23, 2024, and a high of \$73.57 per Share (+58.90%) on March 13, 2024. The total return for the Trust on a market value basis was +29.46%.

For the period January 11, 2024, through June 30, 2024, bitcoin’s spot price increased approximately 30%, leading to equivalent gains for the Trust. The bitcoin rally was driven by spot bitcoin ETP demand following their historic launch on January 11, 2024, improving macro sentiment supporting investor risk appetite, and the anticipation leading up to the April 2024 bitcoin halving event. While in past halvings, on average, bitcoin rallied both before and after the event, the upward move before this recent halving may have been exaggerated by the launch of the spot bitcoin ETPs, leading to limited upside following the event. The eventual Federal Reserve Bank (Fed) easing and the November US election have and will likely continue to drive bitcoin price action going forward.

Trust Share Net Asset Performance

For the three months ended June 30, 2024, the NAV of each Share decreased from \$70.84 per Share to \$59.95 per Share. Falling prices for bitcoin during the three months ended June 30, 2024 contributed to an overall 12.81% decrease in the level of the Benchmark. The total return for the Trust on a NAV basis was -15.37%.

Net income (loss) for the three months ended June 30, 2024 was \$(49.1) million, primarily resulting from net realized gain (loss) of \$(3.1) million and net change in unrealized gain (loss) of \$(46.0) million.

For the period January 11, 2024 to June 30, 2024, the NAV of each Share increased from \$46.29 per Share to \$59.95 per Share. Rising prices for bitcoin during the period ended June 30, 2024 contributed to an overall 33.79% increase in the level of the Benchmark. The total return for the Trust on a NAV basis was +29.51%.

Net income (loss) for the six months ended June 30, 2024 was \$136.7 million, primarily resulting from net realized gain (loss) of \$34.0 million and net change in unrealized gain (loss) of \$102.8 million.

Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Sponsor to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period covered by this report. In addition, please refer to Note 2 to the financial statements of the Trust for further discussion of the Trust’s accounting policies and Part II, Item 7 – “Management’s Discussions and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates” in the Annual Report on Form 10-K for the period ended December 31, 2023.

There were no material estimates, which involve a significant level of estimation uncertainty and had or are reasonably likely to have had a material impact on the Trust’s financial condition, used in the preparation of these financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

None.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of the management of the Sponsor, including Brian Hartigan, its Principal Executive Officer, and Kelli Gallegos, its Principal Financial and Accounting Officer, Investment Pools, the Trust carried out an evaluation of the effectiveness of the design

and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this

Quarterly Report, and, based upon that evaluation, Brian Hartigan, the Principal Executive Officer of the Sponsor, and Kelli Gallegos, the Principal Financial and Accounting Officer, Investment Pools, of the Sponsor, concluded that the Trust's disclosure controls and procedures were effective to provide reasonable assurance that information the Trust is required to disclose in the reports that it files or submits with the Securities and Exchange Commission (the "SEC") under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and to provide reasonable assurance that information required to be disclosed by the Trust in the reports that it files or submits under the Exchange Act is accumulated and communicated to management of the Sponsor, including its Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in internal control over financial reporting (as defined in the Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the Trust's quarter ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, the Trust's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Not applicable.

Item 1A. Risk Factors.

There are no material changes from risk factors as previously disclosed in the Trust's Annual Report on Form 10-K for the period ended December 31, 2023, filed March 8, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) There have been no unregistered sales of Shares. No Shares are authorized for issuance by the Trust under equity compensation plans.

(b) Not applicable.

(c) Although the Trust did not redeem Shares directly from its Shareholders, the Trust redeemed Creation Baskets from Authorized Participants during the three months ended June 30, 2024 as follows:

<u>Period of Redemption</u>	<u>Total Number of Shares Redeemed</u>	<u>Average Price Paid per Share</u>
April 1, 2024 to April 30, 2024	5,000	\$ 66.50
May 1, 2024 to May 31, 2024	135,000	57.53
June 1, 2024 to June 30, 2024	450,000	67.62
Total	590,000	\$ 65.30

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the period covered by this Report, none of the members of the Sponsor responsible for overseeing the business and operations of the Trust adopted, modified or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement.

Item 6. Exhibits.

Exhibit No.	Description
31.1	Certification required under Exchange Act Rules 13a-14 and 15d-14 (filed herewith)
31.2	Certification required under Exchange Act Rules 13a-14 and 15d-14 (filed herewith)
32.1	Certification by Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification by Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101	Interactive data file pursuant to Rule 405 of Regulation S-T: (i) the Statements of Financial Condition of Invesco Galaxy Bitcoin ETF — June 30, 2024 and December 31, 2023 (Unaudited), (ii) the Schedule of Investments of Invesco Galaxy Bitcoin ETF — June 30, 2024 (Unaudited), (iii) the Statement of Income and Expenses of Invesco Galaxy Bitcoin ETF — For the Three and Six Months Ended June 30, 2024 (Unaudited), (iv) the Statement of Changes in Shareholders' Equity of Invesco Galaxy Bitcoin ETF — For the Three Months Ended June 30, 2024 (Unaudited), (v) the Statement of Changes in Shareholders' Equity of Invesco Galaxy Bitcoin ETF — For the Six Months Ended June 30, 2024 (Unaudited), (vi) the Statement of Cash Flows of Invesco Galaxy Bitcoin ETF — For the Six Months Ended June 30, 2024 (Unaudited) and (vii) Notes to Unaudited Financial Statements of Invesco Galaxy Bitcoin ETF — June 30, 2024.
101.INS	Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	The cover page of the Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline XBRL

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Invesco Galaxy Bitcoin ETF

By: Invesco Capital Management LLC
its Sponsor

Dated: August 6, 2024

By: /S/ BRIAN HARTIGAN
Name: **Brian Hartigan**
Title: **Principal Executive Officer**

Dated: August 6, 2024

By: /S/ KELLI GALLEGOS
Name: **Kelli Gallegos**
Title: **Principal Financial and Accounting Officer, Investment Pools**

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Brian Hartigan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Invesco Galaxy Bitcoin ETF;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of managers (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 6, 2024

/s/ Brian Hartigan

Brian Hartigan

Principal Executive Officer of Invesco Capital Management LLC, the
Sponsor

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Kelli Gallegos, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Invesco Galaxy Bitcoin ETF;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of managers (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 6, 2024

/s/ Kelli Gallegos

Kelli Gallegos

Principal Financial and Accounting Officer,

Investment Pools, of Invesco Capital Management LLC, the Sponsor

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Brian Hartigan, Principal Executive Officer of Invesco Capital Management LLC, the Sponsor of Invesco Galaxy Bitcoin ETF (the “Trust”), hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Trust’s Quarterly Report on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Quarterly Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended;
- (2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Trust; and
- (3) This certification accompanies the report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of such report), irrespective of any general incorporation language contained in such filing.

Dated: August 6, 2024

/s/ Brian Hartigan

Brian Hartigan

Principal Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Kelli Gallegos, Principal Financial and Accounting Officer, Investment Pools of Invesco Capital Management LLC, the Sponsor of Invesco Galaxy Bitcoin ETF (the “Trust”), hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Trust’s Quarterly Report on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Quarterly Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended;
- (2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Trust; and
- (3) This certification accompanies the report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of such report), irrespective of any general incorporation language contained in such filing.

Dated: August 6, 2024

/s/ Kelli Gallegos

Kelli Gallegos
Principal Financial and Accounting Officer,
Investment Pools

PROSPECTUS SUPPLEMENT NO. 3
(to Prospectus dated January 11, 2024, as previously supplemented)

INVESCO GALAXY BITCOIN ETF

This Prospectus Supplement No. 3 (“Supplement No. 3”) supplements and amends the Prospectus dated January 11, 2024, as previously supplemented (the “Prospectus”), for the Invesco Galaxy Bitcoin ETF (the “Trust”).

On July 29, 2024, Mr. John Zerr announced that he will be retiring from his positions with Invesco Ltd. and its affiliates, effective January 1, 2025. Invesco Ltd. is the ultimate parent company of Invesco Capital Management LLC (the “Sponsor”), the sponsor of the Trust. In connection with his pending retirement, Mr. Zerr expressed his interest in relinquishing his role on the board of managers (the “Board”) of the Sponsor as soon as practicable. On July 30, 2024, Invesco Group Services Inc., the sole member of the Sponsor, appointed Ms. Melanie Ringold to replace Mr. John Zerr as a member of the Board, effective July 31, 2024.

Accordingly, as of July 31, 2024, all references to Mr. Zerr as member of the Board are deleted and replaced by Ms. Ringold. In addition, the following biography for Ms. Ringold replaces Mr. Zerr’s biography on page 102 of the Prospectus:

Melanie Ringold (48) has been a Member of the Board of Managers of the Sponsor since July 2024. Ms. Ringold has also served as Head of Legal for the Americas at Invesco Ltd., a global investment management company and affiliate of the Sponsor, since January 2023. In this role, she is responsible for overseeing legal support for all of Invesco’s Americas business. Prior to her current position, Ms. Ringold served as Assistant General Counsel from March 2011 until January 2023, where she was responsible for overseeing legal support for the investments organization and co-chairing the firm’s US Regulatory Change Committee. Ms. Ringold earned a JD from the University of Houston Law Center and a BA degree in political science from the University of Michigan.

Supplement No. 3 should be read together with the Prospectus.

Shares of the Trust are listed on Cboe BZX Exchange, Inc. under the symbol “BTCO.”

Investing in the Shares involves significant risks. See “RISK FACTORS” starting on page 14 of the Prospectus.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission passed upon the adequacy or accuracy of the Prospectus or this Prospectus Supplement No. 3. Any representation to the contrary is a criminal offense.

The Fund is not a mutual fund or any other type of investment company within the meaning of the Investment Company Act of 1940, as amended, and is not subject to regulation thereunder.

The date of this Prospectus Supplement No. 3 is August 2, 2024.

PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE

P-BTCO-PRO-1-SUP-3 080224

PROSPECTUS SUPPLEMENT NO. 2
(to the Prospectus dated January 11, 2024, as amended January 29, 2024)

INVESCO GALAXY BITCOIN ETF

Common Shares

This prospectus supplement (“Supplement No. 2”) supplements and amends the prospectus dated January 11, 2024, as amended January 29, 2024 (the “Prospectus”), for the Invesco Galaxy Bitcoin ETF. Supplement No. 2 is being filed to include the information contained in our Quarterly Report on Form 10-Q, for the quarter ended March 31, 2024, filed with the Securities and Exchange Commission on May 14, 2024 (the “Form 10-Q”). Accordingly, we have attached the Form 10-Q to this Supplement No. 2. Supplement No. 2 should be read together with the Prospectus.

Shares of the Trust are listed on Cboe BZX Exchange, Inc. under the symbol “BTCO.”

Investing in the Shares involves significant risks. See “RISK FACTORS” starting on page 14 of the Prospectus.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission passed upon the adequacy or accuracy of the Prospectus or this Prospectus Supplement No. 2. Any representation to the contrary is a criminal offense.

The Fund is not a mutual fund or any other type of investment company within the meaning of the Investment Company Act of 1940, as amended, and is not subject to regulation thereunder.

The date of this Prospectus Supplement No. 2 is May 14, 2024.

PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-41913

Invesco Galaxy Bitcoin ETF

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

88-6155978
(I.R.S. Employer
Identification No.)

c/o Invesco Capital Management LLC
3500 Lacey Road, Suite 700
Downers Grove, Illinois
(Address of Principal Executive Offices)

60515
(Zip Code)

Registrant's telephone number, including area code: (800) 983-0903

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares of Beneficial Interest	BTCO	Cboe BZX Exchange, Inc.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company,

or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of outstanding Shares as of March 31, 2024: 5,905,000

INVESCO GALAXY BITCOIN ETF
QUARTER ENDED MARCH 31, 2024
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Invesco Galaxy Bitcoin ETF

Statements of Financial Condition March 31, 2024 and December 31, 2023 (Unaudited)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Assets		
Investments in Bitcoin, at value (cost \$269,525,075 as of March 31, 2024)	\$ 418,315,928	\$ —
Cash held by custodian	—	100,000
Receivable for:		
Trust shares sold	3,902,098	—
Total Assets	<u>\$ 422,218,026</u>	<u>\$ 100,000</u>
Liabilities		
Payable for:		
Investments purchased	\$ 3,902,098	\$ —
Total Liabilities	<u>\$ 3,902,098</u>	<u>\$ —</u>
Commitments and Contingencies (Note 9)		
Net Assets	<u>\$418,315,928</u>	<u>\$ 100,000</u>
Net assets consist of:		
Paid-in-capital	\$232,498,961	\$ 100,000
Distributable earnings (loss)	185,816,967	—
	<u>\$418,315,928</u>	<u>\$ 100,000</u>
Shares outstanding	5,905,000	4,000
Net asset value per share	\$ 70.84	\$ 25.00
Market value per share	\$ 70.98	\$ 25.00

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

***Schedule of Investments
March 31, 2024
(Unaudited)***

Description	Quantity	Cost	Fair Value	% of Net Assets
Cryptocurrency				
Bitcoin	5,905	\$ 269,525,075	\$ 418,315,928	100.00%
Total Investments	5,905	\$269,525,075	\$418,315,928	100.00%
Other Assets Less Liabilities			\$ —	0.00%
Net assets			\$ 418,315,928	100.00%

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

*Statement of Income and Expenses
For the Three Months Ended March 31, 2024
(Unaudited)*

	Three Months Ended March 31, 2024
Income	
Total Income	\$ —
Expenses	
Sponsor Fees	181,501
Total Expenses	181,501
Less: Waivers	(181,501)
Net Expenses	—
Net Investment Income (Loss)	—
Net Realized and Net Change in Unrealized Gain (Loss)	
Net Realized Gain (Loss) on Investments in Bitcoin	37,026,114
Net Change in Unrealized Gain (Loss) on Investments in Bitcoin	148,790,853
Net Realized and Net Change in Unrealized Gain (Loss) on Investments in Bitcoin	185,816,967
Net Income (Loss)	<u><u>\$ 185,816,967</u></u>

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

*Statement of Changes in Shareholders' Equity
For the Three Months Ended March 31, 2024
(Unaudited)*

	Shares	Total Shareholders' Equity
Balance at December 31, 2023	<u>4,000</u>	<u>\$ 100,000</u>
Purchases of Shares	10,075,000	459,463,680
Redemption of Shares	<u>(4,174,000)</u>	<u>(227,064,719)</u>
Net Increase (Decrease) due to Share Transactions	5,901,000	232,398,961
Net Income (Loss)		
Net Investment Income (Loss)		—
Net Realized Gain (Loss) on Investments in Bitcoin		37,026,114
Net Change in Unrealized Gain (Loss) on Investments in Bitcoin		<u>148,790,853</u>
Net Income (Loss)		<u>185,816,967</u>
Net Change in Shareholder's Equity	<u>5,901,000</u>	<u>418,215,928</u>
Balance at March 31, 2024	<u><u>5,905,000</u></u>	<u><u>\$ 418,315,928</u></u>

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

Statement of Cash Flows
For the Three Months Ended March 31, 2024
(Unaudited)

	Three Months Ended March 31, 2024
Cash flows from operating activities:	
Net Income (Loss)	\$ 185,816,967
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Cost of bitcoin purchased	(401,275,835)
Proceeds from bitcoin sold	172,678,972
Net Realized Gain (Loss) on Investments in Bitcoin	(37,026,114)
Net Change in Unrealized Gain (Loss) on Investments in Bitcoin	(148,790,853)
Net cash provided by (used in) operating activities	(228,596,863)
Cash flows from financing activities:	
Proceeds from purchases of Shares	455,561,582
Redemption of Shares	(227,064,719)
Net cash provided by (used in) financing activities	228,496,863
Net change in cash	(100,000)
Cash at beginning of period	100,000
Cash at end of period	\$ —

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Invesco Galaxy Bitcoin ETF

Notes to Unaudited Financial Statements March 31, 2024

Note 1 – Organization

Invesco Galaxy Bitcoin ETF (the “Trust”) is a Delaware statutory trust, formed on April 5, 2021 pursuant to the Delaware Statutory Trust Act (the “DSTA”). The Trust continuously issues common shares representing fractional undivided beneficial interest in and ownership of the Trust (“Shares”). The Trust operates pursuant to its Second Amended and Restated Declaration of Trust and Trust Agreement, dated as of January 5, 2024 (the “Trust Agreement”). Delaware Trust Company, a Delaware trust company, is the Delaware trustee of the Trust (the “Trustee”). The Trust is managed and controlled by Invesco Capital Management LLC (the “Sponsor”).

The Trust offers Shares only to certain eligible financial institutions (“Authorized Participants”) in one or more blocks of 5,000 Shares (“Creation Baskets”) based on the quantity of bitcoin attributable to each Share of the Trust. The Trust has an unlimited number of shares authorized for issuance.

On December 20, 2023, Invesco Ltd. (in such role, the “Seed Capital Investor”), subject to certain conditions, purchased 4,000 Shares in exchange for \$100,000, which comprised the initial purchase of the Trust’s Shares (“Initial Seed Shares”). Through December 31, 2023, the Trust had no operations other than those related to its organization and registration and the sale of Shares to the Seed Capital Investor. As of December 31, 2023, the Seed Capital Investor owned one hundred percent of the outstanding Shares.

On January 2, 2024, the Seed Capital Investor purchased an additional 200,000 Shares at a per-Share price of \$25.00 (“Seed Creation Baskets”). Total proceeds to the Trust from the sale of the Initial Seed Shares and the Seed Creation Baskets were \$5,100,000. On January 4, 2024, the Sponsor redeemed the Initial Seed Shares and the Seed Creation Baskets for cash at a per-Share price of \$25.00 for a total redemption value of \$5,100,000 and immediately created 110,000 Shares (22 Creation Baskets) at a price of \$44.16305 per Share based on the price of the Lukka Prime Bitcoin Reference Rate (the “Benchmark”) as of 4:00 p.m. ET on January 4, 2024. The Benchmark is designed to provide an estimated fair market value price for bitcoin, based on the execution price of bitcoin on its principal market. The price of the Shares acquired by the Seed Capital Investor was determined as described in the Prospectus. The Seed Capital Investor no longer holds Shares as of March 31, 2024.

Effective January 10, 2024, the Trust’s registration statement was declared effective by the U.S. Securities and Exchange Commission (the “SEC”). The Trust commenced trading on the Cboe BZX Exchange, Inc. (the “Exchange”) on January 11, 2024.

The Trust’s investment objective is to reflect the performance of the spot price of bitcoin as measured using the Benchmark, less the Trust’s expenses and other liabilities. The Shares are intended to provide institutional and retail investors with a simple, cost-effective means of gaining investment benefits similar to those of holding bitcoin.

In seeking to achieve its investment objective, the Trust will hold bitcoin. Coinbase Custody Trust Company, LLC (the “Bitcoin Custodian”) will hold all of the Trust’s bitcoin on the Trust’s behalf as bitcoin custodian.

The Bank of New York Mellon (“BNYM”), the Trust’s “Administrator,” calculates, and the Sponsor publishes, the Trust’s Net Asset Value (“NAV”) once each business day. To calculate the NAV, the Administrator totals the current market value of bitcoin in the Trust and any other assets, and subtracts any liabilities including accrued but unpaid expenses. The Trust’s NAV is an amount denominated in U.S. dollars.

This Quarterly Report (the “Report”) covers the three months ended March 31, 2024. The accompanying unaudited financial statements were prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and with the instructions for Form 10-Q and the rules and regulations of the SEC. In the opinion of management, all material adjustments, consisting only of normal recurring adjustments, considered necessary for a fair statement of the interim period financial statements have been made. Interim period results are not necessarily indicative of results for a full-year period. These financial statements and the notes thereto should be read in conjunction with the Trust’s financial statements included in its Annual Report on Form 10-K for the period ended December 31, 2023, as filed with the SEC on March 8, 2024.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Trust have been prepared using U.S. GAAP. The Trust is considered an investment company under U.S. GAAP for financial statement purposes and follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board Accounting Standards Codification Topic 946, *Financial Services—Investment Companies*, but is not registered, and is not required to be registered, under the Investment Company Act of 1940, as amended.

B. Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. In addition, the Trust monitors for material events or transactions that may occur or become known after the period-end date and before the date the financial statements are issued.

C. Investment Valuations

The Trust applies FASB ASC Topic 820, *Fair Value Measurement*, in the valuation of bitcoin held by the Trust and for financial statement purposes. The fair market value price for bitcoin reflects the price that would be received for bitcoin in a current sale, which assumes an orderly transaction between market participants on the measurement date of bitcoin on its “principal market,” generally, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact. The Trust determines its principal market (or in the absence of a principal market the most advantageous market) on a periodic basis to determine which market is its Principal Market for the purpose of calculating fair value for the creation of quarterly and annual financial statements. Issuer-specific events, market trends, bid/asked quotes of brokers and information providers and other data may be reviewed in the course of making a good faith determination of a security’s fair value.

D. Investment Transactions

Bitcoin transactions are accounted for on a trade date basis. Realized gains or losses from the sale or disposition of bitcoin are determined on a specific identification basis and recognized in the Statements of Income and Expenses in the period in which the sale or disposition occurs, respectively.

E. Routine Operational, Administrative and Other Ordinary Expenses

The Sponsor is responsible for all routine operational, administrative and other ordinary expenses of the Trust, including, but not limited to, the Trustee’s fees, the fees of the BNYM (the Administrator and the “Transfer Agent”) (for its services as the Administrator, Transfer Agent, and Cash Custodian (defined herein)), the fees of the Bitcoin Custodian, the fees of Galaxy Digital Funds LLC (the “Execution Agent”), Exchange listing fees, SEC registration fees, printing and mailing costs, legal costs and audit fees. The Trust does not reimburse the Sponsor for the routine operational, administrative and other ordinary expenses of the Trust. Accordingly, such expenses are not reflected in the Statements of Income and Expense of the Trust.

F. Non-Recurring Fees and Expenses

In certain cases, the Trust will pay for some expenses in addition to the Sponsor Fee. These exceptions include expenses not assumed by the Sponsor (i.e., expenses other than those identified in Section E of this Note 2), litigation and indemnification expenses, judgments, transactional expenses, taxes and other expenses not expected to be incurred in the ordinary course of the Trust’s business. The only expenses of the Trust during the three months ended March 31, 2024 were the Sponsor Fee.

G. Federal Income Taxes

The Sponsor intends to take the position that the Trust is properly treated as a grantor trust for U.S. federal income tax purposes. Assuming that the Trust is a grantor trust, the Trust will not be subject to U.S. federal income tax and, therefore, no provision for federal income taxes is required. Rather, if the Trust is a grantor trust, each beneficial owner of Shares will be treated as directly owning its pro rata share of the Trust’s assets and a pro rata portion of the Trust’s income, gain, losses and deductions will “flow through” to each beneficial owner of Shares.

Note 3 – Concentration Risk

Unlike other funds that may invest in diversified assets, the Trust’s investment strategy is concentrated in a single asset: bitcoin. This concentration maximizes the degree of the Trust’s exposure to a variety of market risks associated with bitcoin, including the rise or fall in its price, sometimes rapidly or unexpectedly. By concentrating its investment strategy solely in bitcoin, any losses suffered as a result of a decrease in the value of bitcoin can be expected to reduce the value of an interest in the Trust proportionately and will not be offset by other gains if the Trust were to invest in underlying assets that were diversified. There is no assurance that bitcoin will maintain its long-term value in terms of purchasing power in the future. In the event that the price of bitcoin declines, the Sponsor expects the value of an investment in the Shares to decline proportionately. Each of these events could have a material effect on the Trust’s financial position and the results of its operations.

Note 4 – Service Providers and Related Party Agreements

The Trustee

Delaware Trust Company, a Delaware trust company, acts as the Trustee of the Trust as required to create a Delaware statutory trust in accordance with the Trust Agreement and the DSTA. Under the Trust Agreement, the duties of the Trustee are limited to (i) accepting legal process served on the Trust in the State of Delaware and (ii) at the direction of the Sponsor, the execution of any certificates required to be filed with the Secretary of State of

the State of Delaware which the Trustee is required to execute under the DSTA.

The Sponsor

Invesco Capital Management LLC is the Sponsor of the Trust. The Sponsor arranged for the creation of the Trust and is responsible for the ongoing registration of the Shares for their public offering, the listing of Shares on the Exchange and valuing the bitcoin held by the Trust. The Sponsor is a limited liability company formed in the state of Delaware on February 7, 2003, and is a wholly-owned subsidiary of Invesco Ltd. Invesco Ltd. and its subsidiaries, including the Sponsor, are an independent global investment management group.

The Trust will pay the Sponsor a unified fee (the “Sponsor Fee”) as compensation for services performed under the Trust Agreement. The Sponsor Fee will be accrued daily and paid monthly in arrears on the first day the Exchange is open for regular trading (a “Business Day”) of the month in U.S. dollars, and will be calculated by the Administrator. The Sponsor also paid the costs of the Trust’s organization.

Effective as of January 29, 2024, the Sponsor Fee was 0.25% per annum of the daily total net assets of the Trust. From January 9, 2024 until January 28, 2024, the Sponsor Fee was 0.39% per annum. Prior to January 9, 2024, the Sponsor Fee was 0.59% per annum. For a 6-month period commencing on the day the Trust’s Shares were initially listed on the Exchange (January 11, 2024), the Sponsor has agreed to waive the entire Sponsor Fee on the first \$5 billion of Trust assets.

To cover the Sponsor Fee, and extraordinary expenses not assumed by the Sponsor, the Sponsor or its delegate will cause the Trust (or its delegate) to instruct the Execution Agent to convert bitcoin held by the Trust into U.S. dollars. The NAV of the Trust and the number of bitcoins represented by a Share will decline each time the Trust accrues the Sponsor Fee or any Trust expenses not assumed by the Sponsor. The Trust is not responsible for paying any costs associated with the transfer of bitcoin to or from the Trust in connection with paying the Sponsor Fee or in connection with creation and redemption transactions.

The Sponsor waived fees of \$181,501 for the three months ended March 31, 2024.

The Administrator

The BNYM serves as the Trust’s Administrator. Under the trust administration and accounting agreement, the Administrator provides necessary administrative, tax and accounting services and financial reporting for the maintenance and operations of the Trust, including calculating the NAV of the Trust and the net assets of the Trust.

The Transfer Agent

BNYM also serves as the Transfer Agent for the Trust. The Transfer Agent is responsible for (1) issuing and redeeming Shares, (2) responding to correspondence by Shareholders and others relating to its duties, (3) maintaining Shareholder accounts and (4) making periodic reports to the Trust.

The Bitcoin Custodian

Coinbase Custody Trust Company, LLC serves as the Trust’s Bitcoin Custodian. Under the custodial agreement, the Bitcoin Custodian is responsible for (1) safekeeping all of the bitcoin owned by the Trust, (2) opening an account that holds the Trust’s bitcoin and (3) facilitating the transfer of bitcoin required for the operation of the Trust, as directed by the Sponsor. The Bitcoin Custodian is chartered as a limited purpose trust company by the New York State Department of Financial Services (“NYSDFS”) and is authorized by the NYSDFS to provide digital asset custody services. The Bitcoin Custodian is a wholly-owned subsidiary of Coinbase Global, Inc.

The Cash Custodian

Under the Cash Custody Agreement, BNYM is responsible for holding the Trust’s cash in connection with creation and redemption transactions effected in cash (the “Cash Custodian”). The Cash Custodian is a New York state-chartered bank and a member of the Federal Reserve System.

The Marketing Agent

Invesco Distributors, Inc. (the “Marketing Agent”) is responsible for: (1) working with the Transfer Agent to review and approve, or reject, purchase and redemption orders of Creation Baskets placed by Authorized Participants with the Transfer Agent; and (2) reviewing and approving the marketing materials prepared by the Trust for compliance with applicable SEC and Financial Industry Regulatory Authority advertising laws, rules, and regulations.

The Execution Agent

The Sponsor has entered into an agreement with Galaxy Digital Funds LLC, a subsidiary of Galaxy Digital LP (“Galaxy”), to serve as Execution Agent. The Trust from time to time will be required to sell bitcoin in such quantities as necessary to permit payment of the Sponsor Fee and any Trust expenses and liabilities not assumed by the Sponsor. The Sponsor has engaged the Execution Agent to sell bitcoin on the Trust’s behalf in such circumstances. At the direction of the Trust, the Execution Agent will seek to sell bitcoin at approximately the price at which it is valued by the Trust and in the smallest amounts required to permit such payments as they become due, with the intention of minimizing the Trust’s holdings of assets other than bitcoin. Accordingly, the amount of bitcoin to be sold may vary from time to time depending on the level of the Trust’s expenses and liabilities and the market price of bitcoin. The Trust also may utilize the services of the Execution Agent to purchase or sell bitcoin in connection with cash creations and redemptions. In addition, as part of this agreement, the Execution Agent has agreed to co-brand and co-market the Trust, and the Sponsor has licensed the use of certain Galaxy trademarks, service marks and trade names in connection with the Trust.

Galaxy is a subsidiary of Galaxy Digital Holdings LP (“Galaxy Holdings”). Galaxy Digital Holdings Ltd., which holds a limited partner interest in Galaxy Holdings, is listed on the Toronto Stock Exchange under the symbol “GLXY.”

Note 5 – Organization and Offering Costs

The Sponsor has agreed to pay the organizational and initial offering costs of the Trust and the Trust will not be obligated to reimburse the Sponsor. The organizational and initial offering costs include preparation and filing of incorporation documents, bylaws, declarations of trust, registration statements, board materials, state and federal registration of shares and audit fees. As a result, the Trust’s financial statements will not reflect these organizational and offering costs.

Note 6 – Additional Valuation Information

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. U.S. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods, giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3), generally when market prices are not readily available or are unreliable. Based on the valuation inputs, the securities or other investments are tiered into one of three levels. Changes in valuation methods or market conditions may result in transfers in or out of an investment’s assigned level:

Level 1: Prices are determined using quoted prices in an active market for identical assets.

Level 2: Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, loss severities, default rates, discount rates, volatilities and others.

Level 3: Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Trust’s own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

As of March 31, 2024, the investments in this Trust were valued based on Level 1 inputs. The levels assigned to the investment valuations may not be an indication of the risk or liquidity associated with investing in those investments. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

Note 7 – Investments in Bitcoin

The Trust expects to purchase or sell bitcoin in connection with cash creation or redemption transactions, and may sell bitcoin to pay certain expenses, including the Sponsor Fee. The following is a summary of the transactions in, and earnings from, investments in bitcoin for the three months ended March 31, 2024.

Opening Balance as of 12/31/2023	Purchases at Cost	Proceeds from Sales	Change in Unrealized Appreciation (Depreciation)	Realized Gain (Loss)	Ending Balance as of 03/31/2024
\$ —	\$405,177,933	\$(172,678,972)	\$ 148,790,853	\$37,026,114	\$418,315,928

Note 8 – Share Purchases and Redemptions

The Trust will process all creations and redemptions of Shares in transactions with Authorized Participants. When the Trust issues or redeems its Shares, it will do so only in Creation Baskets based on the quantity of bitcoin attributable to each Share of the Trust (net of accrued but unpaid Sponsor fees and any accrued but unpaid expenses or liabilities). Creation and redemption transactions take place in cash, but in the future, pending regulatory approval, the Trust may permit or require creation and redemption transactions to take place in-kind. Authorized Participants are the only persons that may place orders to create and redeem Creation Baskets. Authorized Participants must be (1) registered broker-dealers or other securities market participants, such as banks or other financial institutions, that are not required to register as broker-dealers to engage in securities transactions as described below, and (2) participants in DTC such as banks, dealers and trust companies (“DTC Participants”). To become an Authorized Participant, a person must enter into an Authorized Participant Agreement.

When purchasing Creation Baskets, Authorized Participants will deliver cash to the Cash Custodian. The Execution Agent will be responsible for acquiring the requisite amount of bitcoin on behalf of the Trust on an agency basis. After receipt of the bitcoin by the Bitcoin Custodian, the Transfer Agent will issue Creation Baskets of Shares to the creating Authorized Participant in satisfaction of the creation order.

When redeeming Creation Baskets, the Execution Agent will be responsible for selling the requisite amount of bitcoin on behalf of the Trust on an agency basis. After receipt of the cash payment, the Transfer Agent will redeem the Shares and the Cash Custodian will distribute the resulting cash to the redeeming Authorized Participant in satisfaction of the redemption order.

Note 9 – Commitments and Contingencies

The Sponsor, either in its own capacity or in its capacity as the Sponsor and on behalf of the Trust, has entered into various service agreements that contain a variety of representations, or provide indemnification provisions related to certain risks service providers undertake in performing services for the Trust. The Trust’s organizational documents provide for the Trust to indemnify the Sponsor and any affiliate of the Sponsor that provides services to the Trust to the maximum extent permitted by applicable law, subject to certain exceptions for disqualifying conduct by the Sponsor or such an affiliate. The Trust’s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Further, the Trust has not had prior claims or losses pursuant to these contracts. Accordingly, the Sponsor expects the risk of loss to be remote.

Note 10 – Financial Highlights

The Trust is presenting the following NAV and financial highlights related to investment performance for a Share outstanding for the period ended March 31, 2024. An individual investor's return and ratios may vary based on the timing of capital transactions.

NAV per Share is the NAV of the Trust divided by the number of outstanding Shares at the date of each respective period presented.

	For the Period January 10, 2024 (the effective date of the Trust's registration statement) to March 31, 2024
Net Asset Value	
Net asset value per Share, beginning of period	\$ 46.65
Net realized and change in unrealized gain (loss) on investments in Bitcoin ^(a)	24.19
Net investment income (loss) ^(b)	—
Net income (loss)	24.19
Net asset value per Share, end of period	\$ 70.84
Market value per Share, beginning of period ^(c)	\$ 46.30
Market value per Share, end of period ^(c)	\$ 70.98
Ratio to average Net Assets ^(d)	
Net investment income (loss)	0.00%
Expenses, after waivers	0.00%
Expenses, prior to waivers	0.30%
Total Return, at net asset value ^{(e)(f)}	51.85%
Total Return, at market value ^{(e)(f)}	53.30%

- (a) Net realized and change in unrealized gain (loss) on Bitcoin per share may not correlate with the Trust's net realized and unrealized gain (loss) due to timing of shareholder transactions in relation to the fluctuating market values of the Trust's investments.
- (b) Based on average shares outstanding.
- (c) The mean between the last bid and ask prices.
- (d) Annualized.
- (e) Total Return, at NAV is calculated assuming an initial investment made at the NAV at the beginning of the period, reinvestment of all dividends and distributions at NAV during the period, and redemption of Shares at NAV on the last day of the period. Total Return, at NAV includes adjustments in accordance with U.S. GAAP and as such, the NAV for financial reporting purposes and the returns based upon those NAVs may differ from the NAVs and returns for shareholder transactions. Total Return, at market value is calculated assuming an initial investment made at the market value at the beginning of the period, reinvestment of all dividends and distributions at market value during the period, and redemption of Shares at the market value on the last day of the period. Not annualized for periods less than one year, if applicable.
- (f) The net asset value total return from January 1, 2024 to March 31, 2024 was 183.36%. The market price total return from January 1, 2024 to March 31, 2024 was 183.92%.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This information should be read in conjunction with the financial statements and notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q (the “Report”). This Report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that involve substantial risks and uncertainties. The matters discussed throughout this Report that are not historical facts are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or the negative of these terms or other comparable terminology. All statements (other than statements of historical fact) included in this Report that address activities, events or developments that will or may occur in the future, including such matters as movements in the digital asset markets, operations of Invesco Galaxy Bitcoin ETF (the “Trust”), plans and references by Invesco Capital Management LLC (the “Sponsor”) to the Trust’s future success and other similar matters, are forward-looking statements. These statements are only predictions. Actual events or results may differ materially. These statements are based upon certain assumptions and analyses the Sponsor has made based on its perception of historical trends, technology developments regarding the use of bitcoin and other digital assets, including the systems used by the Sponsor and Coinbase Custody Trust Company, LLC, the Trust’s bitcoin custodian (the “Bitcoin Custodian”) in their provision of services to the Trust, current conditions and expected future developments, as well as other factors appropriate in the circumstances. Whether or not actual results and developments will conform to the Sponsor’s expectations and predictions, however, is subject to a number of risks and uncertainties, including the special considerations discussed in this Report, and the risks described in the in Part I, Item 1A. “Risk Factors” of the Trust’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and in other U.S. Securities and Exchange Commission (“SEC”) filings by the Trust, as well as general economic, market and business conditions, changes in laws or regulations, including those concerning taxes, made by governmental authorities or regulatory bodies, and other economic and political developments. Consequently, all the forward-looking statements made in this Report are qualified by these cautionary statements, and there can be no assurance that actual results or developments the Sponsor anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, the Trust’s operations or the value of its Shares. None of the Trust, the Sponsor, or the Trustee or their respective affiliates is under a duty to update any of the forward-looking statements to conform such statements to actual results or to a change in the Sponsor’s expectations or predictions.

Overview/Introduction

The Invesco Galaxy Bitcoin ETF (the “Trust”) is a Delaware statutory trust that was formed on April 5, 2021. The Trust continuously issues common shares representing fractional undivided beneficial interest in and ownership of the Trust (“Shares”). The Trust operates pursuant to its Second Amended and Restated Declaration of Trust and Trust Agreement, dated as of January 5, 2024 (the “Trust Agreement”). The Shares began trading on the Cboe BZX Exchange, Inc. (the “Exchange”) under the ticker symbol “BTCO” on January 11, 2024. The Trust offers Shares only to certain eligible financial institutions (“Authorized Participants”) in one or more blocks of 5,000 Shares (“Creation Baskets”) based on the quantity of bitcoin attributable to each Share of the Trust.

The following discussion and analysis was prepared to supplement information contained in the accompanying financial statements and is intended to explain certain items regarding the Trust’s financial condition as of March 31, 2024, and its results of operations for the period ended March 31, 2024. It should be read in conjunction with the audited financial statements and related notes thereto contained in this Report.

Investment Objective

The investment objective of the Trust is for the Shares to reflect the performance of the spot price of bitcoin as measured using the Lukka Prime Bitcoin Reference Rate (the “Benchmark”) less the Trust’s expenses and other liabilities. The Shares are intended to provide institutional and retail investors with a simple, cost-effective means of gaining investment benefits similar to those of holding bitcoin.

Determination of Net Asset Value

The Administrator calculates, and the Sponsor publishes, the Trust’s Net Asset Value (“NAV”) once each business day. To calculate the NAV, the Administrator totals the current market value of bitcoin in the Trust and any other assets, and subtracts any liabilities including accrued but unpaid expenses. The Trust’s NAV is an amount denominated in U.S. dollars.

The Administrator also determines the NAV per Share, which equals the NAV of the Trust divided by the number of outstanding Shares. The NAV of the Trust and the NAV per Share are published by the Sponsor on each day that the Exchange is open for regular trading and are posted on the Trust’s website, www.invesco.com/BTCO.

Valuation of Bitcoin

The Trust applies FASB ASC Topic 820, *Fair Value Measurement*, in the valuation of bitcoin held by the Trust and for financial statement purposes. The fair market value price for bitcoin reflects the price that would be received for bitcoin in a current sale, which assumes an orderly transaction between market participants on the measurement date of bitcoin on its “principal market,” generally, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact. The Trust determines its principal market (or in the absence of a principal market the most advantageous market) on a periodic basis to determine which market is its Principal Market for the purpose of calculating fair value for the creation of quarterly and annual financial statements. Issuer-specific events, market trends, bid/asked quotes of brokers and information providers and other data may be reviewed in the course of making a good faith determination of a security’s fair value.

Liquidity and Capital Resources

The Sponsor is not aware of any known trends, demands, commitments, events or uncertainties that will result in, or are reasonably likely to result in, material changes to the Trust’s liquidity and capital resources needs.

The Trust will pay the Sponsor a unified fee of 0.25% per annum (the “Sponsor Fee”) as compensation for services performed under the Trust Agreement. From January 9, 2024 until January 28, 2024, the Sponsor Fee was 0.39% per annum. Prior to January 9, 2024, the Sponsor Fee was 0.59% per annum. The Trust’s only ordinary recurring expense is the Sponsor Fee. For a 6-month period beginning January 11, 2024 the Sponsor has agreed to waive the entire Sponsor Fee on the first \$5 billion of Trust assets.

Except for periods during which all or a portion of the Sponsor Fee is being waived, the Sponsor Fee will be accrued daily and paid monthly in arrears in U.S. dollars, and will be calculated by Bank of New York Mellon (the “Administrator”). The Administrator will calculate the Sponsor Fee on a daily basis by applying the 0.25% annualized rate to the Trust’s total net assets.

Except as noted below, the Sponsor has agreed to pay all of the Trust’s ordinary expenses out of the Sponsor’s unified fee, including, but not limited to, the Trustee’s fees, the fees of The Bank of New York Mellon (for its services as the Administrator, Transfer Agent, and Cash Custodian), the fees of the Bitcoin Custodian, the fees of the Execution Agent, Exchange listing fees, SEC registration fees, printing and mailing costs, legal costs and audit fees. The Sponsor also paid the costs of the Trust’s organization.

The Trust may incur certain extraordinary expenses that are not assumed by the Sponsor. These include, but are not limited to, taxes and governmental charges, any applicable brokerage commissions, financing fees, Bitcoin network fees and similar transaction fees, expenses and costs of any extraordinary services performed by the Sponsor (or any other service provider) on behalf of the Trust to protect the Trust or the interests of Shareholders (including, for example, in connection with any fork of the Bitcoin blockchain), any indemnification of the Sponsor, Cash Custodian, Bitcoin Custodian, Administrator or other agents, service providers or counterparties of the Trust and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters.

To cover the Sponsor Fee, and extraordinary expenses not assumed by the Sponsor, the Sponsor or its delegate will cause the Trust (or its delegate) to instruct Galaxy Digital Funds LLC (the “Execution Agent”) to convert bitcoin held by the Trust into U.S. dollars. The NAV of the Trust and the number of bitcoins represented by a Share will decline each time the Trust accrues the Sponsor Fee or any Trust expenses not assumed by the Sponsor. The Trust is not responsible for paying any costs associated with the transfer of bitcoin to or from the Trust in connection with paying the Sponsor Fee or in connection with creation and redemption transactions.

The Trust from time to time will be required to sell bitcoin in such quantities as necessary to permit payment of the Sponsor Fee and any Trust expenses and liabilities not assumed by the Sponsor. The Sponsor has engaged the Execution Agent to sell bitcoin on the Trust’s behalf in such circumstances. At the direction of the Trust, the Execution Agent will seek to sell bitcoin at approximately the price at which it is valued by the Trust and in the smallest amounts required to permit such payments as they become due, with the intention of minimizing the Trust’s holdings of assets other than bitcoin. Accordingly, the amount of bitcoin to be sold may vary from time to time depending on the level of the Trust’s expenses and liabilities and the market price of bitcoin.

The Trust has not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Trust’s financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to Shareholders.

Cash Flows

A primary cash flow activity of the Trust is to raise capital from Authorized Participants through the issuance of Shares. This cash is used to invest in bitcoin.

As of the date of this Report, each of ABN AMRO Clearing Chicago LLC, Citadel Securities LLC, Goldman Sachs & Co., Jane Street Capital LLC, JP Morgan Securities Inc., Macquarie Capital (USA) Inc., Marex Capital Markets Inc. and Virtu Americas LLC has executed a Participant Agreement and are the only Authorized Participants.

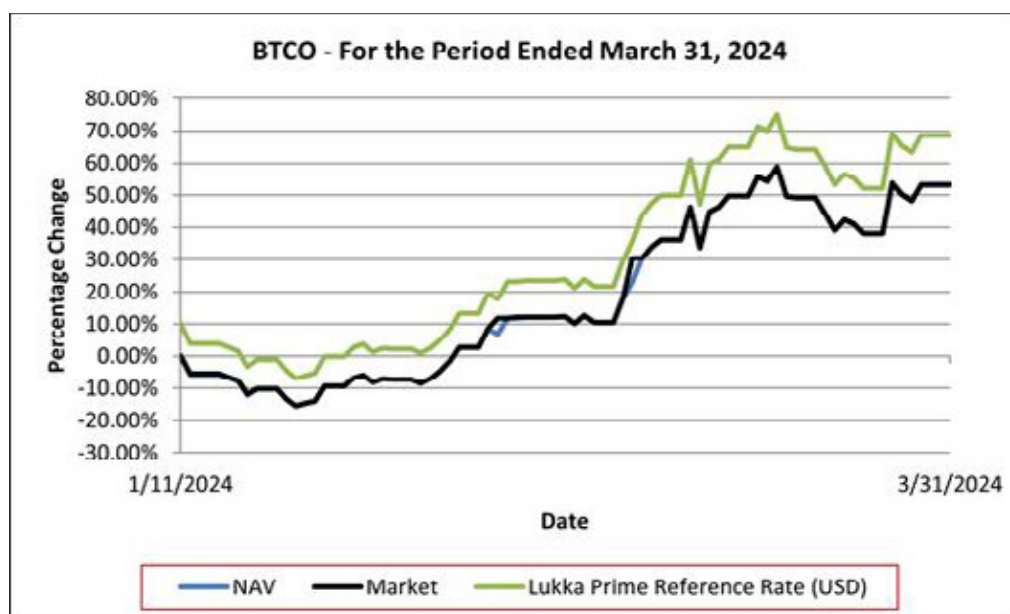
Results of Operations

FOR THE PERIOD JANUARY 11, 2024 TO MARCH 31, 2024

The following graph illustrates the percentage changes in (i) the market price of the Shares (as reflected by the line “Market”), (ii) the Trust’s NAV (as reflected by the line “NAV”), and (iii) the closing levels of the Benchmark (as reflected by the line “Lukka Prime Reference Rate (USD)”). There can be no assurances that the price of the Shares or the Trust’s NAV will exceed the Benchmark levels.

No representation is being made that the Benchmark will or is likely to achieve closing levels consistent with or similar to those set forth herein.

**COMPARISON OF MARKET, NAV AND LUKKA PRIME REFERENCE RATE (USD)
FOR THE PERIOD ENDED MARCH 31, 2024**



Trust Share Price Performance

For the period January 11, 2024 to March 31, 2024, the Exchange market value of each Share increased from \$46.30 per Share to \$70.98 per Share. The Share price low and high for the period ended March 31, 2024 and related change from the Share price on January 11, 2024 was as follows: Shares traded at a low of \$39.11 per Share (-15.54%) on January 23, 2024, and a high of \$73.57 per Share (+58.90%) on March 13, 2024. The total return for the Trust on a market value basis was +53.30%.

Bitcoin saw extremely strong performance during the period January 11, 2024 through March 31, 2024, with its spot price increasing over 50%, leading to equivalent gains for the Trust. The rally for bitcoin was driven by spot bitcoin ETF demand following their historic launch on January 11, 2024, improving macro sentiment supporting investor risk appetite, and the anticipation leading up to the April 2024 halving event (halvings reduce the amount of coins rewarded to miners in half). Prices did retreat in early March on heightened geopolitical risks and a broader equity market selloff, but managed to recover most of those losses to end the period. During the period, the Trust saw net inflows of over \$220 million. More broadly, spot bitcoin ETPs saw inflows of over \$10 billion.

Trust Share Net Asset Performance

For the period January 11, 2024 to March 31, 2024, the NAV of each Share increased from \$46.29 per Share to \$70.84 per Share. Rising prices for bitcoin during the period ended March 31, 2024 contributed to an overall 53.04% increase in the level of the Benchmark. The total return for the Trust on a NAV basis was +53.04%.

Net income (loss) for the three months ended March 31, 2024 was \$185.8 million, primarily resulting from net realized gain (loss) of \$37.0 million and net change in unrealized gain (loss) of \$148.8 million.

Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Sponsor to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period covered by this report. In addition, please refer to Note 2 to the financial statements of the Trust for further discussion of the Trust's accounting policies and Part II, Item 7 – "Management's Discussions and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates" in the Annual Report on Form 10-K for the period ended December 31, 2023.

There were no material estimates, which involve a significant level of estimation uncertainty and had or are reasonably likely to have had a material impact on the Trust's financial condition, used in the preparation of these financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

None.

ITEM 4. CONTROLS AND PROCEDURES.***Evaluation of Disclosure Controls and Procedures***

Under the supervision and with the participation of the management of the Sponsor, including Brian Hartigan, its Principal Executive Officer, and Kelli Gallegos, its Principal Financial and Accounting Officer, Investment Pools, the Trust carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this Quarterly Report, and, based upon that evaluation, Brian Hartigan, the Principal Executive Officer of the Sponsor, and Kelli Gallegos, the Principal Financial and Accounting Officer, Investment Pools, of the Sponsor, concluded that the Trust’s disclosure controls and procedures were effective to provide reasonable assurance that information the Trust is required to disclose in the reports that it files or submits with the Securities and Exchange Commission (the “SEC”) under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and to provide reasonable assurance that information required to be disclosed by the Trust in the reports that it files or submits under the Exchange Act is accumulated and communicated to management of the Sponsor, including its Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in internal control over financial reporting (as defined in the Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the Trust’s quarter ended March 31, 2024 that has materially affected, or is reasonably likely to materially affect, the Trust’s internal control over financial reporting.

PART II. OTHER INFORMATION**Item 1. Legal Proceedings.**

Not applicable.

Item 1A. Risk Factors.

There are no material changes from risk factors as previously disclosed in the Trust’s Annual Report on Form 10-K for the period ended December 31, 2023, filed March 8, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

- (a) There have been no unregistered sales of Shares. No Shares are authorized for issuance by the Trust under equity compensation plans.
- (b) Not applicable.

(c) Although the Trust did not redeem Shares directly from its Shareholders, the Trust redeemed Creation Baskets from Authorized Participants during the three months ended March 31, 2024 as follows:

<u>Period of Redemption</u>	<u>Total Number of Shares Redeemed</u>	<u>Average Price Paid per Share</u>
January 1, 2024 to January 31, 2024	564,000	\$ 36.84
February 1, 2024 to February 29, 2024	2,015,000	49.60
March 1, 2024 to March 31, 2024	1,595,000	66.67
Total	4,174,000	\$ 54.40

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the period covered by this Report, none of the members of the Sponsor responsible for overseeing the business and operations of the Trust

adopted, modified or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement.

Item 6. Exhibits.

Exhibit No.	Description
31.1	Certification required under Exchange Act Rules 13a-14 and 15d-14 (filed herewith)
31.2	Certification required under Exchange Act Rules 13a-14 and 15d-14 (filed herewith)
32.1	Certification by Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification by Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101	Interactive data file pursuant to Rule 405 of Regulation S-T: (i) the Statements of Financial Condition of Invesco Galaxy Bitcoin ETF — March 31, 2024 and December 31, 2023 (Unaudited), (ii) the Schedule of Investments of Invesco Galaxy Bitcoin ETF — March 31, 2024 (Unaudited), (iii) the Statement of Income and Expenses of Invesco Galaxy Bitcoin ETF — For the Three Months Ended March 31, 2024 (Unaudited), (iv) the Statement of Changes in Shareholders' Equity of Invesco Galaxy Bitcoin ETF — For the Three Months Ended March 31, 2024 (Unaudited), (v) the Statement of Cash Flows of Invesco Galaxy Bitcoin ETF — For the Three Months Ended March 31, 2024 (Unaudited) and (vi) Notes to Unaudited Financial Statements of Invesco Galaxy Bitcoin ETF — March 31, 2024.
101.INS	Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	The cover page of the Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, formatted in Inline XBRL

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Invesco Galaxy Bitcoin ETF

By: Invesco Capital Management LLC
its Sponsor

Dated: May 10, 2024

By: /S/ BRIAN HARTIGAN
Name: Brian Hartigan
Title: Principal Executive Officer

Dated: May 10, 2024

By: /S/ KELLI GALLEGOS
Name: Kelli Gallegos
Title: Principal Financial and Accounting Officer, Investment Pools

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Brian Hartigan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Invesco Galaxy Bitcoin ETF;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of managers (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 10, 2024

/s/ Brian Hartigan

Brian Hartigan

Principal Executive Officer of Invesco Capital Management LLC, the
Sponsor

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Kelli Gallegos, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Invesco Galaxy Bitcoin ETF;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of managers (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 10, 2024

/s/ Kelli Gallegos

Kelli Gallegos

Principal Financial and Accounting Officer,

Investment Pools, of Invesco Capital Management LLC, the Sponsor

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Brian Hartigan, Principal Executive Officer of Invesco Capital Management LLC, the Sponsor of Invesco Galaxy Bitcoin ETF (the “Trust”), hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Trust’s Quarterly Report on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Quarterly Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended;
- (2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Trust; and
- (3) This certification accompanies the report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of such report), irrespective of any general incorporation language contained in such filing.

Dated: May 10, 2024

/s/ Brian Hartigan

Brian Hartigan

Principal Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Kelli Gallegos, Principal Financial and Accounting Officer, Investment Pools of Invesco Capital Management LLC, the Sponsor of Invesco Galaxy Bitcoin ETF (the “Trust”), hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Trust’s Quarterly Report on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Quarterly Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended;
- (2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Trust; and
- (3) This certification accompanies the report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of such report), irrespective of any general incorporation language contained in such filing.

Dated: May 10, 2024

/s/ Kelli Gallegos

Kelli Gallegos
Principal Financial and Accounting Officer,
Investment Pools

PROSPECTUS

INVESCO GALAXY BITCOIN ETF

COMMON SHARES

Invesco Galaxy Bitcoin ETF (the “Trust”) is an exchange-traded fund that issues common shares of beneficial interest (the “Shares”) that trade on Cboe BZX (“Cboe” or the “Exchange”) under the ticker symbol “BTCO”. The Trust’s investment objective is to reflect the performance of the spot price of bitcoin as measured using the Lukka Prime Bitcoin Reference Rate (the “Benchmark”), less the Trust’s expenses and other liabilities.

In seeking to achieve its investment objective, the Trust will hold bitcoin. The Trust will value its Shares each Business Day as of 4:00 p.m. ET. The value of bitcoin held by the Trust is determined based on the fair market value (“FMV”) price for bitcoin, reflecting the execution price of bitcoin on its principal market as determined each day by Lukka Inc., an independent third-party digital asset data company (the “Benchmark Provider”). The Benchmark is designed to provide an estimated fair market value price for bitcoin, based on the execution price of bitcoin on its principal market. In this regard, the Benchmark Provider seeks to identify a “principal market” for bitcoin each day by evaluating eligible bitcoin trading platform across a variety of different criteria, including the trading platforms’ oversight and governance frameworks, microstructure efficiency, trading volume, data transparency and data integrity. Invesco Capital Management LLC (the “Sponsor” or “Invesco”) is the sponsor of the Trust, Delaware Trust Company (the “Trustee”) is the trustee of the Trust, The Bank of New York Mellon is the Trust’s transfer agent (“Transfer Agent”) and will hold all of the Trust’s cash on the Trust’s behalf as cash custodian (“Cash Custodian”), and Coinbase Custody Trust Company, LLC (the “Bitcoin Custodian”) will hold all of the Trust’s bitcoin on the Trust’s behalf as custodian.

Shareholders who decide to buy or sell Shares of the Trust will place their trade orders through their brokers and may incur customary brokerage commissions and charges. Such trades may occur at a premium or discount relative to the net asset value per share (“NAV”) of the Shares of the Trust.

The Trust intends to issue Shares on a continuous basis and is registering an indeterminate number of Shares with the SEC in accordance with Rule 456(d) and 457(u) under the Securities Act of 1933, as amended (the “Securities Act”). The Trust will process all creations and redemptions of Shares in transactions with financial firms that are authorized to do so (known as “Authorized Participants”). When the Trust issues or redeems its Shares, it will do so only in blocks of 5,000 Shares (a “Creation Basket”) based on the quantity of bitcoin attributable to each Share of the Trust (net of accrued but unpaid Sponsor fees and any accrued but unpaid expenses or liabilities).

Creation and redemption transactions initially will take place in cash. Subject to Cboe in the future receiving the necessary regulatory approval to permit the Trust to create and redeem Creation Baskets in-kind for bitcoin (the “In-Kind Regulatory Approval”), these transactions may also take place in exchange for bitcoin. The timing of the In-Kind Regulatory Approval and the related in-kind creation model is unknown and there is no guarantee that the Cboe will receive such approval. If Cboe receives the In-Kind Regulatory Approval and the Sponsor chooses to allow in-kind creations and redemptions, notice to Shareholders will be provided on the Trust’s website, in a prospectus supplement, through a current report on Form 8-K and/or in the Trust’s annual or quarterly reports.

When purchasing Creation Baskets, Authorized Participants will deliver cash to the Cash Custodian. Galaxy Digital Funds LLC (the “Execution Agent”) will be responsible for acquiring the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a counterparty or digital asset trading platform (“Bitcoin Counterparty”), the Cash Custodian will transfer cash to the Bitcoin Counterparty in payment for the requisite amount of bitcoin. The bitcoin acquired from the Bitcoin Counterparty will be transferred to the Bitcoin Custodian. After receipt of the bitcoin by the Bitcoin Custodian, the Transfer Agent will issue Creation Baskets of Shares to the creating Authorized Participant in satisfaction of the creation order.

When redeeming Creation Baskets, the Execution Agent will be responsible for selling the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the Bitcoin Custodian will transfer bitcoin to the Bitcoin Counterparty in return for the requisite cash payment. The cash received from the Bitcoin Counterparty will be delivered to the Cash Custodian. After receipt of the cash payment, the Transfer Agent will redeem the Shares and the Cash Custodian will distribute the resulting cash to the redeeming Authorized Participant in satisfaction of the redemption order.

In connection with both creation and redemption transactions, the Execution Agent, pursuant to the oversight of the Sponsor, will decide how and with which Bitcoin Counterparty to transact on the Trust’s behalf. The Authorized Participants will deliver only cash to create Shares and will receive only cash when redeeming Shares. Further, Authorized Participants will not directly or indirectly purchase, hold, deliver, or receive bitcoin as part of the creation or redemption process or otherwise direct the Trust or a third-party with respect to purchasing, holding, delivering, or receiving bitcoin as part of the creation or redemption process. The Trust will create Shares by receiving bitcoin from a third-party that is not the Authorized Participant and the Trust (through the Execution Agent, on an agency basis)—not the Authorized Participant—is responsible for selecting the third-party to deliver the bitcoin. Further, the third-party will not be acting as an agent of the Authorized Participant with respect to the delivery of the bitcoin to the Trust or acting at the direction of the Authorized Participant with respect to the delivery of the bitcoin to the Trust. The Trust will redeem shares by delivering bitcoin to a third-party that is not the Authorized Participant and the Trust (through the Execution Agent, on an agency basis)—not the Authorized Participant—is responsible for selecting the third-party to receive the bitcoin. Further, the third-party will not be acting as an agent of the Authorized Participant with respect to the receipt of the bitcoin from the Trust or acting at the direction of the Authorized Participant with respect to the receipt of the bitcoin from the Trust.

The Trust expects to purchase or sell bitcoin in connection with cash creation and redemption transactions, and to sell bitcoin to pay certain expenses, including the Sponsor’s fee. Each creating or redeeming Authorized Participant will be charged a transaction fee in connection with each creation or redemption transaction. Authorized Participants are expected to sell Shares to the public at prices that reflect, among other factors, the value of the Trust’s assets, supply and demand for the Shares and market conditions at the time of a transaction.

The Trust was seeded with \$100,000 on December 20, 2023 through the sale of 4,000 Shares at a per-Share price of \$25.00 by the Trust to the Sponsor. On January 2, 2024, the Sponsor purchased an additional 200,000 Shares at a per-Share price of \$25.00. Upon completion of that transaction, the total assets in the Trust from the Sale of the Shares to the Sponsor (on both December 20, 2023 and January 2, 2024, collectively) were \$5,100,000, with 204,000 Shares outstanding. On January 4, 2024, the Sponsor redeemed all of its Shares for cash at a per-Share price of \$25.00 for a total redemption value of \$5,100,000 and immediately created 110,000 Shares (22 Creation Baskets) at a price of \$44.16305 per Share based on the Benchmark price as of 4:00 p.m. ET on January 4, 2024. Accordingly, as of the market close on January 4, 2024, the Trust had total assets of \$4,857,935.50, solely represented by bitcoin held in custody by the Bitcoin Custodian, and had 110,000 Shares outstanding, entirely held by the Sponsor. The Sponsor acted as a statutory underwriter in connection with these purchases.

Prior to this offering, pursuant to this Prospectus, there has been no public market for the Shares. The Shares are expected to be listed for trading, subject to notice of issuance, on the Exchange under the ticker symbol BTCO. Investing in the Trust involves risks similar to those involved with an investment directly in bitcoin, as well as other significant risks. See “Risk Factors” beginning on page 14.

The offering of the Trust’s Shares is registered with the Securities and Exchange Commission (the “SEC”) in accordance with the Securities Act. The offering is intended to be a continuous offering and is not expected to terminate until either all of the registered Shares have been sold or three years from the date of the original offering, whichever is earlier, unless extended as permitted by applicable rules under the Securities Act. The Trust is not a mutual fund, is not registered under the Investment Company Act of 1940, as amended (the “1940 Act”) and is not subject to regulation under the 1940 Act. The Trust is not a commodity pool for purposes of the Commodity Exchange Act of 1936, as amended (the “CEA”), and the Sponsor is not subject to regulation by the Commodity Futures Trading Commission (the “CFTC”) as a commodity pool operator or a commodity trading advisor. The Trust’s Shares are neither interests in, nor obligations of, the Sponsor or the Trustee.

AN INVESTMENT IN THE TRUST INVOLVES SIGNIFICANT RISKS AND MAY NOT BE SUITABLE FOR SHAREHOLDERS THAT ARE NOT IN A POSITION TO ACCEPT RISKS RELATED TO BITCOIN. THE SHARES ARE SPECULATIVE SECURITIES. THEIR PURCHASE INVOLVES A HIGH DEGREE OF RISK, AND YOU COULD LOSE YOUR ENTIRE INVESTMENT. YOU SHOULD CONSIDER ALL RISK FACTORS BEFORE INVESTING IN THE TRUST. PLEASE REFER TO “RISK FACTORS” BEGINNING ON PAGE 14.

THE SHARES OF THE TRUST ARE NEITHER INTERESTS IN NOR OBLIGATIONS OF THE SPONSOR, THE TRUSTEE, THE BENCHMARK PROVIDER, THE ADMINISTRATOR, THE TRANSFER AGENT, THE EXECUTION AGENT, THE CASH CUSTODIAN, THE BITCOIN CUSTODIAN, THE MARKETING AGENT OR ANY OF THEIR RESPECTIVE AFFILIATES. THE SHARES ARE NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OFFERED IN THIS PROSPECTUS, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE TRUST IS AN “EMERGING GROWTH COMPANY” AS THAT TERM IS USED IN THE JUMPSTART OUR BUSINESS STARTUPS ACT AND, AS SUCH, MAY ELECT TO COMPLY WITH CERTAIN REDUCED REPORTING REQUIREMENTS.

The date of this Prospectus is January 11, 2024, as amended January 29, 2024

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This Prospectus contains information you should consider when making an investment decision about the Shares of the Trust. You may rely on the information contained in this Prospectus. The Trust and the Sponsor have not authorized any person to provide you with different information and, if anyone provides you with different or inconsistent information, you should not rely on it. This Prospectus is not an offer to sell the Shares in any jurisdiction where the offer or sale of the Shares is not permitted.

The Shares of the Trust are not registered for public sale in any jurisdiction other than the United States (the “U.S.”).

This prospectus supplement amends and restates in its entirety the prospectus dated January 11, 2024 filed by Invesco Galaxy Bitcoin ETF with the Securities and Exchange Commission to reflect a change in the Sponsor Fee (as defined below) from 0.39% to 0.25% and revise biographical information regarding certain of the members of our board of managers and management.

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus includes “forward-looking statements” that generally relate to future events or future performance. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or the negative of these terms or other comparable terminology. All statements (other than statements of historical fact) included in this Prospectus that address activities, events or developments that will or may occur in the future, including such matters as movements in the digital asset markets, the Trust’s operations, the Sponsor’s plans and references to the Trust’s future success and other similar matters, are forward-looking statements. These statements are only predictions. Actual events or results may differ materially. These statements are based upon certain assumptions and analyses the Sponsor has made based on its perception of historical trends, technology developments regarding the use of bitcoin and other digital assets, including the systems used by the Sponsor and the Trust’s Bitcoin Custodian in their provision of services to the Trust, current conditions and expected future developments, as well as other factors appropriate in the circumstances. Whether or not actual results and developments will conform to the Sponsor’s expectations and predictions, however, is subject to a number of risks and uncertainties, including the special considerations discussed in this Prospectus, general economic, market and business conditions, changes in laws or regulations, including those concerning taxes, made by governmental authorities or regulatory bodies, and other economic and political developments. Consequently, all the forward-looking statements made in this Prospectus are qualified by these cautionary statements, and there can be no assurance that actual results or developments the Sponsor anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, the Trust’s operations or the value of its Shares. None of the Trust, the Sponsor, or the Trustee or their respective affiliates is under a duty to update any of the forward-looking statements to conform such statements to actual results or to a change in the Sponsor’s expectations or predictions.

EMERGING GROWTH COMPANY STATUS

The Trust is an “emerging growth company” as that term is used in the Jumpstart Our Business Startups Act (the “JOBS Act”) and, as such, may elect to comply with certain reduced reporting requirements. For as long as the Trust is an emerging growth company, unlike other public companies, it will not be required to:

- provide an auditor’s attestation report on management’s assessment of the effectiveness of its system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002;
- comply with any new requirements adopted by the Public Company Accounting Oversight Board (“PCAOB”) requiring mandatory auditor rotation or a supplement to the auditor’s report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer;
- comply with any new audit rules adopted by the PCAOB after April 5, 2012, unless the Securities and Exchange Commission determines otherwise;
- provide certain disclosure regarding executive compensation required of larger public companies; or
- obtain shareholder approval of any golden parachute payments not previously approved.

The Trust will cease to be an “emerging growth company” upon the earliest of (i) when it has \$1.235 billion or more in annual revenues; (ii) when it is deemed to be a large accelerated filer under Rule 12b-2 promulgated pursuant to the Securities Exchange Act of 1934; (iii) when it issues more than \$1.0 billion of non-convertible debt over a three-year period; or (iv) the last day of the fiscal year following the fifth anniversary of its initial public offering.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies; however, the Trust is choosing to “opt out” of such extended transition period, and as a result, the Trust will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that the Trust’s decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

INVESCO GALAXY BITCOIN ETF
TICKER: BTCO
CUSIP: 46091J101

PROSPECTUS SUMMARY

This is only a summary of the Prospectus and, while it contains material information about the Trust and its Shares, it does not contain or summarize all of the information about the Trust and the Shares contained in the Prospectus that is material and/or that may be important to you. You should read this entire Prospectus before making an investment decision about the Shares. For a glossary of defined terms, see Appendix A.

As used below, “Bitcoin” with an uppercase “B” is used to describe the system as a whole that is involved in maintaining the ledger of bitcoin ownership and facilitating the transfer of bitcoins among parties. When referring to the digital asset within the Bitcoin network, “bitcoin” is written with a lower case “b.”

Overview of the Trust

Invesco Galaxy Bitcoin ETF (the “Trust”) is an exchange-traded fund that issues common shares of beneficial interest (the “Shares”) that trade on Cboe BZX (“Cboe” or the “Exchange”) under the ticker symbol “BTCO”. Invesco Capital Management LLC (the “Sponsor”) is the sponsor of the Trust. The Trust’s investment objective is to reflect the performance of the spot price of bitcoin as measured using the Lukka Prime Bitcoin Reference Rate (the “Benchmark”), less the Trust’s expenses and other liabilities. The Trust is passively managed and the Sponsor does not actively manage the bitcoin held by the Trust. This means that the Sponsor does not sell bitcoin at times when its price is high or acquire bitcoin at low prices in the expectation of future price increases. It also means that the Sponsor does not make use of any of the hedging techniques available to professional bitcoin investors to attempt to reduce the risks of losses resulting from price changes. The Trust, the Sponsor and the service providers will not loan or pledge the Trust’s assets, nor will the Trust’s assets serve as collateral for any loan or similar arrangement. The Trust will not utilize leverage, derivatives or any similar arrangements in seeking to meet its investment objective. The Trust is not a registered investment company under the Investment Company Act and is not required to register under the Investment Company Act. The Sponsor is not registered with the SEC as an investment adviser and is not subject to regulation by the SEC as such in connection with its activities with respect to the Trust. The Trust is not a commodity pool for purposes of the CEA, and the Sponsor is not subject to regulation by the CFTC as a commodity pool operator or a commodity trading advisor in connection with its activities with respect to the Trust.

The Trust intends to continuously offer Shares but may suspend the issuance of Shares at any time.

In seeking to achieve its investment objective, the Trust will hold bitcoin. The Trust will value its Shares each Business Day as of 4:00 p.m. ET. The value of bitcoin held by the Trust is determined based on the estimated fair market value (“FMV”) price for bitcoin, reflecting the execution price of bitcoin on its principal market as determined each day by Lukka Inc., an independent third-party digital asset data company (the “Benchmark Provider”). In this regard, the Benchmark Provider seeks to identify a “principal market” for bitcoin each day, by evaluating eligible bitcoin trading platform across a variety of different criteria, including the trading platforms’ oversight and governance frameworks, microstructure efficiency, trading volume, data transparency and data integrity. Delaware Trust Company (the “Trustee”) is the trustee of the Trust, The Bank of New York Mellon is the Trust’s transfer agent (“Transfer Agent”) and will hold all of the Trust’s cash on the Trust’s behalf as cash custodian (“Cash Custodian”), and Coinbase Custody Trust Company, LLC (the “Bitcoin Custodian”) will hold all of the Trust’s bitcoin on the Trust’s behalf as custodian.

The Trust will process all creations and redemptions of Shares in transactions with financial firms that are authorized to do so (known as “Authorized Participants”). When the Trust issues or redeems its Shares, it will do so only in blocks of 5,000 Shares (a “Creation Basket”) based on the quantity of bitcoin attributable to each Share of the Trust (net of accrued but unpaid Sponsor fees and any accrued but unpaid expenses or liabilities).

Creation and redemption transactions initially will take place in cash. Subject to Cboe in the future receiving the necessary regulatory approval to permit the Trust to create and redeem Creation Baskets in-kind for bitcoin (the “In-Kind Regulatory Approval”), these transactions may also take place in exchange for bitcoin. The timing of the In-Kind Regulatory Approval and the related in-kind creation model is unknown and there is no guarantee that the Cboe will receive such approval. If Cboe receives the In-Kind Regulatory Approval and the Sponsor chooses to allow in-kind creations and redemptions, notice to Shareholders will be provided on the Trust’s website, in a prospectus supplement, through a current report on Form 8-K and/or in the Trust’s annual or quarterly reports.

When purchasing Creation Baskets, Authorized Participants will deliver cash to the Cash Custodian. Galaxy Digital Funds LLC (the “Execution Agent”) will be responsible for acquiring the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a counterparty or digital asset trading platform (“Bitcoin Counterparty”), the Cash Custodian will transfer cash to the Bitcoin Counterparty in payment for the requisite amount of bitcoin. The bitcoin acquired from the Bitcoin Counterparty will be transferred to the Bitcoin Custodian. After receipt of the bitcoin by the Bitcoin Custodian, the Transfer Agent will issue Creation Baskets of Shares to the creating Authorized Participant in satisfaction of the creation order.

When redeeming Creation Baskets, the Execution Agent will be responsible for selling the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the Bitcoin Custodian will transfer bitcoin to the Bitcoin Counterparty in return for the requisite cash payment. The cash received from the Bitcoin Counterparty will be delivered to the Cash Custodian. After receipt of the cash payment, the Transfer Agent will redeem the Shares and the Cash Custodian will distribute the resulting cash to the redeeming Authorized Participant in satisfaction of the redemption order.

In connection with both creation and redemption transactions, the Execution Agent, pursuant to the oversight of the Sponsor, will decide how and with which Bitcoin Counterparty to transact on the Trust’s behalf. The Authorized Participants will deliver only cash to create Shares and will receive only cash when redeeming Shares. Further, Authorized Participants will not directly or indirectly purchase, hold, deliver, or receive bitcoin as part of the creation or redemption process or otherwise direct the Trust or a third-party with respect to purchasing, holding, delivering, or receiving bitcoin as part of the creation or redemption process. The Trust will create Shares by receiving bitcoin from a third-party that is not the Authorized Participant and the Trust (through the Execution Agent, on an agency basis)—not the Authorized Participant—is responsible for selecting the third-party to deliver the bitcoin. Further, the third-party will not be acting as an agent of the Authorized Participant with respect to the delivery of the bitcoin to the Trust or acting at the direction of the Authorized Participant with respect to the delivery of the bitcoin to the Trust. The Trust will redeem shares by delivering bitcoin to a third-party that is not the Authorized Participant and the Trust (through the Execution Agent, on an agency basis)—not the Authorized Participant—is responsible for selecting the third-party to receive the bitcoin. Further, the third-party will not be acting as an agent of the Authorized Participant with respect to the receipt of the bitcoin from the Trust or acting at the direction of the Authorized Participant with respect to the receipt of the bitcoin from the Trust. Each creating or redeeming Authorized Participant will be charged a transaction fee in connection with each creation or redemption transaction.

The Trust expects to purchase or sell bitcoin in connection with cash creation or redemption transactions, and may sell bitcoin to pay certain expenses, including the Sponsor’s fee. In this capacity, the Sponsor has entered into an agreement with Execution Agent to facilitate the purchase or sale of bitcoin by the Trust.

The quantity of bitcoin required to create each Creation Basket (“Creation Basket Deposit”) changes from day to day. On each day that the Exchange is open for regular trading, the Sponsor will publish the Creation Basket after market close, which is composed of an amount of bitcoin that will be used to determine the amount of cash required to purchase a Creation Basket the following day. After the Trust’s NAV is struck on a Business Day (as

defined herein), The Bank of New York Mellon (the “Administrator”) adjusts the quantity of bitcoin constituting the Creation Basket Deposit as appropriate to reflect accrued expenses. The computation is made by the Administrator as promptly as practicable after 4:00 p.m. ET. The Administrator calculates the Creation Basket Deposit for a given day by multiplying the NAV by the number of Shares in a Creation Basket (5,000) divided by the price of bitcoin at 4:00 p.m. ET as determined consistent with the Benchmark to determine the cash amount required for a Creation Basket. Fractions of a bitcoin smaller than .00000001 (known as a “satoshi”) are disregarded for purposes of the computation of the Creation Basket Deposit. Although the Administrator applies the bitcoin price to the calculate of the Creation Basket value, the Administrator plays no role in the determination of the bitcoin price used by the Trust; rather the bitcoin price used in calculating the cash value of a Creation Basket is identical to the bitcoin price used in determining the Trust’s NAV.

To the extent there is a difference between the price actually paid by the Trust to acquire a Creation Basket worth of bitcoin in the creation process compared to the cash value of the Creation Basket (i.e., if there is a difference between the amount paid by the Execution Agent on behalf of the Trust to purchase the requisite amount of bitcoin and the valuation of bitcoin as part of the Trust’s NAV calculation), that difference will also be charged to the creating Authorized Participant in the form of a variable fee.

To support the ability of Authorized Participants to provide liquidity at prices that reflect the value of the Trust’s assets and to facilitate orderly transactions in the Shares, the Trust will ordinarily process redemptions of Creation Baskets on the next day when the Exchange is open for regular trading (a “Business Day”) following receipt of a redemption request by an Authorized Participant.

Creation Baskets are expected to be created when there is sufficient demand for Shares, including when the market price per Share is at a premium to the net asset value per Share (“NAV”). Authorized Participants are expected to sell such Shares to the public at prices that reflect, among other factors, the value of the Trust’s assets, supply of and demand for Shares and market conditions at the time of a transaction. Similarly, Creation Baskets are expected to be redeemed when the market price per Share is at a discount to the NAV. Investors (other than Authorized Participants) seeking to purchase or sell Shares on any day are expected to transact in the secondary market, on the Exchange or other national securities exchanges, at the market price per Share, rather than through the creation or redemption of Creation Baskets. Shares initially comprising the same Creation Basket but offered by the Authorized Participants to the public at different times may have different offering prices, which depend on various factors, including the supply and demand for Shares, the value of the Trust’s assets, and market conditions at the time of a transaction.

The Sponsor believes that the design of the Trust will enable investors to effectively and efficiently implement strategic and tactical asset allocation strategies that use bitcoin by investing in the Shares rather than directly in bitcoin.

The Trust’s Expenses

The Trust will pay the Sponsor a unified fee of 0.25% per annum (the “Sponsor Fee”) as compensation for services performed under the Trust Agreement (as defined herein). The Trust’s only ordinary recurring expense is the Sponsor Fee. For a 6-month period commencing on the day the Trust’s Shares are initially listed on the Exchange, the Sponsor intends to waive the entire Sponsor Fee on the first \$5 billion of Trust assets.

Except for during periods during which all or a portion of the Sponsor Fee is being waived, the Sponsor Fee will be accrued daily and paid monthly in arrears in U.S. dollars, and will be calculated by the Administrator. The Administrator will calculate the Sponsor Fee on a daily basis by applying the 0.25% annualized rate to the Trust’s total net assets. To cover the Sponsor’s Fee, and extraordinary expenses not assumed by the Sponsor, the Sponsor or its delegate will cause the Trust (or its delegate) to instruct the Execution Agent to convert bitcoin

held by the Trust into U.S. dollars. The NAV of the Trust and the number of bitcoins represented by a Share will decline each time the Trust accrues the Sponsor's Fee or any Trust expenses not assumed by the Sponsor. The Trust is not responsible for paying any costs associated with the transfer of bitcoin to or from the Trust in connection with paying the Sponsor Fee or in connection with creation and redemption transactions.

Except as noted below, the Sponsor has agreed to pay all of the Trust's ordinary expenses out of the Sponsor's unified fee, including, but not limited to, the Trustee's fees, the fees of The Bank of New York Mellon (for its services as the Administrator, Transfer Agent, and Cash Custodian), the fees of the Bitcoin Custodian, the fees of the Execution Agent, Exchange listing fees, Securities and Exchange Commission ("SEC") registration fees, printing and mailing costs, legal costs and audit fees. The Sponsor also paid the costs of the Trust's organization.

The Trust may incur certain extraordinary expenses that are not assumed by the Sponsor. These include, but are not limited to, taxes and governmental charges, any applicable brokerage commissions, financing fees, Bitcoin network fees and similar transaction fees, expenses and costs of any extraordinary services performed by the Sponsor (or any other service provider) on behalf of the Trust to protect the Trust or the interests of Shareholders (including, for example, in connection with any fork of the Bitcoin blockchain), any indemnification of the Sponsor, Cash Custodian, Bitcoin Custodian, Administrator or other agents, service providers or counterparties of the Trust and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters.

The Trust from time to time will be required to sell bitcoin in such quantities as necessary to permit payment of the Sponsor Fee and any Trust expenses and liabilities not assumed by the Sponsor. The Sponsor has engaged the Execution Agent to sell bitcoin on the Trust's behalf in such circumstances. At the direction of the Trust, the Execution Agent will seek to sell bitcoin at approximately the price at which it is valued by the Trust and in the smallest amounts required to permit such payments as they become due, with the intention of minimizing the Trust's holdings of assets other than bitcoin. Accordingly, the amount of bitcoin to be sold may vary from time to time depending on the level of the Trust's expenses and liabilities and the market price of bitcoin.

The Trust's Legal Structure

The Trust is a Delaware statutory trust, formed on April 5, 2021, pursuant to the Delaware Statutory Trust Act ("DSTA"). The Trust continuously issues common shares representing fractional undivided beneficial interest in and ownership of the Trust that may be purchased and sold on the Exchange. The Trust operates pursuant to a Second Amended and Restated Declaration of Trust and Trust Agreement, dated as of January 5, 2024 (the "Trust Agreement"). Delaware Trust Company, a Delaware trust company, is the Delaware trustee of the Trust (the "Trustee"). The Trust is managed and controlled by the Sponsor. Shareholders will have very limited voting rights, which will limit their ability to influence matters such as amendment of the Trust Agreement, change in the Trust's basic investment policy, dissolution of the Trust, or the sale or distribution of the Trust's assets.

The Lukka Prime Bitcoin Reference Rate

The Benchmark is designed to provide an estimated fair market value ("FMV") for bitcoin, in a manner that aligns with accounting principles generally accepted in the United States ("U.S. GAAP") and International Financial Reporting Standards Foundation ("IFRS") accounting guidelines regarding fair market value measurements. In this regard, the Benchmark Provider seeks to identify a "principal market" for bitcoin each day, by evaluating eligible bitcoin trading platforms across a variety of different criteria, including the trading platforms' oversight and governance frameworks, microstructure efficiency, trading volume, data transparency and data integrity. As of December 2023, the following trading platforms are considered to be eligible trading platforms by the Benchmark Provider: Binance, Bitfinex, Bitflyer, Bitstamp, Coinbase, Crypto.com, Gemini, HitBTC, Huobi, Kraken, KuCoin, OKEx, Poloniex (collectively, "Benchmark Pricing Sources"). The Benchmark

Provider reviews trading platforms eligible for inclusion in the Benchmark quarterly. In determining which trading platforms to include Benchmark Pricing Sources, the Benchmark Provider evaluates each trading platform using proprietary ratings criteria. The Benchmark Provider periodically reassesses the trading platforms eligible to be considered Benchmark Pricing Sources, and makes adjustments as needed.

For purposes of financial reporting, the Trust will determine the principal market for bitcoin in accordance with ASC Topic 820-10, and such determination is considered from the Trust's perspective. Procedures will be implemented to review and confirm the prices utilized to value bitcoin reflect fair value in accordance with ASC Topic 820 and will be reviewed by the Sponsor's Valuation Committee on a periodic basis.

With respect to the Trust's Authorized Participants, the Trust has no authority over which trading platforms the Authorized Participants or their affiliates might transact on, although the Trust expects that most Authorized Participants or their affiliates may transact on several of the trading platforms used by the Benchmark Provider. The Trust notes that for transactions in which it is selling bitcoin, it may do so in principal to principal transactions, although the Trust is eligible to execute trades on all of the trading platforms used by the Benchmark Provider. While the principal to principal market is the market in which the Execution Agent, on the Trust's behalf, would normally transact for sales of bitcoin, in considering all information reasonably available in accordance with the guidance in ASC 820-10-35-5A, the Trust notes that the identification of a principal market is completed by the Benchmark Provider based on a variety of different criteria including but not limited to trading platforms' oversight and governance frameworks, microstructure efficiency, trading volume, data transparency and data integrity. The Trust views this evidence to the contrary as an appropriate basis to determine a primary market that is not the principal to principal market, in accordance with the guidance in ASC 820-10-35-5A.

The Trust's Service Providers

The Sponsor

Invesco Capital Management LLC is the Sponsor of the Trust. The Sponsor arranged for the creation of the Trust and is responsible for the ongoing registration of the Shares for their public offering, the listing of Shares on the Exchange and valuing the bitcoin held by the Trust. The Sponsor is a limited liability company formed in the State of Delaware on February 7, 2003, and is a wholly-owned subsidiary of Invesco Ltd. Invesco Ltd. and its subsidiaries, including the Sponsor, are an independent global investment management group. The Sponsor's principal address is 3500 Lacey Road, Suite 700, Downers Grove, IL 60515.

The Trustee

Delaware Trust Company, a Delaware trust company, acts as the Trustee of the Trust as required to create a Delaware statutory trust in accordance with the Trust Agreement and the DSTA. The Trustee's principal address is located at 251 Little Falls Drive, Wilmington, DE 19808.

The Administrator

The Bank of New York Mellon ("BNYM") serves as the Trust's Administrator. Under the trust administration and accounting agreement, the Administrator provides necessary administrative, tax and accounting services and financial reporting for the maintenance and operations of the Trust, including calculating the NAV of the Trust, determining the net assets of the Trust, and calculating the size of the Creation Baskets. The Administrator's principal address is 240 Greenwich Street, New York, New York 10286.

The Transfer Agent

BNYM also serves as the Transfer Agent for the Trust. The Transfer Agent is responsible for (1) issuing and redeeming Shares in connection with creation and redemption transactions, (2) responding to correspondence by holders of the Shares (“Shareholders”) and others relating to its duties, (3) maintaining Shareholder accounts and (4) making periodic reports to the Trust. The Transfer Agent’s principal address is 240 Greenwich Street, New York, New York 10286.

The Bitcoin Custodian

Coinbase Custody Trust Company, LLC serves as the Trust’s Bitcoin Custodian. The Trust has entered into a prime brokerage and custody agreement with the Bitcoin Custodian (the “Bitcoin Custody Agreement”), pursuant to which the Bitcoin Custodian will hold in custody all of the Trust’s bitcoin, other than that which may be maintained in a trading account with Coinbase, Inc. from time to time. See “Prospectus Summary – Custody of the Trust’s Assets,” below. The Bitcoin Custodian is chartered as a limited purpose trust company by the New York State Department of Financial Services (“NYSDFS”) and is authorized by the NYSDFS to provide digital asset custody services. The Bitcoin Custodian is a wholly-owned subsidiary of Coinbase Global, Inc.

The Bitcoin Custodian is a third-party limited purpose trust company that was chartered in 2018 upon receiving a trust charter from the NYSDFS. The Bitcoin Custodian is subject to regulation by the NYSDFS and has a long track record of providing custodial services for digital asset private keys. The Sponsor believes that the Bitcoin Custodian’s policies, procedures, and controls for safekeeping, exclusively possessing, and controlling the Trust’s bitcoin holdings are consistent with industry best practices to protect against theft, loss, and unauthorized and accidental use of the private keys. The Trust Bitcoin Account and Sponsor Bitcoin Account (each as defined herein) are segregated accounts and are therefore not commingled with the Bitcoin Custodian’s corporate or other customer assets.

Although the Bitcoin Custodian carries insurance for the benefit of its account holders, the Bitcoin Custodian’s insurance does not cover any loss in value to bitcoin and only covers losses caused by certain events such as fraud or theft and, in such covered events, it is unlikely the insurance would cover the full amount of any losses incurred by the Trust.

The Cash Custodian

BNYM also serves as the cash custodian for the Trust (the “Cash Custodian”) pursuant to a custody agreement (the “Cash Custody Agreement”). The Cash Custodian is responsible for holding the Trust’s cash, including in connection with creation and redemption transactions effected in cash. The Cash Custodian is a New York state-chartered bank and a member of the Federal Reserve System. The Cash Custodian’s principal address is 240 Greenwich Street, New York, New York 10286.

The Execution Agent

The Sponsor has entered into an agreement with Galaxy Digital Funds LLC, a subsidiary of Galaxy Digital LP (“Galaxy” or the “Execution Agent”) to serve as Execution Agent. At the direction of the Sponsor, the Execution Agent is responsible for selling bitcoin on behalf of the Trust to the extent necessary to permit the payment of the Trust’s expenses. The Trust also will utilize the services of the Execution Agent to purchase or sell bitcoin in connection with cash creations and redemptions. When acquiring or disposing of bitcoin on behalf of the Trust in connection with a creation or redemption transaction, the Sponsor will provide instructions to the Execution Agent, who will identify a Bitcoin Counterparty. In connection with both creation and redemption transactions, the Execution Agent, pursuant to the oversight of the Sponsor, will decide how and with which Bitcoin Counterparty to transact on the Trust’s behalf. In addition, as part of this agreement, the Execution Agent has

agreed to co-brand and co-market the Trust and the Sponsor has licensed the use of certain Execution Agent trademarks, service marks and trade names in connection with the Trust. The Execution Agent's principal address is 300 Vesey Street, New York City, New York 10282.

Galaxy is a subsidiary of Galaxy Digital Holdings LP ("Galaxy Holdings"). Galaxy Digital Holdings Ltd., which holds a limited partner interest in Galaxy Holdings, is listed on the Toronto Stock Exchange under the symbol "GLXY."

Authorized Participants

The Trust will process all creations and redemptions of Shares in transactions with financial firms that are authorized to do so (known as "Authorized Participants"). Creation and redemption transactions initially will take place in cash. Subject to Cboe receiving the necessary regulatory approval to permit the Trust to create and redeem Creation Baskets in-kind for bitcoin (the "In-Kind Regulatory Approval"), these transactions may also take place in exchange for bitcoin. If Cboe receives the In-Kind Regulatory Approval and the Sponsor chooses to allow in-kind creations and redemptions, notice to Shareholders will be provided on the Trust's website, in a prospectus supplement, through a current report on Form 8-K and/or in the Trust's annual or quarterly reports.

When purchasing Creation Baskets, Authorized Participants will deliver cash to the Cash Custodian. The Execution Agent will be responsible for acquiring the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a counterparty or digital asset trading platform ("Bitcoin Counterparty"), the Cash Custodian will transfer cash to the Bitcoin Counterparty in payment for the requisite amount of bitcoin. The bitcoin acquired from the Bitcoin Counterparty will be transferred to the Bitcoin Custodian. After receipt of the bitcoin by the Bitcoin Custodian, the Transfer Agent will issue Creation Baskets of Shares to the creating Authorized Participant in satisfaction of the creation order.

When redeeming Creation Baskets, the Execution Agent will be responsible for selling the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the Bitcoin Custodian will transfer bitcoin to the Bitcoin Counterparty in return for the requisite cash payment. The cash received from the Bitcoin Counterparty will be delivered to the Cash Custodian. After receipt of the cash payment, the Transfer Agent will redeem the Shares and the Cash Custodian will distribute the resulting cash to the redeeming Authorized Participant in satisfaction of the redemption order.

In connection with both creation and redemption transactions, the Execution Agent, pursuant to the oversight of the Sponsor, will decide how and with which Bitcoin Counterparty to transact on the Trust's behalf. The Authorized Participants will deliver only cash to create Shares and will receive only cash when redeeming Shares. Further, Authorized Participants will not directly or indirectly purchase, hold, deliver, or receive bitcoin as part of the creation or redemption process or otherwise direct the Trust or a third-party with respect to purchasing, holding, delivering, or receiving bitcoin as part of the creation or redemption process. The Trust will create Shares by receiving bitcoin from a third-party that is not the Authorized Participant and the Trust (through the Execution Agent, on an agency basis)—not the Authorized Participant—is responsible for selecting the third-party to deliver the bitcoin. Further, the third-party will not be acting as an agent of the Authorized Participant with respect to the delivery of the bitcoin to the Trust or acting at the direction of the Authorized Participant with respect to the delivery of the bitcoin to the Trust. The Trust will redeem shares by delivering bitcoin to a third-party that is not the Authorized Participant and the Trust (through the Execution Agent, on an agency basis)—not the Authorized Participant—is responsible for selecting the third-party to receive the bitcoin. Further, the third-party will not be acting as an agent of the Authorized Participant with respect to the receipt of the bitcoin from the Trust or acting at the direction of the Authorized Participant with respect to the receipt of the bitcoin from the Trust.

Authorized Participants are expected to sell Shares to the public at prices that reflect, among other factors, the value of the Trust's assets, supply of and demand for Shares and market conditions at the time of a transaction.

The Marketing Agent

Invesco Distributors, Inc. (the "Marketing Agent") is responsible for: (1) working with the Transfer Agent to review and approve, or reject, purchase and redemption orders of Shares placed by Authorized Participants with the Transfer Agent; and (2) reviewing and approving the marketing materials prepared by the Trust for compliance with applicable SEC and Financial Industry Regulatory Authority ("FINRA") advertising laws, rules, and regulations. The Marketing Agent's principal address is 11 Greenway Plaza, Suite 1000, Houston, TX 77046.

Custody of the Trust's Assets

The Bitcoin Custodian will keep the private keys associated with the Trust's bitcoin in a "cold storage" environment where the private keys are generated and secured (the "Prime Custody Vault"). From time to time, such as when the Trust's bitcoin is being processed in connection with certain creation or redemption transactions or it is being sold, the Trust's bitcoin may be maintained in a trading account (the "Trading Balance") with Coinbase, Inc. ("Coinbase" or the "Prime Broker"), an affiliate of the Bitcoin Custodian. The Trust's bitcoin will be maintained by the Bitcoin Custodian and Coinbase in accounts that are required to be segregated from the assets held by the Bitcoin Custodian or Coinbase as principal and, when held in the Prime Custody Vault, the assets of their other customers. "Cold storage" refers to a safeguarding method by which the private keys corresponding to the Trust's bitcoins are generated and stored in an offline manner using computers or devices that are not directly connected to the internet, which is intended to make them more resistant to hacking, or similarly secure technology. All of the Trust's bitcoin will be held in the Prime Custody Vault unless it is maintained in the Trading Balance in connection with certain creation or redemption transactions or it is being sold to pay the Sponsor's Fee or Trust expenses not assumed by the Sponsor.

The bitcoin in the Trust's account at the Bitcoin Custodian may be held across multiple wallets, any of which will feature the following safety and security measures to be implemented by the Bitcoin Custodian:

Cold Storage: Cold storage in the context of bitcoin means keeping the reserve of bitcoin offline, which is a widely-used security precaution, especially when dealing with a large amount of bitcoin. Bitcoin held under custodianship with the Bitcoin Custodian will be kept in high-security, offline, multi-layer cold storage vaults. This means that the private key materials, the cryptographic components that allow a user to access bitcoin, are stored offline on hardware that has never been directly connected to the internet. Storing private key materials offline minimizes the risk of the bitcoin being stolen. The Sponsor expects that all of the Trust's bitcoin will be held in cold storage of the Bitcoin Custodian in the Prime Custody Vault on an ongoing basis, except as noted above. In connection with certain creations or redemptions, the Trust may process creations and redemptions by selling bitcoin from its Prime Custody Vault balance.

Private Keys: All private keys are securely protected using multiple layers of high-quality encryption and in Bitcoin Custodian-owned offline hardware in physically secure environments. No customers or third parties are given access to the Bitcoin Custodian's private keys.

Whitelisting: Transactions are only sent to vetted, known addresses. The Bitcoin Custodian's platform supports pre-approval and test transactions. The Bitcoin Custodian requires authentication when adding or removing addresses for whitelisting. All instructions to initiate a whitelist addition or removal must be submitted via the Bitcoin Custodian's platform. When a whitelist addition or removal request is initiated, the initiating user will be prompted to authenticate their request using a two-factor authentication key. A consensus mechanism on the Bitcoin Custodian's platform dictates how many approvals are required in order for the consensus to be achieved.

to add or remove a whitelisted address. Only when the consensus is met is the underlying transaction considered officially approved. An account's roster and user roles are maintained by the Bitcoin Custodian in a separate log, an Authorized User List ("AUL"). Any changes to the account's roster must be reflected on an updated AUL first and executed by an authorized signatory.

Audit Trails: Audit trails exist for all movement of bitcoin within Bitcoin Custodian-controlled bitcoin wallets and are audited annually for accuracy and completeness by an independent external audit firm.

In addition to the above measures, in accordance with the Bitcoin Custody Agreement, bitcoin held in custody with the Bitcoin Custodian will be segregated from both the proprietary property of the Bitcoin Custodian and the assets of any other customer in accounts that clearly identify the Trust as the owner of the accounts.

The Bitcoin Custodian has insurance coverage as a subsidiary under its parent company, Coinbase Global, Inc., which procures fidelity (e.g., crime) insurance to protect the organization from risks such as theft of funds. Specifically, the fidelity program provides coverage for the theft of funds held in hot or cold storage. The insurance program is provided by a syndicate of industry-leading insurers. The insurance program does not cover, insure or guarantee the performance of the Trust. The Bitcoin Custodian is not FDIC-insured.

The Trust relies on the Cash Custodian to hold or transfer any cash related to the purchase or sale of bitcoin in connection with cash creation and redemption transactions, or held for payment of expenses not assumed by the Sponsor, such as the Sponsor Fee. In its role, the Cash Custodian helps facilitate the creations and redemptions of Shares done in exchange for cash.

Net Asset Value

NAV means the value of the total assets of the Trust including, but not limited to, all bitcoin and cash (if any) less the total liabilities of the Trust (including accrued but unpaid expenses), divided by the number of outstanding Shares.

The Administrator determines the NAV of the Trust on each day that the Exchange is open for regular trading. In determining the Trust's NAV, the Administrator values the bitcoin held by the Trust based on the price established by the Benchmark Provider as of 4:00 p.m. ET each Business Day.

The amount of bitcoin represented by the Shares will be reduced during the life of the Trust each time the Trust accrues the Sponsor's Fee or pays for any extraordinary expenses. This dynamic will occur irrespective of whether the value of the Trust's assets, or the trading price of the Shares, rises or falls. See "Risk Factors—Risks Related to the Trust and the Shares—The amount of bitcoin represented by the Shares will decline over time" and "Calculation of NAV."

Plan of Distribution

The Trust is an exchange-traded fund. Shareholders who decide to buy or sell Shares of the Trust will place their trade orders through their brokers and may incur customary brokerage commissions and charges, as well as any bid-ask spread. Such trades may occur at a premium or discount relative to the NAV of the Trust.

The Trust will process all creations and redemptions of Shares in transactions with financial firms that are authorized to do so (known as "Authorized Participants"). Creation and redemption transactions initially will take place in cash. Subject to Cboe in the future receiving the In-Kind Regulatory Approval, these transactions may also take place in exchange for bitcoin. If Cboe receives the In-Kind Regulatory Approval and the Sponsor chooses to allow in-kind creations and redemptions, notice to Shareholders will be provided on the Trust's website, in a prospectus supplement, through a current report on Form 8-K and/or in the Trust's annual or quarterly reports.

When purchasing Creation Baskets, Authorized Participants will deliver cash to the Cash Custodian. The Execution Agent will be responsible for acquiring the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the Cash Custodian will transfer cash to the Bitcoin Counterparty in payment for the requisite amount of bitcoin. The bitcoin acquired from the Bitcoin Counterparty will be transferred to the Bitcoin Custodian. After receipt of the bitcoin by the Bitcoin Custodian, the Transfer Agent will issue Creation Baskets of Shares to the creating Authorized Participant in satisfaction of the creation order.

When redeeming Creation Baskets, the Execution Agent will be responsible for selling the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the Bitcoin Custodian will transfer bitcoin to the Bitcoin Counterparty in return for the requisite cash payment. The cash received from the Bitcoin Counterparty will be delivered to the Cash Custodian. After receipt of the cash payment, the Transfer Agent will redeem the Shares and the Cash Custodian will distribute the resulting cash to the redeeming Authorized Participant in satisfaction of the redemption order.

Authorized Participants are expected to sell such Shares to the public at prices that reflect, among other factors, the value of the Trust's assets, supply of and demand for Shares and market conditions at the time of a transaction.

Prior to this offering, there has been no public market for the Shares. The Shares are expected to be listed for trading, subject to notice of issuance, on the Exchange under a ticker symbol to be announced prior to commencement of trading.

Federal Income Tax Considerations

It is expected that owners of Shares will be treated, for U.S. federal income tax purposes, as if they own a proportionate share of the assets of the Trust, as if they directly receive a proportionate share of any income of the Trust, and as if they incur a proportionate share of the expenses of the Trust. Consequently, each sale of bitcoin by the Trust (which includes, under current Internal Revenue Service guidance, using bitcoin to pay expenses of the Trust, including the Sponsor Fee) would give rise to taxable gain or loss to Shareholders. See "U.S. Federal Income Tax Consequences—Taxation of U.S. Shareholders."

Use of Proceeds

Proceeds received by the Trust from the issuance of Creation Baskets will initially consist of cash deposits. Such cash deposits are held by the Cash Custodian on behalf of the Trust until (i) transferred in connection with the purchase of bitcoin, (ii) delivered to Authorized Participants in connection with a redemption of Creation Baskets or (iii) transferred to pay the Sponsor Fee or for extraordinary expenses and liabilities not assumed by the Sponsor.

The Trust's bitcoin is held by the Bitcoin Custodian (or held temporarily in the Trading Balance with Coinbase) on behalf of the Trust until sold by the Execution Agent to pay the Sponsor Fee or to pay for extraordinary expenses and liabilities not assumed by the Sponsor.

Bitcoin and the Bitcoin Network

Bitcoin is a digital asset the ownership and behavior of which are determined by participants in an online, peer-to-peer network that connects computers that run publicly accessible, or "open source," software that follows the rules and procedures governing the Bitcoin network, commonly referred to as the Bitcoin protocol. The value of bitcoin, like the value of other digital assets, is not backed by any government, corporation or other

identified body. Ownership and the ability to transfer or take other actions with respect to bitcoin is protected through public-key cryptography. The supply of bitcoin is constrained or formulated by its protocol instead of being explicitly delegated to an identified body (e.g., a central bank or corporate treasury) to control. Units of bitcoin are treated as fungible. Bitcoin and certain other types of digital assets are sometimes referred to as digital currencies or cryptocurrencies. No single entity owns or operates the Bitcoin network, the infrastructure of which is collectively maintained by (1) a decentralized group of participants who run computer software that results in the recording and validation of transactions (commonly referred to as “miners”), (2) developers who propose improvements to the Bitcoin protocol and the software that enforces the protocol and (3) users who choose what Bitcoin software to run. Bitcoin was released in 2009 and, as a result, there is little data on its long-term investment potential. Bitcoin is not backed by a government-issued legal tender.

Bitcoin is “stored” or reflected on a digital transaction ledger commonly known as a “blockchain.” A blockchain is a type of shared and continually reconciled database, stored in a decentralized manner on the computers of certain users of the digital asset. A blockchain is a canonical record of every digital asset: the blockchain records every “coin” or “token,” balances of digital assets, every transaction and every address associated with a quantity of a particular digital asset. Bitcoin utilizes the blockchain to record transactions into and out of different addresses, facilitating a determination of how much bitcoin is in each address.

Bitcoin is created by “mining.” Mining involves miners using a sophisticated computer program to repeatedly solve complex mathematical problems on specialized computer hardware. The mathematical problem involves a computation involving all or some bitcoin transactions that have been proposed by the Bitcoin network’s participants. When this problem is solved, the computer creates a “block” consisting of these transactions. As each newly solved block refers back to and “connects” with the immediately prior solved block, the addition of a new block adds to the blockchain in a manner similar to a new link being added to a chain. A miner’s proposed block is added to the blockchain once a majority of the nodes on the network confirm the miner’s work. A miner that is successful in adding a block to the blockchain is automatically awarded a fixed amount of bitcoin for its efforts plus any transaction fees paid by transferors whose transactions are recorded in the block. This reward system is the means by which new bitcoin enter circulation. This reward system, called proof of work, also ensures that the local copies of the Bitcoin blockchain maintained by participants in the Bitcoin network are kept in consensus with one another.

The Bitcoin Market

Bitcoin had a total market capitalization of approximately \$527 billion as of September 30, 2023. Bitcoin spot trading occurs on venues in the U.S. that are licensed to conduct that business by the NYDFS, other venues in the U.S. and non-U.S. venues. In addition, bitcoin futures and options trading occurs on exchanges in the U.S. regulated by the CFTC. The market for NYDFS-licensed and CFTC-regulated trading of bitcoin and bitcoin derivatives has developed substantially. Bitcoin market conditions in the three months ending on September 30, 2023 are briefly summarized as follows:

- **Bitcoin:** There are over 20 NYDFS-licensed entities operating trading venues with order books for spot trading of bitcoin. Among the top NYDFS-licensed trading venues, year-to-date as-of September 30th, 2023, the average daily trading volume is approximately \$460 million. Across these venues, the average daily deviation of prices was less than 0.06%. The largest NYDFS-licensed trading venue by volume had an average bid-ask spread during the period of less than 0.004%.
- **Futures:** There are currently three CFTC-regulated exchanges, two of which are open and facilitate trading of bitcoin futures, with a total average daily trading volume of approximately \$1.46 billion.
- **Options:** One CFTC-regulated exchange facilitates trading of options on bitcoin futures, with average monthly trading volume of approximately \$1.08 billion.

Principal Investment Risks of an Investment in the Trust

An investment in the Trust involves risks. You should consider carefully the risks summarized below, which are described in more detail under “Risk Factors.”

Shareholders may choose to use the Trust as means of investing indirectly in bitcoin. Shareholders considering a purchase of Shares of the Trust should carefully consider how much of their total assets should be exposed to the bitcoin market, and should fully understand, be willing to assume, and have the financial resources necessary to withstand, the risks involved in the Trust’s investment strategy, and be in a position to bear the potential loss of their entire investment in the Trust.

There is no assurance as to whether the Trust will be profitable or meet its expenses and liabilities. Any investment made in the Trust may result in a total loss of the investment.

Risks Related to Bitcoin

Market and Volatility Risk. Bitcoin has historically exhibited high price volatility relative to more traditional asset classes, which may be due to speculation regarding potential future appreciation in value. **The value of the Trust’s investments in bitcoin could decline rapidly, including to zero.**

Some market observers have asserted that the bitcoin market periodically experiences pricing “bubbles” and have predicted that, in time, the value of bitcoin will fall to a fraction of its current value, or even to zero. Bitcoin has not been in existence long enough for market participants to assess these predictions with any precision, but if these observers are even partially correct, an investment in the Shares may turn out to be substantially worthless.

Adoption Risk. The further development and acceptance of the Bitcoin network, which is part of a new and rapidly changing industry, is subject to a variety of factors that are difficult to evaluate. The slowing, stopping or reversing of the development or acceptance of the Bitcoin network may adversely affect the price of bitcoin and therefore an investment in the Shares.

Currently, there is relatively limited use of bitcoin in the retail and commercial marketplace in comparison to relatively extensive use as a store of value. Tax treatment of the use of bitcoin as a medium of exchange and other factors could hinder expansion of bitcoin into retail and commercial markets. A lack of expansion by bitcoin into retail and commercial markets, or a contraction of such use, may result in damage to the public perception of bitcoin and the utility of bitcoin as a payment system, increased volatility or a reduction in the value of bitcoin, all of which could adversely impact an investment in the Shares. Furthermore, while bitcoin was the first widely used digital asset, many other digital assets have also been created. To the extent market participants come to prefer these other digital assets, the value of bitcoin, and therefore an investment in the Shares, may be adversely affected.

In recent periods, more corporations have begun incorporating bitcoin into their treasury management strategy. The adoption of bitcoin as a treasury asset so far has been primarily confined to businesses operating in sectors that directly interact with crypto or are adjacent to crypto such as payment processors. In addition, there are an increasing number of established financial services firms that are participating in the crypto ecosystem, whether through providing crypto-related services to third parties, making proprietary investments, and sponsoring funds and products that invest in crypto assets. The failure of bitcoin to see continued growth as a treasury asset beyond firms operating in crypto-adjacent sectors, or a contraction of the existing bitcoin treasury balances, as well as a decline in the number of financial services firms participating in the crypto ecosystem, may negatively impact bitcoin which could adversely impact an investment in the Shares.

Regulatory Risk. Regulatory changes or actions may alter the nature of an investment in bitcoin or restrict the use of bitcoin or the operations of the Bitcoin network or venues on which bitcoin trades in a manner that adversely affects the price of bitcoin and an investment in the Shares. For example, it may become difficult or illegal to acquire, hold, sell or use bitcoin in one or more countries, which could adversely impact the price of bitcoin.

Cybersecurity Risk Related to Bitcoin. In the past, flaws in the source code for bitcoin have been discovered, including those that resulted in the theft of users' bitcoin. Several errors and defects have been publicly found and corrected, including those that disabled some functionality for users and exposed users' personal information. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money in contravention of known network rules has occurred.

Additionally, if a malicious actor or botnet (i.e., a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains control of more than 50% of the processing power of the Bitcoin network, such actor or botnet could alter the digital transaction ledger, or "blockchain," that records transactions in and ownership of bitcoin and adversely affect the value of bitcoin.

By using computers that appear to be participating in the Bitcoin network, but that are not in fact connected to the network (so-called "cancer nodes"), a malicious actor can disconnect the target user from the bitcoin economy entirely by refusing to relay any blocks or transactions.

Separate from the cybersecurity risks of the Bitcoin protocol, entities that custody or facilitate the transfers or trading of bitcoin have been frequent and successful targets of cybersecurity attacks, leading to significant theft of bitcoin. If any of these exploitations or attacks occur, it could result in a loss of public confidence in bitcoin, a decline in the value of bitcoin and, as a result, adversely impact an investment in the Shares.

Risks Related to the Trust and the Shares

Expense Risk. The Trust's returns will not match the performance of bitcoin because the Trust incurs the Sponsor Fee and may incur other expenses.

Risk That Market Price of Shares May Reflect a Discount or Premium to NAV. The NAV of the Trust may not always correspond to the market price of its Shares for a number of reasons, including price volatility, levels of trading activity, differences between the normal trading hours for the Trust and the underlying bitcoin market, the calculation methodology of the NAV, demand or supply for Shares of the Trust in excess of an Authorized Participant's ability to create or redeem Shares and/or the closing of bitcoin trading venues due to fraud, failure, security breaches or otherwise. As a result, the NAV of the Shares included in Creation Baskets may differ from the market price of the Shares.

Cash Creations and Redemptions. The use of cash creations and redemptions, as opposed to in-kind creations and redemptions, may adversely affect the arbitrage transactions by Authorized Participants intended to keep the price of the Shares closely linked to the price of bitcoin and, as a result, the price of the Shares may fall or otherwise diverge from NAV. The use of cash creations and redemptions could cause delays in trade execution due to potential operational issues arising from implementing a cash creation and redemption model. Such delays could cause the execution price associated with such trades to materially deviate from the Benchmark price used to determine the NAV. Even though the Authorized Participant is responsible for the dollar cost of such difference in prices, Authorized Participants could default on their obligations to the Trust, or such potential risks and costs could lead to Authorized Participants to elect to not participate in the Trust's Share creation and redemption processes, which may adversely affect the arbitrage mechanism, and as a result, the price of the Shares may fall or otherwise diverge from NAV. If the arbitrage mechanism is not effective, purchases or sales of Shares on the secondary market could occur at a premium or discount to NAV, which could harm Shareholders.

RISK FACTORS

You should consider carefully the risks described below before making an investment decision. You should also refer to the other information included in this Prospectus, as well as information found in documents incorporated by reference in this Prospectus, before you decide to purchase any Shares. These risk factors may be amended, supplemented or superseded from time to time by risk factors contained in any periodic report, prospectus supplement, post-effective amendment or in other reports filed with the SEC in the future.

Risks Related to Bitcoin

Market and Volatility Risk. Bitcoin has historically exhibited high price volatility relative to more traditional asset classes. For example, there were steep increases in the value of certain digital assets, including bitcoin, over the course of 2021. These increases were followed by steep drawdowns throughout 2022. These episodes of rapid price appreciation followed by steep drawdowns have occurred multiple times throughout bitcoin's history, including, for example, in 2011, 2013-2014, and 2017-2018, before repeating again in 2021-2022. Over the course of 2023, bitcoin prices have continued to exhibit extreme volatility.

Extreme volatility may persist and the value of the Shares may significantly decline in the future without recovery. The digital asset markets may still be experiencing a bubble or may experience a bubble again in the future. For example, in the first half of 2022, each of Celsius Network, Voyager Digital Ltd., and Three Arrows Capital declared bankruptcy, resulting in a loss of confidence in participants of the digital asset ecosystem and negative publicity surrounding digital assets more broadly. In November 2022, FTX Trading Ltd. ("FTX"), one of the largest digital asset trading platforms by volume at the time, halted customer withdrawals amid rumors of the company's liquidity issues and likely insolvency, which were subsequently corroborated by its CEO. Shortly thereafter, FTX's CEO resigned and FTX and many of its affiliates filed for bankruptcy in the United States, while other affiliates have entered insolvency, liquidation, or similar proceedings around the globe, following which the U.S. Department of Justice brought criminal fraud and other charges, and the SEC and CFTC brought civil securities and commodities fraud charges, against certain of FTX's and its affiliates' senior executives, including its former CEO. In addition, several other entities in the digital asset industry filed for bankruptcy following FTX's bankruptcy filing, such as BlockFi Inc. and Genesis Global Capital, LLC ("Genesis"). In response to these events, the digital asset markets have experienced extreme price volatility and other entities in the digital asset industry have been, and may continue to be, negatively affected, further undermining confidence in the digital asset markets. These events have also negatively impacted the liquidity of the digital asset markets as certain entities affiliated with FTX engaged in significant trading activity. If the liquidity of the digital asset markets continues to be negatively impacted by these or similar events, digital asset prices, including bitcoin, may continue to experience significant volatility or price declines and confidence in the digital asset markets may be further undermined.

In addition, regulatory and enforcement scrutiny of digital assets has increased, including from, among others, the Department of Justice, the SEC, the CFTC, the White House and Congress, as well as state regulators and authorities. Developments in the regulation of digital assets are ongoing. For example, in July 2023, the U.S. District Court for the Southern District of New York ruled on the SEC's action against Ripple Labs, Inc. The court found that offers and sales of XRP, a digital token, to institutions and sophisticated individuals constituted securities transactions, but that offers and sales of XRP on crypto trading platforms, distributions to employees, and other third-party developers were not securities transactions. More recently, the D.C. Circuit Court found that the SEC's denial of the Grayscale Bitcoin Trust's listing was "arbitrary and capricious" under the Administrative Procedures Act in light of the SEC's approval of two similar bitcoin futures-based exchange-traded products ("ETPs"). In the immediate aftermath of this court decision, the price of bitcoin increased from nearly \$26,000 to over \$28,100. It is not possible to predict at this time all of the risks that regulatory developments may pose to the Trust, its service providers or to the digital asset industry as a whole.

Extreme volatility in the future, including further declines in the trading prices of bitcoin, could have a material adverse effect on the value of the Shares and the Shares could lose all or substantially all of their value. The Trust is not actively managed and will not take any actions to take advantage, or mitigate the impacts, of volatility in the price of bitcoin.

The value of the Trust's investments in bitcoin could decline rapidly, including to zero.

Bitcoin's historical volatility may be due to speculation regarding potential future appreciation in value, which could adversely affect an investment in the Shares.

Momentum investing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, is impacted by anticipated future appreciation in value. Momentum investing in bitcoin may have contributed, and may continue to contribute, to speculation regarding potential future appreciation in the value of bitcoin, inflating and making these prices more volatile. As a result, bitcoin may be more likely to fluctuate in value due to changing investor confidence in future appreciation or depreciation in prices, which could adversely affect the price of bitcoin, and, in turn, an investment in the Trust.

Some market observers have asserted that the bitcoin market often experiences pricing "bubbles" and have predicted that, in time, the value of bitcoin will fall to a fraction of its current value, or even to zero.

Bitcoin has not been in existence long enough for market participants to assess these predictions with any precision, but if these observers are even partially correct, an investment in the Shares may turn out to be substantially worthless.

The price of bitcoin may be impacted by the behavior of a small number of influential individuals or companies.

The price of bitcoin has experienced increased volatility resulting from the statements and actions of individuals in the bitcoin and broader technology community. Filings by companies and social media statements by prominent individuals have in the past and may in the future have an outsized impact on the price of bitcoin relative to fundamental value considerations. To the extent that the actions of one or more companies or individuals leads to an increase in the price of bitcoin, a reversal of such position by the company or individual may have a sharp, negative impact on the price of bitcoin and the value of the Shares.

Adoption Risk.

User adoption of bitcoin may slow down, stop, or reverse.

The further development and acceptance of the Bitcoin network, which is part of a new and rapidly changing industry, is subject to a variety of factors that are difficult to evaluate. For example, the Bitcoin network faces significant obstacles to increasing the usage of bitcoin without resulting in higher fees or slower transaction settlement times, and attempts to increase the volume of transactions may not be effective. The slowing, stopping or reversing of the development or acceptance of the Bitcoin network may adversely affect the price of bitcoin and therefore an investment in the Shares.

The use of bitcoin to, among other things, buy and sell goods and services is part of a new and rapidly evolving industry that employs digital assets based upon computer-generated mathematical and/or cryptographic protocols. Bitcoin is a prominent, but not unique, part of this industry. The growth of this industry is subject to a high degree of uncertainty. The factors affecting the further development of this industry, include, but are not limited to:

- continued worldwide growth or possible cessation or reversal in the adoption and use of bitcoin and other digital assets;
- government and quasi-government regulation of bitcoin and other digital assets and their use, including taxation of bitcoin transactions, or restrictions on or regulation of access to and operation of the Bitcoin network and other digital asset networks;

- changes in consumer demographics and public tastes and preferences, including the possibility that market participants may come to prefer other digital assets to bitcoin for a variety of reasons, including that such other digital currencies may have features (like different consensus mechanisms) or uses (like the ability to facilitate smart contracts) that bitcoin lacks;
- the maintenance and development of the open-source software protocol of the Bitcoin network;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- the use of the networks supporting digital assets for developing smart contracts and distributed applications;
- general economic conditions and the regulatory environment relating to digital assets;
- because of the high energy usage required for bitcoin mining, regulation stemming from energy usage and/or climate concerns; and
- negative consumer or public perception of bitcoin specifically and other digital assets generally.

Currently, there is relatively limited use of bitcoin in the retail and commercial marketplace in comparison to relatively extensive use as a store of value, thus contributing to price volatility that could adversely affect an investment in the Shares.

Bitcoin has only recently become selectively accepted as a means of payment for goods and services by some retail and commercial outlets, and the use of bitcoin by consumers to pay such retail and commercial outlets remains limited. Banks and other established financial institutions may refuse to process funds for bitcoin transactions; process wire transfers to or from bitcoin trading venues, bitcoin-related companies or service providers; or maintain accounts for persons or entities transacting in bitcoin or providing bitcoin-related services. In addition, some taxing jurisdictions, including the U.S., treat the use of bitcoin as a medium of exchange for goods and services to be a taxable sale of bitcoin, which could discourage the use of bitcoin as a medium of exchange, especially for a holder of bitcoin that has appreciated in value. See “—Regulatory Risk—The tax treatment of bitcoin and transactions involving bitcoin for U.S. federal income tax purposes is uncertain and may be adverse, which could adversely affect the value of an investment in the Shares.”

Conversely, a significant portion of bitcoin’s demand is generated by investors seeking a long-term store of value or speculators seeking to profit from the short- or long-term holding of the asset. Price volatility undermines bitcoin’s role as a medium of exchange, as retailers are much less likely to accept it as a form of payment. Use of bitcoin as a medium of exchange and payment method may always be low. A lack of expansion by bitcoin into retail and commercial markets, or a contraction of such use, may result in damage to the public perception of bitcoin and the utility of bitcoin as a payment system, increased volatility or a reduction in the value of bitcoin, all of which could adversely impact an investment in the Shares. There can be no assurance that such acceptance will grow, or not decline, in the future.

While bitcoin, the first widely used digital asset, and many other digital assets were created and mainly serve as a form of money, digital assets can be used to do more complicated things. Some digital assets were built specifically with more complex use cases in mind. For example, the Ethereum network was designed primarily to facilitate smart contracts, with the digital asset ether serving as the transactional mechanism for many portions of such contracts. Smart contracts are programs that automatically execute on a blockchain, allowing for a myriad of interesting applications to be built. It is possible that market demand for digital assets with use cases beyond serving as a form of money could over time reduce the market demand for bitcoin, which would adversely impact the price of bitcoin and, as a result, an investment in the Shares. Additionally, certain digital assets use non-blockchain technologies, like Directed Acyclic Graph data structures, to maintain consensus. To the extent market participants come to prefer these other consensus mechanisms or digital assets that use non-blockchain technology, the value of bitcoin, and therefore an investment in the Shares, may be adversely affected.

Bitcoin faces significant scaling obstacles that can lead to high fees or slow transaction settlement times, and attempts to increase the volume of transactions may not be effective.

The Bitcoin network, like many digital asset networks, faces significant scaling challenges. As of July 2017, bitcoin could handle, on average, five to seven transactions per second. For several years, participants in the Bitcoin ecosystem debated potential approaches to increasing the average number of transactions per second that the Bitcoin network could handle. As of August 2017, the Bitcoin network was upgraded with a technical feature known as “segregated witness” that, among other things, could potentially approximately double the transactions per second that can be handled on-chain. More importantly, segregated witness also enables so-called second layer solutions, such as the Lightning Network or payment channels, that could potentially allow greater transaction throughput.

An increasing number of wallets and digital asset intermediaries, such as trading platforms, have begun supporting segregated witness and the Lightning Network, or similar technology. However, the Lightning Network does not yet have material adoption as of August 2023. Additionally, the Lightning Network has not yet seen significant use, and there are open questions about Lightning Network services, such as its cost and who will serve as intermediaries, among other questions.

As the use of digital asset networks increases without a corresponding increase in throughput of the networks, average fees and settlement times have shown significant volatility and can increase significantly at times. Bitcoin’s network has been, at times, at capacity, which has led to increased transaction fees. For example, since January 1, 2019, bitcoin transaction fees have increased from \$0.18 per bitcoin transaction, on average, to a high of \$60.95 per transaction, on average, on April 20, 2021. As of December 31, 2022, bitcoin transaction fees were \$1.17 per transaction, on average. Increased fees and decreased settlement speeds could preclude certain uses for bitcoin (e.g., micropayments), and could reduce demand for, and the price of, bitcoin, which could adversely impact the value of the Shares. In May 2023, events related to the adoption of ordinals, which are a means of inscribing digital content on the bitcoin blockchain, caused transaction fees to temporarily spike above \$30 per transaction. As of October 1, 2023, bitcoin transaction fees were averaging \$2.22 per transaction.

Increased fees and decreased settlement speeds could preclude certain use cases for bitcoin (e.g., micropayments), and could reduce demand for and the price of bitcoin, which could adversely impact an investment in the Shares.

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

Miners could collude to raise transaction fees, which may adversely affect the usage of the Bitcoin network.

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

Bitcoin mining activities are resource-intensive, and it is possible that certain jurisdictions will implement regulations regarding the energy and water consumption of the Bitcoin network, which could result in a significant reduction in mining activity and adversely affect the security of the Bitcoin network.

In addition to financial regulation, concerns have been raised about the amount of electricity and water required to secure and maintain the Bitcoin network. The “proof of work” validation mechanism used to verify transactions on the Bitcoin network necessitates that bitcoin miners maintain high levels of computing power, which can require extremely high energy usage. Although measuring the electricity consumed by this process is difficult because these operations are performed by various machines with varying levels of efficiency, the process consumes a significant amount of energy. Further, in addition to the direct energy costs of performing these calculations, there are indirect costs that impact the Bitcoin network’s total energy consumption, including the amount of water and the costs of cooling the machines that perform these calculations. The availability and cost of electricity will restrict the geographic locations of mining activities. High costs of electricity may incentivize miners to redirect their resources to other validation protocols, such as proof-of-stake blockchains, or abandon their validation activities entirely. A significant decrease in the computational resources dedicated to the Bitcoin network’s validation protocol could reduce the security of the network which may erode bitcoin’s viability as a store of value or means of exchange.

Due to concerns around resource consumption and associated environmental concerns, particularly as such concerns relate to public utilities companies, various countries, states and cities have implemented, or are considering implementing, moratoriums on Bitcoin mining in their jurisdictions. Such moratoriums would impede bitcoin mining and/or bitcoin use more broadly. For example, in November 2022, New York imposed a two-year moratorium on new proof-of-work mining permits at fossil fuel plants in the state.

Depending on how future regulations are formulated and applied, such policies could have the potential to negatively affect the price of bitcoin, and, in turn, the value of the Shares. Increased regulation and the corresponding compliance cost of these regulations could additionally result in higher barriers to entry for bitcoin miners, which could increase the concentration of the hash rate, potentially having a negative impact on the price of bitcoin.

Competition from central bank digital currencies (“CBDCs”) and other digital assets could adversely affect the value of bitcoin and other digital assets.

Central banks have introduced digital forms of legal tender (CBDCs). China’s CBDC project, known as Digital Currency Electronic Payment, has reportedly been tested in a live pilot program conducted in multiple cities in China. A recent study published by the Bank for International Settlements estimated that at least 36 central banks have published retail or wholesale CBDC work ranging from research to pilot projects. Whether or not they incorporate blockchain or similar technology, CBDCs, as a form of legal tender in the issuing jurisdiction, could have an advantage in competing with, or replace, bitcoin and other digital assets as a medium of exchange or store of value. As a result, the value of bitcoin could decrease, which could adversely affect an investment in the Trust.

Competing digital assets may adversely affect the value of bitcoin and digital assets.

Promoters of other digital assets claim that those digital assets have solved certain of the purported drawbacks of the Bitcoin network, for example, allowing faster settlement times, reducing mining fees, or reducing electricity usage in connection with mining. If these digital assets are successful, such success could reduce demand for bitcoin and adversely affect the value of bitcoin and an investment in the Trust.

Prices of bitcoin may be affected due to stablecoins (including Tether and U.S. Dollar Coin (“USDC”)), the activities of stablecoin issuers and their regulatory treatment.

While the Trust does not invest in stablecoins, it may nonetheless be exposed to these and other risks that stablecoins pose for the bitcoin market through its trading in bitcoin. Stablecoins are digital assets designed to

have a stable value over time as compared to typically volatile digital assets, and are typically marketed as being pegged to a fiat currency, such as the U.S. dollar. Although the prices of stablecoins are intended to be stable, in many cases their prices fluctuate, sometimes significantly. This volatility has in the past apparently impacted the price of bitcoin. Stablecoins are a relatively new phenomenon, and it is impossible to know all of the risks that they could pose to participants in the bitcoin market. In addition, some have argued that some stablecoins, particularly Tether, are improperly issued without sufficient backing in a way that could cause artificial rather than genuine demand for bitcoin, raising its price, and also argue that those associated with certain stablecoins are involved in laundering money. For example, on February 17, 2021 the New York Attorney General entered into an agreement with Tether's operators, requiring them to cease any further trading activity with New York persons and pay \$18.5 million in penalties for false and misleading statements made regarding the assets backing Tether. On October 15, 2021, the CFTC announced a settlement with Tether's operators in which they agreed to pay \$42.5 million in fines to settle charges that, among others, Tether's claims that it maintained sufficient U.S. dollar reserves to back every Tether stablecoin in circulation with the "equivalent amount of corresponding fiat currency" held by Tether were untrue.

USDC is a reserve-backed stablecoin issued by Circle Internet Financial that is commonly used as a method of payment in digital asset markets, including the bitcoin market. The issuer of USDC uses the Circle Reserve Fund to hold cash, U.S. Treasury bills, notes and other obligations issued or guaranteed as to principal and interest by the U.S. Treasury, and repurchase agreements secured by such obligations or cash, which serve as reserves backing USDC stablecoins. While USDC is designed to maintain a stable value at 1 U.S. dollar at all times, on March 10, 2023, the value of USDC fell below \$1.00 for multiple days after Circle Internet Financial disclosed that US\$3.3 billion of the USDC reserves were held at Silicon Valley Bank, which had entered Federal Deposit Insurance Corporation ("FDIC") receivership earlier that day. Stablecoins are reliant on the U.S. banking system and the U.S. treasuries market, and the failure of either to function normally could impede the function of stablecoins, and therefore could adversely affect the value of the Shares.

Given the foundational role that stablecoins play in global digital asset markets, their fundamental liquidity can have a dramatic impact on the broader digital asset market, including the market for bitcoin. Because a large portion of the digital asset market still depends on stablecoins such as Tether and USDC, there is a risk that a disorderly de-pegging or a "run" on Tether or USDC could lead to dramatic market volatility in digital assets more broadly. Volatility in stablecoins, operational issues with stablecoins (for example, technical issues that prevent settlement), concerns about the sufficiency of any reserves that support stablecoins or potential manipulative activity when unbacked stablecoins are used to pay for other digital assets (including bitcoin), or regulatory concerns about stablecoin issuers or intermediaries, such as trading platforms, that support stablecoins, could impact individuals' willingness to trade on trading venues that rely on stablecoins, reduce liquidity in the bitcoin market, and affect the value of bitcoin, and in turn impact an investment in the Shares.

The open-source structure of the Bitcoin network protocol means that certain core developers and other contributors may not be directly compensated for their contributions in maintaining and developing the Bitcoin network protocol. A failure to properly monitor and upgrade the Bitcoin network protocol could damage the Bitcoin network.

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

Lack of clarity in the corporate governance of bitcoin may lead to ineffective decision-making that slows development or prevents the Bitcoin network from overcoming important obstacles.

Governance of decentralized networks, such as the Bitcoin network, is by voluntary consensus and open competition. Bitcoin has no central decision-making body or clear manner in which participants can come to an agreement other than through overwhelming consensus. The lack of clarity on governance may adversely affect bitcoin's utility and ability to grow and face challenges, both of which may require solutions and a directed effort to overcome problems, especially long-term problems.

To the extent lack of clarity in corporate governance of bitcoin leads to ineffective decision-making that slows development and growth, the value of the Shares may be adversely affected.

If the award of new bitcoin for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivize miners, miners may cease expending processing power to solve blocks and confirmations of transactions on the Bitcoin blockchain could be slowed temporarily. A reduction in the processing power expended by miners on the Bitcoin network could increase the likelihood of a malicious actor or botnet obtaining control.

Miners generate revenue from both newly created bitcoin, known as the "block reward" and from fees taken upon verification of transactions. See "Bitcoin and the Bitcoin Market—Bitcoin and the Bitcoin Network." If the aggregate revenue from transaction fees and the block reward is below a miner's cost, the miner may cease operations. If the award of new units of bitcoin for solving blocks declines and/or the difficulty of solving blocks increases, and transaction fees voluntarily paid by participants are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. The current fixed reward for solving a new block on the Bitcoin network is 6.25 bitcoin per block, which decreased from 12.5 bitcoin in May 2020. It is estimated that it will halve again in or around April 2024. This reduction may result in a reduction in the aggregate hash rate of the Bitcoin network as the incentive for miners decreases. Miners ceasing operations would reduce the collective processing power on the Bitcoin network, which would adversely affect the confirmation process for transactions (i.e., temporarily decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions) and make the Bitcoin network more vulnerable to a malicious actor or botnet obtaining sufficient control to alter the blockchain and hinder transactions. Any reduction in confidence in the confirmation process or processing power of the Bitcoin network may adversely affect an investment in the Shares.

Over the past several years, digital asset mining operations, including those mining bitcoin, have evolved from individual users mining with computer processors, graphics processing units and first-generation application specific integrated circuit machines to "professionalized" mining operations using proprietary hardware or sophisticated machines. If the profit margins of digital asset mining operations are not sufficiently high, including due to an increase in electricity costs or a decline in the market price of the relevant digital asset issued as a mining reward, or if digital asset mining operations are unable to arrange alternative sources of financing (e.g., if lenders refuse to make loans to such miners), digital asset miners are more likely to immediately sell tokens earned by mining or sell more such digital assets than they otherwise would, resulting in an increase in liquid supply of that digital asset, which would generally tend to reduce that digital asset's market price.

To the extent that any miners exclude some or all transactions, significant increases in fees and widespread delays in the recording of transactions could result in a loss of confidence in the Bitcoin network, which could adversely impact an investment in the Shares.

To the extent that any miners solve blocks that exclude some or all transactions that have been transmitted to the Bitcoin network, such transactions will not be recorded on the blockchain until another miner solves a block that incorporates those transactions. Some in the bitcoin community have suspected that certain technologies (for example, before segregated witness was activated, ASICBoost) enhance speed and reduce electricity use of

mining while reducing the number of transactions that are included in mined blocks on the Bitcoin network. To the extent that more blocks are mined without transactions, transactions will settle more slowly, and fees will increase. This could result in a loss of confidence in the Bitcoin network, which could adversely impact an investment in the Shares.

A temporary or permanent blockchain “fork” could adversely affect an investment in the Shares.

The Bitcoin network operates using open-source protocols, meaning that any user can download the software, modify it and then propose that the users and miners of bitcoin adopt the modification. When a modification is introduced and a substantial majority of users and miners consent to the modification, the change is implemented and the network remains uninterrupted. However, if less than a substantial majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a “hard fork” of the Bitcoin network, with one group running the pre modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of bitcoin running in parallel on separate networks using separate blockchain ledgers, yet lacking interchangeability. For example, in August 2017, bitcoin “forked” into bitcoin and a new digital asset, bitcoin cash, as a result of a several-year dispute over how to increase the rate of transactions that the Bitcoin network can process. Since then, bitcoin has been forked numerous times to launch new digital assets, such as bitcoin gold, bitcoin silver and bitcoin diamond. Additional hard forks of the Bitcoin blockchain could impact demand for bitcoin or other digital assets and could adversely impact an investment in the Shares.

Furthermore, a hard fork can introduce new security risks. For example, when Ethereum and Ethereum Classic split in July 2016, replay attacks, in which transactions from one network were rebroadcast to nefarious effect on the other network, plagued trading venues through at least October 2016. A trading platform announced in July 2016 that it had lost 40,000 ether tokens from the Ethereum Classic network, which was worth about \$100,000 at that time, as a result of replay attacks. Another possible result of a hard fork is an inherent decrease in the level of security. After a hard fork, it may become easier for an individual miner or mining pool’s hashing power to exceed 50% of the processing power of the Bitcoin network, thereby making the network more susceptible to attack.

A fork could also be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software users run. Such a fork could adversely affect bitcoin’s viability. It is possible, however, that a substantial number of users and miners could adopt an incompatible version of bitcoin while resisting community-led efforts to merge the two chains. This would result in a permanent fork, as in the case of Ethereum and Classic Ethereum Classic, as detailed above.

A fork in the Bitcoin network could adversely affect an investment in the Shares. A hard fork may adversely affect the price of bitcoin at the time of announcement or adoption. For example, the announcement of a hard fork could lead to increased demand for the pre-fork digital asset, in anticipation that ownership of the pre-fork digital asset would entitle holders to a new digital asset following the fork. The increased demand for the pre fork digital asset may cause the price of the digital asset to rise. After the hard fork, it is possible the aggregate price of the two versions of the digital asset running in parallel would be less than the price of the digital asset immediately prior to the fork. Furthermore, while the Sponsor will, as permitted by the terms of the Trust Agreement, determine which network is generally accepted as the Bitcoin network and should therefore be considered the appropriate network for the Trust’s purposes, there is no guarantee that the Sponsor will choose the network and the associated digital asset that is ultimately the most valuable fork. Either of these events could therefore adversely impact the value of the Shares. When Bitcoin Cash forked from the Bitcoin network, the value of bitcoin went from \$2800 to \$2700.

As another example of the effects of hard forks on digital assets, on September 15th, 2022, the Ethereum Network successfully completed its Merge, moving from a Proof-of-Work (“PoW”) model to a Proof-of-Stake (“PoS”) model. Ethereum PoW miners who disagreed with the new consensus mechanism forked the network,

which resulted in the EthereumPoW network (“ETHW”). ETHW was driven by a small but vocal group of miners who wished to hold onto revenue as Ethereum switched to PoS. The vast majority of token holder votes preferred the new PoS consensus method. There was no material impact on the Ethereum network as a result of the fork. All ether holders were airdropped ETHW tokens as a result of the hard fork. However, not all liquidity providers were able to trade the new token and the ETHW token almost immediately lost most of its value.

In the event of a hard fork of the Bitcoin network, the Sponsor will instruct the Trust to immediately and irrevocably disclaim all rights to the IR Virtual Currency so created. Bitcoin is the only digital asset that will be held by the Trust. In the event the Trust seeks to change its treatment of Incidental Rights or IR Virtual Currency, an application would need to be filed with the SEC by the Exchange seeking approval to amend its listing rules.

In the event of a fork, the Sponsor will, as permitted by the terms of the Trust Agreement, determine which network it believes is generally accepted as the Bitcoin network and should therefore be considered the appropriate network, and the associated asset as bitcoin, for the Trust’s purposes. If the Trust modifies its policy on forks and airdrops, notice to Shareholders will be provided on the Trust’s website, in a prospectus supplement, through a current report on Form 8-K and/or in the Trust’s annual or quarterly reports.

Cybersecurity Risk Related to Bitcoin.

Flaws in the source code of Bitcoin, or flaws in the underlying cryptography, could leave the Bitcoin network vulnerable to a multitude of attack vectors.

If the source code or cryptography underlying bitcoin proves to be flawed or ineffective, malicious actors may be able to steal bitcoin held by others, which could negatively impact the demand for bitcoin and therefore adversely impact the price of bitcoin. In the past, flaws in the source code for bitcoin have been discovered, including those that resulted in the loss of users’ bitcoin. Several errors and defects have been publicly found and corrected, including those that disabled some functionality for users and exposed users’ personal information. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money in contravention of known network rules have occurred. In addition, the cryptography underlying bitcoin could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to steal bitcoin held by others, which could adversely affect the demand for bitcoin and therefore adversely impact the price of bitcoin. Even if the affected digital asset is not bitcoin, any reduction in confidence in the source code or cryptography underlying digital assets generally could negatively impact the demand for bitcoin and therefore adversely affect an investment in the Shares.

Additionally, if a malicious actor or botnet (i.e., a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains control of more than 50% of the processing power of the Bitcoin network, such actor or botnet could alter the blockchain and adversely affect the value of bitcoin, which would adversely affect the value of the Trust’s investments. The Bitcoin network is subject to control by entities that capture a significant amount of the network’s processing power or a significant number of developers or intermediaries important for the operation and maintenance of the Bitcoin network. The Bitcoin network is secured by proof of work and depends on the strength of processing power of participants to protect the network. If a malicious actor or botnet obtains a majority of the processing power dedicated to mining on the Bitcoin network, it may be able to alter the blockchain on which the network and most transactions rely by constructing fraudulent blocks or preventing certain transactions from being completed in a timely manner or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions. However, it could not generate new bitcoin units or transactions using such control. The malicious actor could “double-spend” its own bitcoin units (i.e., spend the same units in more than one transaction) and prevent the confirmation of other users’ transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the processing power on the Bitcoin network or the network community did not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may

not be possible. Further, a malicious actor or botnet could create a flood of transactions in order to slow down confirmations of transactions on the Bitcoin network.

Some digital asset networks have been subject to malicious activity achieved through control over 50% of the processing power on the network. For example, on May 24, 2018, it was reported that attackers compromised the Bitcoin Gold network in this manner and were successfully able to double-spend units of bitcoin gold in a series of transactions over the course of at least one week and in a total amount of at least \$18 million. In addition, in May 2019, the Bitcoin Cash network experienced a 51% attack when two large mining pools reversed a series of transactions in order to stop an unknown miner from taking advantage of a flaw in a recent Bitcoin Cash protocol upgrade. Although this particular attack was arguably benevolent, the fact that such coordinated activity was able to occur may negatively impact perceptions of the Bitcoin Cash network. Furthermore, in August 2020, the Ethereum Classic Network was the target of two double-spend attacks by an unknown actor or actors that gained more than 50% of the processing power of the Ethereum Classic network. The attacks resulted in reorganizations of the Ethereum Classic blockchain that allowed the attacker or attackers to reverse previously recorded transactions in excess of \$5.0 million and \$1.0 million. Other digital assets such as Verge, Monacoin and Electroneum have also suffered similar attacks. Although there have been no reports of such activity on the Bitcoin network, certain mining pools may have exceeded the 50% threshold on the Bitcoin network in the past. The possible crossing of the 50% threshold indicates a greater risk that a single mining pool could exert authority over the validation of digital asset transactions, and this risk is heightened if over 50% of the processing power on the Bitcoin network falls within the jurisdiction of a single governmental authority. For example, it is believed that more than 50% of the processing power on the Bitcoin network is now or at one time was located in China. Because the Chinese government has subjected digital assets to heightened levels of scrutiny recently, forcing several digital asset trading venues to shut down, and has reportedly begun to place restrictions on mining activities, there is a risk that the Chinese government could also achieve control over more than 50% of the processing power on the Bitcoin network. To the extent that the Bitcoin ecosystem, including the core developers and the administrators of mining pools, does not act to ensure greater decentralization of mining processing power, the feasibility of a malicious actor obtaining control of the processing power on the Bitcoin network will increase, which may adversely affect an investment in the Shares. See “—Regulatory Risk.”

A malicious actor may also obtain control over the Bitcoin network through its influence over core or influential developers. For example, this could allow the malicious actor to stymie legitimate network development efforts or attempt to introduce malicious code to the network under the guise of a software improvement proposal by such a developer. To the extent that the Bitcoin ecosystem fails to attract a significant number of users, the possibility that a malicious actor may be able to obtain control of the processing power on the Bitcoin network in this manner will remain heightened.

By using cancer nodes, a malicious actor can disconnect the target user from the bitcoin economy entirely by refusing to relay any blocks or transactions.

Separate from the cybersecurity risks of the Bitcoin protocol, entities that custody or facilitate the transfers or trading of bitcoin have been frequent and successful targets of cybersecurity attacks, leading to significant theft of bitcoin.

See “Bitcoin and the Bitcoin Market—The Bitcoin Market—Forms of Attack.”

If any of these exploitations or attacks occur, it could result in a loss of public confidence in bitcoin and a decline in the value of bitcoin and, as a result, adversely impact an investment in the Shares.

Bitcoin transactions are irrevocable and stolen or incorrectly transferred bitcoin may be irretrievable. As a result, any incorrectly executed bitcoin transactions could adversely affect an investment in the Trust.

Bitcoin transactions are not reversible. Once a transaction has been verified and recorded in a block that is added to the Bitcoin blockchain, an incorrect transfer of a digital asset, such as bitcoin, or a theft of bitcoin generally

will not be reversible and the Trust may not be capable of seeking compensation for any such transfer or theft. To the extent that the Trust is unable to successfully seek redress for such error or theft, such loss could adversely affect an investment in the Trust.

The custody of the Trust's bitcoin is handled by the Bitcoin Custodian, and the transfer of bitcoin to and from Authorized Participants or their agents is directed by the Sponsor. If the Bitcoin Custodian's internal procedures and controls are inadequate to safeguard the Trust's bitcoin holdings, and the Trust's private key(s) is (are) lost, destroyed or otherwise compromised and no backup of the private key(s) is (are) accessible, the Trust will be unable to access its bitcoin, which could adversely affect an investment in the Shares of the Trust. In addition, if the Trust's private key(s) is (are) misappropriated and the Trust's bitcoin holdings are stolen, including from or by the Bitcoin Custodian, the Trust could lose some or all of its bitcoin holdings, which could adversely impact an investment in the Shares of the Trust.

Security threats to the Trust's account with the Bitcoin Custodian could result in the halting of Trust operations and a loss of Trust assets or damage to the reputation of the Trust, each of which could result in a reduction in the price of the Shares.

The Trust and its service providers' use of internet, technology and information systems (including mobile devices and cloud-based service offerings) may expose the Trust to potential risks linked to cyber-security breaches of those technological or information systems. Security breaches, computer malware, ransomware and computer hacking attacks have been a prevalent concern in relation to digital assets. The Sponsor believes that the Trust's bitcoin held in the Trust's account with the Bitcoin Custodian will be an appealing target to hackers or malware distributors seeking to destroy, damage or steal the Trust's bitcoin and will only become more appealing as the Trust's assets grow. To the extent that the Trust, the Sponsor or the Bitcoin Custodian is unable to identify and mitigate or stop new security threats or otherwise adapt to technological changes in the digital asset industry, the Trust's bitcoin may be subject to theft, loss, destruction or other attack.

The Sponsor has evaluated the security procedures in place for safeguarding the Trust's bitcoin. Nevertheless, the security procedures cannot guarantee the prevention of any loss due to a security breach, software defect or act of God that may be borne by the Trust.

The security procedures and operational infrastructure may be breached due to the actions of outside parties, error or malfeasance of an employee of the Sponsor, the Bitcoin Custodian, or otherwise, and, as a result, an unauthorized party may obtain access to the Trust's account with the Bitcoin Custodian, the private keys (and therefore bitcoin) or other data of the Trust. Additionally, outside parties may attempt to fraudulently induce employees of the Sponsor, the Bitcoin Custodian, or the Trust's other service providers to disclose sensitive information in order to gain access to the Trust's infrastructure. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, the Sponsor and the Bitcoin Custodian may be unable to anticipate these techniques or implement adequate preventative measures.

An actual or perceived breach of the Trust's account with the Bitcoin Custodian could harm the Trust's operations, result in partial or total loss of the Trust's assets, damage the Trust's reputation and negatively affect the market perception of the effectiveness of the Trust, all of which could in turn reduce demand for the Shares, resulting in a reduction in the price of the Shares. The Trust may also cease operations, the occurrence of which could similarly result in a reduction in the price of the Shares.

While the Sponsor has established business continuity plans and systems that it believes are reasonably designed to prevent cyber attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been, or cannot be, identified. Service providers may have limited indemnification obligations to the Trust, which could be negatively impacted as a result.

If the Bitcoin Custody Agreement is terminated or the Bitcoin Custodian or Prime Broker fail to provide services as required, the Sponsor may need to find and appoint a replacement custodian and/or prime broker, which could pose a challenge to the safekeeping and safe transfer of the Trust's bitcoins, and the Trust's ability to continue to operate may be adversely affected.

The Trust is dependent on the Bitcoin Custodian to operate. The Bitcoin Custodian performs essential functions in terms of safekeeping the Trust's bitcoin, and its affiliate, Coinbase may be utilized by the Trust to facilitate the selling of bitcoin by the Trust to pay the Sponsor Fee and, to the extent applicable, other Trust expenses, or in certain circumstances, to purchase and sell bitcoin in connection with cash creation or redemption transactions. If the Bitcoin Custodian or Prime Broker fail to perform the functions they perform for the Trust due to insolvency, business failure or interruption, default, failure to perform, security breach, or other problems affecting the Bitcoin Custodian or the Prime Broker, the Trust may be unable to operate or create or redeem Creation Baskets, which could force the Trust to liquidate or adversely affect the price of the Shares.

On March 22, 2023, Coinbase and the Bitcoin Custodian's parent company, Coinbase Global Inc. ("Coinbase Global" and together, the "Relevant Coinbase Entities") received a "Wells Notice" from the SEC staff stating that the SEC staff made a "preliminary determination" to recommend that the SEC file an enforcement action against the Relevant Coinbase Entities alleging violations of the federal securities laws, including the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Securities Act of 1933, as amended (the "Securities Act"). According to Coinbase Global's public reporting company disclosure, based on discussions with the SEC staff, the Relevant Coinbase Entities believe these potential enforcement actions would relate to aspects of the Relevant Coinbase Entities' Coinbase Prime service, spot market, staking service Coinbase Earn, and Coinbase Wallet and the potential civil action may seek injunctive relief, disgorgement, and civil penalties. On June 6, 2023, the SEC filed a complaint against the Relevant Coinbase Entities in federal district court in the Southern District of New York, alleging, inter alia: (i) that Coinbase has violated the Exchange Act by failing to register with the SEC as a national securities exchange, broker-dealer, and clearing agency, in connection with activities involving certain identified digital assets that the SEC's complaint alleges are securities, (ii) that Coinbase has violated the Securities Act by failing to register with the SEC the offer and sale of its staking program, and (iii) that Coinbase Global is jointly and severally liable as a control person under the Exchange Act for Coinbase's violations of the Exchange Act to the same extent as Coinbase. The SEC's complaint against the Relevant Coinbase Entities does not allege that bitcoin is a security nor does it allege that Coinbase's activities involving bitcoin caused the alleged registration violations, and the Bitcoin Custodian was not named as a defendant. The SEC's complaint seeks a permanent injunction against the Relevant Coinbase Entities to prevent them from violations of the Exchange Act or Securities Act, disgorgement, civil monetary penalties, and such other relief as the court deems appropriate or necessary. Coinbase could be required, as a result of a judicial determination, or could choose, to restrict or curtail the services it offers, or its financial condition and ability to provide prime brokerage services to the Trust could be affected. If Coinbase were to be required or choose as a result of a regulatory action (including, for example, the litigation initiated by the SEC), to restrict or curtail the services it offers, it could negatively affect the Trust's ability to operate or process creations or redemptions of Creation Baskets, which could force the Trust to liquidate or adversely affect the price of the Shares. While the Bitcoin Custodian is not named in the complaint, if Coinbase Global, as the parent of the Bitcoin Custodian, is required, as a result of a judicial determination, or could choose, to restrict or curtail the services its subsidiaries provide to the Trust, or its financial condition is negatively affected, it could negatively affect the Trust's ability to operate.

If the Bitcoin Custody Agreement is terminated, the Sponsor may not be able to find a party willing to serve as the custodian of the Trust's bitcoin or as the Trust's prime broker under the same terms as the current Bitcoin

Custody Agreement or at all. To the extent that Sponsor is not able to find a suitable party willing to serve as the custodian or prime broker, the Sponsor may be required to terminate the Trust and liquidate the Trust's bitcoin. In addition, to the extent that the Sponsor finds a suitable party but must enter into a modified Bitcoin Custody Agreement that is less favorable for the Trust or Sponsor, the value of the Shares could be adversely affected.

Loss of a critical banking relationship for, or the failure of a bank used by, the Execution Agent could adversely impact the Trust's ability to create or redeem Creation Baskets, or could cause losses to the Trust.

The Execution Agent is responsible for selling bitcoin on behalf of the Trust to pay the Sponsor Fee and, to the extent applicable, other Trust expenses. In addition, the Execution Agent will purchase or sell bitcoin in connection with cash creations and redemptions. The Execution Agent may rely on bank accounts to provide its execution services and hold any cash related to a customer's purchase or sale of bitcoin. To the extent that the Execution Agent faces difficulty establishing or maintaining banking relationships, the loss of the Execution Agent's banking partners or the imposition of operational restrictions by these banking partners and the inability for the Execution Agent to utilize other financial institutions may result in a disruption of creation and redemption activity of the Trust, or cause other operational disruptions or adverse effects for the Trust.

The Trust could also suffer losses in the event that a bank in which the Execution Agent holds customer cash fails, becomes insolvent, enters receivership, is taken over by regulators, enters financial distress, or otherwise suffers adverse effects to its financial condition or operational status. For example, Silvergate Bank, Silicon Valley Bank, Signature Bank, and First Republic Bank recently experienced financial distress, including voluntary liquidation and receiverships.

Changing circumstances and market conditions, some of which may be beyond the Trust's or the Sponsor's control, could impair the Trust's ability to access the Trust's cash associated with the Trust's orders to purchase or sell bitcoin in connection with payment of the Sponsor Fee, and to the extent applicable, other Trust expenses, or in connection with creation and redemption transactions. If the Execution Agent were to experience financial distress or its financial condition is otherwise affected by the failure of its banking partners, the Execution Agent's ability to provide services to the Trust could be affected. Moreover, the future failure of a bank at which the Execution Agent maintains customer cash could result in losses to the Trust, to the extent the balances are not subject to deposit insurance.

The Execution Agent may utilize the services of the Prime Broker to route Trust orders through certain Connected Trading Venues. The loss or failure of any such Connected Trading Venues may adversely affect the Execution Agent's ability to execute the Trust's bitcoin transactions and cause losses for the Trust.

In connection with selling bitcoin on behalf of the Trust, the Execution Agent (acting as agent of the Trust) may elect to route bitcoin purchase or sale orders to a trading platform operated by Coinbase, Inc., the Prime Broker. The Prime Broker provides access to a number of trading platforms and venues where the Execution Agent, acting on behalf of the Trust, may execute orders to buy and sell bitcoin (each such venue, a "Connected Trading Venue"). In connection with these activities, the Prime Broker may hold bitcoin with such Connected Trading Venues for a short time in order to effect the Trust's orders. If the Prime Broker were unable to access to these Connected Trading Venues, its trading services (and therefore the Execution Agent's services as well) could be adversely affected to the extent that the Execution Agent is limited in its ability to execute order flow for the Trust, and the Trust could suffer resulting losses or disruptions to its operations. While the Prime Broker has policies and procedures to oversee Connected Trading Venues, if any of these venues experience any technical, legal, regulatory or other adverse events, such as shutdowns, delays, system failures, suspension of withdrawals, illiquidity, insolvency, or loss of customer assets, the Execution Agent, on behalf of the Trust, might not be able to fully recover the Trust's bitcoin.

A disruption of the internet may affect the use of bitcoin and subsequently the value of the Shares.

Bitcoin is dependent upon the internet. A significant disruption in internet connectivity could disrupt the Bitcoin network's operations until the disruption is resolved and have an adverse effect on the price of bitcoin. In

particular, some variants of digital assets have been subjected to a number of denial-of-service attacks, which have led to temporary delays in block creation and in the transfer of the digital assets. While in certain cases in response to an attack, an additional hard fork has been introduced to increase the cost of certain network functions, the relevant network has continued to be the subject of additional attacks. Moreover, it is possible that if bitcoin increases in value, it may become a bigger target for hackers and subject to more frequent hacking and denial-of-service attacks.

Bitcoin is also susceptible to border gateway protocol (“BGP”) hijacking. Such an attack can be a very effective way for an attacker to intercept traffic en route to a legitimate destination. BGP hijacking impacts the way different nodes and miners are connected to one another to isolate portions of them from the remainder of the network, which could lead to a risk of the network allowing double-spending and other security issues. If BGP hijacking occurs on the Bitcoin network, participants may lose faith in the security of bitcoin, which could affect bitcoin’s value and consequently the value of the Shares.

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

Regulatory Risk.

As bitcoin and the broader digital assets ecosystem has grown, it has begun to attract more regulatory attention around the globe. The future regulatory environment is uncertain and may vary by country or even within countries. Failure to appropriately regulate the digital assets ecosystem could stifle innovation, which could adversely impact the value of the Shares.

As bitcoin and digital assets have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies (including the Financial Crimes Enforcement Network (“FinCEN”), SEC, OCC, CFTC, FINRA, the Consumer Financial Protection Bureau (“CFPB”), the Department of Justice, the Department of Homeland Security, the Federal Bureau of Investigation, the IRS, state financial institution regulators, and others) have been examining the operations of digital asset networks, digital asset users and the digital asset trading platform market. Many of these state and federal agencies have brought enforcement actions and issued advisories and rules relating to digital asset markets. Ongoing and future regulatory actions with respect to digital assets generally or any single digital asset in particular may alter, perhaps to a materially adverse extent, the nature of an investment in the Shares and/or the ability of the Trust to continue to operate.

For example, the events of 2022, including among others the bankruptcy filings of FTX and its subsidiaries, Three Arrows Capital, Celsius Network, Voyager Digital, Genesis, BlockFi and others, and other developments in the digital asset markets, have resulted in calls for heightened scrutiny and regulation of the digital asset industry, with a specific focus on intermediaries such as digital asset trading platforms and custodians. Federal and state legislatures and regulatory agencies may introduce and enact new laws and regulations to regulate crypto asset intermediaries, such as digital asset trading platforms and custodians. The March 2023 collapses of Silicon Valley Bank, Silvergate Bank, and Signature Bank, which in some cases provided services to the digital assets industry, or similar future events, may amplify and/or accelerate these trends. On January 3, 2023, the federal banking agencies issued a joint statement on crypto-asset risks to banking organizations following events which exposed vulnerabilities in the crypto-asset sector, including the risk of fraud and scams, legal uncertainties, significant volatility, and contagion risk. Although banking organizations are not prohibited from crypto-asset related activities, the agencies have expressed significant safety and soundness concerns with business models that are concentrated in crypto-asset related activities or have concentrated exposures to the crypto-asset sector.

US federal and state regulators, as well as the White House, have issued reports and releases concerning crypto assets, including Bitcoin and crypto asset markets. Further, in 2023 the House of Representatives formed two new subcommittees: the Digital Assets, Financial Technology and Inclusion Subcommittee and the Commodity

Markets, Digital Assets, and Rural Development Subcommittee, each of which were formed in part to analyze issues concerning crypto assets and demonstrate a legislative intent to develop and consider the adoption of federal legislation designed to address the perceived need for regulation of and concerns surrounding the crypto industry. However, the extent and content of any forthcoming laws and regulations are not yet ascertainable with certainty, and it may not be ascertainable in the near future. A divided Congress makes any prediction difficult. We cannot predict how these and other related events will affect us or the crypto asset business.

In August 2021, the chair of the SEC stated that he believed investors using digital asset trading platforms are not adequately protected, and that activities on the platforms can implicate the securities laws, commodities laws and banking laws, raising a number of issues related to protecting investors and consumers, guarding against illicit activity, and ensuring financial stability. The chair expressed a need for the SEC to have additional authorities to prevent transactions, products, and platforms from “falling between regulatory cracks,” as well as for more resources to protect investors in “this growing and volatile sector.” The chair called for federal legislation centering on digital asset trading, lending, and decentralized finance platforms, seeking “additional plenary authority” to write rules for digital asset trading and lending. Moreover, President Biden’s March 9, 2022 Executive Order, asserting that technological advances and the rapid growth of the digital asset markets “necessitate an evaluation and alignment of the United States Government approach to digital assets,” signals an ongoing focus on digital asset policy and regulation in the United States. A number of reports issued pursuant to the Executive Order have focused on various risks related to the digital asset ecosystem, and have recommended additional legislation and regulatory oversight. There have also been several bills introduced in Congress that propose to establish additional regulation and oversight of the digital asset markets.

It is not possible to predict whether, or when, any of these developments will lead to Congress granting additional authorities to the SEC or other regulators, what the nature of such additional authorities might be, how they might impact the ability of digital asset markets to function or how any new regulations or changes to existing regulations might impact the value of digital assets generally and bitcoin held by the Trust specifically. The consequences of increased federal regulation of digital assets and digital asset activities could have a material adverse effect on the Trust and the Shares.

The Financial Crimes Enforcement Network (“FinCEN”) requires any administrator or exchanger of convertible digital assets to register with FinCEN as a money transmitter and comply with the anti-money laundering regulations applicable to money transmitters. In 2015, FinCEN assessed a \$700,000 fine against a sponsor of a digital asset for violating several requirements of the Bank Secrecy Act by acting as a money services business and selling the digital asset without registering with FinCEN, and by failing to implement and maintain an adequate anti-money laundering program. In 2017, FinCEN assessed a \$110 million fine against BTC-e, a now defunct digital asset trading platform, for similar violations. The requirement that trading platforms that do business in the U.S. register with FinCEN and comply with anti-money laundering regulations may increase the cost of buying and selling bitcoin and therefore may adversely affect the price of bitcoin and an investment in the Shares. In a March 2018 letter from FinCEN’s assistant secretary for legislative affairs to U.S. Senator Ron Wyden, the assistant secretary indicated that under current law both the developers and the trading platforms involved in the sale of tokens in an initial coin offering (“ICO”) may be required to register with FinCEN as money transmitters and comply with the anti-money laundering regulations applicable to money transmitters.

The Office of Foreign Assets Control (“OFAC”) of the U.S. Department of the Treasury (the “U.S. Treasury Department”) has added digital currency addresses to the list of Specially Designated Nationals whose assets are blocked, and with whom U.S. persons are generally prohibited from dealing. Such actions by OFAC, or by similar organizations in other jurisdictions, may introduce uncertainty in the market as to whether bitcoin that has been associated with such addresses in the past can be easily sold. This “tainted” bitcoin may trade at a substantial discount to untainted bitcoin. Reduced fungibility in the Bitcoin markets may reduce the liquidity of bitcoin and therefore adversely affect their price.

In February 2020, then-U.S. Treasury Secretary Steven Mnuchin stated digital assets were a “crucial area” on which the U.S. Treasury Department has spent significant time. Secretary Mnuchin announced that the U.S.

Treasury Department is preparing significant new regulations governing digital asset activities to address concerns regarding the potential use for facilitating money laundering and other illicit activities. In December 2020, FinCEN, a bureau within the U.S. Treasury Department, proposed a rule that would require financial institutions to submit reports, keep records, and verify the identity of customers for certain transactions to or from so-called “unhosted” wallets, also commonly referred to as self-hosted wallets. In January 2021, U.S. Treasury Secretary nominee Janet Yellen stated her belief that regulators should “look closely at how to encourage the use of digital assets for legitimate activities while curtailing their use for malign and illegal activities.”

Under regulations from the New York State Department of Financial Services (“NYSDFS”), businesses involved in digital asset business activity for third parties in or involving New York, excluding merchants and consumers, must apply for a license, commonly known as a BitLicense, from the NYSDFS and must comply with anti-money laundering, cyber security, consumer protection, and financial and reporting requirements, among others. As an alternative to a BitLicense, a firm can apply for a charter to become a limited purpose trust company under New York law qualified to engage in digital asset business activity. Other states have considered or approved digital asset business activity statutes or rules, passing, for example, regulations or guidance indicating that certain digital asset business activities constitute money transmission requiring licensure.

The inconsistency in applying money transmitting licensure requirements to certain businesses may make it more difficult for these businesses to provide services, which may affect consumer adoption of bitcoin and its price. In an attempt to address these issues, the Uniform Law Commission passed a model law in July 2017, the Uniform Regulation of Virtual Currency Businesses Act, which has many similarities to the BitLicense and features a multistate reciprocity licensure feature, wherein a business licensed in one state could apply for accelerated licensure procedures in other states. It is still unclear, however, how many states, if any, will adopt some or all of the model legislation.

The transparency of blockchains has in the past facilitated investigations by law enforcement agencies. However, certain privacy-enhancing features have been or are expected to be introduced to a number of digital asset networks, and these features may provide law enforcement agencies with less visibility into transaction histories. Although no regulatory action has been taken to treat privacy-enhancing digital assets differently, this may change in the future.

In addition, a determination that bitcoin is a security under U.S. or foreign law could adversely affect an investment in the Shares. See “—Future regulations may require the Trust and the Sponsor to become registered, which may cause the Trust to liquidate.”

As an owner of Shares, you will not have the rights normally associated with ownership of other types of shares.

Shares are not entitled to the same rights as shares issued by a corporation. By acquiring Shares, you are not acquiring the right to elect directors, to receive dividends, to vote on most matters regarding the issuer of the Shares or to take other actions normally associated with the ownership of shares.

The Sponsor and the Trustee may agree to amend the Trust Agreement without the consent of the Shareholders.

The Sponsor and the Trustee may agree to amend the Trust Agreement without Shareholder consent. The Sponsor shall determine the content and manner of delivery of any notice of any Trust Agreement amendment. Such notice may be provided on the Trust’s website, in a prospectus supplement, through a current report on Form 8-K and/or in the Trust’s annual or quarterly reports. If an amendment to the Trust Agreement imposes new fees and charges or increases existing fees or charges, including the Sponsor Fee (except for taxes and other governmental charges, registration fees or other such expenses), or prejudices a substantial existing right of

Shareholders, it will become effective for outstanding Shares 30 days after notice of such amendment is given to registered owners. Shareholders that are not registered owners (which most Shareholders will not be) may not receive specific notice of a fee increase other than through an amendment to the Prospectus. Moreover, at the time an amendment becomes effective, by continuing to hold Shares, Shareholders are deemed to consent and agree to the amendment and to be bound by the Trust Agreement as amended without specific agreement to such increase (other than through the “negative consent” procedure described above).

Shareholders do not have the protections associated with ownership of Shares in an investment company registered under the Investment Company Act of 1940 (the “1940 Act”) or the protections afforded by the Commodity Exchange Act (the “CEA”).

The Trust is not an investment company subject to the 1940 Act, and the Sponsor believes that the Trust is not required to register under such act. Accordingly, investors do not have the protections afforded by that statute, which is designed to ensure that registered funds are acting in their investors’ best interests, minimize conflicts of interest and provide for the impartial oversight of investment companies. For example, registered investment companies subject to the 1940 Act must have a board of directors, a certain minimum percentage of whom must be independent (generally, at least a majority). Further, registered investment companies’ advisory and sub-advisory contracts must be annually reapproved by a majority of (1) the entire board of directors and (2) the independent directors. Additionally, such registered investment companies are subject to prohibitions and restrictions on transactions with their affiliates and required to maintain fund assets with special types of custodians (generally, banks or broker-dealers). Moreover, such registered investment companies are subject to significant limits on the use of leverage, as well as limits on the form of capital structure and the types of securities a registered fund can issue. In addition, under Section 36(b) of the 1940 Act, investment advisers to registered investment companies have an express fiduciary duty with respect to their receipt of compensation for services.

The Trust will not hold or trade in commodity interests regulated by the CEA, as administered by the CFTC. Furthermore, the Sponsor believes that the Trust is not a commodity pool for purposes of the CEA, and that neither the Sponsor nor the Trustee is subject to regulation by the CFTC as a commodity pool operator or a commodity trading advisor in connection with the operation of the Trust. Consequently, Shareholders will not have the regulatory protections provided to investors in CEA-regulated instruments or commodity pools.

The exclusive jurisdiction for certain types of actions and proceedings and waiver of trial by jury clauses set forth in the Trust Agreement may have the effect of limiting a Shareholder’s rights to bring legal action against the Trust and could limit a purchaser’s ability to obtain a favorable judicial forum for disputes with the Trust.

The Trust Agreement provides that the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction, any other courts located in Delaware will be the exclusive jurisdiction for any claims, suits, actions or proceedings, provided that (i) the forum selection provisions do not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction and (ii) the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under any federal securities law. By purchasing Shares in the Trust, Shareholders waive certain claims that the courts of the State of Delaware and any other courts located in Delaware is an inconvenient venue or is otherwise inappropriate. As such, Shareholder could be required to litigate a matter relating to the Trust in a Delaware court, even if that court may otherwise be inconvenient for the Shareholder.

The Trust Agreement also provides that each Shareholder waives the right to trial by jury in any such claim, suit, action or proceeding. If a lawsuit is brought against the Trust, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including results that could be less favorable to the plaintiffs

in any such action. No Shareholder can waive compliance with respect to the U.S. federal securities laws and the rules and regulations promulgated thereunder.

If a Shareholder opposed a jury trial demand based on the waiver, the applicable court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with applicable federal laws. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the U.S. federal securities laws has not been finally adjudicated by the U.S. Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of Delaware, which govern the Trust Agreement. By purchasing Shares in the Trust, Shareholders waive a right to a trial by jury which may limit a Shareholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with the Trust.

As the Sponsor and its management have limited history of operating investment vehicles like the Trust, their experience may be inadequate or unsuitable to manage the Trust.

While the Sponsor, its management team, and the Execution Agent operate other investment vehicles that, like the Trust, specifically invest in digital assets, they have a limited track record. This limited experience poses several potential risks to the effective management and operation of the Trust. Digital assets, such as bitcoin, are known for their high volatility, unique technical, legal and regulatory challenges, and rapidly evolving market dynamics. The Sponsor's limited experience in this specific field may not fully equip them to navigate these complexities effectively.

The past performance of the Sponsor's or the Execution Agent's management in other investment vehicles are no indication of their ability to manage an investment vehicle such as the Trust. The unique nature of digital assets makes past performance an unreliable indicator of future success in this area. The digital asset market is technology-driven and requires a deep understanding of the underlying blockchain technology and security considerations. The Sponsor's limited experience may not fully encompass the technical expertise required to mitigate risks such as cyber threats, technological failures, or operational errors related to digital asset transactions and custody.

Should the experience of the Sponsor, its management team, or the Execution Agent prove inadequate or unsuitable for managing a digital asset-based investment vehicle like the Trust, it could result in suboptimal decision-making, increased operational risks, and potential legal or regulatory non-compliance. These factors could adversely affect the Trust's operations, leading to potential losses for investors or a decrease in the Trust's overall value.

Furthermore, the Sponsor and the Execution Agent are currently engaged in the management of other investment vehicles which could divert their attention and resources. If the Sponsor were to experience difficulties in the management of such other investment vehicles that damaged the reputation of either the Sponsor or the Execution Agent, it could have an adverse impact on their ability to continue to serve as Sponsor or Execution Agent, respectively, for the Trust.

Future regulations may require the Trust and the Sponsor to become registered, which may cause the Trust to liquidate.

Current and future legislation, SEC and CFTC rulemaking, and other regulatory developments may impact the manner in which bitcoin is treated for classification and clearing purposes. In particular, certain transactions in bitcoin may be deemed to be commodity interests under the CEA or bitcoin may be classified by the SEC as a "security" under U.S. federal securities laws. Public statements made in the past by senior officials at the SEC, including a June 2018 speech by the director of the SEC's Division of Corporation Finance, indicate that such officials do not believe that bitcoin is a security. Such statements are not official policy statements by the SEC and reflect only the speaker's views, which are not binding on the SEC or any other agency or court. If bitcoin is

determined to be a “security” under federal or state securities laws by the SEC or any other agency, or in a proceeding in a court of law or otherwise, it may have material adverse consequences for bitcoin as a digital asset. In the face of such developments, the required registrations and compliance steps may result in extraordinary, nonrecurring expenses to the Trust. If the Sponsor decides to dissolve the Trust in response to the changed regulatory circumstances, the Trust may be dissolved or liquidated at a time that is disadvantageous to Shareholders.

The SEC has not asserted regulatory authority over bitcoin or trading or ownership of bitcoin and has not expressed the view that bitcoin should be classified or treated as a security for purposes of U.S. federal securities laws. In fact, senior members of the staff of the SEC have expressed the view that bitcoin is not a security under the federal securities laws. However, the SEC has commented on bitcoin and bitcoin-related market developments and has taken action against investment schemes involving bitcoin. For example, in a recent letter regarding the SEC’s review of proposed rule changes to list and trade shares of certain bitcoin-related investment vehicles on public markets, the SEC staff stated that it has significant investor protection concerns regarding the markets for digital assets, including the potential for market manipulation and fraud. In March 2018, it was reported that the SEC was examining as many as 100 investment funds with strategies focused on digital assets. The reported focus of the examinations is on the accuracy of risk disclosures to investors in these funds, digital asset pricing practices, and compliance with rules meant to prevent the theft of investor funds, as well as on information gathering so that the SEC can better understand new technologies and investment products. It has further been reported that some of these funds have received subpoenas from the SEC’s Enforcement Division. The SEC also has determined that certain digital assets are securities under the U.S. securities laws. In these determinations, the SEC reasoned that the unregistered offer and sale of digital assets can, in certain circumstances, including ICOs, be considered illegal public offering of securities. A significant amount of funding for digital asset startups has come from ICOs, and if ICOs are halted or face obstacles, or companies that rely on them face legal action or investigation, it could have a negative impact on the value of digital assets, including bitcoin. Finally, the SEC’s Division of Examinations (“Examinations”) has stated that digital assets are an examination priority. In particular, Examinations has expressed its intent to focus its examination on portfolio management of digital assets, safety of client funds and assets, pricing and valuation of client portfolios, compliance and internal controls, and supervision of employee outside business activities.

The CFTC has regulatory jurisdiction over the bitcoin futures markets. In addition, because the CFTC has determined that bitcoin is a “commodity” under the CEA and the rules thereunder, it has jurisdiction to prosecute fraud and manipulation in the cash, or spot, market for bitcoin. Beyond instances of fraud or manipulation, the CFTC generally does not oversee cash or spot market exchanges or transactions involving bitcoin that do not utilize collateral, leverage, or financing. The National Futures Association (“NFA”) is the self-regulatory agency for the U.S. futures industry, and as such has jurisdiction over bitcoin futures. However, the NFA does not have regulatory oversight authority for the cash or spot market for bitcoin trading or transactions.

Bitcoin and other digital assets currently face an uncertain regulatory landscape in many foreign jurisdictions such as the European Union, China, the United Kingdom, Australia, Russia, Israel, Poland, India and Canada. Cybersecurity attacks by state actors, particularly for the purpose of evading international economic sanctions, are likely to attract additional regulatory scrutiny to the acquisition, ownership, sale and use of digital assets, including bitcoin. Moreover, other events, such as the interruption in telecommunications or internet services, cyber-related terrorist acts, civil disturbances, war or other catastrophes, could also negatively affect the digital asset economy in one or more jurisdictions. For example, Russia’s invasion of Ukraine on February 24, 2022 led to volatility in digital asset prices, with an initial steep decline followed by a sharp rebound in prices. The effect of any existing regulation or future regulatory change or other events on the Trust or bitcoin is impossible to predict, but such change could be substantial and adverse to the Trust and the value of the Shares. Various foreign jurisdictions have adopted, and may continue to adopt in the near future, laws, regulations or directives that affect bitcoin, particularly with respect to bitcoin trading platforms and service providers that fall within such jurisdictions’ regulatory scope. On May 21, 2021, Chinese Vice Premier Liu He and the State Council issued a statement aiming to crackdown on bitcoin mining in China. Over the subsequent weeks, multiple regions began to shut down mining operations,

including what was estimated to be the three largest Chinese mining regions in Xinjiang, Sichuan, and Inner Mongolia. This resulted in a material decrease in the global bitcoin hash rate. Such laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of bitcoin by users, merchants and service providers outside the United States and may therefore impede the growth or sustainability of the bitcoin economy in these jurisdictions as well as in the United States and elsewhere, or otherwise negatively affect the value of bitcoin, and, in turn, the value of the Shares.

In addition to financial regulation, because of the high energy usage required for bitcoin mining, bitcoin may be subject to regulation stemming from energy usage and/or climate concerns. For example, as of December 31, 2022, approximately 245 million tera hashes are performed every second in connection with mining on the Bitcoin network. Although measuring the electricity consumed by this process is difficult because these operations are performed by various machines with varying levels of efficiency, the process consumes a significant amount of energy. The operations of the Bitcoin network and other digital asset networks may also consume significant amounts of energy. Further, in addition to the direct energy costs of performing calculations on any given digital asset network, there are indirect costs that impact a network's total energy consumption, including the costs of cooling the machines that perform these calculations. A number of states and countries have adopted, or are considering the adoption of, regulatory frameworks to impede bitcoin mining and/or bitcoin use more broadly. For example, New York State recently failed to pass a bill that would place a moratorium on mining operations for proof-of-work blockchains such as bitcoin. Depending on how futures regulations are formulated and applied, such policies could have the potential to negatively affect the price of bitcoin, and, in turn, the value of the Shares. Increased regulation and the corresponding compliance cost of these regulations could additionally result in higher barriers to entry for bitcoin miners, which could increase the concentration of the hash rate, potentially having a negative impact on the price of bitcoin.

If regulatory changes or interpretations of an Authorized Participant's, the Trust's or the Sponsor's activities require the regulation of an Authorized Participant, the Trust or the Sponsor as a money service business under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act or as a money transmitter or digital asset business under state regimes for the licensing of such businesses, an Authorized Participant, the Trust or the Sponsor may be required to register and comply with such regulations, which could result in extraordinary, recurring and/or nonrecurring expenses to the Authorized Participant, Trust or Sponsor or increased commissions for the Authorized Participant's clients, thereby reducing the liquidity of the Shares.

To the extent that the activities of any Authorized Participant, the Trust or the Sponsor cause it to be deemed a "money services business" under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act, such Authorized Participant, the Trust or the Sponsor may be required to comply with FinCEN regulations, including those that would mandate the Authorized Participant to implement anti-money laundering programs, make certain reports to FinCEN and maintain certain records. Similarly, the activities of an Authorized Participant, the Trust or the Sponsor may require it to be licensed as a money transmitter or as a digital asset business, such as under NYSDFS' BitLicense regulation.

Such additional regulatory obligations may cause an Authorized Participant, the Trust or the Sponsor to incur extraordinary expenses. If an Authorized Participant, the Trust or the Sponsor decide to seek the required licenses, there is no guarantee that they will timely receive them. In addition, to the extent an Authorized Participant, the Trust, or the Sponsor is found to have operated without appropriate state or federal licenses, it may be subject to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties, all of which could harm the reputation of the Authorized Participant, the Trust or the Sponsor and affect the value of the Shares. Furthermore, an Authorized Participant, the Trust, or the Sponsor may not be able to timely acquire necessary state licenses or be capable of complying with certain federal or state regulatory obligations applicable to money services businesses, money transmitters, and businesses engaged in digital asset activity. An Authorized Participant may also instead decide to terminate its role as Authorized Participant of the Trust, or the Sponsor may decide to dissolve the Trust. Dissolution by an Authorized Participant may decrease the liquidity of the Shares, which may adversely affect the value of the Shares, and any dissolution of the Trust in response to the changed regulatory circumstances may be at a time that is disadvantageous to the Shareholders.

The tax treatment of bitcoin and transactions involving bitcoin for U.S. federal income tax purpose is uncertain and may change, which could adversely affect the value of an investment in the Shares.

Current U.S. Internal Revenue Service (“IRS”) guidance indicates that bitcoin should be treated and taxed as property, not as currency, for U.S. federal income tax purposes, and that transactions involving the payment of bitcoin in return for goods and services should be treated as barter transactions. Such exchanges result in capital gain or loss measured by the difference between the price at which bitcoin is exchanged and the taxpayer’s basis in the bitcoin. However, because bitcoin is a new technological innovation, because IRS guidance has taken the form of administrative pronouncements that may be modified without prior notice and comment, and because there is as yet little case law on the subject, the U.S. federal income tax treatment of an investment in bitcoin or in transactions relating to investments in bitcoin may change from that described in this Prospectus, possibly with retroactive effect. Any such change in the U.S. federal income tax treatment of bitcoin may have a negative effect on prices of bitcoin and may adversely affect the value of the Shares. In this regard, the IRS has indicated that it has made it a priority to issue additional guidance related to the taxation of virtual currency transactions, such as transactions involving bitcoin. In addition, the IRS and U.S. Department of Treasury have proposed regulations regarding the tax information reporting rules for cryptocurrency transactions. While it has started to issue such additional guidance, whether any future guidance will adversely affect the U.S. federal income tax treatment of an investment in bitcoin or in transactions relating to investments in bitcoin is unknown. Moreover, future developments that may arise with respect to digital currencies may increase the uncertainty with respect to the treatment of digital currencies for U.S. federal income tax purposes.

Investors should consult their personal tax advisors before making any decision to purchase the Shares of the Trust. Additionally, the tax considerations contained herein are in summary form and may not be used as the sole basis for the decision to invest in the Shares from a tax perspective, since the individual situation of each investor must also be taken into account. Accordingly, the considerations regarding taxation contained herein should not be used as any sort of material information or tax advice nor are they in any way to be construed as a representation or warranty with respect to specific tax consequences.

The tax treatment of bitcoin and transactions involving bitcoin for state and local tax purposes is uncertain and may change, which could adversely affect the value of an investment in the Shares.

Because bitcoin is a new technological innovation, the tax treatment of bitcoin for state and local tax purposes, including without limitation state and local income and sales and use taxes, is not settled. A number of states have issued their own guidance regarding the tax treatment of certain digital assets for state income or sales and use tax purposes. For example, the New York State Department of Taxation and Finance (“NYSDTF”) has issued guidance regarding the application of state tax law to virtual currency. The agency determined that New York State would follow IRS guidance with respect to the treatment of virtual currency for state income tax purposes. Furthermore, the NYSDTF concluded that virtual currency is a form of “intangible property,” meaning that transactions using virtual currency to purchase goods or services may be subject to state sales tax under barter transaction treatment. It is uncertain what guidance, if any, on the treatment of bitcoin for state and local tax purposes may be issued in the future. Such treatment may have negative consequences for investors in digital assets, including the potential imposition of a greater tax burden on investors in digital assets or the potential imposition of greater costs on the acquisition and disposition of digital assets. In either case, such different tax treatment may potentially have a negative effect on the price of bitcoin and a negative impact on the NAV of the Trust.

A hard “fork” or airdrop of the Bitcoin blockchain could result in Shareholders incurring a tax liability.

If a hard fork, airdrop or similar event occurs in the Bitcoin blockchain, the Sponsor will instruct the Trust to immediately and irrevocably disclaim all rights to the IR Virtual Currency so created. Although the Sponsor will instruct the Trust to immediately and irrevocably disclaim all rights to the IR Virtual Currency so created, it is possible that Shareholders may still incur a federal income tax liability as a result of a hard fork, airdrop or similar event if, for example, the IRS does not recognize such a disclaimer. Under current guidance, the IRS has

held that a hard fork resulting in the receipt of new units of cryptocurrency is a taxable event giving rise to ordinary income. While the IRS has not addressed all situations in which airdrops occur, it is clear from the reasoning of the IRS's current guidance that it generally would treat an airdrop as a taxable event giving rise to ordinary income.

Current IRS guidance does not address whether income recognized by a non-U.S. person as a result of a hard fork, airdrop or similar occurrence could be subject to the 30% withholding tax imposed on U.S. source "fixed or determinable annual or periodical gains, profits and income" ("FDAP"). A Non-U.S. Shareholder (as defined under "U.S. Federal Income Tax Consequences" below) should assume that, in the absence of guidance, a withholding agent (including the Sponsor) is likely to withhold 30% of any such income recognized by a Non-U.S. Shareholder in respect of its Shares, including by deducting such withheld amounts from proceeds that such Non-U.S. Shareholder would otherwise be entitled to receive in connection with a distribution of the new digital asset.

The receipt, distribution and/or sale of the new digital asset may cause Shareholders to incur a United States federal, state, and/or local, or non-U.S. tax liability. Any tax liability could adversely impact an investment in the Shares and may require Shareholders to prepare and file tax returns they would not otherwise be required to prepare and file.

A U.S. Tax-Exempt Shareholder may recognize "unrelated business taxable income" as a consequence of an investment in the Shares.

Under current IRS guidance, hard forks, airdrops and similar events with respect to digital assets will under certain circumstances be treated as taxable events giving rise to ordinary income. In the absence of guidance to the contrary, it is possible that any such income recognized by a U.S. Tax-Exempt Shareholder (as defined under "U.S. Federal Income Tax Consequences" below) would constitute "unrelated business taxable income" ("UBTI"). U.S. Tax-Exempt Shareholders should consult their tax advisers regarding whether such Shareholders may recognize UBTI as a consequence of an investment in the Shares.

Intellectual property rights claims may adversely affect the operation of the Bitcoin network.

Third parties may assert intellectual property claims relating to the holding and transfer of bitcoin and its source code. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in long-term viability or the ability of end-users to hold and transfer bitcoin may adversely affect an investment in the Trust. Additionally, a meritorious intellectual property claim could prevent the Trust and other end-users from accessing, holding or transferring bitcoin, which could force the liquidation of the Trust's holdings of bitcoin. As a result, an intellectual property claim against the Trust or other large bitcoin participants could adversely affect an investment in the Shares.

Risks Related to the Markets and Service Ecosystems for Bitcoin

The venues through which bitcoin trades are relatively new and may be more exposed to operational problems or failure than trading platforms for other assets, which could adversely affect the value of bitcoin and therefore adversely affect an investment in the Shares.

Platforms through which bitcoin trades are relatively new. Bitcoin trading platforms are generally subject to different regulatory requirements than platforms for trading more traditional assets, and may be subject to limited or no regulation, especially outside the U.S. Furthermore, many such trading platforms, including exchanges and over-the-counter trading venues, do not provide the public with significant information regarding their ownership structure, management teams, corporate practices or regulatory compliance, and may take the position that they are not subject to laws and regulations that would apply to a national securities exchange or designated contract market in the United States, or may, as a practical matter, be beyond the ambit of U.S. regulators. Bitcoin trading platforms may impose daily, weekly, monthly or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of bitcoin for fiat currency difficult or impossible. Participation in bitcoin trading on some platforms requires users to take on credit risk by transferring digital assets from a personal account to a third party's account, which could discourage trading on those platforms.

Over the past several years, a number of bitcoin trading platforms have been closed due to fraud, failure or security breaches. In many of these instances, the customers of such trading platforms were not compensated or made whole for the partial or complete losses of their account balances in such trading platforms. While smaller trading platforms are less likely to have the infrastructure and capitalization that make larger trading platforms more stable, larger 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) and their shortcomings or ultimate failures are more likely to have contagion effects on the digital asset ecosystem. For example, in 2014, the largest bitcoin trading platform at the time, Mt. Gox, filed for bankruptcy in Japan amid reports the trading platform lost up to 850,000 bitcoin, valued then at over \$450 million.

As another example, in January 2015, Bitstamp announced that approximately 19,000 bitcoin had been stolen from its operational or “hot” wallets. In August 2016, it was reported that almost 120,000 bitcoin worth around \$78 million were stolen from Bitfinex, a large bitcoin trading platform. The value of bitcoin immediately decreased by more than 10% following reports of the theft at Bitfinex. In addition, in December 2017, Yapian, the operator of Seoul-based digital asset trading platform Youbit, suspended digital asset trading and filed for bankruptcy following a hack that resulted in a loss of 17% of Yapian’s assets. Following the hack, Youbit users were allowed to withdraw approximately 75% of the digital assets in their trading platform accounts, with any potential further distributions to be made following Yapian’s pending bankruptcy proceedings. In January 2018, Japan-based trading platform Coincheck reported that over \$500 million worth of the digital asset NEM had been lost due to hacking attacks, resulting in significant decreases in the prices of bitcoin, ether and other digital assets as the market grew increasingly concerned about the security of digital assets. Following South Korean-based trading platform Coinrail’s announcement in early June 2018 about a hacking incident, the price of bitcoin and ether dropped more than 10%. In September 2018, Japan-based trading platform Zaif announced that approximately \$60 million worth of digital assets, including bitcoin, was stolen due to hacking activities. In May 2019, one of the world’s largest digital asset trading platforms, Binance, was hacked, resulting in losses of approximately \$40 million. Further, in November 2022, FTX Trading Ltd. (“FTX”), one of the largest digital asset trading platforms by volume at the time, halted customer withdrawals amid rumors of the company’s liquidity issues and likely insolvency, which were subsequently corroborated by its CEO. Shortly thereafter, FTX’s CEO resigned and FTX and many of its affiliates filed for bankruptcy in the United States, while other affiliates have entered insolvency, liquidation, or similar proceedings around the globe, following which the U.S. Department of Justice brought criminal fraud and other charges, and the SEC and CFTC brought civil securities and commodities fraud charges, against certain of FTX’s and its affiliates’ senior executives, including its former CEO. Around the same time, there were reports that approximately \$300-600 million of digital assets were removed from FTX and the full facts remain unknown, including whether such removal was the result of a hack, theft, insider activity, or other improper behavior. Various claims and issues related to FTX have not yet been resolved.

Bitcoin trading platforms that are regulated typically must comply with minimum net worth, cybersecurity, and anti-money laundering requirements, but are not typically required to protect customers to the same extent as regulated securities exchanges or futures exchanges.

Some academics and market observers have put forth evidence to support claims that manipulative trading activity has occurred on certain bitcoin trading platforms. For example, in a 2017 paper titled “Price Manipulation in the Bitcoin Ecosystem” sponsored by the Interdisciplinary Cyber Research Center at Tel Aviv University, a group of researchers used publicly available trading data, as well as leaked transaction data from a 2014 Mt. Gox security breach, to identify and analyze the impact of “suspicious trading activity” on Mt. Gox between February and November 2013, which, according to the authors, caused the price of bitcoin to increase from around \$150 to more than \$1,000 over a two-month period. In August 2017, it was reported that a trader or group of traders nicknamed “Spoofy” was placing large orders on Bitfinex without actually executing them, presumably in order to influence other investors into buying or selling by creating a false appearance that greater demand existed in the market. In December 2017, an anonymous blogger (publishing under the pseudonym

Bitfinex'd) cited publicly available trading data to support his or her claim that a trading bot nicknamed "Picasso" was pursuing a paint-the-tape-style manipulation strategy by buying and selling bitcoin and bitcoin cash between affiliated accounts in order to create the appearance of substantial trading activity and thereby influence the price of such assets.

Bitcoin trading platforms used by the Trust may lack certain safeguards to detect and prevent fraudulent or manipulative trading.

Many bitcoin trading platforms lack certain safeguards put in place by exchanges for more traditional assets to enhance the stability of trading on the exchanges and prevent "flash crashes," such as limit-down circuit breakers. As a result, the prices of bitcoin on trading platforms may be subject to larger and/or more frequent sudden declines than assets traded on more traditional exchanges. Tools to detect and deter fraudulent or manipulative trading activities such as market manipulation, front-running of trades, and wash-trading may not be available to or employed by digital asset trading platforms, or may not exist at all. The SEC has identified possible sources of fraud and manipulation in the bitcoin market generally, including, among others (1) "wash trading"; (2) persons with a dominant position in bitcoin manipulating bitcoin pricing; (3) hacking of the Bitcoin network and trading platforms; (4) malicious control of the Bitcoin network; (5) trading based on material, non-public information (for example, plans of market participants to significantly increase or decrease their holdings in bitcoin, new sources of demand for bitcoin) or based on the dissemination of false and misleading information; (6) manipulative activity involving purported "stablecoins," including Tether (for more information, see "Risk Factors—Risk Factors Related to Digital Assets—Prices of bitcoin may be affected due to stablecoins (including Tether and US Dollar Coin ("USDC"), the activities of stablecoin issuers and their regulatory treatment"), the activities of stablecoin issuers and their regulatory treatment"); and (7) fraud and manipulation at bitcoin trading platforms. The effect of potential market manipulation, front-running, wash-trading, and other fraudulent or manipulative trading practices may inflate the volumes actually present in crypto market and/or cause distortions in price, which could adversely affect the Trust or cause losses to Shareholders.

Operational problems or failures by bitcoin trading platforms and fluctuations in bitcoin prices may reduce confidence in these platforms or in bitcoin generally, which could adversely affect the price of bitcoin and therefore adversely affect an investment in the Shares.

Anonymity and illicit financing risk.

Although transaction details of peer-to-peer transactions are recorded on the Bitcoin blockchain, a buyer or seller of digital assets on a peer-to-peer basis directly on the Bitcoin network may never know to whom the public key belongs or the true identity of the party with whom it is transacting. Public key addresses are randomized sequences of alphanumeric characters that, standing alone, do not provide sufficient information to identify users. In addition, certain technologies may obscure the origin or chain of custody of digital assets. The opaque nature of the market poses asset verification challenges for market participants, regulators and auditors and gives rise to an increased risk of manipulation and fraud, including the potential for Ponzi schemes, bucket shops and pump and dump schemes. Digital assets have in the past been used to facilitate illicit activities. If a digital asset was used to facilitate illicit activities, businesses that facilitate transactions in such digital assets could be at increased risk of potential criminal or civil lawsuits, or of having banking or other services cut off, and such digital asset could be removed from digital asset trading platforms. Any of the aforementioned occurrences could adversely affect the price of the relevant digital asset, the attractiveness of the respective blockchain network and an investment in the Shares. While the Trust's bitcoin transactions are expected to be effected by the Execution Agent over-the-counter with known counterparties, if the Trust or the Sponsor were to transact with a sanctioned entity, the Trust or the Sponsor would be at risk of potential criminal or civil lawsuits or liability.

The Trust takes measures with the objective of reducing illicit financing risks in connection with the Trust's activities. However, illicit financing risks are present in the digital asset markets, including markets for bitcoin. There can be no assurance that the measures employed by the Trust will prove successful in reducing illicit

financing risks, and the Trust is subject to the complex illicit financing risks and vulnerabilities present in the digital asset markets. If such risks eventuate, the Trust or the Sponsor or their affiliates could face civil or criminal liability, fines, penalties, or other punishments, be subject to investigation, have their assets frozen, lose access to banking services or services provided by other service providers, or suffer disruptions to their operations, any of which could negatively affect the Trust's ability to operate or cause losses in value of the Shares.

Furthermore, Authorized Participants, as broker-dealers, and the Execution Agent, Prime Broker and Bitcoin Custodian, as entities licensed to conduct virtual currency business activity by the New York Department of Financial Services and a limited purpose trust company subject to New York Banking Law, respectively, are "financial institutions" subject to the U.S. Bank Secrecy Act, as amended ("BSA"), and U.S. economic sanctions laws. The Trust will only accept bitcoin in connection with creation and redemption requests from Bitcoin Counterparties who have represented to the Trust or the Execution Agent that they have implemented compliance programs that are designed to ensure compliance with applicable sanctions and anti-money laundering laws. In addition, with respect to all bitcoin delivered to the Trust by Bitcoin Counterparties in connection with creation requests, the Bitcoin Counterparties must represent to the Trust or the Execution Agent that it will form a reasonable belief (i) as to the identities of, and conduct necessary diligence with respect to, any counterparties from whom the Bitcoin Counterparty obtains bitcoin being transferred and (ii) that such bitcoin being transferred by the Bitcoin Counterparty to the Trust were not derived from, or associated with, unlawful or criminal activity.

The Sponsor, the Execution Agent and the Trust have adopted and implemented policies and procedures that are designed to ensure that they do not violate applicable AML and sanctions laws and regulations and to comply with any applicable KYC laws and regulations. Each of the Sponsor, the Execution Agent and the Trust will only interact with known third party service providers with respect to whom it has engaged in a due diligence process including a thorough KYC process, such as the Authorized Participants and the Bitcoin Custodian. Authorized Participants, as broker-dealers, and the Bitcoin Custodian, as a limited purpose trust company subject to New York Banking Law, are subject to the BSA and U.S. economic sanctions laws.

The Bitcoin Custodian has adopted and implemented an anti-money laundering and sanctions compliance program that provides protections intended to ensure that the Sponsor and the Trust do not transact with a sanctioned party. Notably, the Bitcoin Custodian performs Know-Your-Transaction ("KYT") screening using blockchain analytics to identify, detect, and mitigate the risk of transacting with a sanctioned or other unlawful actor. Pursuant to the Bitcoin Custodian's KYT program, any bitcoin that is delivered to the Trust's custody account will undergo screening to ensure that the origins of that bitcoin are not illicit.

There is no guarantee that such procedures will always be effective. If the Authorized Participants, the Execution Agent, the Bitcoin Custodian or the Prime Broker were to have inadequate policies, procedures and controls for complying with applicable anti-money laundering and applicable sanctions laws or the Trust's diligence is ineffective, violations of such laws could result, which could result in regulatory liability for the Trust, the Sponsor, the Trustee or their affiliates under such laws, including governmental fines, penalties, and other punishments, as well as potential liability to or cessation of services by the Bitcoin Custodian. Any of the foregoing could result in losses to the Shareholders or negatively affect the Trust's ability to operate.

Spot bitcoin markets may be exposed to fraud and market manipulation.

The blockchain infrastructure could be used by certain market participants to exploit arbitrage opportunities through schemes such as front-running, spoofing, pump-and-dump and fraud across different systems, platforms or geographic locations. As a result of reduced oversight, these schemes may be more prevalent in digital asset markets than in the general market for financial products.

The SEC has identified possible sources of fraud and manipulation in the bitcoin market generally, including, among others (1) "wash trading"; (2) persons with a dominant position in bitcoin manipulating bitcoin pricing;

(3) hacking of the Bitcoin network and trading platforms; (4) malicious control of the Bitcoin network; (5) trading based on material, non-public information (for example, plans of market participants to significantly increase or decrease their holdings in bitcoin, new sources of demand for bitcoin, etc.) or based on the dissemination of false and misleading information; (6) manipulative activity involving purported “stablecoins,” including Tether; and (7) fraud and manipulation at bitcoin trading platforms.

Over the past several years, a number of bitcoin spot markets have been closed or faced issues due to fraud. In many of these instances, the customers of such bitcoin spot markets were not compensated or made whole for the partial or complete losses of their account balances in such bitcoin trading platforms.

In 2019, there were reports claiming that 80.95% of bitcoin trading volume on digital asset trading platforms was false or noneconomic in nature, with specific focus on unregulated trading platforms located outside of the United States. Such reports alleged that certain overseas trading platforms have displayed suspicious trading activity suggestive of a variety of manipulative or fraudulent practices.

The potential consequences of a spot market’s failure or failure to prevent market manipulation could adversely affect the value of the Shares. Any market abuse, and a loss of investor confidence in bitcoin, may adversely impact pricing trends in bitcoin markets broadly, as well as an investment in Shares of the Trust.

Spot bitcoin markets may be exposed to wash trading.

Spot markets on which bitcoin trades may be susceptible to wash trading. Wash trading occurs when offsetting trades are entered into for other than bona fide reasons, such as the desire to inflate reported trading volumes. Wash trading may be motivated by non-economic reasons, such as a desire for increased visibility on popular websites that monitor markets for digital assets so as to improve their attractiveness to investors who look for maximum liquidity, or it may be motivated by the ability to attract listing fees from token issuers who seek the most liquid and high-volume trading platforms on which to list their coins. Results of wash trading may include unexpected obstacles to trade and erroneous investment decisions based on false information.

Even in the United States, and even on regulated venues there have been allegations of wash trading. Any actual or perceived false trading in the digital asset trading platform market, and any other fraudulent or manipulative acts and practices, could adversely affect the value of bitcoin and/or negatively affect the market perception of bitcoin.

To the extent that wash trading either occurs or appears to occur in spot markets on which bitcoin trades, investors may develop negative perceptions about bitcoin and the digital assets industry more broadly, which could adversely impact the price bitcoin and, therefore, the price of Shares. Wash trading also may place more legitimate digital asset trading platforms at a relative competitive disadvantage.

Spot bitcoin markets may be exposed to front-running.

Spot markets on which bitcoin trades may be susceptible to “front-running,” which refers to the process when someone uses technology or market advantage to get prior knowledge of upcoming transactions. Front-running is a frequent activity on centralized as well as decentralized trading platforms. By using bots functioning on a millisecond-scale timeframe, bad actors are able to take advantage of the forthcoming price movement and make economic gains at the cost of those who had introduced these transactions. The objective of a front runner is to buy a group of tokens at a low price and later sell them at a higher price while simultaneously exiting the position. Front-running happens via manipulations of gas prices or timestamps, also known as slow matching. To extent that front-running occurs, it may result in investor frustration and concerns as to the price integrity of digital asset trading platforms and digital assets more generally.

Spot bitcoin markets may be exposed to momentum pricing.

The market value of bitcoin is not based on any kind of claim, nor backed by any physical asset. Instead, the market value depends on the expectation of being usable in future transactions and continued interest from

investors. This strong correlation between an expectation and market value is the basis for the current (and probable future) volatility of the market value of bitcoin and may increase the likelihood of momentum pricing.

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, is impacted by appreciation in value. Momentum pricing may result in speculation regarding future appreciation in the value of digital assets, which inflates prices and leads to increased volatility. As a result, bitcoin may be more likely to fluctuate in value due to changing investor confidence in future appreciation or depreciation in prices, which could adversely affect the price of bitcoin, and, in turn, an investment in the Trust.

The value of a bitcoin as represented by the Benchmark may also be subject to momentum pricing due to speculation regarding future appreciation in value, leading to greater volatility that could adversely affect the value of the Shares. Momentum pricing of bitcoin has previously resulted, and may continue to result, in speculation regarding future appreciation or depreciation in the value of bitcoin, further contributing to volatility and potentially inflating prices at any given time. These dynamics may impact the value of an investment in Trust.

Some market observers have asserted that in time, the value of bitcoin will fall to a fraction of its current value, or even to zero. Bitcoin has not been in existence long enough for market participants to assess these predictions with any precision, but if these observers are even partially correct, an investment in the Shares may turn out to be substantially worthless.

Failure of funds that hold bitcoin, or that have exposure to bitcoin through derivatives, to receive SEC approval to list their shares on exchanges could adversely affect an investment in the Shares.

There have been a growing number of attempts to list on national securities exchanges the shares of funds that hold bitcoin or that have exposure to bitcoin through derivatives. These investment vehicles attempt to provide institutional and retail investors exposure to markets for digital assets including bitcoin and related products. The SEC has repeatedly denied such requests of funds that have attempted to list their shares on exchanges. On January 18, 2018, the SEC's Division of Investment Management outlined several questions that sponsors would be expected to address before it would consider granting approval for funds holding "substantial amounts" of digital assets or "cryptocurrency-related products." The questions, which focus on specific requirements of the 1940 Act, generally fall into one of five key areas: valuation, liquidity, custody, arbitrage and potential manipulation. Further, by way of illustration, in the fall of 2021, NYSE Arca proposed listing shares of Grayscale Bitcoin Trust ("GBTC") on the exchange as a spot bitcoin exchange-traded product ("ETP"). After delaying a decision for nearly eight months, the SEC denied GBTC's application in June 2022, finding that NYSE Arca's proposed rule change. After the SEC's denial, Grayscale sued the SEC under the Administrative Procedures Act, arguing that the denial of GBTC's listing was "arbitrary and capricious" in light of the SEC's approval of two similar bitcoin futures-based ETPs. On August 29, 2023, a three-judge panel of the D.C. Circuit Court of Appeals unanimously sided with Grayscale, finding that GBTC was materially similar to SEC-approved bitcoin futures ETPs across the relevant regulatory factors.

Political or economic crises may motivate large-scale sales of bitcoin, which could result in a reduction in the prices of bitcoin and adversely affect an investment in the Shares.

As an alternative to fiat currencies that are backed by central governments, bitcoin is subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of bitcoin, either globally or locally. Large-scale sales of bitcoin would result in a reduction in its price and adversely affect an investment in the Shares.

Ownership of bitcoin is pseudonymous, and the supply of accessible bitcoin is unknown. Entities with substantial holdings in bitcoin may engage in large-scale sales or distributions, either on nonmarket terms or in the ordinary course, which could result in a reduction in the price of bitcoin and adversely affect an investment in the Shares.

There is no registry showing which individuals or entities own bitcoin or the quantity of bitcoin that is owned by any particular person or entity. It is possible, and in fact, reasonably likely, that a small group of early bitcoin adopters hold a significant proportion of the bitcoin that has been created to date. There are no regulations in place that would prevent a large holder of bitcoin from selling bitcoin it holds. To the extent such large holders of bitcoin engage in large-scale sales or distributions, either on nonmarket terms or in the ordinary course, it could result in a reduction in the price of bitcoin and adversely affect an investment in the Shares. For example, in March 2018, it was reported that the trustee overseeing the bankruptcy of the Mt. Gox trading platform had sold roughly \$400 million worth of bitcoin and bitcoin cash belonging to the Mt. Gox bankruptcy estate. While the trustee has publicly stated that the sale was conducted in a manner that would avoid affecting the market price, others have speculated that corresponding reductions in the trading price of bitcoin were a result of these large sales. A significant quantity of bitcoin and bitcoin cash remain in the Mt. Gox bankruptcy estate, and the process for selling the estate's remaining bitcoin and bitcoin cash has not yet been determined. Further large-scale sales or distributions, either by the Mt. Gox bankruptcy estate or other entities with substantial holdings, could result in selling pressure that may reduce the price of bitcoin and adversely affect an investment in the Shares.

Risks Related to the Trust and the Shares

Several factors may affect the Trust's ability to achieve its investment objective on a consistent basis.

There is no guarantee that the Trust will meet its investment objective. Factors that may affect the Trust's ability to meet its investment objective include:

- the development and maintenance of an active trading market for Shares;
- the continued participation of Authorized Participants;
- the ability of Authorized Participants to obtain and dispose of bitcoin in an efficient manner to effectuate creation and redemption orders;
- the liquidity of the bitcoin market;
- the functioning of the markets on which bitcoin trades;
- the compliance of the Trust's portfolio holdings with investment restrictions, policies or regulatory or tax law requirements; and
- the ability of the Trust to achieve or maintain an economically viable size.

The Trust is subject to risks due to its concentration of investments in a single asset.

Unlike other funds that may invest in diversified assets, the Trust's investment strategy is concentrated in a single asset: bitcoin. This concentration maximizes the degree of the Trust's exposure to a variety of market risks associated with bitcoin, including the rise or fall in its price, sometimes rapidly or unexpectedly. By concentrating its investment strategy solely in bitcoin, any losses suffered as a result of a decrease in the value of bitcoin can be expected to reduce the value of an interest in the Trust and will not be offset by other gains if the Trust were to invest in underlying assets that were diversified.

Shareholders will not receive the benefits of any forks or "airdrops."

The Bitcoin blockchain may be subject to forks or airdrops that create new digital assets. See "Bitcoin and the Bitcoin Market—The Bitcoin Market—Forks and Airdrops." Shareholders may not receive the benefits of any

forks, the Trust may not choose, or be able, to participate in an airdrop, and the timing of receiving any benefits from a fork, airdrop or similar event is uncertain. The Sponsor refers to the right to receive any such benefit as an “Incidental Right” and any such virtual currency acquired through an Incidental Right as “IR Virtual Currency.” If a hard fork, airdrop or similar event occurs in the Bitcoin blockchain, the Sponsor will instruct the Trust to immediately and irrevocably disclaim all rights to the IR Virtual Currency so created. Bitcoin is the only digital asset that will be held by the Trust. In the event the Trust seeks to change its treatment of Incidental Rights or IR Virtual Currency, an application would need to be filed with the SEC by the Exchange seeking approval to amend its listing rules.

Although the Sponsor is under no obligation to do so, an inability to realize the economic benefit of a hard fork or airdrop could adversely affect the value of the Shares. Investors who prefer to have a greater degree of control over events such as forks, airdrops, and similar events, and any assets made available in connection with each, should consider investing in bitcoin directly rather than purchasing Shares.

The Trust is subject to management and operational risks from its Sponsor and service providers.

The Trust is subject to management risk because it relies on the Sponsor’s ability to achieve its investment objective. Shareholders will have very limited voting rights, which will limit their ability to influence matters such as amendment of the Trust Agreement, change in the Trust’s basic investment policy, dissolution of the Trust, or the sale or distribution of the Trust’s assets.

The Trust also is subject to the risk of loss as a result of other services provided by the Sponsor and other service providers, including benchmark, custody, administrative, accounting, tax, legal, custody, transfer agency and other services. Operational risk includes the possibility of loss caused by inadequate procedures and controls, human error and cyber attacks, disruptions and failures affecting, or by, a service provider. In addition, the Sponsor may be required to indemnify its officers, directors and key employees with respect to their activities on behalf of the Trust and other accounts, if the need for indemnification arises. This potential indemnification could cause the Sponsor’s assets to decrease. If the Sponsor’s sources of income are not sufficient to compensate for the indemnification, it could cease operations, which could in turn result in Trust losses and/or dissolution of the Trust.

In addition, the Trust’s service providers, including the Bitcoin Custodian, act in similar capacities for a number of other digital asset ETPs. If those digital asset ETPs experience operational challenges or regulatory problems that impact or implicate one or more of the Trust’s service providers, the Trust’s operations may be adversely impacted as a result. The Sponsor will monitor the services provided by the Trust’s service providers to detect and identify any such potential issues with the service providers.

The Trust as well as the Sponsor and its service providers are vulnerable to the effects of the COVID-19 pandemic and other public crises that may arise in the future, which may adversely affect the performance of the Trust’s investment in bitcoin and your investment in the Trust.

The recent spread of the human coronavirus disease 2019 (“COVID-19”) is an example. In the first quarter of 2020, the World Health Organization (the “WHO”) recognized COVID-19 as a global pandemic and both the WHO and the United States declared the outbreak a public health emergency. The subsequent spread of COVID-19 resulted in, among other significant adverse economic impacts, instances of market closures and dislocations, extreme volatility, liquidity constraints and increased trading costs. Efforts to contain the spread of COVID-19 resulted in travel restrictions, closed international borders, disruptions of healthcare systems, business operations (including business closures) and supply chains, employee layoffs and general lack of employee availability, lower consumer demand, and defaults and credit downgrades, all of which contributed to disruption of global economic activity across many industries and exacerbated other pre-existing political, social and economic risks domestically and globally. Although the WHO and the United States ended their declarations of COVID-19 as a global health emergency in May 2023, the full economic impact at the macro-level and on individual businesses,

as well as the potential for a future reoccurrence of COVID-19 or the occurrence of a similar epidemic or pandemic, is unpredictable and could result in significant and prolonged adverse impact on economies and financial markets in specific countries and worldwide and thereby could negatively affect a Fund's performance.

The Trust's risk management processes and policies may prove to not be adequate to prevent any loss of the Trust's bitcoin.

The Sponsor will continue to monitor and evaluate the Trust's risk management processes and policies and believes that the current risk management processes and procedures are reasonably designed and effective. The Sponsor believes that the security procedures that the Sponsor and the Bitcoin Custodian utilize, such as hardware redundancy, segregation and offline data storage (i.e., the maintenance of data on computers and/or storage media that is not directly connected to or accessible from the internet and/or networked with other computers, also known as "cold storage") protocols are reasonably designed to safeguard the Trust's bitcoin from theft, loss, destruction or other issues relating to hackers and technological attack. Despite the number of security procedures that the Sponsor and Bitcoin Custodian employ, it is impossible to guarantee the prevention of any loss due to a security breach, software defect, act of God, pandemic or riot that may be borne by the Trust. Notwithstanding the above, the Bitcoin Custodian is responsible for its own gross negligence, willful misconduct or bad faith. In the event that the Trust's risk management processes and policies prove to not be adequate to prevent any loss of the Trust's bitcoin and such loss is not covered by insurance or is otherwise recoverable, the value of the Shares will decrease as a result and investors would experience a decrease in the value of their investment.

The development and commercialization of the Trust is subject to competitive pressures and may be adversely affected by competition from competing products and other investment vehicles focused on bitcoin or other digital assets.

The Trust and the Sponsor face competition with respect to the creation of competing products. The Sponsor's competitors may have greater financial, technical and human resources than the Sponsor. These competitors may also compete with the Sponsor in recruiting and retaining qualified personnel. Smaller or early stage companies may also prove to be effective competitors, particularly through collaborative arrangements with large and established companies. Accordingly, the Sponsor's competitors may commercialize a product involving bitcoin more rapidly, effectively or for a lower fee than the Sponsor is able to, which could adversely affect the Sponsor's competitive position, the likelihood that the Trust will achieve initial market acceptance and the Sponsor's ability to generate meaningful revenues from the Trust. For exchange-traded products similar to the Trust, there have been significant "first-mover" advantages in terms of asset gathering, trading volume and media coverage. In many cases, the first mover in an asset class has been able to maintain these advantages for extended periods.

Investors may invest in bitcoin through means other than the Shares, including through direct investments in bitcoin and other potential financial vehicles, possibly including securities backed by or linked to bitcoin and digital asset financial vehicles similar to the Trust, or bitcoin futures-based products. Market and financial conditions, and other conditions beyond the Sponsor's control, may make it more attractive to invest in other financial vehicles or to invest in bitcoin directly, which could limit the market for, and reduce the liquidity of, the Shares. In addition, to the extent digital asset financial vehicles other than the Trust tracking the price of bitcoin are formed and represent a significant proportion of the demand for bitcoin, large purchases or redemptions of the securities of these digital asset financial vehicles, or private funds holding bitcoin, could negatively affect the Benchmark, the Trust's bitcoin holdings, the price of the Shares, the net asset value of the Trust and the NAV.

If the Trust fails to achieve sufficient scale due to competition, the Sponsor may have difficulty raising sufficient revenue to cover the costs associated with launching and maintaining the Trust, and such shortfalls could impact the Sponsor's ability to properly invest in robust ongoing operations and controls of the Trust to minimize the risk of operating events, errors, or other forms of losses to the Shareholders. In addition, the Trust may also fail

to attract adequate liquidity in the secondary market due to such competition, resulting in a sub-standard number of Authorized Participants willing to make a market in the Shares, which in turn could result in a significant premium or discount in the Shares for extended periods and the Trust's failure to reflect the performance of the price of bitcoin.

In addition, the Trust will compete with direct investments in bitcoin, bitcoin futures-based products, other digital assets and other potential financial vehicles, possibly including securities backed by or linked to digital assets and other investment vehicles that focus on other digital assets. Market and financial conditions, and other conditions beyond the Trust's control, may make it more attractive to invest directly or in other vehicles, which could adversely affect the performance of the Trust.

The value of the Shares may be influenced by a variety of factors unrelated to the value of bitcoin.

The value of the Shares may be influenced by a variety of factors unrelated to the price of bitcoin that may have an adverse effect on the price of the Shares. These factors include:

- The Trust could experience unanticipated problems or issues with respect to the mechanics of the Trust's operations and the trading of the Shares, in particular due to the fact that the mechanisms and procedures governing the creation and offering of the Shares and storage of bitcoin have been developed specifically for this product;
- The Trust could experience difficulties in operating and maintaining its technical infrastructure, including in connection with expansions or updates to such infrastructure, which are likely to be complex and could lead to unanticipated delays, unforeseen expenses and security vulnerabilities;
- The Trust could experience unforeseen issues relating to the performance and effectiveness of the security procedures, such as algorithms, codes, passwords, multiple signature systems, encryption and telephone call-backs, used to protect the Trust's account with the Bitcoin Custodian, or the security procedures may not protect against all errors, software flaws or other vulnerabilities in the Trust's technical infrastructure, which could result in theft, loss or damage of its assets; or
- If the Bitcoin network introduces privacy enhancing features in the future, service providers may decide to terminate their relationships with the Trust due to concerns that the introduction of privacy enhancing features to the Bitcoin network may increase the potential for bitcoin to be used to facilitate crime, exposing such service providers to potential reputational harm.

Any of these factors could affect the value of the Shares, either directly or indirectly through their effect on the Trust's assets.

The NAV may not always correspond to the market price of the Shares.

The NAV of the Trust may not always correspond to the market price of its Shares. Shareholders should be aware that the public trading price per Share may be different from the NAV for a number of reasons, including price volatility, trading activity, normal trading hours for the Trust, the calculation methodology of the NAV, demand or supply for Shares of the Trust in excess of an Authorized Participant's ability to create or redeem Shares and/or the closing of bitcoin trading venues due to fraud, failure, security breaches or otherwise, and the fact that supply and demand forces at work in the secondary trading market for Shares are related, but not identical, to the supply and demand forces influencing the market price of bitcoin. Additionally, bitcoin is traded on trading platform markets and over-the-counter 24-hours a day and seven days a week, and the value of the Shares may therefore change on days and at times when an investor is not able to buy or sell Shares.

The Trust and the Sponsor believe that slippage in trading (i.e., the difference between the expected price and the price at which the trade is executed) is not necessarily more pronounced in the trading of digital assets as compared to other asset classes or in the trading of bitcoin as compared to other digital assets. To monitor the

trading of bitcoin and other digital assets, the Execution Agent requests quotes from liquidity providers to trade bitcoin or other digital asset as a spread off a corresponding index. While trading slippage is not expected to have a material impact on the Trust over the long term, trading slippage may from time to time be material on a given day. The Trust does not currently intend to take specific steps to limit the impact of trading slippage.

An Authorized Participant may be able to create or redeem a Creation Basket at a discount or a premium to the public trading price per Share. To the extent creations or redemptions take place in kind in the future, the Trust's operations will therefore not be directly impacted by any discount or premium in the market price of its Shares.

Benchmark tracking risk.

Although the Trust will attempt to structure its portfolio so that it is able to track the Benchmark, the Trust may not achieve the desired degree of correlation between its performance and that of the Benchmark and thus may not achieve its investment objective. The difference in performance may be due to factors such as fees, transaction costs, redemptions of, and subscriptions for, Shares, differences in the timing of the addition or removal of constituent trading platforms underlying the Benchmark, pricing differences or the cost to the Trust of complying with various new or existing regulatory requirements.

The use of cash creations and redemptions may adversely affect the arbitrage transactions by Authorized Participants intended to keep the price of the Shares closely linked to the price of bitcoin and, as a result, the price of the Shares may fall or otherwise diverge from NAV.

The use of cash creations and redemptions, as opposed to in-kind creations and redemptions, could cause delays in trade execution due to potential operational issues arising from implementing a cash creation and redemption model, which involves greater operational steps (and therefore execution risk) than the originally contemplated in-kind creation and redemption model. Such delays could cause the execution price associated with such trades to materially deviate from the Benchmark price used to determine the NAV. Even though the Authorized Participant is responsible for the dollar cost of such difference in prices, Authorized Participants could default on their obligations to the Trust, or such potential risks and costs could lead to Authorized Participants, who would otherwise be willing to purchase or redeem Baskets to take advantage of any arbitrage opportunity arising from discrepancies between the price of the Shares and the price of the underlying bitcoin, to elect to not participate in the Trust's Share creation and redemption processes. This may adversely affect the arbitrage mechanism intended to keep the price of the Shares closely linked to the price of bitcoin, and as a result, the price of the Shares may fall or otherwise diverge from NAV. If the arbitrage mechanism is not effective, purchases or sales of Shares on the secondary market could occur at a premium or discount to NAV, which could harm Shareholders by causing them buy Shares at a price higher than the value of the underlying bitcoin held by the Trust or sell Shares at a price lower than the value of the underlying bitcoin held by the Trust, causing Shareholders to suffer losses. Further, if and when In-Kind Regulatory Approval is obtained, the Trust may not be able to successfully implement in-kind creation and redemption transactions, which could put the Trust at a disadvantage compared to other digital asset ETPs that are able to implement in-kind creations and redemptions.

Bitcoin buying and selling activity associated with the creation and redemption of Creation Baskets, or withdrawal from participation by an Authorized Participant, may adversely affect an investment in the Shares of the Trust.

The Trust's or the Execution Agent's purchase of bitcoin in connection with Creation Basket purchase orders may cause the price of bitcoin to increase, which will result in higher prices for the Shares. Increases in bitcoin prices may also occur as a result of bitcoin purchases by other market participants who attempt to benefit from an increase in the market price of bitcoin when Creation Baskets are issued. The market price of bitcoin may therefore decline immediately after Creation Baskets are issued.

Selling activity associated with sales of bitcoin by the Trust or the Execution Agent in connection with redemption orders may decrease the bitcoin prices, which will result in lower prices for the Shares. Decreases in bitcoin prices may also occur as a result of selling activity by other market participants.

In addition to the effect that purchases and sales of bitcoin by the Trust or Execution Agent may have on the price of bitcoin, sales and purchases of bitcoin by similar investment vehicles (if developed) could impact the price of bitcoin. If the price of bitcoin declines, the trading price of the Shares will generally also decline.

Authorized Participant Risk

The Trust has a limited number of financial institutions that may act as Authorized Participants and engage in creation or redemption transactions directly with the Trust, and none of those Authorized Participants is obligated to engage in creation and/or redemption transactions. In the event that one or more Authorized Participants that have substantial interests in the Trust's Shares exit the business or are unable to proceed with participation in the purchase (creation) or sale (redemption) of the Trust's Shares, and no other Authorized Participant is able to step forward to create or redeem Creation Baskets, this may result in a significantly diminished trading market for the Shares, and the Shares may be more likely to trade at a premium or discount to the Trust's NAV and to face trading halts and/or delisting. Further, the Trust's Authorized Participants may act as authorized participants for a number of other digital asset ETPs. If those digital asset ETPs experience operational challenges or regulatory problems that impact or implicate one or more of the Trust's Authorized Participants, the Trust may be adversely impacted. In addition, if one or more of the Trust's Authorized Participants discontinue serving as an Authorized Participant with respect to the Trust but not to other digital asset ETPs, the liquidity of Shares and the value of an investment in the Shares may be adversely affected. Finally, in periods of heightened bitcoin price volatility, the Authorized Participants may not be able to effectively make markets in several impacted digital asset ETPs at once, which could lead to larger bid-ask spreads or Share price premiums and discounts. The Sponsor will monitor the activity and operations of the Trust's Authorized Participants to identify any such potential issues.

The inability of Authorized Participants to hedge their bitcoin exposure may adversely affect the liquidity of Shares and the value of an investment in the Shares.

Authorized Participants will generally want to hedge their exposure in connection with Creation Basket creation and redemption orders. To the extent Authorized Participants are unable to hedge their exposure due to market conditions (e.g., insufficient bitcoin liquidity in the market, inability to locate an appropriate hedge counterparty, extreme volatility in the price of bitcoin, etc.), such conditions may make it difficult to create or redeem Creation Baskets or cause them to not create or redeem Creation Baskets. In addition, the hedging mechanisms employed by Authorized Participants to hedge their exposure to bitcoin may not function as intended, which may make it more difficult for them to enter into such transactions. Such events could negatively impact the market price of the Trust and the spread at which the Trust trades on the open market.

The market infrastructure of the bitcoin spot market could result in the absence of active Authorized Participants able to support the trading activity of the Trust.

Bitcoin is extremely volatile, and concerns exist about the stability and reliability of many trading venues where bitcoin trade. In a highly volatile market, or if one or more trading venues supporting the bitcoin market face an issue, it could be extremely challenging for any Authorized Participants to provide continuous liquidity in the Shares. There can be no guarantee that the Sponsor will be able to find an Authorized Participant to actively and continuously support the Trust.

Bitcoin spot trading platforms are not subject to the same regulatory oversight as traditional equity exchanges, which could negatively impact the ability of Authorized Participants to implement arbitrage mechanisms.

The trading for spot bitcoin occurs on multiple domestic and foreign trading platforms that have various levels and types of regulation, but are not regulated in the same manner as traditional stock and bond exchanges. If these trading platforms do not operate smoothly or face technical, security or regulatory issues, that could impact the ability of Authorized Participants to make markets in the Shares. In such an event, trading in the Shares could occur at a material premium or discount to the NAV.

In addition, trading on these trading platforms may be halted or disrupted due to regulatory actions, operational problems at the trading platforms or third parties, cybersecurity incidents or acts of fraud or misconduct, among others. In the event a trading platform experiences such a disruption, the Trust may be impacted and the value of the Shares may decline. Further, the price and availability of bitcoin on these trading platforms may differ, and if the Trust transacts at one trading platform at a time where the price and/or availability of bitcoin is materially worse than that of another trading platform, the value of Shares may be impacted. Operational problems or failures by bitcoin trading platforms and fluctuations in bitcoin prices may reduce confidence in these platforms or in bitcoin generally, which could adversely affect the price of bitcoin and therefore adversely affect an investment in the Shares.

Only Authorized Participants may transact in Creation Baskets.

The Trust will process all creations and redemptions of Shares in transactions with financial firms that are authorized to do so (known as “Authorized Participants”). Shareholders that are not Authorized Participants or who are unable to transact in Creation Baskets through Authorized Participants may only purchase or sell their Shares in secondary trading markets, and the conditions associated with trading in secondary markets may adversely affect Shareholders’ investment in the Shares. Although shares of the Trust are listed for trading on the Exchange, there can be no assurance that an active trading market for such shares will develop or be maintained. Secondary market trading in Shares may be halted by the Exchange because of market conditions or for other reasons. Shares of the Trust, similar to shares of other issuers listed on a stock exchange, may be sold short and are therefore subject to the risk of increased volatility and price decreases associated with being sold short. Shares trade on the Exchange at prices at, above or below the most recent NAV. The NAV is calculated at the end of each Business Day and fluctuates with changes in the market value of the Trust’s bitcoin. The trading price of the Shares fluctuates continuously throughout trading hours based on both market supply of and demand for Shares and the underlying value of the Trust’s bitcoin or the Trust’s NAV. As a result, the trading prices of Shares may deviate significantly from NAV during periods of market volatility. Any of these factors, among others, may lead to the Shares trading at a premium or discount to NAV. While the creation/redemption feature is designed to make it more likely that Shares normally will trade on the Exchange at prices close to the next calculated NAV, market prices are not expected to correlate exactly with the Trust’s NAV due to timing reasons, supply and demand imbalances and other factors. In addition, disruptions to creations and redemptions, including disruptions at Authorized Participants, or other market participants, and during periods of significant market volatility, may result in trading prices for Shares that differ significantly from its NAV. Authorized Participants may be less willing to create or redeem Shares if there is a lack of an active market for such Shares or its underlying investments, which may contribute to the Shares trading at a premium or discount to NAV. Buying or selling Shares on the Exchange involves two types of costs that apply to all securities transactions. When buying or selling Shares through a broker, Shareholders will likely incur a brokerage commission and other charges. In addition, Shareholders may incur the cost of the “spread”; that is, the difference between what investors are willing to pay for Shares (the “bid” price) and the price at which they are willing to sell Shares (the “ask” price). The spread, which varies over time for Shares based on trading volume and market liquidity, is generally narrower if the Trust has more trading volume and market liquidity and wider if the Trust has less trading volume and market liquidity. In addition, increased market volatility may cause wider spreads. There may also be regulatory and other charges that are incurred as a result of trading activity. Because of the costs inherent in buying or selling Shares, frequent trading may detract significantly from investment results and an investment in Shares may not be advisable for investors who anticipate regularly making small investments through a brokerage account.

Bitcoin Counterparty Risk.

There can be no guarantee that the Execution Agent will be able to find Bitcoin Counterparties to actively and continuously provide bitcoin liquidity to the Trust. Because the Bitcoin Counterparties are not contractually obligated to provide bitcoin liquidity to the Trust, if the Trust is unable to find sufficient sources of bitcoin liquidity, the Execution Agent may not be able to purchase or sell bitcoin on behalf of the Trust at prices and at

times that will enable the Trust to track the Benchmark. If the Execution Agent is unable to transact in bitcoin on the Trust's behalf on a timely and cost-efficient basis, it could adversely affect the price of bitcoin and therefore adversely affect an investment in the Shares. To the extent that the unavailability of bitcoin liquidity results in a diminished trading market for the Shares, the Shares may be more likely to trade at a premium or discount to the Trust's NAV and to face trading halts and/or delisting. Further, if one or more Bitcoin Counterparties or trading platforms or venues supporting the bitcoin market are unwilling or unable to provide liquidity to the Trust, it could be challenging for any Authorized Participants to provide continuous liquidity in the Shares.

Shareholders may be adversely affected by creation or redemption orders that are subject to postponement, suspension or rejection under certain circumstances.

The Trust may, in its discretion, suspend the right of creation or redemption or may postpone the purchase or redemption settlement date, for (1) any period during which the Exchange is closed other than customary weekend or holiday closings, or trading on the Exchange is suspended or restricted, (2) any period during which an emergency exists as a result of which the fulfillment of a purchase order or the redemption distribution is not reasonably practicable, (3) such other period as the Sponsor determines to be necessary for the protection of the Trust or its Shareholders (for example, where acceptance of the total deposit required to create each Creation Basket would have certain adverse tax consequences to the Trust or its Shareholders), or (4) as agreed upon between the Sponsor and Authorized Participant. An emergency could include situations where the Trust is unable to transact in bitcoin or where the Trust is unable to value its bitcoin holdings. Such a situation may arise when trading of bitcoin is suspended on one or more of the digital asset trading platforms that are included in the Benchmark (for example, as a result of a significant technical failure, power outage or network error) or the Trust is unable to access the bitcoin in the Trust's bitcoin custody account at the Bitcoin Custodian due to technical or operating issues at the Trust or the Bitcoin Custodian. Because the Trust's bitcoin transactions are expected to be effected by the Execution Agent over-the-counter, it is unlikely that the Trust's bitcoin transactions would be directly impacted by a trading halt on one or more digital asset trading platforms. However, such disruptions may have an effect on overall bitcoin liquidity or cause price spreads of bitcoin to widen.

In addition, the Trust may reject a redemption order if the order is not in proper form as described in the authorized participant agreement by and among the Trust, the Sponsor and the Authorized Participants (the "Authorized Participant Agreement") or if the fulfillment of the order might be unlawful. Any such postponement, suspension or rejection could adversely affect a redeeming Authorized Participant. Suspension of creation privileges may adversely impact how the Shares are traded and arbitrated on the secondary market, which could cause them to trade at levels materially different (premiums and discounts) from the fair value of their underlying holdings.

The Exchange on which the Shares are listed may halt trading in the Trust's Shares, which would adversely impact a Shareholder's ability to sell Shares.

The Trust's Shares are listed for trading on the Exchange under the ticker symbol BTCO. Trading in Shares may be halted due to market conditions or, in light of the Exchange rules and procedures, for reasons that, in the view of the Exchange, make trading in Shares inadvisable. In addition, trading is subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" rules that require trading to be halted for a specified period based on a specified market decline. Additionally, there can be no assurance that the requirements necessary to maintain the listing of the Trust's Shares will continue to be met or will remain unchanged.

The lack of active trading markets for the Shares of the Trust may result in losses on Shareholders' investments at the time of disposition of Shares.

Although Shares of the Trust are expected to be publicly listed and traded on an exchange, there can be no guarantee that an active trading market for the Trust will develop or be maintained. If Shareholders need to sell their Shares at a time when no active market for them exists, the price Shareholders receive for their Shares,

assuming that Shareholders are able to sell them, will likely be lower than the price that Shareholders would receive if an active market did exist and, accordingly, a Shareholder may suffer losses.

Shareholders could incur a tax liability without an associated distribution of the Trust.

In the normal course of business, Shareholders could incur a taxable gain as a result of the sale of bitcoin (including sales of bitcoin to pay the Sponsor Fee and other Trust expenses), which gain does not correspond to a distribution to Shareholders (so-called “phantom income”). Any tax liability could adversely impact an investment in the Shares and may require Shareholders to prepare and file tax returns. In that event, Shareholders may be subject to tax on any realized capital gain resulting from their pro-rata share of the bitcoins sold by the Trust even though there is not a corresponding distribution from the Trust. See “U.S. Federal Income Tax Consequences—Taxation of U.S. Shareholders” and “U.S. Federal Income Tax Consequences—Taxation of the Trust.”

The amount of bitcoin represented by the Shares will decline over time.

The amount of bitcoin represented by the Shares will be reduced during the life of the Trust each time the Trust accrues the Sponsor’s Fee, and to pay for any extraordinary expenses. This dynamic will occur irrespective of whether the value of the Trust’s assets, or the trading price of the Shares, rises or falls.

Each outstanding Share represents a fractional, undivided interest in the bitcoin held by the Trust. The Trust transfers bitcoin to pay for the Sponsor Fee, and to pay for any extraordinary expenses, including, but not limited to, taxes and governmental charges, any applicable brokerage commissions, financing fees, Bitcoin network fees and similar transaction fees, expenses and costs of any extraordinary services performed by the Sponsor (or any other service provider) on behalf of the Trust to protect the Trust or the interests of Shareholders (including, for example, in connection with any fork of the Bitcoin blockchain), any indemnification of the Sponsor, Cash Custodian, Bitcoin Custodian, Administrator or other agents, service providers or counterparties of the Trust and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters. Therefore, the amount of bitcoin represented by each Share will gradually decline over time. This is also true with respect to Shares that are issued in exchange for additional deposits of bitcoin or cash used to acquire bitcoin over time, as the amount of bitcoin required to create Shares proportionally reflects the amount of bitcoin represented by the Shares outstanding at the time of such Share issuance. Assuming a constant bitcoin price, the trading price of the Shares is expected to gradually decline relative to the price of bitcoin at the rate of the Sponsor Fee and other expenses.

Any errors or changes in calculations used to value the Trust’s bitcoin holdings and bitcoin holdings per Share may have an adverse effect on the value of the Shares.

The value of Trust’s bitcoin holdings is typically determined on a daily basis as of 4:00 p.m. ET on each Business Day. This determination is made utilizing data from the operations of the Trust, calculated as of 4:00 p.m. ET on such day. In the event that the value of the Trust’s bitcoin holdings or bitcoin holdings per Share is incorrectly calculated, the Sponsor and the Administrator will not be liable for any error and such misreporting of valuation data could adversely affect the value of the Shares.

The value of the Shares will be adversely affected if the Trust is required to indemnify the Sponsor, the Trustee, the Transfer Agent, the Bitcoin Custodian or the Cash Custodian.

Under the Trust Agreement, the Trustee and the Sponsor will have a right to be indemnified by the Trust for certain liabilities or expenses that it incurs without gross negligence, bad faith or willful misconduct on its part. The Trust has also agreed to indemnify the Transfer Agent, Bitcoin Custodian and Cash Custodian under their respective agreements with the Trust for certain liabilities or expenses that such party incurs, subject to certain qualifications. Therefore, the Trustee, Sponsor, Transfer Agent, the Bitcoin Custodian or the Cash Custodian may require that the assets of the Trust be sold in order to cover losses or liability suffered by it. Any sale of that kind would reduce the bitcoin holdings of the Trust and the value of the Shares.

The Sponsor and its affiliates are subject to conflicts of interest that could adversely affect an investment in the Trust.

The Sponsor and its affiliates and their respective officers, directors and employees and other related parties engage in a broad spectrum of activities and may expand the range of services that they provide over time. The Sponsor and its related parties will generally not be restricted in the scope of their business or in the performance of any such services (whether now offered or undertaken in the future), even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. In the ordinary course of their business activities, the Sponsor and its related parties may engage in activities where the interests of the Sponsor and its related parties or the interests of their clients conflict with the interests of the Trust. Certain employees of the Sponsor also have responsibilities relating to the business of one or more related parties. These employees are not restricted in the amount of time that may be allocated to the business activities of the Sponsor's related parties, and the allocation of such employees' time between the Sponsor and its related parties may change over time.

The Sponsor and its related parties are responsible for managing other accounts in addition to the services that they provide to the Trust, including other accounts of the Sponsor or its affiliates. Other accounts may include, without limitation, private or SEC-registered funds, separately managed accounts, offshore funds or accounts, or investments owned by the Sponsor or its affiliates. Management of other accounts in addition to services provided to the Trust can present certain conflicts of interest. The other accounts might have similar or different investment objectives or strategies as the Trust, or otherwise hold, purchase or sell investments that are eligible to be held, purchased or sold by the Trust, or may take positions that are opposite in direction from those taken by the Trust.

The Sponsor may devote unequal time and attention to the management of different accounts. As a result, the Sponsor may not be able to fulfill its obligations to the Trust as might be the case if it were to devote substantially more attention to the management of a single account. The effects of this potential conflict may be more pronounced where accounts overseen by the Sponsor have different investment strategies.

A conflict of interest arises where the financial or other benefits available to the Sponsor or its related parties differ among the accounts that it manages. Where the structure of the Sponsor's or its related party's fee differs among accounts (such as where certain accounts pay higher management fees or a performance or incentive fee), the Sponsor might be motivated to help certain accounts over others. In addition, the Sponsor might be motivated to favor accounts in which it has an interest and/or its related parties have interests. Similarly, the desire to maintain or raise assets under management or to enhance the Sponsor's or its related parties' performance record or to derive other rewards, financial or otherwise, could influence the Sponsor to give preferential treatment to those accounts that could most significantly benefit the Sponsor.

The Trust's service providers (including its Bitcoin Custodian, Administrator, auditor and legal counsel) may provide services to other pooled investment vehicles with similar investment strategies and objectives and, accordingly, may have conflicts of interest. The Trust's Sponsor and other service providers and their principals, employees or affiliates may invest or trade in digital assets for their own accounts, which activities may conflict or compete with the Trust.

The Sponsor or its related parties may purchase Shares from the Trust from time to time, and may hold a material position in the Trust. The Trust will not receive any of the proceeds from the resale by the Sponsor or its affiliates of these Shares, and the sale of such Shares may impact the price at which you may be able to sell your Shares. The Sponsor and its related parties reserve the right, subject to compliance with applicable law, to sell into the market or redeem in Creation Baskets through an Authorized Participant at any time some or all of the Shares of the Trust acquired for their own accounts. The Sponsor or its related parties face conflicting interests in determining whether, when and in what amount to sell or redeem Shares of the Trust. The Sponsor and its related parties are under no obligation to consider the effect of redemptions on the Trust and other Shareholders in deciding whether to sell or redeem their Shares.

The Sponsor is responsible for selecting and engaging the Trust's service providers, including the Benchmark Provider. To the extent that the Sponsor has other commercial arrangements with the service providers, the Sponsor may face conflicts of interest with respect to its oversight and supervision of the service providers. Further, to the extent that the Sponsor has investments in bitcoin and/or in Shares, and due to the fact that the Sponsor's fee is payable based on the value of the Shares, the Sponsor may face potential conflicts of interest with respect to the Benchmark Provider's valuation of Shares.

Investment vehicles advised or managed by affiliates of the Sponsor hold a minority interest in Coinbase Global, the parent of Coinbase Inc., which serves as the Trust's Prime Broker and operates one of the digital asset trading platforms included in the Benchmark price and is the parent of the Bitcoin Custodian.

Investment vehicles advised or managed by affiliates of the Sponsor own shares in many public companies listed in the United States, including Coinbase Global, the parent of Coinbase Inc. which operates the Coinbase trading platform and serves as the Trust's Prime Broker. The Trust values its digital assets by reference to the Benchmark price. Coinbase is one of the digital asset trading platforms included in the Benchmark.

Although neither the Sponsor nor any affiliates of the Sponsor nor any investment vehicles managed or advised by any of them exercise control over Coinbase, it is possible that positions of investment vehicles managed by affiliates of the Sponsor in Coinbase may present risks to Shareholders to the extent affiliates of the Sponsor cause the Sponsor to favor Coinbase's interests over the interests of the Trust or its Shareholders with respect to, for example, fees charged, and the quality of service provided by Coinbase as Prime Broker. Similarly, investors could have concerns that the Sponsor or affiliates of the Sponsor could influence market data provided by Coinbase in a way that benefits the Sponsor, for example by artificially inflating the values of bitcoin in order to increase the Sponsor's fees. This could make the Trust's Shares less attractive to investors than the shares of similar vehicles that do not present these concerns, adversely affect investor sentiment about the Trust and negatively affect Share trading prices.

Coinbase Global is also the parent company of the Bitcoin Custodian. The Bitcoin Custodian serves as a fiduciary and custodian on the Trust's behalf, and is responsible for safeguarding digital assets held by the Trust, and holding the private keys that provide access to the Trust's digital wallets and vaults. The positions of investment vehicles managed by affiliates of the Sponsor in the parent company of the Bitcoin Custodian may present risks to Shareholders to the extent affiliates of the Sponsor cause the Sponsor to favor the Bitcoin Custodian's interests over the interests of the Trust or its Shareholders with respect to, for example, fees charged, and the quality of service provided by the Bitcoin Custodian. Similarly, it is possible that investors could have concerns that the interests owned by investment vehicles managed by affiliates of the Sponsor in Coinbase could cause it to refrain from taking actions that are in the best interests of the Trust but that could harm the Bitcoin Custodian. This could make the Trust's Shares less attractive to investors than the shares of similar vehicles that do not present these concerns, adversely affect investor sentiment about the Trust and negatively affect Share trading prices.

There is no guarantee that every employee, officer, director or similar person associated with the Sponsor, the Execution Agent or their affiliates will comply with the policies, duties and training and refrain from engaging in insider trading in violation of their duties to the Trust, the Sponsor or the Execution Agent.

While the Sponsor has adopted and implemented policies and will adopt standard operating practices requiring that certain applicable personnel pre-clear personal trading activity in which bitcoin is the referenced asset, there is no way to guarantee that every employee, officer, director, or similar person associated the Sponsor, the Execution Agent or their affiliates will comply at all times with such policies, duties and training and refrain from engaging in insider trading in violation of their duties to the Trust, the Sponsor or the Execution Agent. This risk is present in traditional financial markets and is not unique to bitcoin. If such employees or others affiliated with the Trust, Sponsor, Execution Agent, or affiliates respectively do engage in illegal conduct or conduct which fails to meet applicable regulatory standards, the Trust, Sponsor, Execution Agent, or relevant

affiliate respectively could be the target of civil or criminal fines, penalties, punishments, or other regulatory or other sanctions or lawsuits or could be the target of an investigation, whether directly or indirectly, such as on a failure to diligently supervise theory. Any of these outcomes could cause the Trust and Shareholders to suffer harm.

The Sponsor, the Execution Agent and their affiliates may also participate in transactions related to bitcoin, either for their own account (subject to certain internal employee trading operating practices) or for the account of other clients, and such transactions may occur prior to, during, or after the commencement of this offering. Such transactions may not serve to benefit the Shareholders of the Trust and may have a positive or negative effect on the value of the bitcoin held by the Trust and, consequently, on the market value of bitcoin.

Risks Related to the Benchmark

The Benchmark has a limited history.

The Benchmark has a limited history. A longer history of actual performance through various economic and market conditions would provide greater and more reliable information for an investor to assess the Benchmark's performance. The Benchmark Provider has substantial discretion at any time to change the methodology used to calculate the Benchmark, including the spot markets that contribute prices to the Trust's NAV. The Benchmark Provider does not have any obligation to take the needs of the Trust, the Trust's Shareholders, or anyone else into consideration in connection with such changes. There is no guarantee that the methodology currently used in calculating the Benchmark will appropriately track the price of bitcoin in the future, and the Benchmark could be calculated now or in the future in a way that adversely affects an investment in the Trust.

The Benchmark Pricing Sources used by the Benchmark are digital asset spot markets that facilitate the buying and selling of bitcoin and other digital assets. Although many Benchmark Pricing Sources refer to themselves as "exchanges," they are not registered with, or supervised by, the SEC or CFTC and do not meet the regulatory standards of a national securities exchange or designated contract market. For these reasons, among others, purchases and sales of bitcoin may be subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets and government regulation and intervention. These circumstances could affect the price of bitcoin used in Benchmark calculations and, therefore, could affect the bitcoin price as reflected by the Benchmark.

The Benchmark is based on various inputs which include price data from various third-party bitcoin spot markets. The Benchmark Provider does not guarantee the validity of any of these inputs, which may be subject to technological error, manipulative activity, or fraudulent reporting from their initial source.

Right to change the Benchmark.

The Sponsor, in its sole discretion, may cause the Trust to track (or price its portfolio based upon) an index or standard other than the Benchmark at any time, with at least 60 days' prior notice to the Shareholders (where possible), if investment conditions change or the Sponsor believes that another index or benchmark better aligns with the Trust's investment objective and strategy. The Sponsor, however, is under no obligation whatsoever to make such changes in any circumstance. In the event that the Sponsor intends to establish the Trust's NAV by reference to an index, benchmark or standard other than the Benchmark, it will provide Shareholders with notice in a prospectus supplement and/or through a current report on Form 8-K or in the Trust's annual or quarterly reports.

The trading platforms that may be designated as a principal market under the Benchmark Provider's methodology face a number of risks.

Unlike traditional stock and commodity exchanges, cryptocurrency trading platforms face a number of risks, including but not limited to, distributed denial-of-service ("dDoS"), interruption of trading, hacking of user

accounts, lack of standards and naming convention for symbols, and an unstable technological and legal environment (causing changes in fee structure, blocking of funds withdrawal, etc.). Suspension or disruption of market trading in bitcoin on one or more Benchmark Pricing Sources may adversely affect the value of the Benchmark.

The Benchmark is subject to the limitations of its methodology and the bitcoin market.

Though the Benchmark is designed to be representative of the bitcoin market or otherwise align with its stated objective, it may not be representative in every case or achieve its stated objective in all instances. The Benchmark is designed and calculated strictly to follow the rules of its methodology, and any Benchmark price or other output is limited in its usefulness to such design and calculation. In addition, the Benchmark will necessarily be composed of a limited number of potential principal markets, and thus the Benchmark may not reflect the value of bitcoin on crypto trading platforms not considered in the Benchmark. Furthermore, the Benchmark Provider publicizes its methodology as a whitepaper available for download on the Benchmark Provider's website.

The bitcoin market can be volatile, including those market interests which the Benchmark intends to measure or upon which the Benchmark is dependent in order to achieve its stated objective. For example, illiquidity can have an impact on the quality or amount of data available to the Benchmark Provider for calculation, and may cause the Benchmark to produce unpredictable or unanticipated results. In addition, market trends and changes to market structure may render the objective of the Benchmark unachievable or cause the Benchmark to become impractical to replicate.

The Benchmark Provider could experience system failures or errors.

If the computers or other facilities of the Benchmark Provider, Benchmark Pricing Sources, data providers and/or relevant stock exchange malfunction for any reason, calculation and dissemination of the Benchmark may be delayed. Errors in Benchmark data, the Benchmark computations and/or construction may occur from time to time and may not be identified and/or corrected for a period of time or at all, which may have an adverse impact on the Trust and the Shareholders. Any of the foregoing may lead to the errors in the Benchmark, which may lead to a different investment outcome for the Trust and its Shareholders than would have been the case had such events not occurred. The Benchmark is the reference price for calculating the Trust's NAV. Consequently, losses or costs associated with the Benchmark's errors or other risks described above will generally be borne by the Trust and the Shareholders and neither the Sponsor nor its affiliates or agents make any representations or warranties regarding the foregoing.

If the Benchmark is not available, the Trust's holdings may be fair valued in accordance with the policy approved by the Sponsor. See "Calculation of NAV—General." To the extent the valuation determined in accordance with the policy approved by the Sponsor differs materially from the actual market price of bitcoin, the price of the Shares may no longer track, whether temporarily or over time, the global market price of bitcoin, which could adversely affect an investment in the Trust by reducing investors' confidence in the Shares' ability to track the global market price of bitcoin. To the extent such prices differ materially from the market price for bitcoin, investors may lose confidence in the Shares' ability to track the market price of bitcoin, which could adversely affect the value of the Shares. The Sponsor does not anticipate that the need to "fair value" bitcoin will be a common occurrence.

Risks related to pricing.

As set forth under "Calculation of NAV" below, the Trust's portfolio will be priced, including for purposes of determining the NAV, based upon the estimated fair market value ("FMV") for bitcoin determined by the Benchmark Provider. The price of bitcoin in U.S. Dollars or in other currencies available from other data sources may not be equal to the prices used to calculate the NAV. The Benchmark Provider has substantial discretion at

any time to change the methodology used to determine the FMV of bitcoin, including the spot markets underlying its methodology. The Benchmark Provider does not have any obligation to take the needs of the Trust, the Trust's Shareholders, or anyone else into consideration in connection with such changes.

The Benchmark Pricing Sources used by the Benchmark Provider are digital asset spot markets that facilitate the buying and selling of bitcoin and other digital assets. Although many Benchmark Pricing Sources refer to themselves as "exchanges," they are not registered with, or supervised by, the SEC or CFTC and do not meet the regulatory standards of a national securities exchange or designated contract market. For these reasons, among others, purchases and sales of bitcoin may be subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets and government regulation and intervention. These circumstances could affect the price of bitcoin determined by the Benchmark Provider.

The NAV of the Trust will change as fluctuations occur in the market price of the Trust's bitcoin holdings. Shareholders should be aware that the public trading price per Share may be different from the NAV for a number of reasons, including price volatility, trading activity, the closing of bitcoin trading platforms due to fraud, failure, security breaches or otherwise, and the fact that supply and demand forces at work in the secondary trading market for Shares are related, but not identical, to the supply and demand forces influencing the market price of bitcoin.

An Authorized Participant may be able to create or redeem a Creation Basket at a discount or a premium to the public trading price per Share. To the extent creations or redemptions take place in-kind in the future, the Trust will therefore maintain its intended fractional exposure to a specific amount of bitcoin per Share.

Shareholders also should note that the size of the Trust in terms of total bitcoin held may change substantially over time and as Creation Baskets are created and redeemed.

In the event that the value of the Trust's bitcoin holdings or bitcoin holdings per Share is incorrectly calculated, neither the Sponsor nor the Administrator will be liable for any error and such misreporting of valuation data could adversely affect the value of the Shares.

BITCOIN AND THE BITCOIN MARKET

This section of the Prospectus provides a more detailed description of bitcoin, including information about the historical development of bitcoin, how a person holds bitcoin, how to use bitcoin in transactions, how to trade bitcoin, the markets where bitcoin can be bought, held and sold, the bitcoin over-the-counter (“OTC”) market and government oversight of bitcoin.

Bitcoin and the Bitcoin Network

Bitcoin is a digital asset the ownership and behavior of which are determined by participants in an online, peer-to-peer network that connects computers that run publicly accessible, or “open source,” software that follows the rules and procedures governing the Bitcoin network, commonly referred to as the Bitcoin protocol. The value of bitcoin, like the value of other digital assets, is not backed by any government, corporation or other identified body. Ownership and the ability to transfer or take other actions with respect to bitcoin is protected through public-key cryptography. The supply of bitcoin is constrained or formulated by its protocol instead of being explicitly delegated to an identified body (e.g., a central bank or corporate treasury) to control. Units of bitcoin are treated as fungible. Bitcoin and certain other types of digital assets are sometimes referred to as digital currencies or cryptocurrencies. No single entity owns or operates the Bitcoin network, the infrastructure of which is collectively maintained by (1) a decentralized group of participants who run computer software that results in the recording and validation of transactions (commonly referred to as “miners”), (2) developers who propose improvements to the Bitcoin protocol and the software that enforces the protocol and (3) users who choose what Bitcoin software to run. Bitcoin was released in 2009 and, as a result, there is little data on its long-term investment potential. Bitcoin is not backed by a government-issued legal tender.

Bitcoin is “stored” or reflected on a digital transaction ledger commonly known as a “blockchain.” A blockchain is a type of shared and continually reconciled database, stored in a decentralized manner on the computers of certain users of the digital asset. A blockchain is a canonical record of every digital asset: the blockchain records every “coin” or “token,” balances of digital assets, every transaction and every address associated with a quantity of a particular digital asset. Bitcoin utilizes the blockchain to record transactions into and out of different addresses, facilitating a determination of how much bitcoin is in each address.

Bitcoin is created by “mining.” Mining involves miners using a sophisticated computer program to repeatedly solve complex mathematical problems on specialized computer hardware. Miners range from bitcoin enthusiasts to professional mining operations that design and build dedicated machines and data centers. The mathematical problem involves a computation involving all or some bitcoin transactions that have been proposed by the Bitcoin network’s participants. When this problem is solved, the computer creates a “block” consisting of these transactions. As each newly solved block refers back to and “connects” with the immediately prior solved block, the addition of a new block adds to the blockchain in a manner similar to a new link being added to a chain. A miner’s proposed block is added to the blockchain once a majority of the nodes on the network confirm the miner’s work. A miner that is successful in adding a block to the blockchain is automatically awarded a fixed amount of bitcoin for its efforts plus any transaction fees paid by transferors whose transactions are recorded in the block. This reward system is the means by which new bitcoin enter circulation. This reward system, called proof of work, also ensures that the local copies of the Bitcoin blockchain maintained by participants in the Bitcoin network are kept in consensus with one another. Given the limited number of blocks produced per day and the statistically uncertain nature of finding blocks, a miner acting alone would experience very high variance in block rewards. Because of these facts, most miners join mining pools wherein multiple miners act cohesively and share any rewards.

The process by which bitcoin transactions are broadcast to the Bitcoin network and then published in successively created blocks by miners typically takes 10 minutes on average. While there is no universal definition of transaction settlement, most service providers consider a transaction confirmed when it has been published six blocks deep. Although previously there were minimal or no transaction costs in direct peer-to-peer

transactions on the Bitcoin network, more recently the Bitcoin network has faced a scaling challenge that has led to significantly increased fees. The Bitcoin network has in the past been at or near capacity. For example, during the period from January 1, 2017 to January 31, 2021, average bitcoin transaction fees increased from \$0.39 per transaction to \$11.56 per transaction, with a high of \$54.83 per transaction on December 12, 2017. In May 2023, events related to the adoption of ordinals, which are a means of inscribing digital content on the bitcoin blockchain, caused transaction fees to temporarily spike above \$30 per transaction. As of October 1, 2023, bitcoin transaction fees were averaging \$2.22 per transaction.

Bitcoin can be used to pay for goods and services or can be converted to fiat currencies, such as the U.S. dollar, at rates determined on bitcoin trading venues or in individual end-user-to-end-user transactions under a barter system. One or more private keys control the transfer or “spending” of bitcoin from an associated public address. To use bitcoin, a user or a service provider must have access to keys that identify it for its transactions (similar to an ATM card and its related PIN). Bitcoin users keep their keys in electronic “wallets” that can be maintained on their computers, mobile phones, specialized hardware wallets, or wallets provided by online custodians. As of September 30, 2023, there are approximately 19.5 million bitcoin that have been created, a number that is not permitted grow to more than 21 million, which is estimated to occur by the year 2140. The value of bitcoin is determined by the supply of and demand for bitcoin on bitcoin trading venues (and in private end-user-to-end-user transactions), as well as the number of merchants that accept them. Additionally, several companies and platforms facilitate transactions on OTC markets, which facilitate trading via a dealer network as opposed to on a centralized exchange.

Many bitcoin transactions happen “on-chain,” with the transaction broadcast to the Bitcoin network and recorded in the blockchain. It is possible, however, for bitcoin transactions to occur “off-chain” as well. For example, consider a custodian that holds customers’ bitcoin in an omnibus wallet and allows instantaneous transfers between customers based on changes solely in the custodians’ records indicating how much each customer owns in the wallet. Such transactions are off-chain and data regarding such off-chain transactions is generally not publicly available. In contrast, on-chain digital asset transactions are publicly recorded on the blockchain. Such off-chain transactions are subject to risks because any such transfer of bitcoin ownership is neither protected by the protocol behind the Bitcoin network nor recorded in and validated through the blockchain mechanism. Other types of off-chain transactions may be safer if, for example, they are validated through consensus mechanisms.

The Bitcoin network was initially contemplated in a white paper purportedly authored by an individual named Satoshi Nakamoto; however, no individual with that name has been reliably identified as bitcoin’s creator, and the general consensus is that the name is a pseudonym for the actual inventor or inventors. The first bitcoin was created in 2009 after Nakamoto released the Bitcoin network source code and mined the first block. Since its introduction, bitcoin has been under active development by a group of engineers known as core developers, who work on the reference implementation of Bitcoin Core. As an open source project, bitcoin is not represented by an official organization or authority, although groups including MIT’s Media Lab work to organize the bitcoin community and to develop and protect the Bitcoin network’s code.

Development of the Bitcoin source code has increasingly focused on modifications of the Bitcoin protocol to enhance speed and scalability. For example, in August 2017, a technical upgrade to the Bitcoin network known as “segregated witness” was adopted that, among other things, enables so-called second layer solutions, such as the Lightning Network, or payment channels that could potentially allow greater speed and number of transactions that the Bitcoin network can process in a given time interval (i.e., transaction throughput). The Lightning Network is an open-source decentralized network that enables the instant off-blockchain transfer of bitcoin without requiring a trusted third party. The Lightning Network uses bidirectional payment channels, which work as follows: An on-blockchain transaction is required to open a channel, which can later be closed through another on-blockchain transaction. Once a channel is open, value can be transferred instantly between counterparties engaging in bitcoin transactions without such transactions being broadcasted to the Bitcoin network. This enables increased transaction throughput and reduces the computational burden on the Bitcoin network. The Lightning Network is currently a subject of ongoing research and development and does not yet have material adoption as of August 2023.

Other uses of segregated witness include smart contracts (which are programs that automatically execute on a blockchain) and distributed registers built into, built atop or pegged alongside the blockchain. For example, one white paper published by the blockchain technology company Blockstream calls for the use of “pegged sidechains” to develop programming environments built within blockchain ledgers that can interact with and rely on the security of the Bitcoin network and blockchain while remaining independent thereof. Applications of this concept include open source projects such as RSK, which seeks to create novel open-source smart contract platforms built on the Bitcoin blockchain to allow automated, condition-based payments with increased speed and scalability.

Such research and development projects may utilize bitcoin as tokens for the facilitation of their non-financial uses, thereby potentially increasing demand for bitcoin and the utility of the Bitcoin network as a whole. Conversely, to the extent that such projects operate on the Bitcoin blockchain, they may increase the data flow on the Bitcoin network and could either “bloat” the size of the blockchain or result in slower confirmation times. At this time, such projects remain in early stages and have not been materially integrated into the blockchain or Bitcoin network.

The Bitcoin Market

Bitcoin is the oldest, best known and largest digital asset available today. Since the advent of bitcoin, numerous other digital assets have been created. The website CoinMarketCap.com tracks the U.S. dollar price and total market capitalization for each of more than 4,000 traded digital assets. As of September 30, 2023, bitcoin had a total market capitalization of approximately \$527 billion and represented approximately 50% of the entire digital asset market.

The first trading venues for bitcoin were informal exchange services marketed primarily in public online forums. Transactions on these services were effected via anonymous email, and the fiat currency portions of these transactions were effected through payment services such as PayPal. These services required their operators to manually match buyers and sellers in order to process transactions.

Later, automated trading platforms that matched buyers and sellers began to form. Many such trading platforms have been created in the U.S. and abroad. In the U.S., a number of trading platforms now operate under licensing from the NYSDFS.

Beginning in 2016, more institutional investors entered the bitcoin market. As a result, an increasing number of transactions have occurred in OTC markets instead of trading platforms. This type of trading allows for bespoke trading arrangements that may ease of the burden of trade operations or reduce different types of risks (e.g., counterparty risk).

As a result, there is not a single source for pricing bitcoin. The Trust believes that prices on the bitcoin trading venues are generally formed by the levels of demand on either side of the trading platform’s order book, and arbitrage between trading platforms typically prevents larger and/or more persistent differences in prices between bitcoin trading venues. Factors that the Trust believes may influence the relative balance of buyers and sellers on the bitcoin trading venues include trading activity in the OTC markets, global or regional economic conditions, expected levels of inflation, growth or reversal in the adoption and use of bitcoin, developments in the regulation of bitcoin, changes in the preference of market participants between bitcoin and other digital assets, maintenance and development of the open-source software protocol of the Bitcoin network, and negative consumer or public perception of bitcoin specifically or digital assets generally. See “Risk Factors—Risks Related to Bitcoin.”

Bitcoin spot trading occurs on venues in the U.S. that are licensed to conduct that business by the NYSDFS, other venues in the U.S. and non-U.S. venues. In addition, bitcoin futures and options trading occurs on exchanges in the U.S. regulated by the CFTC. The market for NYSDFS-licensed and CFTC-regulated trading of

bitcoin and bitcoin derivatives has developed substantially. Bitcoin market conditions in the three months ending on September 30, 2023 are briefly summarized as follows:

- **Bitcoin:** There are over 20 NYSDFS-licensed entities operate trading venues with order books for spot trading of bitcoin. Among the top NYSDFS-licensed trading venues, year-to-date as-of September 30th, 2023, the average daily trading volume is approximately \$460 million. Across these venues, the average daily deviation of prices was less than 0.06%. The largest NYSDFS-licensed trading venue by volume had an average bid-ask spread during the period of less than 0.004%.
- **Futures:** There are currently three CFTC-regulated exchanges, two of which are open and facilitate trading of bitcoin futures, with a total average daily trading volume of approximately \$1.46 billion.
- **Options:** One CFTC-regulated exchange facilitates trading of options on bitcoin futures, with average monthly trading volume of approximately \$1.08 billion.

NYSDFS-licensed venues are required to implement the following regulatory compliance, surveillance, and enforcement mechanisms:

- Requirements that licensees have anti-money laundering and sanctions programs, including requirements, among other things, to identify and verify the identity of customers and to monitor for suspicious activities;
- Requirements that licensees have a written policy that identifies and assesses fraud risks, including market manipulation, provides effective procedures and controls to protect against those risks, allocates responsibility for monitoring those risks, and provides for periodic evaluation and revision of the procedures, controls and monitoring mechanisms in order to ensure continuing effectiveness, including continuing compliance with all applicable laws and regulations;
- Requirements that licensees' procedures and controls provide for the effective investigation of fraud and other wrongdoing, whether suspected or actual, including, market manipulation; and
- Requirements that the licensee immediately notify the NYSDFS of any discovered wrong-doing in relation to fraud, along with further updates to the NYSDFS relating to material developments, including (i) a statement of the actions taken or proposed to be taken with respect to such developments, and (ii) a statement of changes, if any, in the licensee's operations that have been put in place or are planned in order to avoid repetition of similar events.

The following table illustrates trading volumes for bitcoin on a selection of major trading venues based on volume as of December 31, 2022. The data shown are for trading volumes of bitcoin against U.S. dollars and exclude trading transactions of bitcoin against other digital assets (e.g., Tether) or other fiat currencies (e.g., Euros). There can be no assurance as to the future liquidity of bitcoin.

Bitcoin vs U.S. dollars—Trading Volume (\$000's)				
Year	Bitstamp	Coinbase	Gemini	Kraken
2018	38,619,288.80	48,340,739.13	13,688,017.00*	45,616,053.62
2019	26,743,547.56	46,887,460.40	4,703,612.82	32,028,085.29
2020	52,737,999.85	112,225,405.27	10,758,422.88	65,043,078.03
2021	107,984,495.12	461,765,829.93	43,603,636.12	189,148,224.00
2022	52,737,999.85	263,048,274.77	15,798,427.20	65,195,047.36

Source: The Block.

Volatility of Bitcoin

Bitcoin has historically generally exhibited high price volatility relative to more traditional asset classes. The following table illustrates historical price volatility of bitcoin during 2022. There can be no assurance as to the

future performance of bitcoin; past performance and volatility of bitcoin should not be taken as an indication of future performance or volatility. The table below provides information regarding the price and volatility of bitcoin.

<u>Asset</u>	<u>Start Price</u>	<u>Low Price</u>	<u>High Price</u>	<u>End Price</u>	<u>Maximum Price Range²</u>	<u>Daily Return Volatility³</u>
Bitcoin ⁽¹⁾	\$47,731	\$15,497	\$48,195	\$16,613	19.69%	64%

Sources: (1) Reflects daily prices for the period from 4 p.m. on January 1, 2022 through 4 p.m. ET on December 31, 2022.

(2) Maximum Price Range was computed by first calculating the Price Range for each day as a percent of the day's midpoint price, and then selecting the highest such Price Range.

(3) Daily Return Volatility is the annualized price-return variance computed by taking the standard deviation of daily (4 p.m. ET to 4 p.m. ET) price returns for each asset and annualizing them using a 365-day factor.

Forks and Airdrops

A “hard fork” of the Bitcoin network (or any other a digital asset network) occurs when there is a disagreement among users and miners over modifications to the network, which are typically made through software upgrades and subsequently accepted or rejected through downloads or lack thereof of the relevant software upgrade by users. If less than a substantial majority of users and miners consent to a proposed modification, and the modification is not compatible with the software prior to its modification, a fork in the blockchain results, with one prong running the pre-modified software and the other running the modified software. The effect of such a fork is the existence of two versions of the network running in parallel, yet lacking interchangeability. After a fork, holders of the original digital asset typically end up holding equal amounts of the original digital asset and the new digital asset.

For example, in August 2017, bitcoin “forked” into bitcoin and a new digital asset, bitcoin cash, as a result of a several-year dispute over how to increase transaction throughput.

The solution favored by the majority of users and miners was to make software changes that would allow “off-chain” scaling solutions, such as the Lightning Network, which works by allowing secure transactions to occur in a separate network of bilateral payment channels that only periodically settle through a transaction on the main Bitcoin network. A minority group favored a less complex approach of simply increasing the number of transactions that can be validated at the same time. A sizable minority of miners adopted software that implemented the latter approach, which effectively created a new network, the Bitcoin Cash network, with a transaction history identical to that of the Bitcoin Network. The identical transaction history meant that each holder of bitcoin at the time of the new network's formation continued to hold bitcoin for use on the Bitcoin Cash network, but also received an equal amount of Bitcoin Cash for use on the new network.

Forks may also occur after a significant security breach. For example, in June 2016, a smart contract developed and deployed on the Ethereum network was hacked and approximately \$60 million worth of ether was stolen, which resulted in most participants in the Ethereum ecosystem electing to adopt a hard fork that effectively reversed the hack. However, a minority of users continued to develop the old blockchain, now referred to as “Ethereum Classic” with the digital asset on that blockchain also named ether, or ETC. Ether Classic's ether remains traded on several digital asset trading venues.

Additionally, a fork could be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software users run for any given digital asset. Such a fork could adversely affect bitcoin's viability. It is possible, however, that a substantial number of users and miners could adopt an incompatible version of the network while resisting community-led efforts to merge the two chains, resulting in a permanent fork.

A hard fork can introduce new security risks. Another possible result of a hard fork is an inherent decrease in the level of security. After a hard fork, it may become easier for an individual miner or mining pool's hashing power to exceed 50% of the processing power of the Bitcoin network, thereby making the network more susceptible to attack. A fork in the Bitcoin network could adversely affect an investment in the Shares.

In addition to forks, bitcoin (or any other digital asset) may become subject to a similar occurrence known as an "airdrop." In an airdrop, the promoters of a new digital asset announce to holders of another digital asset that they will be entitled to claim a certain amount of the new digital asset for free simply by virtue of having held the original digital asset at a certain point in time leading up to the airdrop. For example, in March 2017, the promoters of Stellar Lumens announced that anyone that owned bitcoin as of June 26, 2017 could claim, until August 27, 2017, a certain amount of Stellar Lumens. Airdrops could create operational security, legal or regulatory, or other risks for the Trust, the Sponsor, Authorized Participants, or other entities.

From time to time, the Trust may be entitled to Incidental Rights or IR Virtual Currency by virtue of its ownership of bitcoins, generally through a fork in the Bitcoin blockchain, an airdrop offered to holders of bitcoins or other similar event.

In the event the Trust becomes entitled to Incidental Rights or IR Virtual Currency by virtue of its ownership of bitcoins, the Sponsor will instruct the Trust to immediately and irrevocably disclaim all rights to the IR Virtual Currency so created. Bitcoin is the only digital asset that will be held by the Trust. In the event the Trust seeks to change its treatment of Incidental Rights or IR Virtual Currency, an application would need to be filed with the SEC by the Exchange seeking approval to amend its listing rules.

In the event of a fork, the Sponsor will, as permitted by the terms of the Trust Agreement, determine which network it believes is generally accepted as the Bitcoin network and should therefore be considered the appropriate network, and the associated asset as bitcoin, for the Trust's purposes.

If the Trust modifies its policy on forks and airdrops, notice to Shareholders will be provided on the Trust's website, in a prospectus supplement, through a current report on Form 8-K and/or in the Trust's annual or quarterly reports.

Forms of Attack

Exploitation of Flaws in the Bitcoin Source Code

In the past, flaws in the source code for bitcoin have been discovered, including those that exposed users' personal information and/or resulted in the loss of users' bitcoin. Several errors and defects have been publicly found and corrected, including those that disabled some functionality for users and exposed users' personal information. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money in contravention of known network rules has occurred. For example, in 2010 hackers exploited a flaw in the Bitcoin network source code that allowed them to generate 184 billion bitcoin. However, the bitcoin community and developers identified and reversed these transactions within approximately three hours, and the flaw was corrected with an updated version of the Bitcoin protocol.

In addition, other digital asset networks, such as the Ethereum network, have been subjected to a number of denial-of-service attacks, which in the case of the Ethereum network led to temporary delays in block creation and in the transfer of ether.

Greater than 50% of Network Computational Power

In the past, mining pools have gained control of significant amounts of the processing power or "hash rate" of the Bitcoin network. If a mining pool obtains control of more than 50% of the hash rate of the Bitcoin network, a malicious actor would be able to gain full control of the network and the ability to alter the blockchain. For example, during May and June 2014, mining pool gHash.IO's processing power approached and during a twenty-four to forty-eight hour period, may have exceeded 50% of the processing power on the Bitcoin network.

Although no malicious activity or abnormal transaction recording was observed at the time, the incident focused attention on the influence of mining pools. Likewise, in May 2019, the Bitcoin Cash network experienced a 51% attack when two large mining pools reversed a series of transactions in order to stop an unknown miner from taking advantage of a flaw in a recent Bitcoin Cash protocol upgrade. Although this particular attack was arguably benevolent, the fact that such coordinated activity was able to occur may negatively impact perceptions of the Bitcoin Cash network.

This form of attack is an issue for proof of work-based systems like the Bitcoin network but not as much for proof of stake-based systems. If a malicious actor acquired sufficient computational power necessary to control the Bitcoin network, among other things, it would be able to reverse transactions and engage in double-spending, or prevent some or all transactions from being confirmed and prevent some or all other miners from mining any valid new blocks.

Moreover, certain hardware providers may create hardware that collectively has majority power and the manufacturer could potentially exert control itself. For example, it was discovered that the mining machines produced by Bitmain contained backdoor code that would allow Bitmain to remotely shut down the mining machines. This vulnerability is colloquially referred to as the “Antbleed backdoor.” At worst, the Antbleed backdoor could have allowed Bitmain to shut off up to an estimated 70% of the global hash rate. Bitmain released an official response to the controversy claiming that the Antbleed backdoor had no malicious intent, and on April 28, 2017, the day following the discovery of the Antbleed backdoor, Bitmain released new source code and firmware upgrades for its mining hardware to remove the backdoor.

Cancer Nodes

Cancer nodes are computers that appear to be participating in the Bitcoin network but that are not in fact connected to the network, which a malicious actor sets up to place users onto a separate network or disconnect them from the Bitcoin network. By using cancer nodes, a malicious actor can disconnect the target user from the bitcoin economy entirely by refusing to relay any blocks or transactions. Software programs have attempted to make these attacks more difficult by limiting the number of outbound connections through which users are able to connect to the Bitcoin network.

Double-Spending Risks

A malicious actor may attempt to double spend (i.e., spend the same units in more than one transaction) bitcoin by altering the formation of the blockchain. In this type of attack, a miner creates a valid new block containing a double-spend transaction and schedules the release of such attack block so that it is added to the blockchain before a target user’s legitimate transaction can be included in a block. For example, in August 2020, the Ethereum Classic Network was the target of two double-spend attacks by an unknown actor or actors that gained more than 50% of the processing power of the Ethereum Classic network. The attacks resulted in reorganizations of the Ethereum Classic blockchain that allowed the attacker or attackers to reverse previously recorded transactions in excess of \$5.0 million and \$1.0 million. Any similar attacks on the Bitcoin network could negatively impact the value of bitcoin and the value of the Shares. All double-spend attacks require that the miner sequence and execute the steps of its attack with sufficient speed and accuracy. Double-spend attacks require extensive coordination and are very expensive. Typically, transactions that allow for a zero-confirmation acceptance tend to be prone to these types of attacks. Accordingly, traders and merchants may execute instantaneous/zero-confirmation transactions only if they are of sufficiently low-value. Users and merchants can take additional precautions by adjusting their network software programs to connect only to other well-connected participants in the Bitcoin network and to disable incoming connections.

Government Oversight

Regulatory guidance and the possibility of government action has been significant in shaping the evolution of the bitcoin market. A number of U.S. federal and state agencies and foreign governments and agencies have finalized or proposed rules or guidance, conducted investigations and issued subpoenas, engaged in successful prosecutions, and issued consumer advisories related to bitcoin and other digital assets. For example, FinCEN

and certain state financial regulatory agencies require that companies that provide certain services in digital assets obtain licenses or registrations, and have anti-money laundering and sanctions programs, among other requirements, which licenses or registrations can be difficult or costly to obtain or maintain. Continued government and agency actions are likely to continue to be significant to the development of the market and the price of bitcoin, as described in more detail under “Risk Factors—Risks Related to Bitcoin—Regulatory Risk” above.

THE TRUST

Overview of the Trust

The Trust is an exchange-traded fund that issues Shares that trade on the Exchange under a ticker symbol to be announced prior to commencement of trading. The Trust’s investment objective is to reflect the performance of the spot price of bitcoin as measured using the Benchmark, less the Trust’s expenses and other liabilities.

In seeking to achieve its investment objective, the Trust will hold bitcoin. The Trust will value its Shares daily based on the value of the Benchmark as of 4:00 p.m. ET. The value of bitcoin held by the Trust is determined based on the fair market value (“FMV”) price for bitcoin, reflecting the execution price of bitcoin on its principal market as determined by the Benchmark Provider. Invesco Capital Management LLC is the sponsor of the Trust, Delaware Trust Company is the trustee of the Trust, and the Bitcoin Custodian will hold all of the Trust’s bitcoin on the Trust’s behalf.

The Trust will process all creations and redemptions of Shares in transactions with financial firms that are authorized to do so (known as “Authorized Participants”). When the Trust issues or redeems its Shares, it will do so only in blocks of 5,000 Shares (a “Creation Basket”) based on the quantity of bitcoin attributable to each Share of the Trust (net of accrued but unpaid Sponsor fees and any accrued but unpaid expenses or liabilities).

Creation and redemption transactions initially will take place in cash. Subject to Cboe in the future receiving the In-Kind Regulatory Approval, these transactions may also take place in exchange for bitcoin. The timing of the In-Kind Regulatory Approval and the related in-kind creation model is unknown and there is no guarantee that the Cboe will receive such approval. If Cboe receives the In-Kind Regulatory Approval and the Sponsor chooses to allow in-kind creations and redemptions, notice to Shareholders will be provided on the Trust’s website, in a prospectus supplement, through a current report on Form 8-K and/or in the Trust’s annual or quarterly reports.

When purchasing Creation Baskets, Authorized Participants will deliver cash to the Cash Custodian. The Execution Agent will be responsible for acquiring the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the Cash Custodian will transfer cash to the Bitcoin Counterparty in payment for the requisite amount of bitcoin. The bitcoin acquired from the Bitcoin Counterparty will be transferred to the Bitcoin Custodian. After receipt of the bitcoin by the Bitcoin Custodian, the Transfer Agent will issue Creation Baskets of Shares to the creating Authorized Participant in satisfaction of the creation order.

When redeeming Creation Baskets, the Execution Agent will be responsible for selling the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the Bitcoin Custodian will transfer bitcoin to the Bitcoin Counterparty in return for the requisite cash payment. The cash received from the Bitcoin Counterparty will be delivered to the Cash Custodian. After receipt of the cash payment, the Transfer Agent will redeem the Shares and the Cash Custodian will distribute the resulting cash to the redeeming Authorized Participant in satisfaction of the redemption order.

In connection with both creation and redemption transactions, the Execution Agent, pursuant to the oversight of the Sponsor, will decide how and with which Bitcoin Counterparty to transact on the Trust’s behalf. The Authorized Participants will deliver only cash to create Shares and will receive only cash when redeeming Shares. Further, Authorized Participants will not directly or indirectly purchase, hold, deliver, or receive bitcoin as part of the creation or redemption process or otherwise direct the Trust or a third-party with respect to

purchasing, holding, delivering, or receiving bitcoin as part of the creation or redemption process. The Trust will create Shares by receiving bitcoin from a third-party that is not the Authorized Participant and the Trust (through the Execution Agent, on an agency basis)—not the Authorized Participant—is responsible for selecting the third-party to deliver the bitcoin. Further, the third-party will not be acting as an agent of the Authorized Participant with respect to the delivery of the bitcoin to the Trust or acting at the direction of the Authorized Participant with respect to the delivery of the bitcoin to the Trust. The Trust will redeem shares by delivering bitcoin to a third-party that is not the Authorized Participant and the Trust (through the Execution Agent, on an agency basis)—not the Authorized Participant—is responsible for selecting the third-party to receive the bitcoin. Further, the third-party will not be acting as an agent of the Authorized Participant with respect to the receipt of the bitcoin from the Trust or acting at the direction of the Authorized Participant with respect to the receipt of the bitcoin from the Trust.

Subject to specific instructions from the Sponsor, the Execution Agent in its discretion is responsible for selecting the method of transacting, the price, the Bitcoin Counterparty or Counterparties and the trading platform or venue (if any) for the execution of each purchase and sale of bitcoin on behalf of the Trust. The Execution Agent has established policies and procedures for identifying, monitoring and performing due diligence on potential Bitcoin Counterparties and trading platforms or venues, with entities being added or removed from consideration on an ongoing basis. In addition, the Execution Agent evaluates Bitcoin Counterparties and trading platforms or venues on a per-transaction basis. At the time it selects a Bitcoin Counterparty for any specific transaction, the Execution Agent may consider a number of factors in an effort to seek to achieve “best execution,” including price, transaction costs, speed, and likelihood of execution and settlement, taking into account the size of the transaction and the experience and capabilities of the Bitcoin Counterparty. Relying on its history of transacting in bitcoin, the Execution Agent assesses Bitcoin Counterparties in seeking to achieve the best overall outcome for the Trust. Although the Trust is new, and therefore does not have a history of trading bitcoin, the Execution Agent (and its asset management affiliates) have extensive experience, having traded over \$3.5 Billion in digital assets in 2023 across twelve counterparties for other accounts.

As of January 9, 2024, JSCT, LLC, Flow Traders B.V. and Cumberland DRW LLC have been identified by the Execution Agent as Bitcoin Counterparties and have consented to be named in this Prospectus. Each of these Bitcoin Counterparties are, and any other Bitcoin Counterparty the Execution Agent, on behalf of the Trust, places orders with in the future will be, subject to U.S. federal and/or state licensing requirements or similar laws in non-U.S. jurisdictions, and maintain practices and policies designed to comply with AML and KYC regulations or similar laws in non-U.S. jurisdictions. The Execution Agent, on behalf of the Trust, may engage additional Bitcoin Counterparties at any time. The Trust will include a list of Bitcoin Counterparties in the Trust’s Annual Reports on Form 10-K. JSCT, LLC is an affiliate of Jane Street Capital, LLC, an Authorized Participant of the Trust.

The Trust expects to purchase or sell bitcoin in connection with cash creation or redemption transactions, and may direct the Execution Agent to sell bitcoin on behalf of the Trust to pay certain expenses, including the Sponsor Fee. Each creating or redeeming Authorized Participant will be charged a transaction fee in connection with each creation or redemption transaction.

To support the ability of Authorized Participants to provide liquidity at prices that reflect the value of the Trust’s assets and to facilitate orderly transactions in the Shares, the Trust will ordinarily process redemptions of Creation Baskets on the next Business Day following receipt of a redemption request by an Authorized Participant.

Creation Baskets are expected to be created when there is sufficient demand for Shares, including when the market price per Share is at a premium to the NAV. Authorized Participants are expected to sell such Shares to the public at prices that reflect, among other factors, the value of the Trust’s assets, supply of and demand for Shares and market conditions at the time of a transaction. Similarly, Creation Baskets are expected to be redeemed when the market price per Share is at a discount to the NAV. Investors seeking to purchase or sell Shares on any day are expected to transact in the secondary market, on the Exchange or other national securities exchanges, at the market price per Share, rather than through the creation or redemption of Creation Baskets.

The Sponsor believes that the design of the Trust will enable Investors to effectively and efficiently implement strategic and tactical asset allocation strategies that use bitcoin by investing in the Shares rather than directly in bitcoin.

Description of the Lukka Prime Bitcoin Reference Rate

The Benchmark is designed to provide an estimated fair market value for bitcoin, in a manner that aligns with U.S. GAAP and IFRS accounting guidelines regarding fair market value measurements. In this regard, the Benchmark Provider seeks to identify a “principal market” for bitcoin each day, by evaluating eligible bitcoin trading platforms across a variety of different criteria, including the trading platforms’ oversight and governance frameworks, microstructure efficiency, trading volume, data transparency and data integrity. As of December 2023, the following trading platforms are considered to be eligible trading platforms by the Benchmark Provider: Binance, Bitfinex, Bitflyer, Bitstamp, Coinbase, Crypto.com, Gemini, HitBTC, Huobi, Kraken, KuCoin, OKEx, Poloniex (collectively, “Benchmark Pricing Sources”). The Benchmark Provider reviews trading platforms eligible for inclusion in the Benchmark quarterly. In determining which trading platforms to include, the Benchmark Provider evaluates each trading platform using proprietary ratings criteria. The Benchmark Provider periodically reassesses the trading platforms eligible to be considered Benchmark Pricing Sources, and makes adjustments as needed.

In pursuit of its commitment to provide the highest quality, institutional grade product offerings, the Benchmark Provider adheres to strict oversight practices. As part of this oversight, the Benchmark Provider maintains formal governance boards to oversee its data products. The Benchmark Provider’s Price Integrity Oversight Board (“PIOB”) seeks to ensure the integrity and validity of the Benchmark Provider’s pricing and valuation products and to also ensure that products remain fit for purpose. One of the PIOB’s responsibilities, among others, is to determine the market data that is utilized in the Benchmark Provider’s pricing and valuation processes. This includes any approval of new sources of market data and the suspension or discontinuation of existing sources of market data. Additionally, the Benchmark Provider’s PIOB regularly reviews eligible trading platforms, including any new sources of pricing information. As it pertains to the impact on the NAV of the Trust, the continuous monitoring of pricing data helps ensure that pricing accurately reflects the economic reality that the benchmark is intended to measure. A change in the Benchmark Pricing Sources may result in a change in the Trust’s NAV.

The Benchmark Provider launched the Benchmark in January 2020, and the Benchmark has been back-populated to January 2014. The below graph compares the historical Benchmark returns to the prices on each of the Benchmark Pricing Sources with U.S. Dollar-bitcoin trading pairs on October 31, 2023.



As is evident from the foregoing graph and as expected given arbitrage activity across trading platforms, the historic Benchmark returns have aligned closely to the prices of bitcoin on each of the Benchmark Pricing Sources with U.S. Dollar-bitcoin trading pairs.

The below table contains the market share and volume information for each Benchmark Pricing Source with U.S. Dollar-bitcoin trading pairs. Note that the Benchmark Provider will prioritize U.S. Dollar trading pairs before using trading platforms where other pairs, such as stablecoins, are used:

2023 XBT- USD Lukka Prime Bitcoin Volumes (January 1, 2023 - October 1, 2023)	
Trading Platform	Volume (%)
Bitflyer	0.23%
Bitfinex	7.58%
Bittrex ¹	0.17%
Bitstamp	9.15%
Coinbase	66.01%
Gemini	1.96%
Kraken	14.90%

1 Bittrex was removed as a Benchmark Pricing Source on November 21, 2023.

The Benchmark Pricing Sources are described below.

Trading platforms with U.S. Dollar trading pairs:

Bitfinex: A British Virgin Islands-based trading platform registered as a Money Services Business with the Financial Crimes Enforcement Network. Bitfinex is also licensed as a Digital Asset Service Provider from the Central Reserve Bank of El Salvador.

Bitflyer: A Japan-based trading platform registered as a Virtual Currency Exchange from the Japan Financial Services Agency. Bitflyer is also licensed as a virtual currency business under the NYSDFS BitLicense.

Bittrex: A Liechtenstein-based trading platform registered as a Money Services Business with the Financial Crimes Enforcement Network. Bittrex is also licensed in Bermuda and Liechtenstein. On November 20, 2023, Bittrex announced its intention to wind down its operations and disable trading activity effective December 4, 2023. On November 21, 2023, Bittrex was removed as a Benchmark Pricing Source as a result of its announcement.

Bitstamp: A U.K.-based trading platform registered as a Money Services Business with the Financial Crimes Enforcement Network. Bitstamp is also licensed as a virtual currency business under the NYSDFS BitLicense.

Coinbase: A U.S.-based trading platform registered as a Money Services Business with the Financial Crimes Enforcement Network. Coinbase is also licensed as a virtual currency business under the NYSDFS BitLicense.

Gemini: A U.S.-based trading platform registered as a Money Services Business with the Financial Crimes Enforcement Network. Gemini is also licensed as a virtual currency business under the NYSDFS BitLicense.

Kraken: A U.S.-based trading platform registered as a Money Services Business with the Financial Crimes Enforcement Network. Kraken is also registered as a Digital Currency Exchange Provider with the Australian Transaction Reports and Analysis Centre.

Trading platforms without U.S. Dollar trading pairs.

Binance: A Cayman Islands-based trading platform with a Digital Asset Service Provider registration from the Autorité des Marchés Financiers, MVP Preparatory License from Dubai's Virtual Assets Regulatory Authority and a variety of other licenses across the European and Asia-Pacific regions.

Crypto.com: A Singapore-based trading platform with a Digital Token License from the Monetary Authority of Singapore. Crypto.com is also registered as a Money Services Business with the Financial Crimes Enforcement Network.

HitBTC: A British Virgin Islands-based trading platform that currently does not hold any licenses from any licensing authorities.

Huobi: A Gibraltar-based trading platform with a Distributed Ledger Technology Provider License from the Gibraltar Financial Services Commission. Huobi is also registered as a Digital Currency Exchange Provider with the Australian Transaction Reports and Analysis Centre.

KuCoin: A Seychelles-based trading platform that currently does not hold any licenses from any licensing authorities.

OKX (fka OKEEx): A Seychelles-based trading platform with a MVP Preparatory License from Dubai's Virtual Assets Regulatory Authority.

Poloniex: A Seychelles-based trading platform registered as a Money Services Business with the Financial Crimes Enforcement Network.

FTX and FTX US were removed as a Benchmark Pricing Source by the Benchmark Provider on November 10, 2022 and November 11, 2022, respectively, as a result of the collapse and subsequent bankruptcy filings of those firms. On November 21, 2023, Bittrex was removed as a Benchmark Pricing Source as a result of its announcement that it intends to wind down its operations and disable trading activity effective December 4, 2023. There have been no other changes to the Benchmark Pricing Sources since the fourth quarter of 2022. A list of the Benchmark Pricing Sources is maintained on the Benchmark Provider's website.

The Trust confirms that the Sponsor may, in its sole discretion, change either the Benchmark or Benchmark Provider without Shareholder approval.

In the event that the Benchmark Provider changes the methodology of the Benchmark, the Benchmark Provider will inform the Sponsor of the nature of the change and the timeline for implementation. The Sponsor will notify investors of material changes to the Benchmark, or the Sponsor's decision to change the Benchmark or the Benchmark Provider, by providing notice to investors and market participants as promptly as practicable through some combination of press release, website disclosure, 8-K filing or registration statement supplement, in addition to any notice to the listing exchange required under applicable listing rules.

In determining the value of bitcoin, the Benchmark Provider applies a five-step weighting process for identifying the principal trading platform for bitcoin and the last price on that trading platform. A Base Exchange Score ("BES") that takes into account the criteria above is assigned to each Benchmark Pricing Source in order to select the most appropriate primary trading platform and then an executed trading platform price is determined at 4:00 p.m. ET. The characteristics of each trading platform are weighted as follows for their BES:

- **Oversight (35%):** This score reflects the rules in place to protect and to give access to investors and is a function of a variety of factors. The score assigned for trading platform oversight will depend on parameters such as jurisdiction, regulation, "Know Your Customer and Anti-Money Laundering Compliance" (KYC/AML), etc. Benchmark Participants will receive a higher score if they are subject to more stringent regulation, including comprehensive KYC/AML screening, and the level of currency oversight and regulation in their home jurisdiction.
- **Microstructure Efficiency (30%):** The second trading platform characteristic is microstructure efficiency. The Benchmark takes the effective bid-ask spread as a proxy for efficiency. For each

trading platform and currency pair, the Benchmark takes an estimate of the “effective spread,” which is a common approach to measuring trade execution costs.

- **Data Integrity (25%):** Data Integrity provides a metric of how consistent a trading platform’s trading activity is with its underlying market microstructure. This is done by aligning a trading platform’s trade data for a given product with quotes data pertaining to the same market. Trading platforms whose traded prices deviate outside the spreads indicated by the quotes data are penalized. This would potentially expose nefarious actions such as wash trading or other potential manipulation of data. The metric is computed by joining a sample of trades with quotes by trading platform, product and time. With this, the Benchmark Provider computes the maximum observed ask price and the minimum observed bid price over a rolling window in time. This serves to define a range of possible trade prices that would be expected based on the quotes data. The Benchmark Provider then aggregates this dataset by trading platform, computing the fraction of transactions where the trade price was within the expected range as computed in the prior step. This fraction is multiplied by 100 to give the data integrity score.
- **Data Transparency (10%):** Transparency is the term used for a quality score that is determined by the level of detail of the data offered by a trading platform. Similar to the jurisdiction hierarchy, Level 1, the highest level in the transparency hierarchy, is assigned 100 points and is reduced by 20 points for each subsequent lower level. The most transparent (Level 1) trading platforms offer order-level data, followed by order book (Level 2), trade-level (Level 3), candles (Level 4), and then no data (Level 5).

For financial reporting purposes, the Trust will determine the principal market for bitcoin in accordance with ASC Topic 820-10, and such determination is considered from the Trust’s perspective. The Benchmark follows a methodology designed to identify the principal market for bitcoin at a given time. Procedures will be implemented by the Sponsor to review and confirm the prices utilized to value bitcoin reflect fair value in accordance with ASC Topic 820 and will be reviewed by the Sponsor’s Valuation Committee on a periodic basis.

With respect to the Trust’s Authorized Participants or their affiliates, the Trust notes that it has no authority over which trading platforms the Authorized Participants or their affiliates might transact on, although the Trust expects that most Authorized Participants or their affiliates may transact on several of the trading platforms that are Benchmark Pricing Sources for the Benchmark Provider. The Trust notes that for transactions in which it is selling bitcoin, it may do so in principal to principal transactions arranged by the Execution Agent, although the Trust is eligible to execute trades on all of the trading platforms used by the Benchmark Provider. While the principal to principal market is the market in which the Execution Agent, on the Trust’s behalf, would normally transact for sales of bitcoin, in considering all information reasonably available in accordance with the guidance in ASC 820-10-35-5A, the Trust notes that the identification of a principal market is completed by the Benchmark Provider based on a variety of different criteria including but not limited to trading platforms’ oversight and governance frameworks, microstructure efficiency, trading volume, data transparency and data integrity. The Trust views this evidence to the contrary as appropriate basis to determine a primary market that is not the principal to principal market, in accordance with the guidance in ASC 820-10-35-5A. The Sponsor performed extensive back testing of the Benchmark, comparing the Benchmark Provider’s historical designation of the primary trading platform and the daily pricing from said trading platform, relative to where the Trust is expected to transact. The Sponsor concluded that the methodology consistently resulted in a principal market that aligns with the Trust’s expected transaction activities. Procedures will be implemented to review and confirm the above on at least a quarterly basis, adjusting the frequency of that review if determined necessary by the Sponsor’s Valuation Committee.

The Trust and the Sponsor are not responsible for the calculations performed by the Benchmark Provider or for the development or implementation of the Benchmark Provider’s methodologies.

WITHOUT LIMITING THE FOREGOING, NONE OF LUKKA INC., THE SPONSOR, OR ANY OF THEIR RESPECTIVE SUBSIDIARIES OR AFFILIATES SHALL HAVE ANY LIABILITY FOR ANY ERRORS,

OMISSIONS, DELAYS OR INTERRUPTIONS IN THE BENCHMARK PRICING PROCESS NONE OF LUKKA INC., THE SPONSOR, OR ANY OF THEIR RESPECTIVE SUBSIDIARIES OR AFFILIATES MAKES ANY EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE PRICING SERVICES OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL LUKKA INC., THE SPONSOR, OR ANY OF THEIR RESPECTIVE SUBSIDIARIES OR AFFILIATES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES OR LOSSES, EVEN IF NOTIFIED OF THE POSSIBILITY THEREOF. THERE ARE NO THIRD-PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN LUKKA INC. AND THE SPONSOR OTHER THAN THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES.

The Trust's Expenses

The Trust will pay the Sponsor a unified fee of 0.25% per annum (the "Sponsor Fee") as compensation for services performed under the Trust Agreement (as defined herein). The Trust's only ordinary, recurring expense is the Sponsor Fee. For a 6-month period commencing on the day the Trust's Shares are initially listed on the Exchange, the Sponsor intends to waive the entire Sponsor Fee on the first \$5 billion of Trust assets.

Except for during periods during which all or a portion of the Sponsor Fee is being waived, the Sponsor Fee will be accrued daily and paid monthly in arrears in U.S. dollars, and will be calculated by the Administrator. The Administrator will calculate the Sponsor Fee on a daily basis by applying the 0.25% annualized rate to the Trust's total net assets. To cover the Sponsor's Fee, and extraordinary expenses not assumed by the Sponsor, the Sponsor or its delegate will cause the Trust (or its delegate) to instruct the Execution Agent to convert bitcoin held by the Trust into U.S. dollars. The NAV of the Trust and the number of bitcoins represented by a Share will decline each time the Trust accrues the Sponsor's Fee or any Trust expenses not assumed by the Sponsor. The Trust is not responsible for paying any costs associated with the transfer of bitcoin to or from the Trust in connection with paying the Sponsor's Fee or in connection with creation and redemption transactions.

Except as noted below, the Sponsor has agreed to pay all of the Trust's ordinary expenses out of the Sponsor Fee, including, but not limited to, the Trustee's fees, the fees of the Administrator and the Transfer Agent, the fees of the Bitcoin Custodian, the fees of the Execution Agent, Exchange listing fees, SEC registration fees, printing and mailing costs, legal costs and audit fees. The Sponsor also paid the costs of the Trust's organization.

The Trust may incur certain extraordinary expenses that are not assumed by the Sponsor. These include, but are not limited to, taxes and governmental charges, any applicable brokerage commissions, financing fees, Bitcoin network fees and similar transaction fees, expenses and costs of any extraordinary services performed by the Sponsor (or any other service provider) on behalf of the Trust to protect the Trust or the interests of Shareholders (including, for example, in connection with any fork of the Bitcoin blockchain), any indemnification of the Sponsor, Cash Custodian, Bitcoin Custodian, Administrator or other agents, service providers or counterparties of the Trust and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters.

The Trust from time to time will be required to sell bitcoin in such quantities as is necessary to permit payment of the Sponsor Fee and any Trust expenses and liabilities not assumed by the Sponsor. The Trust has authorized the Execution Agent to sell bitcoin on its behalf in such quantity as is necessary to permit payment of such expenses in such circumstances. At the direction of the Trust, the Execution Agent will seek to sell bitcoin at approximately the price at which it is valued by the Trust and in the smallest amounts required to permit such payments as they become due, with the intention of minimizing the Trust's holdings of assets other than bitcoin. Accordingly, the amount of bitcoin to be sold may vary from time to time depending on the level of the Trust's expenses and liabilities and the market price of bitcoin. Each sale of bitcoin by the Trust to pay the Sponsor Fee or other Trust expenses will give rise to taxable gain or loss to Shareholders. See "U.S. Federal Income Tax Consequences—Taxation of U.S. Shareholders."

CALCULATION OF NAV

General

The Shares are valued each Business Day as of 4:00 p.m. ET. The value of bitcoin held by the Trust is determined based on the fair market value price for bitcoin determined by the Benchmark Provider. In this regard, the Benchmark Provider seeks to identify a “principal market” for bitcoin each day, by evaluating eligible bitcoin trading platforms across a variety of different criteria, including the trading platforms’ oversight and governance frameworks, microstructure efficiency, trading volume, data transparency and data integrity. The Sponsor believes that use of the Benchmark mitigates against idiosyncratic exchange risk, as the failure of any individual Benchmark Pricing Source will not materially impact pricing for the Trust. It also allows the Administrator to calculate the NAV in a manner that significantly deters manipulation.

As discussed, the fact that the NAV is based on data from multiple trading platforms makes manipulation more difficult in a well-arbitrated and fractured market, as a malicious actor would need to manipulate multiple trading platforms simultaneously to impact the NAV.

The Trust’s NAV is an amount denominated in U.S. dollars and is not utilized in determining the number of Shares that an Authorized Participant will receive in creating Shares, or the value of bitcoin that an Authorized Participant will receive in redeeming Shares, as those transactions are based on the Trust’s bitcoin holdings per Share. See “Creation and Redemption of Shares.”

The Trust’s NAV is calculated by:

- taking the current market value of its bitcoin (calculated by the Benchmark Provider) and any other assets;
- subtracting any liabilities (including accrued but unpaid expenses); and
- dividing that total by the total number of outstanding Shares.

The Administrator calculates the NAV of the Trust once each Business Day. The end-of-day bitcoin price is calculated using the execution price of bitcoin on the principal market selected by the Benchmark Provider as of 4:00 p.m. ET. However, NAVs are not officially struck until later in the day (often by 5:30 p.m. ET and almost always by 8:00 p.m. ET). The daily valuation process will be overseen by the Sponsor’s Valuation Team. The pause between 4:00 p.m. ET and 5:30 p.m. ET (or later) provides the Sponsor’s Valuation Team an opportunity to algorithmically detect, flag, investigate, and address unusual pricing should it occur.

Consistent with the daily pricing of all assets held in the Sponsor’s funds that are registered under the 1940 Act, daily valuation oversight resides with the Sponsor’s Valuation Team. The Sponsor’s Valuation Team is an independent control function within the Sponsor with the responsibility for oversight of asset pricing. Standardized controls (such as exception-based reports) are in place and run daily prior to NAV dissemination to detect “unusual pricing.” This includes, but is not limited to, missing price reports, unchanged price reports, and large daily price variance reports. Specifically with respect to the Trust, the Sponsor’s Valuation Team will monitor the pricing of the Benchmark to ensure that the Trust’s NAV is determined based on consistent, accurate pricing that the Sponsor believes is reflective of the value of the Trust’s bitcoin, and also a transparent methodology and process. In addition, the Sponsor’s Valuation Team may seek information and recommendations from the Execution Agent, the Benchmark Provider, the Bitcoin Custodian, the Prime Broker or others regarding bitcoin valuation issues and potential bitcoin market events.

All price updates are communicated to the Administrator only by the Sponsor’s pricing team. No members of the Sponsor’s investment or other business-related teams are authorized to provide pricing instructions to the Administrator. Price updates are communicated to the Administrator prior to NAV finalization and therefore would be incorporated in that day’s NAV.

The Sponsor's Valuation Team will monitor for significant events related to digital assets that may impact the value of the Trust's bitcoin, and will determine in good faith whether to fair value the Trust's bitcoin on a given day based on whether certain pre-determined criteria have been met. For example, if the Benchmark deviates by more than a pre-determined amount from an alternate benchmark available to the Sponsor, then the Sponsor's Valuation Team may determine to utilize the alternate benchmark. The Sponsor's Valuation Team may also fair value the Trust's bitcoin using observed market transactions from various trading platforms, including some or all of the trading platforms included in the Benchmark.

In the event the Benchmark becomes unavailable or if the Sponsor or Administrator determines that the Benchmark does not reflect an accurate bitcoin price, an independent assessment to designate the Trust's principal market is performed by looking at pricing and transaction volume information from eligible trading platforms in which the Trust transacts only incorporating those. Typically, this will involve a multi-step process conducted by the Sponsor's Valuation Team to identify the principal market for bitcoin on a given day:

- First, a list of eligible bitcoin trading platforms in which the Trust transacts is compiled and ranked in descending order based on the prior twelve months of volume of bitcoin traded on each trading platform.
- Second, any trading platforms that do not comply with licensing requirements which are applicable to the Trust and the Authorized Participants are excluded.
- Third, reviews of intra-day pricing are completed to identify any material variances which may impact the price information provided by a particular trading platform. A bitcoin trading platform is then selected as the Trust's principal market and pricing consumed from that trading platform.

Even if the Benchmark is deemed to be available and reliable, the aforementioned process is completed periodically as deemed necessary by the Sponsor's Valuation Team in order to assess and evaluate the effectiveness of the process.

The bitcoin markets are generally open on days when U.S. markets are closed, which means that the value of the bitcoin owned by the Trust could change on days when Shares cannot be bought or sold.

The website for the Trust, www.invesco.com/BTCO, which will be publicly accessible at no charge, will contain the following information: (a) the prior Business Day's NAV; (b) the prior Business Day's official closing price; (c) calculation of the premium or discount of such Cboe official closing price against such NAV; (d) data in chart form displaying the frequency distribution of discounts and premiums of the Cboe official closing price against the NAV, within appropriate ranges for each of the four previous calendar quarters (or for the life of the Trust, if shorter); (e) the Prospectus; and (f) other applicable quantitative information. The Administrator will also disseminate the Trust's bitcoin holdings on a daily basis on the Trust's website. The NAV for the Trust will be calculated by the Administrator once a day and will be disseminated daily to all market participants at the same time. Quotation and last sale information regarding the Shares will be disseminated through the facilities of the Consolidated Tape Association ("CTA").

The Trust's periodic financial statements may not utilize the net asset value of the Trust determined by reference to the Benchmarks to the extent the methodology used to calculate the Benchmark is deemed not to be consistent with GAAP. The Trust's periodic financial statements will be prepared in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 820, "Fair Value Measurements and Disclosures" ("ASC Topic 820") and utilize an exchange-traded price from the Trust's principal market for bitcoin on the Trust's financial statement measurement date. The Sponsor will determine in its sole discretion the valuation sources and policies used to prepare the Trust's financial statements in accordance with GAAP. The Trust intends to engage a third-party vendor to obtain a price from a principal market for bitcoin, which will be determined and designated by such third-party vendor daily based on its consideration of several trading platform characteristics, including oversight, and the volume and frequency of trades. Under GAAP, such a price is expected to be deemed a Level 1 input in accordance with the ASC Topic 820 because it is expected to be a quoted price in an active market for identical assets or liabilities.

To determine which market is the Trust's principal market (or in the absence of a principal market, the most advantageous market) for purposes of determining fair value in preparing the Trust's financial statements, the Trust follows ASC 820-10, which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for bitcoin in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Trust to assume that bitcoin is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact. The Trust may transact through Bitcoin Counterparties, in multiple markets, and its application of ASC 820-10 reflects this fact. The Trust anticipates that, while multiple venues and types of markets will be available to the Bitcoin Trading Counterparties from whom the Sponsor acquires or disposes of the Trust's bitcoin, the principal market in each scenario is determined by looking at the market-based level of volume and bitcoin trading activity. Bitcoin Counterparties, may transact in a Brokered Market, a Dealer Market, Principal-to-Principal Markets and Exchange Markets, each as defined in the FASB ASC Master Glossary. Based on information reasonably available to the Trust, Exchange Markets have the greatest volume and level of activity for the asset. The Trust therefore looks to accessible Exchange Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market. As a result of the aforementioned analysis, an Exchange Market has been selected as the Trust's principal market. The Trust determines its principal market (or in the absence of a principal market the most advantageous market) on a quarterly basis to determine which market is its Principal Market for the purpose of calculating fair value for the creation of quarterly and annual financial statements.

The process that the Sponsor has developed for identifying a principal market, as prescribed in ASC 820-10, which outlines the application of fair value accounting. The process begins by identifying publicly available, well established and reputable bitcoin trading venues (Exchange Markets, as defined in the FASB ASC Master Glossary), which are selected by the Sponsor and its affiliates in their sole discretion. Those markets include Binance, Bitfinex, Bitflyer, Bitstamp, Coinbase Pro, Crypto.com, Gemini, HitBTC, Huobi, Kraken, KuCoin, OKEx, Poloniex. The Sponsor then, through a service provider, calculates on each valuation period, the highest volume venue during the 60-minute period prior to 4:00 ET for bitcoin. The Sponsor then identifies that market as the principal market for bitcoin during that period, and uses the price for bitcoin from that venue at 4:00 ET as the principal market price.

Intraday Indicative Value

In order to provide updated information relating to the Trust for use by Shareholders and market professionals, the Benchmark Provider will calculate and disseminate during each day the NYSE is open for regular trading an updated intraday indicative value ("IIV"). The IIV will be calculated by using the prior day's closing NAV as a base and updating that value throughout the trading day to reflect changes in the most recently reported price of bitcoin as reported by the Benchmark Provider or another reporting service.

The IIV disseminated during each day the NYSE is open for regular trading should not be viewed as an actual real time update of the NAV, because NAV is calculated only once at the end of each trading day based upon the relevant end of day value of the Trust's bitcoin. The IIV will be calculated every second from 9:30 a.m. to 4:00 p.m. ET and disseminated on a per Share basis every 15 seconds during each day the NYSE is open for regular trading. Lukka Inc. will disseminate the IIV value through the facilities of CTA/CQ High Speed Lines. In addition, the IIV will be published on the Exchange's website and will be available through on-line information services such as Bloomberg and Reuters. The IIV as of the time that the NAV is calculated on a given day may differ from the NAV for such day due to the differences in the time window of trades used to calculate each price (the NAV uses a 15-minute window, whereas the IIV draws prices from the last trade on each trading platform in an effort to produce a relevant, real-time price).

There are many instances in the market today where the IIV as of the time that the NAV is calculated on a given day and the NAV of an ETF for such day are subtly different, whether due to the calculation methodology,

market hours overlap or other factors. The Sponsor has seen limited or no negative impact on trading, liquidity or other factors for exchange-traded funds in this situation. The Sponsor believes that the IIV will closely track the globally integrated bitcoin price as reflected on the Benchmark Pricing Sources.

Dissemination of the IIV provides additional information that is not otherwise available to the public and is useful to Shareholders and market professionals in connection with the trading of the Shares on the Exchange. Shareholders and market professionals will be able throughout the trading day to compare the market price of the Shares and the IIV. If the market price of the Shares diverges significantly from the IIV, market professionals will have an incentive to execute arbitrage trades. For example, if the Trust appears to be trading at a discount compared to the IIV, a market professional could buy Shares on the Exchange and sell short futures contracts. Such arbitrage trades can tighten the tracking between the market price of the Shares and the IIV, and thus can be beneficial to all market participants.

Stock Splits

The Sponsor reserves the right to adjust the Share price of the Trust in the future to maintain convenient trading ranges for Shareholders in the secondary market. Any adjustments would be accomplished through stock splits or reverse stock splits. Such splits would decrease (in the case of a split) or increase (in the case of a reverse split) the proportionate NAV, but would have no effect on the net assets of the Trust or the proportionate voting rights of Shareholders or the value of any Shareholder's investment.

Other Assets

The fair values of any liquid assets held by the Trust primarily in the form of cash and certificates of deposits are included in the determination of NAV.

Liabilities

The fair value of the Trust's liabilities is included in the determination of NAV. These liabilities are expected generally to consist only of the Sponsor Fee, although liabilities may also include extraordinary expenses from time to time. See "The Trust—The Trust's Fees and Expenses."

Impact of Trust Expenses on the Trust's NAV

The amount of bitcoin represented by the Shares will be reduced during the life of the Trust each time the Trust accrues the Sponsor's Fee, and to pay for any extraordinary expenses. This dynamic will occur irrespective of whether the value of the Trust's assets, or the trading price of the Shares, rises or falls.

ADDITIONAL INFORMATION ABOUT THE TRUST

The Trust

The Trust is a Delaware statutory trust, formed on April 5, 2021, pursuant to the Delaware Statutory Trust Act ("DSTA"). The Trust continuously issues common shares representing fractional undivided beneficial interest in and ownership of the Trust that may be purchased and sold on the Exchange. The Trust operates pursuant to its Second Amended and Restated Declaration of Trust and Trust Agreement, dated as of January 5, 2024 (the "Trust Agreement"). Delaware Trust Company, a Delaware trust company, is the Delaware trustee of the Trust. The Trust is managed and controlled by the Sponsor.

The Trust is not registered as an investment company under the 1940 Act and is not required to register under such act. The Trust will not hold or trade in commodity futures contracts regulated by the CEA, as administered

by the CFTC. The Trust is not a commodity pool for purposes of the CEA and neither the Sponsor, nor the Trustee is subject to regulation as a commodity pool operator or a commodity trading adviser in connection with the Shares.

The Trust is passively managed and the Sponsor does not actively manage the bitcoin held by the Trust. This means that the Sponsor does not sell bitcoin at times when its price is high or acquire bitcoin at low prices in the expectation of future price increases. It also means that the Sponsor does not make use of any of the hedging techniques available to professional bitcoin investors to attempt to reduce the risks of losses resulting from price changes. The Trust, the Sponsor and the service providers will not loan or pledge the Trust's assets, nor will the Trust's assets serve as collateral for any loan or similar arrangement. The Trust will not utilize leverage, derivatives or any similar arrangements in seeking to meet its investment objective.

The number of outstanding Shares is expected to increase and decrease from time to time as a result of the creation and redemption of Creation Baskets. The Trust creates and redeems Shares from time to time, but only in one or more Creation Baskets. Creation and redemption transactions initially will take place in cash. Subject to Cboe in the future receiving the In-Kind Regulatory Approval, these transactions may also take place in exchange for bitcoin. The timing of the In-Kind Regulatory Approval and the related in-kind creation model is unknown and there is no guarantee that the Cboe will receive such approval. If Cboe receives the In-Kind Regulatory Approval and the Sponsor chooses to allow in-kind creations and redemptions, notice to Shareholders will be provided on the Trust's website, in a prospectus supplement, through a current report on Form 8-K and/or in the Trust's annual or quarterly reports.

When purchasing Creation Baskets, Authorized Participants will deliver cash to the Cash Custodian. The Execution Agent will be responsible for acquiring the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the Cash Custodian will transfer cash to the Bitcoin Counterparty in payment for the requisite amount of bitcoin. The bitcoin acquired from the Bitcoin Counterparty will be transferred to the Bitcoin Custodian. After receipt of the bitcoin by the Bitcoin Custodian, the Transfer Agent will issue Creation Baskets of Shares to the creating Authorized Participant in satisfaction of the creation order.

When redeeming Creation Baskets, the Execution Agent will be responsible for selling the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the Bitcoin Custodian will transfer bitcoin to the Bitcoin Counterparty in return for the requisite cash payment. The cash received from the Bitcoin Counterparty will be delivered to the Cash Custodian. After receipt of the cash payment, the Transfer Agent will redeem the Shares and the Cash Custodian will distribute the resulting cash to the redeeming Authorized Participant in satisfaction of the redemption order.

In connection with both creation and redemption transactions, the Execution Agent, pursuant to the oversight of the Sponsor, will decide how and with which Bitcoin Counterparty to transact on the Trust's behalf. The Authorized Participants will deliver only cash to create Shares and will receive only cash when redeeming Shares. Further, Authorized Participants will not directly or indirectly purchase, hold, deliver, or receive bitcoin as part of the creation or redemption process or otherwise direct the Trust or a third-party with respect to purchasing, holding, delivering, or receiving bitcoin as part of the creation or redemption process. The Trust will create Shares by receiving bitcoin from a third-party that is not the Authorized Participant and the Trust (through the Execution Agent, on an agency basis)—not the Authorized Participant—is responsible for selecting the third-party to deliver the bitcoin. Further, the third-party will not be acting as an agent of the Authorized Participant with respect to the delivery of the bitcoin to the Trust or acting at the direction of the Authorized Participant with respect to the delivery of the bitcoin to the Trust. The Trust will redeem shares by delivering bitcoin to a third-party that is not the Authorized Participant and the Trust (through the Execution Agent, on an agency basis)—not the Authorized Participant—is responsible for selecting the third-party to receive the bitcoin. Further, the third-party will not be acting as an agent of the Authorized Participant with respect to the receipt of the bitcoin from the Trust or acting at the direction of the Authorized Participant with respect to the receipt of the bitcoin from the Trust.

The Sponsor recognizes that the size of the Creation Baskets may impact the effectiveness of the arbitrage mechanism of the Trust's creation and redemption process, and accordingly may adjust the size of the Creation Baskets to enhance the activities of the Authorized Participants in the secondary market for the Trust's shares.

The Trust has no fixed termination date.

Dissolution of the Trust

The Trust will dissolve at the direction of the Sponsor, and the Sponsor will promptly notify Shareholders of such dissolution, if any of the following dissolution events occur:

- Shares are delisted from the Exchange and are not approved for listing on another national securities exchange within five Business Days of their delisting;
- 180 days have elapsed since the Trustee notified the Sponsor of the Trustee's election to resign or since the Sponsor removed the Trustee, and a successor trustee has not been appointed and accepted its appointment;
- the SEC determines that the Trust is an investment company under the 1940 Act, and the Sponsor has made the determination that dissolution of the Trust is advisable;
- the CFTC determines that the Trust is a commodity pool under the CEA, and the Sponsor has made the determination that dissolution of the Trust is advisable;
- the Trust is determined to be a "money service business" under the regulations promulgated by FinCEN under the authority of the BSA and is required to comply with certain FinCEN regulations thereunder or is determined to be a "money transmitter" (or equivalent designation) under the laws of any state in which the Trust operates and is required to seek licensing or otherwise comply with state licensing requirements, and the Sponsor has made the determination that dissolution of the Trust is advisable;
- a U.S. regulator requires the Trust to shut down or forces the Trust to liquidate its bitcoin;
- any ongoing event exists that either prevents the Trust from making or makes impractical the Trust's reasonable efforts to make a fair determination of the price of bitcoin for purposes of determining the NAV of the Trust;
- the Sponsor determines that the aggregate net assets of the Trust in relation to the operating expenses of the Trust make it unreasonable or imprudent to continue the business of the Trust;
- the Trust fails to qualify for treatment, or ceases to be treated, as a "grantor trust" under the Internal Revenue Code of 1986, as amended (the "Code") or any comparable provision of the laws of any State or other jurisdiction where that treatment is sought, and the Sponsor determines that, because of that tax treatment or change in tax treatment, dissolution of the Trust is advisable;
- 60 days have elapsed since DTC or another depository has ceased to act as depository with respect to the Shares, and the Sponsor has not identified another depository that is willing to act in such capacity;
- the Trustee elects to dissolve the Trust after the Sponsor is conclusively deemed to have resigned effective immediately as a result of the Sponsor being adjudged bankrupt or insolvent, or a receiver of the Sponsor or of its property being appointed, or a trustee or liquidator or any public officer taking charge or control of the Sponsor or of its property or affairs for the purpose of rehabilitation, conservation or liquidation and a successor sponsor has not been appointed; or
- the Sponsor elects to dissolve the Trust after the Trustee, Execution Agent, Administrator or the Bitcoin Custodian (or any successor trustee, administrator or custodian) resigns or otherwise ceases to be the trustee, administrator or custodian of the Trust, as applicable, and no replacement trustee, administrator and/or custodian acceptable to the Sponsor is engaged.

In addition, the Trust may be dissolved at any time for any reason by the Sponsor in its sole discretion. In respect of dissolution events that rely on Sponsor determinations to dissolve the Trust (e.g., if the SEC determines that the Trust is an investment company under the 1940 Act; the CFTC determines that the Trust is a commodity pool under the CEA; the Trust is determined to be a money transmitter under the regulations promulgated by FinCEN; the Trust fails to qualify for treatment, or ceases to be treated, as a grantor trust for U.S. federal income tax purposes; or, following a resignation by a trustee or custodian, the Sponsor determines that no replacement is acceptable to it), the Sponsor may consider, without limitation, the profitability to the Sponsor and other service providers of the operation of the Trust, any obstacles or costs relating to the operation or regulatory compliance of the Trust and the ability to market the Trust to investors. To the extent that the Sponsor determines to continue operation of the Trust following a determination's triggering event, the Trust will be required to alter its operations to comply with the triggering event. In the instance of a determination that the Trust is an investment company, the Trust and the Sponsor would have to comply with the regulations and disclosure and reporting requirements applicable to investment companies and investment advisers. In the instance of a determination that the Trust is a commodity pool, the Trust and the Sponsor would have to comply with regulations and disclosure and reporting requirements applicable to commodity pools and commodity pool operators or commodity trading advisers. In the event of a determination that the Trust is a money transmitter, the Trust and the Sponsor will have to comply with applicable federal and state registration and regulatory requirements for money transmitters and/or money service businesses. In the event that the Trust ceases to qualify for treatment as a grantor trust for U.S. federal income tax purposes, the Trust will be required to alter its disclosure and tax reporting procedures and may no longer be able to operate or to rely on pass-through tax treatment. In each such case and in the case of the Sponsor's determination as to whether a potential successor trustee or custodian is acceptable to it, the Sponsor will not be liable to anyone for its determination of whether to continue or to dissolve the Trust.

If the Trust is required to terminate and liquidate, or the Sponsor determines in accordance with the Delaware Act that it is appropriate to terminate and liquidate the Trust, the Sponsor will instruct the Execution Agent to sell the Trust's bitcoin and will distribute to the Shareholders any amounts of the cash proceeds of the liquidation remaining after the satisfaction of all outstanding liabilities of the Trust and the establishment of reserves for applicable taxes, other governmental charges and contingent or future liabilities as the Sponsor will determine. Shareholders of record on the record date fixed by the Transfer Agent for a distribution will be entitled to receive their pro rata portions of any distribution. Following the liquidation of the Trust's bitcoin, any remaining outstanding Shares will be redeemed for cash and distributed to Shareholders in accordance with the provisions of the Trust Agreement.

Upon dissolution of the Trust, following completion of winding up of its business by the Sponsor, the Trustee, upon written directions of the Sponsor, will cause a certificate of cancellation of the Trust's Certificate of Trust to be filed in accordance with applicable Delaware law. Upon completion of the winding up of the business of the Trust, the Sponsor will be discharged from all obligations under the Trust Agreement except for its certain obligations that survive dissolution of the Trust Agreement.

Amendments

The Trust Agreement provides that it may be amended by the Sponsor in its sole discretion and without the Shareholders' consent. Any such amendment to the Trust Agreement will be effective on such date as designated by the Sponsor in its sole discretion, except that any amendment that imposes or increases any fees or charges or prejudices a substantial existing right of the Shareholders will not become effective until thirty (30) days after notice of such amendment is given to the Shareholders. However, any amendment to the Trust Agreement that affects the rights or duties of the Trustee will require the Trustee's prior written consent. Every Shareholder, at the time any amendment so becomes effective, will be deemed, by continuing to hold any Shares or an interest therein, to consent and agree to such amendment and to be bound by the Trust Agreement as amended thereby. The Sponsor does not expect to make any amendment that would impair the right of Authorized Participants to surrender Creation Baskets and receive therefore the amount of Trust assets represented thereby (less fees in connection with the surrender of Shares and any applicable taxes or other governmental charges), except in order to comply with mandatory provisions of applicable law.

THE TRUST'S SERVICE PROVIDERS

The Sponsor

The Sponsor arranged for the creation of the Trust and is responsible for the ongoing registration of the Shares for their public offering and the listing of Shares on the Exchange. The Sponsor will not exercise day-to-day oversight over the Trustee or the Bitcoin Custodian. Except as noted in “The Trust—The Trust’s Expenses” above, the Sponsor has agreed to pay all of the Trust’s ordinary expenses out of the Sponsor Fee, including, but not limited to, the Trustee’s fees, the Administrator’s fee, the Transfer Agent’s fee, the Bitcoin Custodian’s fee, the Execution Agent’s fees, Exchange listing fees, SEC registration fees, printing and mailing costs, legal costs and audit fees. The Sponsor also paid the costs of the Trust’s organization. The Sponsor is a wholly-owned subsidiary of Invesco Ltd. Invesco Ltd. and its subsidiaries, including the Sponsor, are an independent global investment management group.

The Sponsor has significant experience overseeing exchange-traded products, including both 1940 Act-registered exchange-traded products and non-1940 Act-registered exchange-traded products. The Sponsor currently oversees over 200 exchange-traded products with assets totaling \$551 billion as of June 30, 2023. The Sponsor launched its Invesco Physical Bitcoin ETP in the Europe, Middle East and Africa markets in January 2022. By managing its own products and through its relationships with the Execution Agent and the Bitcoin Custodian, the Sponsor has amassed significant knowledge regarding bitcoin and the digital asset markets.

The Trustee

Delaware Trust Company, a Delaware trust company located at 251 Little Falls Drive, Wilmington, DE 19808, acts as the trustee of the Trust as required to create a Delaware statutory trust in accordance with the Trust Agreement and the DSTA. The Trustee is appointed to serve as the trustee of the Trust in the State of Delaware for the sole purpose of satisfying the requirement of Section 3807(a) of the DSTA that the Trust have at least one trustee with a principal place of business in the State of Delaware.

General Duty of Care of Trustee

The Trust Agreement provides that, to the extent that, at law or at equity, the Trustee has duties (including fiduciary duties) and liabilities relating thereto to the Trust or the Sponsor, such duties and liabilities are eliminated and replaced by the duties and liabilities of the Trustee expressly set forth in the Trust Agreement. Under the Trust Agreement, the duties of the Trustee shall be limited to (i) accepting legal process served on the Trust in the State of Delaware and (ii) at the direction of the Sponsor, the execution of any certificates required to be filed with the Secretary of State of the State of Delaware which the Trustee is required to execute under Section 3811 of the Delaware Act.

Resignation, Discharge or Removal of Trustee; Successor Trustees

The Trustee may resign at any time by giving at least 60 days advance written notice to the Sponsor. The Sponsor may remove the Trustee at any time by giving at least 60 days advance written notice to the Trustee. Upon effective resignation or removal, the Trustee will be discharged of its duties and obligations.

If the Trustee resigns or is removed, the Sponsor, acting on behalf of the Shareholders, is required to use reasonable efforts to appoint a successor trustee. Any successor Trustee must satisfy the requirements of Section 3807 of the DSTA. Any resignation or removal of the Trustee and appointment of a successor Trustee cannot become effective until a written acceptance of appointment is delivered by the successor Trustee to the outgoing Trustee and the Sponsor and any fees and other expenses due to the outgoing Trustee are paid or waived by the outgoing Trustee. Following compliance with the preceding sentence, the successor will become fully vested with the rights, powers, duties and obligations of the outgoing Trustee under the Trust Agreement, with like effect as if originally named as Trustee, and the outgoing Trustee shall be discharged of its duties and

obligations herein. If no successor Trustee shall have been appointed and shall have accepted such appointment within forty-five (45) days after the giving of such notice of resignation or removal, the Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee resigns and no successor trustee is appointed within 180 days after the date the Trustee issues its notice of resignation, the Sponsor will dissolve and liquidate the Trust and distribute its remaining assets in cash.

The Administrator

Under the trust administration and accounting agreement, the Administrator provides necessary administrative, tax and accounting services and financial reporting for the maintenance and operations of the Trust, including calculating the NAV of the Trust and determining the net assets of the Trust, and calculating the size of the Creation Baskets.

The Transfer Agent

The Transfer Agent is responsible for (1) issuing and redeeming Shares in connection with creation and redemption transactions, (2) responding to correspondence by Shareholders and others relating to its duties, (3) maintaining Shareholder accounts and (4) making periodic reports to the Trust.

The Bitcoin Custodian

Under the Bitcoin Custody Agreement, the Bitcoin Custodian is responsible for (1) safekeeping all of the bitcoin owned by the Trust, (2) opening one or more accounts that hold the Trust's bitcoin and (3) facilitating the transfer of bitcoin required for the operation of the Trust as directed by the Sponsor. The Bitcoin Custodian is chartered as a limited purpose trust company by the NYSDFS and is authorized by the NYSDFS to provide digital asset custody services. The Bitcoin Custodian is a wholly-owned subsidiary of Coinbase Global, Inc.

The Cash Custodian

Under the Cash Custody Agreement, the Cash Custodian is responsible for holding the Trust's cash in connection with creation and redemption transactions effected in cash. The Cash Custodian is a New York state-chartered bank and a member of the Federal Reserve System.

The Marketing Agent

The Marketing Agent is responsible for: (1) working with the Transfer Agent to review and approve, or reject, purchase and redemption orders of Creation Baskets placed by Authorized Participants with the Transfer Agent; and (2) reviewing and approving the marketing materials prepared by the Trust for compliance with applicable SEC and FINRA advertising laws, rules, and regulations.

The Execution Agent

The Sponsor has entered into an agreement with Galaxy Digital Funds LLC, a subsidiary of Galaxy Digital LP ("Galaxy" or the "Execution Agent") to serve as Execution Agent. At the direction of the Sponsor, the Execution Agent is responsible for selling bitcoin on behalf of the Trust to the extent necessary to permit the payment of the Trust's expenses. The Trust also will utilize the services of the Execution Agent to purchase or sell bitcoin in connection with cash creations and redemptions. When acquiring or disposing of bitcoin on behalf of the Trust in connection with a creation or redemption transaction, the Sponsor will provide instructions to the Execution Agent, who will identify a Bitcoin Counterparty. In connection with both creation and redemption transactions, the Execution Agent, pursuant to the oversight of the Sponsor, will decide how and with which Bitcoin Counterparty to transact on the Trust's behalf.

Pursuant to the Execution Agent Agreement, and subject to specific instructions from the Sponsor, the Execution Agent in its discretion is responsible for selecting the method of transacting, the price, the Bitcoin Counterparty or Counterparties and the trading platform or venue (if any) for the execution of each purchase and sale of bitcoin

on behalf of the Trust. The Execution Agent has established policies and procedures for identifying, monitoring and performing due diligence on potential Bitcoin Counterparties and trading platforms or venues, with entities being added or removed from consideration on an ongoing basis. In addition, the Execution Agent evaluates Bitcoin Counterparties and trading platforms or venues on a per-transaction basis. At the time it selects a Bitcoin Counterparty for any specific transaction, the Execution Agent may consider a number of factors in an effort to seek to achieve “best execution,” including price, transaction costs, speed, and likelihood of execution and settlement, taking into account the size of the transaction and the experience and capabilities of the Bitcoin Counterparty. Relying on its history of transacting in bitcoin, the Execution Agent assesses Bitcoin Counterparties in seeking to achieve the best overall outcome for the Trust. Although the Trust is new, and therefore does not have a history of trading bitcoin, the Execution Agent (and its asset management affiliates) have extensive experience, having traded over \$3.5 Billion in digital assets in 2023 across twelve counterparties for other accounts.

As of January 9, 2024, JSCT, LLC, Flow Traders B.V. and Cumberland DRW LLC have been identified by the Execution Agent as Bitcoin Counterparties and have consented to be named in this Prospectus. Each of these Bitcoin Counterparties are, and any other Bitcoin Counterparty the Execution Agent, on behalf of the Trust, places orders with in the future will be, subject to U.S. federal and/or state licensing requirements or similar laws in non-U.S. jurisdictions, and maintain practices and policies designed to comply with AML and KYC regulations or similar laws in non-U.S. jurisdictions. The Execution Agent, on behalf of the Trust, may engage additional Bitcoin Counterparties at any time. The Trust will include a list of Bitcoin Counterparties in the Trust’s Annual Reports on Form 10-K.

In addition, as part of this agreement, the Execution Agent has agreed to co-brand and co-market the Trust, and the Sponsor has licensed the use of certain Execution Agent trademarks, service marks and trade names in connection with the Trust. The Execution Agent is a leader in digital asset investing and trading and has extensive knowledge of and experience with digital asset investing and related services and markets.

The Execution Agent offers passive private funds in both the Bitcoin and Ethereum markets, including funds in Brazil and Canada which track the prices of bitcoin and ether. Galaxy also offers active strategies such as its Flagship Liquid Alpha Fund, which seeks to provide access to the current and next generation of essential digital assets. Galaxy also has experience in the bitcoin and digital asset markets through its affiliates, including Galaxy Digital Capital Management LP, which has been appointed as a fiduciary in the bankruptcy liquidation of FTX Trading Ltd. and acts as a fiduciary managing outside capital.

Galaxy is a subsidiary of Galaxy Digital Holdings LP (“Galaxy Holdings”). Galaxy Digital Holdings Ltd., which holds a limited partner interest in Galaxy Holdings, is listed on the Toronto Stock Exchange under the symbol “GLXY.”

Authorized Participants

The Trust will process all creations and redemptions of Shares in transactions with financial firms that are authorized to do so (known as “Authorized Participants”). Creation and redemption transactions initially will take place in cash. Subject to Cboe receiving the In-Kind Regulatory Approval, these transactions may also take place in exchange for bitcoin.

When purchasing Creation Baskets, Authorized Participants will deliver cash to the Cash Custodian. The Execution Agent will be responsible for acquiring the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the Cash Custodian will transfer cash to the Bitcoin Counterparty in payment for the requisite amount of bitcoin. The bitcoin acquired from the Bitcoin Counterparty will be transferred to the Bitcoin Custodian. After receipt of the bitcoin by the Bitcoin Custodian, the Transfer Agent will issue Creation Baskets of Shares to the creating Authorized Participant in satisfaction of the creation order.

When redeeming Creation Baskets, the Execution Agent will be responsible for selling the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the

Bitcoin Custodian will transfer bitcoin to the Bitcoin Counterparty in return for the requisite cash payment. The cash received from the Bitcoin Counterparty will be delivered to the Cash Custodian. After receipt of the cash payment, the Transfer Agent will redeem the Shares and the Cash Custodian will distribute the resulting cash to the redeeming Authorized Participant in satisfaction of the redemption order.

In connection with both creation and redemption transactions, the Execution Agent, pursuant to the oversight of the Sponsor, will decide how and with which Bitcoin Counterparty to transact on the Trust's behalf. The Authorized Participants will deliver only cash to create Shares and will receive only cash when redeeming Shares. Further, Authorized Participants will not directly or indirectly purchase, hold, deliver, or receive bitcoin as part of the creation or redemption process or otherwise direct the Trust or a third-party with respect to purchasing, holding, delivering, or receiving bitcoin as part of the creation or redemption process. The Trust will create Shares by receiving bitcoin from a third-party that is not the Authorized Participant and the Trust (through the Execution Agent, on an agency basis)—not the Authorized Participant—is responsible for selecting the third-party to deliver the bitcoin. Further, the third-party will not be acting as an agent of the Authorized Participant with respect to the delivery of the bitcoin to the Trust or acting at the direction of the Authorized Participant with respect to the delivery of the bitcoin to the Trust. The Trust will redeem shares by delivering bitcoin to a third-party that is not the Authorized Participant and the Trust (through the Execution Agent, on an agency basis)—not the Authorized Participant—is responsible for selecting the third-party to receive the bitcoin. Further, the third-party will not be acting as an agent of the Authorized Participant with respect to the receipt of the bitcoin from the Trust or acting at the direction of the Authorized Participant with respect to the receipt of the bitcoin from the Trust.

Authorized Participants are expected to sell Shares to the public at prices that reflect, among other factors, the value of the Trust's assets, supply of and demand for Shares and market conditions at the time of a transaction.

As of the date of the Prospectus, the Trust has entered into Authorized Participant Agreements with JP Morgan Securities LLC, Virtu Americas LLC, Jane Street Capital, LLC and Marex Capital Markets Inc.

CUSTODY OF THE TRUST'S BITCOIN

The Bitcoin Custodian will keep the private keys associated with the Trust's bitcoin in a "cold storage" environment where the private keys are generated and secured (the "Prime Custody Vault"). From time to time, such as when the Trust's bitcoin is being processed in connection with certain creation or redemption transactions or it is being sold, the Trust's bitcoin may be maintained in a trading account (the "Trading Balance") with Coinbase, Inc. ("Coinbase" or the "Prime Broker"), an affiliate of the Bitcoin Custodian. The Trust's bitcoin will be maintained by the Bitcoin Custodian and Coinbase in accounts that are required to be segregated from the assets held by the Bitcoin Custodian or Coinbase as principal and, when held in the Prime Custody Vault, the assets of their other customers. "Cold storage" refers to a safeguarding method by which the private keys corresponding to the Trust's bitcoins are generated and stored in an offline manner using computers or devices that are not directly connected to the internet, which is intended to make them more resistant to hacking, or similarly secure technology. All of the Trust's bitcoin will be held in the Prime Custody Vault unless it is maintained in the Trading Balance in connection with certain creation or redemption transactions or it is being sold to pay the Sponsor's Fee or Trust expenses not assumed by the Sponsor. To the extent the Trust maintains a Trading Balance with Coinbase, such short-term holdings represent an omnibus claim on Coinbase's bitcoin held on behalf of clients; these holdings exist across a combination of omnibus hot wallets, omnibus cold wallets or in accounts in Coinbase's name on a trading venue (including third-party venues and Coinbase's own execution venue) where Coinbase executes orders to buy and sell bitcoin on behalf of clients.

Custody of bitcoin typically involves the generation, storage and utilization of private keys. These private keys are used to effect transfer transactions (i.e., transfers of bitcoin from an address associated with the private key to another address). Cold storage is a safeguarding method with multiple layers of protections and protocols, by which the private key(s) corresponding to the Trust's bitcoin is (are) generated and stored in an offline manner.

Private keys are generated in offline computers that are not connected to the internet so that they are resistant to being hacked. Cold storage of private keys involves keeping key material on storage devices not directly connected to the internet. In accordance with the Trust's instructions, the Bitcoin Custodian will keep the Trust's bitcoin in cold storage on an ongoing basis; however, from time to time, portions of the Trust's bitcoin will be held in the Trading Balance outside of cold storage temporarily as part of trade facilitation in connection with creations and redemptions of Creation Baskets or to sell bitcoin to pay Trust expenses. Please see "Cybersecurity Risk Related to Bitcoin," "Risks Related to the Markets and Service Ecosystem for Bitcoin," and "Risks Related to the Trust and the Shares" for a discussion of custody risks.

Bitcoin Custodian Access to Private Keys and Whitelisting

The Bitcoin Custodian uses two distinct wallet architectures to support the Trust's operations. There is the Prime Custody Vault environment that provides the storage where assets will be secured when not involved in creation or redemption transactions. Additionally, there is the Trading Balance environment where assets move through the Coinbase trading wallets for matching, settlement, and trade execution.

Prime Custody Vault

The following groups of personnel are involved in the Prime Custody Vault wallet digital signing process. Bitcoin Custodian personnel that participate in wallet private key use activities each have access to material that is necessary to complete a transaction, but the material they have access to is not by itself sufficient to use a wallet private key and sign a transaction unilaterally (e.g., there is segregation of duties enforced between those that can initiate a private key use request, and those that can participate in wallet private key use).

- **The Trust:** The Sponsor, acting on behalf of the Trust is responsible for creating and approving the transaction (including specifying transaction details) within the Prime Custody Vault. Clients have the ability to manage address whitelist, where funds are permitted to be sent outside the boundaries of Bitcoin Custodian's environment. Modifications to the address book require client consensus and client-owned hardware two-factor authentication (2FA).
- **Facilitation:** The Bitcoin Custodian has a back-office operations team that supports validation of transaction intent, facilitates optional client video authorization calls, and collaborates with the operators to track transaction processing.
- **Key Management & Physical Access:** Private keys are encrypted and secured with cryptographically enforced consensus policies and stored in offline vaults. A secure system is responsible for uploading encrypted key share materials from a secure storage facility based on authorization from human operators. Access to a Bitcoin Custodian secure storage facility and materials therein is physically and logically restricted from a different operator group required for wallet private key use.
- **Key Use:** A group of human operators is responsible for providing the necessary cryptographic material to allow access to the private key. Cryptographic consensus must be achieved across this group of human operators before a wallet private key can be used, and transactions signed to be broadcast on-chain.

Upon cryptographic consensus being achieved the transaction is processed. The Bitcoin Custodian securely signs the transaction and broadcasts to the blockchain. All system-to-system authentication and authorization is enforced to ensure that unauthorized services are blocked from accessing resources supporting wallet operations.

Trading Balance

For the ETF trading and settlement environment, clients have configurable security controls that mirror those of the Vault wallet.

Specifically, the Sponsor, on behalf of the Trust, has the ability to manage their address allowlist where funds are permitted to be sent outside the boundaries of the Bitcoin Custodian's environment. Modifications to the address book require client consensus and client-owned hardware two-factor authentication (2FA).

The wallet private keys are secured in an online, isolated, high security system that leverages hardware security modules (HSMs). Transaction signing occurs automatically within this secure environment.

In the Trading Balance, any human access to the environment is exceptional, requiring additional secure authentication protocols, and is actively monitored and logged. The private keys are encrypted at rest, and stored in a non-exportable format.. All system-to-system authentication and authorization is enforced to ensure that unauthorized services are blocked from accessing resources supporting wallet operations.

Verifying Existence of Bitcoins

The Bitcoin Custodian issues Systems and Organizational Control (“SOC”) reports for the Prime Custody Vault, to verify the existence of digital assets among other objectives. It ensures controls are designed and operating effectively, providing reasonable assurance that customer digital asset positions held in the Bitcoin Custodian and Prime Broker are authorized, executed, and accurately and completely recorded.

Moving Assets from Cold Storage

To summarize, any movement of funds initiated by the Bitcoin Custodian on behalf of its customers adhere to the cold storage principles described above, which are inclusive of cryptographic consensus enforcement and segregation of duties between personnel among other security features.

Moving Assets into Cold Storage

The Bitcoin Custodian supports transfer of funds between a client’s Trading Balance and Prime Custody Vault. This process requires a user to comply with the account’s configured Transfer Policy which governs the approval requirements to be met before a transfer can be processed. The transfer is considered processed when it receives the appropriate blockchain confirmations.

Specifically, the transaction would be broadcasted from the Trading Balance wallet environment and received by a specific Prime Custody Vault wallet. Moving assets from the Trading Balance to Prime Custody Vault can be initiated by the client via the Bitcoin Custodian’s platform UI/API and must comply with client configured Transfer Policies.

Insurance of the Bitcoin Custodian

The Bitcoin Custodian purchases commercial crime and cyber coverage with comprehensive coverage terms and conditions. This insurance program, which has continuously run since 2013, provides the Bitcoin Custodian and its clients with some of the broadest and deepest insurance coverage in the digital asset industry.

The Commercial Crime insurance program covers both cold and hot storage assets held by Coinbase Global, Inc. (“Coinbase Global”) and all its subsidiaries, including Coinbase Custody Trust Company, LLC (“Coinbase Custody”) and Coinbase, Inc. (collectively, “Coinbase”). Assets held within Coinbase Custody are secured within Coinbase’s cold storage environment.

Bitcoin which is custodied by the Bitcoin Custodian is held in segregated wallets and is not commingled with assets of Bitcoin Custodian or its affiliates or with assets of other customers of the Bitcoin Custodian. Neither the Trust, the Sponsor, nor any other entity is permitted to lend, pledge, hypothecate or rehypothecate any of the Trust’s bitcoin. The Bitcoin Custodian has also agreed in the Bitcoin Custody Agreement that it will not, directly or indirectly, lend, pledge, hypothecate or rehypothecate any of the Trust’s bitcoin, and that the Trust’s bitcoin assets are not treated as general assets of the Bitcoin Custodian but are instead considered custodial assets that remain the Trust’s property. Additionally, the Bitcoin Custodian has agreed to provide the Trust or its authorized independent public accountant with confirmation of or access to information sufficient to confirm the bitcoin

held by the Bitcoin Custodian for the Trust and that the Trust's bitcoin is held in a separate, segregated account under the Trust's name. Under the Bitcoin Custody Agreement, the Bitcoin Custodian is required to obtain and maintain, at its sole expense, commercially reasonable insurance coverage for the custody services it provides to the Trust. The Bitcoin Custody Agreement does not require that private key information with respect to the Trust's bitcoin be kept in a particular physical location. The Sponsor will continuously evaluate the Bitcoin Custodian's performance and operations by engaging in regular communications and scheduled meetings to ensure that the Bitcoin Custodian operates consistent with the standards set forth in the Bitcoin Custody Agreement and the Bitcoin Custodian's policies and procedures.

The Bitcoin Custodian may receive deposits of bitcoin but may not send bitcoin without use of the corresponding private keys. In order to send bitcoin kept in cold storage, private keys must be accessed from offline cold storage and used to sign transactions. At that point, the Bitcoin Custodian can upload the fully signed transaction to an online network and transfer the bitcoin. Because the Bitcoin Custodian may need to access private keys from offline storage prior to initiating transactions, the initiation or crediting of withdrawals or other transactions may be delayed.

The Bitcoin Custodian carefully considers the design of the physical, operational and cryptographic systems for secure storage of the Trust's private keys in an effort to lower the risk of loss or theft. No such system is perfectly secure and loss or theft due to operational or other failure is always possible. See "Risk Factors—Risks Related to Bitcoin—Cybersecurity Risk Related to Bitcoin."

The Trust may engage third-party custodians or vendors besides the Bitcoin Custodian and the Cash Custodian to provide custody and security services for all or a portion of its bitcoin and/or cash, and the Sponsor will pay the custody fees and any other expenses associated with any such third-party custodian or vendor. The Sponsor is responsible for overseeing the Bitcoin Custodian and the Trust's other service providers. The Sponsor may, in its sole discretion, add or terminate bitcoin custodians at any time. The Sponsor may, in its sole discretion, change the custodian for the Trust's bitcoin holdings, but it will have no obligation whatsoever to do so or to seek any particular terms for the Trust from other such custodians. However, the Sponsor will only enter into bitcoin custody arrangements with custodians that meet the Sponsor's criteria, including an agreement to maintain Trust assets in a segregated account, to maintain insurance and to store the Trust's private keys in cold storage or in such other manner as the Sponsor determines provides reasonable protection for the Trust's assets from loss or theft.

Under the Bitcoin Custody Agreement, the Bitcoin Custodian's liability is subject to the following limitations, among others: (i) other than with respect to claims and losses arising from fraud or willful misconduct, the Bitcoin Custodian's aggregate liability under the Bitcoin Custody Agreement shall not exceed the greater of (A) the aggregate fees paid by the Trust to the Bitcoin Custodian in the 12 months prior to the event giving rise to the Bitcoin Custodian's liability, and (B) the value of the affected bitcoin giving rise to the Bitcoin Custodian's liability; (ii) the Bitcoin Custodian's aggregate liability in respect of each cold storage address shall not exceed \$100 million; and (iii) in respect of any incidental, indirect, special, punitive, consequential or similar losses, the Bitcoin Custodian is not liable, even if the Bitcoin Custodian has been advised of or knew or should have known of the possibility thereof. The Bitcoin Custodian is not liable for delays, suspension of operations, failure in performance, or interruption of service to the extent it is directly due to a cause or condition beyond the reasonable control of the Bitcoin Custodian. While the Bitcoin Custodian does not limit the size of each wallet to \$100 million in bitcoin, and there is no guarantee that the amount of bitcoin in each Trust wallet will remain below this threshold, the Sponsor intends to monitor each Trust wallet and adjust the amount of bitcoin (valued in USD) in any given Trust wallet (including moving bitcoin into additional wallets) in an effort to maintain the amount of bitcoin in each Trust wallet below \$100 million.

The Trust Is not a banking institution and is not a member of the FDIC or Securities Investor Protection Corporation ("SIPC") and, therefore, investments in the Trust are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. Likewise, the Bitcoin Custodian is not a depository institution and is not a member of the FDIC or SIPC and, therefore, the Trust's assets held with the Bitcoin

Custodian are not subject to FDIC or SIPC insurance coverage. In addition, neither the Trust nor the Sponsor insure the Trust's bitcoin.

Also pursuant to the Bitcoin Custody Agreement, Coinbase, an affiliate of the Bitcoin Custodian, may provide prime broker services, including bitcoin trade execution, from time to time as requested by the Sponsor. The Trust may engage in purchases or sales of bitcoin by placing orders with Coinbase. Coinbase will route orders placed by the Sponsor through Coinbase's execution platform to a Connected Trading Venue where the order will be executed. Each order placed with Coinbase by the Sponsor will be sent, processed and settled at each Connected Trading Venue to which it is routed. Subject to the foregoing, and to certain policies and procedures that the Bitcoin Custody Agreement requires Coinbase to have in place to mitigate conflicts of interest when executing the Trust's orders, the Bitcoin Custody Agreement provides that Coinbase shall have no liability, obligation, or responsibility whatsoever for the selection or performance of any Connected Trading Venue, and that other Connected Trading Venues and/or trading venues not used by Coinbase may offer better prices and/or lower costs than the Connected Trading Venue used to execute the Trust's orders.

Orders to sell bitcoin on behalf of the Trust may be executed by the Coinbase at venues that have been approved in accordance with the Coinbase's due diligence and risk assessment process. Due diligence includes reviews conducted by the legal, compliance, security, privacy and finance/credit-risk teams for every trading venue that Coinbase's multi-venue execution capability connects to, helping ensure that the Coinbase only partners with secure and compliant liquidity partners. Coinbase also adheres to a maximum amount of assets that can ever be held on a venue, which is unique for each venue based on Coinbase's venue diligence and continually refreshed.

As of the date of this Prospectus, Coinbase's multi-venue execution capability connects with eight (8) venues in total: Coinbase Exchange, Bitstamp, LMAX, Kraken, and four non-bank market makers that it is unable to name due to confidentiality restrictions.

Coinbase may execute orders as an agent on behalf of the Trust. Coinbase does not operate a dealer and does not trade against its clients—all orders are routed to the venues listed above based on a variety of routing criteria, including pricing, liquidity and depth of order book.

Custody of the Trust's Cash

The Trust generally does not intend to hold cash or cash equivalents. However, the Trust may hold cash and cash equivalents on a temporary basis to pay expenses or in connection with cash creation and redemption transactions. The Trust has entered into the Cash Custody Agreement with BNYM under which BNYM acts as custodian of the Trust's cash and cash equivalents, if any.

FORM OF SHARES

Registered Form

Shares are issued in registered form in accordance with the Trust Agreement. The Transfer Agent has been appointed registrar and transfer agent for the purpose of transferring Shares in certificated form. The Transfer Agent keeps a record of all Shareholders and holders of the Shares in certified form in the registry. The Sponsor recognizes transfers of Shares in certificated form only if done in accordance with the Trust Agreement. The beneficial interests in such Shares are held in book-entry form through participants and/or accountholders in DTC.

Book Entry

Individual certificates are not issued for the Shares. Instead, Shares are represented by one or more global certificates, which are deposited by the Transfer Agent on behalf of the Trust with DTC and registered in the

name of Cede & Co., as nominee for DTC. The global certificates evidence all of the Shares outstanding at any time. Shareholders are limited to (1) participants in DTC such as banks, brokers, dealers and trust companies (“DTC Participants”), (2) those who maintain, either directly or indirectly, a custodial relationship with a DTC Participant (“Indirect Participants”) and (3) those who hold interests in the Shares through DTC Participants or Indirect Participants, in each case who satisfy the requirements for transfers of Shares. DTC Participants acting on behalf of Shareholders holding Shares through such participants’ accounts in DTC will follow the delivery practice applicable to securities eligible for DTC’s Same-Day Funds Settlement System. Shares are credited to DTC Participants’ securities accounts following confirmation of receipt of payment.

DTC

The Trust understands that DTC is a limited purpose trust company organized under the laws of the State of New York and is a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for DTC Participants and facilitates the clearance and settlement of transactions between DTC Participants through electronic book-entry changes in accounts of DTC Participants.

TRANSFER OF SHARES

The Shares are only transferable through the book-entry system of DTC. Shareholders who are not DTC Participants may transfer their Shares through DTC by instructing the DTC Participant holding their Shares (or by instructing the Indirect Participant or other entity through which their Shares are held) to transfer the Shares. Transfers are made in accordance with standard securities industry practice.

Transfers of interests in Shares with DTC are made in accordance with the usual rules and operating procedures of DTC and the nature of the transfer. DTC has established procedures to facilitate transfers among the participants and/or accountholders of DTC. Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of Indirect Participants, the ability of a person or entity having an interest in a global certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a certificate or other definitive document representing such interest.

The Trust understands that DTC will take any action permitted to be taken by a Shareholder (including, without limitation, the presentation of a global certificate for exchange) only at the direction of one or more DTC Participants in whose account with DTC interests in global certificates are credited and only in respect of such portion of the aggregate principal amount of the global certificate as to which such DTC Participant or Participants has or have given such direction.

PLAN OF DISTRIBUTION

Buying and Selling Shares

Most investors buy and sell Shares of the Trust in secondary market transactions through brokers. Shares trade on the Exchange under the ticker symbol BTCO. Shares are bought and sold throughout the trading day like other publicly traded securities. When buying or selling Shares through a broker, most investors incur customary brokerage commissions and charges, as well as any bid-ask spread. Shareholders are encouraged to review the terms of their brokerage account for details on applicable charges.

Authorized Participants

The offering of Shares is a best efforts offering. The Trust continuously offers Creation Baskets consisting of 5,000 Shares to Authorized Participants. Authorized Participants may pay a transaction fee for each order they place to create or redeem Creation Baskets.

The offering of Shares is being made in compliance with Rule 2310 of the FINRA Rules. Accordingly, Authorized Participants will not make any sales to any account over which they have discretionary authority without the prior written approval of a purchaser of Shares. An Authorized Participant is not required to sell any specific number or dollar amount of Shares.

By executing an Authorized Participant Agreement, an Authorized Participant becomes part of the group of parties eligible to purchase Creation Baskets from, and have Creation Baskets redeemed by, the Trust. An Authorized Participant is under no obligation to create or redeem Creation Baskets or to offer to the public any Shares it does create.

Because new Shares can be created and issued on an ongoing basis, at any point during the life of the Trust, a “distribution,” as such term is used in the Securities Act, will be occurring. Authorized Participants, other broker-dealers and other persons are cautioned that some of their activities may result in their being deemed participants in a distribution in a manner that would render them statutory underwriters and subject them to the prospectus delivery and liability provisions of the Securities Act. Any purchaser who purchases Shares with a view towards distribution of such Shares may be deemed to be a statutory underwriter. In addition, an Authorized Participant, other broker-dealer firm or its client will be deemed a statutory underwriter if it purchases a Creation Basket from the Trust, breaks the Creation Basket down into the constituent Shares and sells the Shares to its customers; or if it chooses to couple its purchases of Shares from the Trust with an active selling effort involving solicitation of secondary market demand for the Shares. In contrast, Authorized Participants may engage in secondary market or other transactions in Shares that would not be deemed “underwriting.” For example, an Authorized Participant may act in the capacity of a broker or dealer with respect to Shares that were previously distributed by other Authorized Participants. A determination of whether a particular market participant is an underwriter must take into account all the facts and circumstances pertaining to the activities of the broker-dealer or its client in the particular case, and the examples mentioned above should not be considered a complete description of all the activities that would lead to designation as an underwriter and subject them to the prospectus delivery and liability provisions of the Securities Act.

Dealers who are neither Authorized Participants nor “underwriters” but are nonetheless participating in a distribution (as contrasted to ordinary secondary trading transactions), and thus dealing with Shares that are part of an “unsold allotment” within the meaning of Section 4(a)(3)(C) of the Securities Act, would be unable to take advantage of the prospectus delivery exemption provided by Section 4(a)(3) of the Securities Act.

While the Authorized Participants may be indemnified by the Sponsor, they will not be entitled to receive a discount or commission from the Trust or the Sponsor for their purchases of Creation Baskets.

Seed Capital Investor; Selling Shareholders

In connection with the Trust’s launch, the Trust was seeded with \$100,000 on December 20, 2023 through the sale of 4,000 Shares (“Initial Seed Shares”) by the Trust to the Sponsor.

On January 2, 2024, the Sponsor (in such role, the “Seed Capital Investor”) purchased an additional 200,000 Shares at a per-Share price of \$25.00 (“Seed Creation Baskets”). Total proceeds to the Trust from the sale of the Initial Seed Shares and the Seed Creation Baskets were \$5,100,000. On January 4, 2024, the Sponsor redeemed the Initial Seed Shares and the Seed Creation Baskets for cash at a per-Share price of \$25.00 for a total redemption value of \$5,100,000 and immediately created 110,000 Shares (22 Creation Baskets) at a price of \$44.16305 per Share based on the Benchmark price as of 4:00 p.m. ET on January 4, 2024. The Execution Agent acquired 110 bitcoin on behalf of the Trust. Accordingly, as of the market close on January 4, 2024, the Trust had total assets of \$4,857,935.50, solely represented by bitcoin held in custody by the Seed Capital Investor, and had 110,000 Shares outstanding, entirely held by the Sponsor. The Seed Capital Investor acted as a statutory underwriter in connection with these purchases. The price of the Shares acquired by the Seed Capital Investor was determined as described in this Prospectus, and such Shares could be sold at different prices if sold by the Seed Capital Investor at different times.

It is anticipated that the Seed Capital Investor will redeem its Shares or sell its Shares to a third party in the weeks following the initial listing of Shares on the Exchange, if the third-party investment in the Trust exceeds the value of the Seed Capital Investor's entire investment. The Trust will not receive any of the proceeds of the redemption of any Seed Creation Baskets by the Seed Capital Investor.

Selling shareholders (each, a "Selling Shareholder") may sell Shares owned by them directly or through broker-dealers, in accordance with applicable law, on any national securities exchange on which the Shares may be listed or quoted at the time of sale, through trading systems, in the OTC market or in transactions other than on these exchanges or systems at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected through brokerage transactions, privately negotiated trades, block sales, entry into options or other derivatives transactions or through any other means authorized by applicable law. Selling Shareholders may redeem Shares held in Creation Basket size through an Authorized Participant. See "Risk Factors—Risks Related to the Trust and Shares—The Sponsor and its affiliates are subject to conflicts of interest that could adversely affect your investment in the Trust."

CREATION AND REDEMPTION OF SHARES

The Trust creates and redeems Shares from time to time, but only in one or more Creation Baskets. The value of Creation Baskets are based on the quantity of bitcoin attributable to each Share of the Trust (net of accrued but unpaid Sponsor fees and any accrued but unpaid expenses or liabilities) being created or redeemed determined as of 4:00 p.m. ET on the Business Day the order to create or redeem Creation Baskets is properly received. Creation and redemption transactions initially will take place in cash. Subject to Cboe in the future receiving the In-Kind Regulatory Approval, these transactions may also take place in exchange for bitcoin. The timing of the In-Kind Regulatory Approval and the related in-kind creation model is unknown and there is no guarantee that the Cboe will receive such approval. If Cboe receives the In-Kind Regulatory Approval and the Sponsor chooses to allow in-kind creations and redemptions, notice to Shareholders will be provided on the Trust's website, in a prospectus supplement, through a current report on Form 8-K and/or in the Trust's annual or quarterly reports.

When purchasing Creation Baskets, Authorized Participants will deliver cash to the Cash Custodian. The Execution Agent will be responsible for acquiring the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the Cash Custodian will transfer cash to the Bitcoin Counterparty in payment for the requisite amount of bitcoin. The bitcoin acquired from the Bitcoin Counterparty will be transferred to the Bitcoin Custodian. After receipt of the bitcoin by the Bitcoin Custodian, the Transfer Agent will issue Creation Baskets of Shares to the creating Authorized Participant in satisfaction of the creation order.

When redeeming Creation Baskets, the Execution Agent will be responsible for selling the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the Bitcoin Custodian will transfer bitcoin to the Bitcoin Counterparty in return for the requisite cash payment. The cash received from the Bitcoin Counterparty will be delivered to the Cash Custodian. After receipt of the cash payment, the Transfer Agent will redeem the Shares and the Cash Custodian will distribute the resulting cash to the redeeming Authorized Participant in satisfaction of the redemption order.

In connection with both creation and redemption transactions, the Execution Agent, pursuant to the oversight of the Sponsor, will decide how and with which Bitcoin Counterparty to transact on the Trust's behalf. The Authorized Participants will deliver only cash to create Shares and will receive only cash when redeeming Shares. Further, Authorized Participants will not directly or indirectly purchase, hold, deliver, or receive bitcoin as part of the creation or redemption process or otherwise direct the Trust or a third-party with respect to purchasing, holding, delivering, or receiving bitcoin as part of the creation or redemption process. The Trust will create Shares by receiving bitcoin from a third-party that is not the Authorized Participant and the Trust (through the Execution Agent, on an agency basis)—not the Authorized Participant—is responsible for selecting the third-party to deliver the bitcoin. Further, the third-party will not be acting as an agent of the Authorized Participant

with respect to the delivery of the bitcoin to the Trust or acting at the direction of the Authorized Participant with respect to the delivery of the bitcoin to the Trust. The Trust will redeem shares by delivering bitcoin to a third-party that is not the Authorized Participant and the Trust (through the Execution Agent, on an agency basis)—not the Authorized Participant—is responsible for selecting the third-party to receive the bitcoin. Further, the third-party will not be acting as an agent of the Authorized Participant with respect to the receipt of the bitcoin from the Trust or acting at the direction of the Authorized Participant with respect to the receipt of the bitcoin from the Trust.

The Sponsor recognizes that the size of the Creation Baskets may impact the effectiveness of the arbitrage mechanism of the Trust's creation and redemption process, and accordingly may adjust the size of the Creation Baskets to enhance the activities of the Authorized Participants in the secondary market for the Trust's shares.

Authorized Participants are the only persons that may place orders to create and redeem Creation Baskets. Authorized Participants must be (1) registered broker-dealers or other securities market participants, such as banks or other financial institutions, that are not required to register as broker-dealers to engage in securities transactions as described below, and (2) DTC Participants. To become an Authorized Participant, a person must enter into an Authorized Participant Agreement. The Authorized Participant Agreement provides the procedures for the creation and redemption of Shares. The delivery of bitcoin to or from the Trust in connection with creation and redemption transactions, may settle on the Bitcoin Network and is thus subject to the risks associated with Bitcoin Network transactions, including the irreversibility of transactions made in error. The Authorized Participant Agreement and the related procedures attached thereto may be amended by the Trust and the Sponsor, without the consent of any Shareholder or Authorized Participant. Authorized Participants will pay a transaction fee for each order they place to create or redeem Shares. The transaction fee may be reduced, increased or otherwise changed by the Trust and the Sponsor. Authorized Participants receive no fees, commissions or other form of compensation or inducement of any kind from either the Trust or the Sponsor, and no such person will have any obligation or responsibility to the Sponsor or the Trust to effect any sale or resale of Shares.

Certain Authorized Participants or their affiliates may be capable of participating directly in the spot markets. Some Authorized Participants or their affiliates may from time to time buy or sell bitcoin and may profit in these instances. See "Risk Factors—Risks Related to the Trust and Shares—The Sponsor and its affiliates are subject to conflicts of interest that could adversely affect your investment in the Trust." To the extent that the activities of Authorized Participants or their affiliates have a meaningful effect on the bitcoin market, it could affect the price of bitcoin and impact the ability of the Authorized Participants or their affiliates to effectively arbitrage the difference between the price at which the shares trade and the NAV of the Trust's Shares. While the Sponsor currently expects that Authorized Participants' or their affiliates direct activities in the bitcoin or the secondary market in connection with the creation and redemption activities of the Trust will not significantly affect the price of bitcoin or the Shares, the impact of the activities of the Trust and its Authorized Participants on bitcoin or secondary market is unknown and beyond the control of the Sponsor.

Each Authorized Participant will be required to be registered as a broker-dealer under the Exchange Act and a member in good standing with FINRA, or exempt from being or otherwise not required to be licensed as a broker-dealer or a member of FINRA, and will be qualified to act as a broker or dealer in the states or other jurisdictions where the nature of its business so requires. Certain Authorized Participants may also be regulated under federal and state banking laws and regulations. Each Authorized Participant has its own set of rules and procedures, internal controls and information barriers as it determines is appropriate in light of its own regulatory regime.

The following description of the procedures for the creation and redemption of Creation Baskets is only a summary and a Shareholder should refer to the relevant provisions of the form of Authorized Participant Agreement for more detail. The form of Authorized Participant Agreement is filed as an exhibit to the registration statement of which this Prospectus is a part.

Creations and redemptions may be “off-chain” transactions that are represented in the books and records of the Prime Broker or on “on-chain” transactions reflected in the Trust’s Prime Custody Vault Account. The creating or redeeming Authorized Participant will be responsible for any on-chain transaction fees, as well as any transaction fees imposed by the Trust and any transaction charges imposed by the Execution Agent in connection with acquiring or disposing of bitcoin in connection with creation or redemption transactions.

Authorized Participants will place orders through the Transfer Agent. The Transfer Agent will coordinate with the Trust’s Bitcoin Custodian in order to facilitate settlement of the Shares and cash and/or bitcoin as described in more detail in the “—Creation Procedures” and “—Redemption Procedures” sections below.

Creation Procedures

On any Business Day, an Authorized Participant may place an order through the Transfer Agent’s electronic order delivery system to create one or more Creation Baskets. The Transfer Agent will acknowledge the purchase order unless the Trustee or the Sponsor decides to refuse the deposit as described below under “Rejection of Purchase Orders.” Orders to purchase Shares (“Purchase Orders”) must be placed by 2:30 p.m. ET or the close of regular trading on the Exchange, whichever is earlier. The day on which a valid order is received by the Transfer Agent is considered the “Purchase Order Date.”

The Sponsor may in its sole discretion limit the number of Shares created pursuant to Purchase Orders on any specified day without providing notice to the Authorized Participants and may direct the Transfer Agent to reject any Purchase Orders in excess of such capped amount. The Sponsor may choose to limit the number of Shares created pursuant to Purchase Orders when it deems so doing to be in the best interest of Shareholders. The Sponsor may choose to do so when it believes the market is too volatile to execute a bitcoin transaction, when it believes the price of bitcoin is being inconsistently, irregularly, or discontinuously published from bitcoin trading venues and other data sources, or when it believes other similar circumstances may create a scenario in which accepting Purchase Orders would not be in the best interests of the Shareholders. The Sponsor does not believe that the Trust’s ability to arrive at such a determination will have a significant impact on the Shares in the secondary market because it believes that the ability to create Shares would be reinstated shortly after such determination is made, and any entity desiring to create Shares would be able to do so once the ability to create Shares is reinstated. However, it is possible that such a determination would cause the Shares to trade at premiums or discounts relative to the Trust’s NAV on the secondary market if arbitrageurs believe that there is risk that the creation and redemption process is not available, as this process is a component of keeping the price of the Shares on the secondary market closely aligned to the Trust’s NAV.

If the Trustee accepts the Purchase Order, the Transfer Agent will transmit to the Authorized Participant, via electronic mail message or other electronic communication, no later than 5:00 p.m. ET on the date such Purchase Order is received, or deemed received, a copy of the Purchase Order endorsed “Accepted” by the Transfer Agent and indicating the Creation Basket Deposit that the Authorized Participant must deliver to the Bitcoin Custodian or Prime Broker in exchange for each Creation Basket. In the case of Purchase Orders submitted via the Transfer Agent’s electronic order entry system, the Authorized Participant will receive an automated email indicating the acceptance of the Purchase Order and the Purchase Order will be marked “Accepted” in the Transfer Agent’s electronic order entry system. Prior to the Transfer Agent’s acceptance as specified above, a Purchase Order will only represent the Authorized Participant’s unilateral offer to deposit the requisite amount of cash in exchange for Creation Baskets and will have no binding effect upon the Trust, the Sponsor, the Trust Administrator, the Transfer Agent, the Bitcoin Custodian or any other party.

If required by the Sponsor and the Trust, prior to the delivery of Creation Baskets for a Purchase Order, the Authorized Participant must have wired to the Transfer Agent the nonrefundable transaction fee due for the Purchase Order. Authorized Participants may not withdraw a Purchase Order.

The manner by which Creation Baskets are made is dictated by the terms of the Authorized Participant Agreement. By placing a Purchase Order, an Authorized Participant agrees to facilitate the deposit of the requisite amount of cash with

the Trust's Cash Custodian. If an Authorized Participant fails to consummate the foregoing, the Purchase Order will be cancelled. The Execution Agent will be responsible for acquiring the requisite amount of bitcoin on behalf of the Trust.

The total cash deposit required to create each Creation Basket is an amount of cash equivalent to the amount of bitcoin described below in the subsection entitled "Determination of Required Deposits," plus any amount above the Benchmark on each Purchase Order Date that the Trust agrees to pay in order to acquire the required amount of bitcoin as described in the subsection entitled "Determination of Required Deposits." The Sponsor causes to be published each night the amount of bitcoin that will be acquired in exchange for each Purchase Order, from which can be computed the estimated amount of cash required to create each cash Creation Basket, prior to accounting for any additional cash required to acquire the requisite amount of bitcoin if the price paid by the Trust is in excess of the Benchmark on each Purchase Order Date.

Creation and redemption transactions initially will take place in cash. Subject to Cboe in the future receiving the In-Kind Regulatory Approval, these transactions may also take place in exchange for bitcoin. The timing of the In-Kind Regulatory Approval and the related in-kind creation model is unknown and there is no guarantee that the Cboe will receive such approval. If Cboe receives the In-Kind Regulatory Approval and the Sponsor chooses to allow in-kind creations and redemptions, notice to Shareholders will be provided on the Trust's website, in a prospectus supplement, through a current report on Form 8-K and/or in the Trust's annual or quarterly reports.

When purchasing Creation Baskets, Authorized Participants will deliver cash to the Cash Custodian. The Execution Agent will be responsible for acquiring the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the Cash Custodian will transfer cash to the Bitcoin Counterparty in payment for the requisite amount of bitcoin. The bitcoin acquired from the Bitcoin Counterparty will be transferred to the Bitcoin Custodian. After receipt of the bitcoin by the Bitcoin Custodian, the Transfer Agent will issue Creation Baskets of Shares to the creating Authorized Participant in satisfaction of the creation order.

In connection with creation transactions (and, as noted below, redemption transactions), the Execution Agent, pursuant to the oversight of the Sponsor, will decide how and with which Bitcoin Counterparty to transact on the Trust's behalf. The Authorized Participants will deliver only cash to create Shares. Further, Authorized Participants will not directly or indirectly purchase, hold, deliver, or receive bitcoin as part of the creation or redemption process or otherwise direct the Trust or a third-party with respect to purchasing, holding, delivering, or receiving bitcoin as part of the creation or redemption process. The Trust will create Shares by receiving bitcoin from a third-party that is not the Authorized Participant and the Trust (through the Execution Agent, on an agency basis)—not the Authorized Participant—is responsible for selecting the third-party to deliver the bitcoin. Further, the third-party will not be acting as an agent of the Authorized Participant with respect to the delivery of the bitcoin to the Trust or acting at the direction of the Authorized Participant with respect to the delivery of the bitcoin to the Trust.

The Sponsor and Transfer Agent shall reject any purchase order or redemption order that is not in proper form. Upon receipt of the bitcoin deposit amount in the Trust's Bitcoin Account, the Bitcoin Custodian will notify the Transfer Agent, the Authorized Participant and the Sponsor that the bitcoin has been deposited. The Transfer Agent will then direct DTC to credit the number of Shares created to the Authorized Participant's DTC account.

As between the Trust and the Authorized Participant, the expense and risk of the difference between the value of bitcoin calculated by the Administrator for daily valuation using the Benchmark and the price at which the Trust acquires the bitcoin will be borne solely by the Authorized Participant to the extent that the Trust pays more for bitcoin than the price used by the Trust for daily valuation. Any such additional cash amount will be included in the amount of cash calculated by the Administrator on the Purchase Order Date (identified as a variable transaction fee), communicated to the Authorized Participant on the Purchase Order Date, and wired by the Authorized Participant to the Cash Custodian on the day following the Purchase Order Date. If the Bitcoin Counterparty fails to deliver the bitcoin to the Bitcoin Custodian, no cash is sent from the Cash Custodian to the Bitcoin Counterparty, no Shares are transferred to the Authorized Participant's DTC account, the cash is returned to the Authorized Participant, and the Cash Purchase Order is cancelled.

Bitcoin transactions that occur on the blockchain are susceptible to delays due to bitcoin network outage, congestion, spikes in transaction fees demanded by miners, or other problems or disruptions. To the extent that bitcoin transfers from the Trust's Trading Balance to the Trust's Prime Custody Vault are delayed due to congestion or other issues with the Bitcoin network, such bitcoin will not be held in cold storage in the Prime Custody Vault until such transfers can occur.

Determination of Required Deposits

The quantity of bitcoin required to create each Creation Basket ("Creation Basket Deposit") changes from day to day. On each day that the Exchange is open for regular trading, the Sponsor will publish the Creation Basket after market close, which is composed of an amount of bitcoin that will be used to determine the amount of cash required to purchase a Creation Basket the following day. After the Trust's NAV is struck on a Business Day, the Administrator adjusts the quantity of bitcoin constituting the Creation Basket Deposit for the next Business Day as appropriate to reflect accrued expenses. The computation is made by the Administrator as promptly as practicable after 4:00 p.m. ET. The Administrator calculates the Creation Basket Deposit for a given day by multiplying the NAV by the number of Shares in a Creation Basket (5,000) divided by the price of bitcoin at 4:00 p.m. ET as determined consistent with the Benchmark to determine the cash amount required for a Creation Basket. Fractions of a bitcoin smaller than .00000001 (known as a "satoshi") are disregarded for purposes of the computation of the Creation Basket Deposit. Although the Administrator applies the bitcoin price to the calculation of the Creation Basket value, the Administrator plays no role in the determination of the bitcoin price used by the Trust; rather the bitcoin price used in calculating the cash value of a Creation Basket is identical to the bitcoin price used in determining the Trust's NAV.

Each Business Day, the Sponsor will communicate the final Creation Basket Deposit for that same Business Day and an estimated Creation Basket Deposit for the next Business Day. The Creation Basket Deposit so determined is communicated daily via electronic mail message to all Authorized Participants. Authorized Participants may use the value of the bitcoin in the Creation Basket to estimate the amount of cash needed for a Purchase Order.

The date the Transfer Agent receives a valid Purchase Order will determine the Creation Basket Deposit the Authorized Participant needs to deposit. However, Purchase Orders received by the Transfer Agent after 2:30 p.m. ET (or the close of regular trading on the Exchange, whichever is earlier) will be rejected and should be resubmitted on the following Business Day.

To the extent there is a difference between the price actually paid by the Trust to acquire a Creation Basket worth of bitcoin in the creation process compared to the cash value of the Creation Basket (i.e., if there is a difference between the amount paid by the Execution Agent on behalf of the Trust to purchase the requisite amount of bitcoin and the valuation of bitcoin as part of the Trust's NAV calculation), that difference will also be charged to the creating Authorized Participant in the form of a variable fee.

Delivery of Required Deposits

An Authorized Participant who places a Purchase Order must follow the procedures outlined in the "—Creation Procedures" section above. When purchasing Creation Baskets, Authorized Participants will deliver cash to the Cash Custodian. The Execution Agent will be responsible for acquiring the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the Cash Custodian will transfer cash to the Bitcoin Counterparty in payment for the requisite amount of bitcoin. The bitcoin acquired from the Bitcoin Counterparty will be transferred to the Bitcoin Custodian. After receipt of the bitcoin by the Bitcoin Custodian, the Bitcoin Custodian will notify the Sponsor and the Transfer Agent that the bitcoin has been received, and the Transfer Agent will direct DTC to credit the number of Creation Baskets ordered to an Authorized Participant's DTC account on the next Business Day following the Purchase Order Date. The expense and risk of delivery and ownership of bitcoin until bitcoin has been received by the Bitcoin Custodian on behalf of the Trust, including transaction fees from the Bitcoin network's blockchain, will be borne solely by the Authorized Participant. If bitcoin is to be delivered to the Trust other than as described above, the Sponsor is

authorized to establish such procedures and to appoint such custodians and establish such custody accounts as the Sponsor determines to be desirable, or to reject such Purchase Order or Creation Basket Deposit.

Rejection of Purchase Orders

The Sponsor or its designee has the absolute right, but does not have any obligation, to reject any Purchase Order or Creation Basket Deposit if the Sponsor determines that:

- the Purchase Order or Creation Basket Deposit is not in proper form as described in the Authorized Participant Agreement;
- the acceptance of the Purchase Order or Creation Basket Deposit would not be in the best interest of the Trust;
- the acceptance of the Purchase Order or the Creation Basket Deposit would have adverse tax consequences to the Trust or its Shareholders;
- the acceptance of the Creation Basket Deposit presents a security or regulatory risk to the Trust, the Sponsor, the Transfer Agent or the Bitcoin Custodian;
- the acceptance or receipt of the Purchase Order or Creation Basket Deposit would, in the opinion of counsel to the Sponsor, be unlawful; or
- circumstances outside the control of the Trust, the Sponsor or the Bitcoin Custodian or Cash Custodian make it impractical or not feasible to process Creations Baskets.

None of the Sponsor, the Transfer Agent or the Bitcoin Custodian will be liable for the rejection of any Purchase Order or Creation Basket Deposit.

Redemption Procedures

An order to redeem Creation Baskets is a “Redemption Order.” When redeeming Creation Baskets, the Execution Agent will be responsible for selling the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the Bitcoin Custodian will transfer bitcoin to the Bitcoin Counterparty in return for the requisite cash payment. The cash received from the Bitcoin Counterparty will be delivered to the Cash Custodian. After receipt of the cash payment, the Transfer Agent will redeem the Shares and the Cash Custodian will distribute the resulting cash to the redeeming Authorized Participant in satisfaction of the Redemption Order. The Execution Agent, pursuant to the oversight of the Sponsor, will decide how and with which Bitcoin Counterparty to transact on the Trust’s behalf.

In connection with redemption transactions (and, as noted above, creation transactions), the Execution Agent, pursuant to the oversight of the Sponsor, will decide how and with which Bitcoin Counterparty to transact on the Trust’s behalf. The Authorized Participants will receive only cash when redeeming Shares. Further, Authorized Participants will not directly or indirectly purchase, hold, deliver, or receive bitcoin as part of the creation or redemption process or otherwise direct the Trust or a third-party with respect to purchasing, holding, delivering, or receiving bitcoin as part of the creation or redemption process. The Trust will redeem shares by delivering bitcoin to a third-party that is not the Authorized Participant and the Trust (through the Execution Agent, on an agency basis)—not the Authorized Participant—is responsible for selecting the third-party to receive the bitcoin. Further, the third-party will not be acting as an agent of the Authorized Participant with respect to the receipt of the bitcoin from the Trust or acting at the direction of the Authorized Participant with respect to the receipt of the bitcoin from the Trust.

When redeeming Creation Baskets, the Execution Agent will be responsible for selling the requisite amount of bitcoin on behalf of the Trust on an agency basis. Once the Execution Agent selects a Bitcoin Counterparty, the Bitcoin Custodian will transfer bitcoin to the Bitcoin Counterparty in return for the requisite cash payment. The

cash received from the Bitcoin Counterparty will be delivered to the Cash Custodian. After receipt of the cash payment, the Transfer Agent will redeem the Shares and the Cash Custodian will distribute the resulting cash to the redeeming Authorized Participant in satisfaction of the redemption order.

When a Redemption Order is received, the Trust will instruct the Bitcoin Custodian to move the corresponding amount of bitcoin from the Trust's Prime Custody Vault Balance to the Trading Balance by a specified time on the settlement date. Transfers of bitcoin from the Trust's Prime Custody Vault Balance to the Trust's Trading Balance are "on-chain" transaction represented on the bitcoin blockchain.

Bitcoin transactions that occur on the blockchain are susceptible to delays due to bitcoin network outages, congestion, spikes in transaction fees demanded by miners, or other problems or disruptions. To the extent that bitcoin transfers from the Trust's Prime Custody Vault to the Trust's Trading Balance are delayed due to congestion or other issues with the bitcoin network, redemptions in the Trust could be delayed.

Disruption of services at the Bitcoin Custodian would have the potential to delay settlement of the bitcoin related to Redemption Orders.

Determination of Redemption Distribution

The redemption distribution from the Trust will consist of a transfer to the redeeming Authorized Participant of an amount of cash that is determined in the same manner as the determination of Creation Basket Deposits discussed above.

Delivery of Redemption Distribution

The redemption distribution due from the Trust will be delivered to the Authorized Participant on the first Business Day following the Redemption Order date if, by 9:00 a.m. ET on such Business Day, the Transfer Agent's DTC account has been credited with the Creation Baskets to be redeemed. If the Transfer Agent's DTC account has not been credited with all of the Creation Baskets to be redeemed by such time, the redemption distribution will also be delayed. The expense and risk of delivery and ownership of bitcoin in redemption distributions, including transaction fees from the Bitcoin network's blockchain, will be borne solely by the Authorized Participant.

Suspension or Rejection of Redemption Orders

The Sponsor may, in its discretion, suspend the right of redemption, or postpone the redemption settlement date, (1) for any period during which the Exchange is closed other than customary weekend or holiday closings, or trading on the Exchange is suspended or restricted, (2) for any period during which an emergency exists as a result of which delivery, disposal or evaluation of bitcoin is not reasonably practicable, (3) for such other period as the Sponsor determines to be necessary for the protection of the Trust or its Shareholders (for example, where acceptance of the total deposit required to create each Creation Basket would have certain adverse tax consequences to the Trust or its Shareholders), or (4) as agreed upon between the Sponsor and Authorized Participant. For example, the Sponsor may determine that it is necessary to suspend redemptions to allow for the orderly liquidation of the Trust's assets. An emergency could include situations where the Trust is unable to transact in bitcoin or where the Trust is unable to value its bitcoin holdings. Such a situation may arise when trading of bitcoin is suspended on one or more of the digital asset trading platforms that are included in the Benchmark (for example, as a result of a significant technical failure, power outage or network error) or the Trust is unable to access the bitcoin in the Trust's bitcoin custody account at the Bitcoin Custodian due to technical or operating issues at the Trust or the Bitcoin Custodian. Because the Trust's bitcoin transactions are expected to be effected by the Execution Agent over-the-counter, it is unlikely that the Trust's bitcoin transactions would be directly impacted by a trading halt on one or more digital asset trading platforms. However, such disruptions may have an effect on overall bitcoin liquidity or cause price spreads of bitcoin to widen. None of the Sponsor, the

person authorized to take Redemption Orders in the manner provided in the Authorized Participant Agreement, or the Bitcoin Custodian will be liable to any person or in any way for any loss or damages that may result from any such suspension or postponement.

Redemption Orders must be made in whole Creation Baskets. The Sponsor or its designee has the absolute right, but does not have any obligation, to reject any Redemption Order if the Sponsor determines that:

- the Redemption Order is not in proper form as described in the Authorized Participant Agreement;
- the acceptance of the Redemption Order would not be in the best interest of the Trust;
- the acceptance of the Redemption Order would have adverse tax consequences to the Trust or its Shareholders;
- the acceptance of the Redemption Order presents a security risk to the Trust, the Sponsor, the Transfer Agent or the Bitcoin Custodian;
- the acceptance of the Redemption Order would, in the opinion of counsel to the Sponsor, be unlawful; or
- circumstances outside the control of the Trust, the Sponsor, or the Bitcoin Custodian make it impractical or not feasible for the Shares to be delivered under the Redemption Order.

The Sponsor may also reject a Redemption Order if the number of Shares being redeemed would reduce the remaining outstanding Shares to 100,000 Shares (i.e., 20 Creation Baskets) or less.

In the event that the Sponsor intends to suspend or postpone redemptions, it will provide Shareholders with notice in a prospectus supplement and/or through a current report on Form 8-K or in the Trust's annual or quarterly reports.

Creation and Redemption Transaction Fee

To compensate the Transfer Agent for expenses incurred in connection with the creation and redemption of Creation Baskets, an Authorized Participant may be required to pay a transaction fee to the Transfer Agent to create or redeem Creation Baskets, which is not expected to vary in accordance with the number of Creation Baskets in such order, except to the extent that the fee in connection with a cash transaction is higher than the fee in connection with an in-kind transaction. The transaction fee may be reduced, increased or otherwise changed by the Sponsor and the Trust. The Sponsor will notify Authorized Participants of any change in the transaction fee and will not implement any increase in the fee for the redemption of Shares until thirty (30) days after the date of notice. Additionally, for any creation or redemption transaction, to the extent there is a difference (i) in the case of a creation, between the price actually paid by the Trust to acquire a Creation Basket worth of bitcoin in the creation process compared to the cash value of the Creation Basket (i.e., if there is a difference between the amount paid by the Execution Agent on behalf of the Trust to purchase the requisite amount of bitcoin and the valuation of bitcoin as part of the Trust's NAV calculation); or (ii) in the case of a redemption, between the cash proceeds of selling a Creation Basket worth of bitcoin in the redemption value compared to the cash value of the Creation Basket (i.e., if there is a difference between the amount received by the Trust from a Bitcoin Counterparty in selling the requisite amount of bitcoin and the valuation of bitcoin as part of the Trust's NAV calculation), that difference will also be charged to the creating Authorized Participant in the form of a variable fee.

Tax Responsibility

Authorized Participants are responsible for any transfer tax, sales or use tax, stamp tax, recording tax, value added tax or similar tax or governmental charge applicable to the creation or redemption of Creation Baskets, regardless of whether or not such tax or charge is imposed directly on the Authorized Participant, and agree to indemnify the Sponsor and the Trust if they are required by law to pay any such tax, together with any applicable penalties, additions to tax and interest thereon.

Secondary Market Transactions

As noted, the Trust will create and redeem Shares from time to time, but only in one or more Creation Baskets. The creation and redemption of Shares are made in exchange for delivery to the Trust or the distribution by the Trust of the amount of bitcoin or cash determined as described above.

As discussed above, Authorized Participants are the only persons that may place orders to create and redeem Creation Baskets. Authorized Participants must be registered broker-dealers or other securities market participants, such as banks and other financial institutions that are not required to register as broker-dealers to engage in securities transactions. An Authorized Participant is under no obligation to create or redeem Creation Baskets, and an Authorized Participant is under no obligation to offer to the public any Shares it does create.

Authorized Participants that do offer to the public Shares from the Creation Baskets they create will do so at per-Share offering prices that reflect, among other factors, the value of the Trust's assets, supply of and demand for Shares and market conditions at the time of a transaction. Creation Baskets are generally redeemed when the market price per Share is at a discount to the NAV. Shares initially constituting the same Creation Basket but offered by Authorized Participants to the public at different times may have different offering prices. An order for one or more Creation Baskets may be placed by an Authorized Participant on behalf of multiple clients. Authorized Participants who make deposits with the Trust in exchange for Creation Baskets receive no fees, commissions or other forms of compensation or inducement of any kind from either the Trust or the Sponsor, and no such person has any obligation or responsibility to the Sponsor to effect any sale or resale of Shares.

Shares are expected to trade in the secondary market on the Exchange. Shares may trade in the secondary market at prices that are lower or higher relative to their NAV. The amount of the discount or premium in the trading price relative to the NAV may be influenced by various factors, including the value of the Trust's assets, supply and demand for the Shares and market conditions at the time of a transaction.

USE OF PROCEEDS

Proceeds received by the Trust from the issuance of Creation Baskets will initially consist of cash deposits. Such cash deposits are held by the Cash Custodian on behalf of the Trust until (i) transferred in connection with the purchase of bitcoin, (ii) delivered to Authorized Participants in connection with a redemption of Creation Baskets or (iii) transferred to pay the Sponsor Fee or for extraordinary expenses and liabilities not assumed by the Sponsor.

The Trust's bitcoin is held by the Bitcoin Custodian (or held temporarily in the Trading Balance with Coinbase) on behalf of the Trust until sold by the Execution Agent to pay the Sponsor Fee or to pay for extraordinary expenses and liabilities not assumed by the Sponsor.

OWNERSHIP OR BENEFICIAL INTEREST IN THE TRUST

The beneficial interest in the Trust is divided into Shares. Each Share of the Trust represents an equal beneficial interest in the net assets of the Trust, and each holder of Shares is entitled to receive such holder's pro rata share of distributions of income and capital gains, if any.

All Shares are fully paid and non-assessable. No Share will have any priority or preference over any other Share of the Trust. All distributions, if any, will be made ratably among all Shareholders from the assets of the Trust according to the number of Shares held of record by such Shareholders on the record date for any distribution or on the date of termination of the Trust, as the case may be. Except as otherwise provided by the Sponsor, Shareholders will have no preemptive or other right to subscribe to any additional Shares or other securities issued by the Trust.

The Sponsor will have full power and authority, in its sole discretion, without seeking the approval of the Trustee or the Shareholders (a) to establish and designate and to change in any manner and to fix such preferences, voting powers, rights, duties and privileges of the Trust as the Sponsor may from time to time determine, (b) to divide the beneficial interest in the Trust into an unlimited amount of Shares, with or without par value, as the Sponsor will determine, (c) to issue Shares without limitation as to number (including fractional Shares), to such persons and for such amount of consideration, subject to any restriction set forth in the By-Laws, if any, at such time or times and on such terms as the Sponsor may deem appropriate, (d) to divide or combine the Shares into a greater or lesser number without thereby materially changing the proportionate beneficial interest of the Shares in the assets held, and (e) to take such other action with respect to the Shares as the Sponsor may deem desirable. The ownership of Shares will be recorded on the books of the Trust or the Transfer Agent for the Trust. No certificates certifying the ownership of Shares will be issued except as the Sponsor may otherwise determine from time to time. The Sponsor may make such rules as it considers appropriate for the issuance of Share certificates, transfer of Shares and similar matters. The record books of the Trust as kept by the Trust, or the Transfer Agent, as the case may be, will be conclusive as to the identity of the Shareholders and as to the number of Shares held from time to time by each.

CONFLICTS OF INTEREST

There are present and potential future conflicts of interest in the Trust's structure and operation you should consider before you purchase Shares. The Sponsor will use this notice of conflicts as a defense against any claim or other proceeding made. If the Sponsor is not able to resolve these conflicts of interest adequately, it may impact the Trust's ability to achieve its investment objective.

The officers, directors and employees of the Sponsor do not devote their time exclusively to the Trust. These persons are directors, officers or employees of other entities which may compete with the Trust for their services. They could have a conflict between their responsibilities to the Trust and to those other entities.

The Sponsor has the authority to manage the investments and operations of the Trust, and this may allow it to act in a way that furthers its own interests which may create a conflict with your best interests. Shareholders have very limited voting rights, which will limit their ability to influence matters such as amendment of the Trust Agreement, change in the Trust's basic investment policy, dissolution of the Trust, or the sale or distribution of the Trust's assets.

The Sponsor serves as the sponsor to the Trust. The Sponsor may have a conflict to the extent that its trading decisions for the Trust may be influenced by the effect they would have on other funds its affiliates may manage. In addition, the Sponsor may be required to indemnify its officers, directors and key employees with respect to their activities on behalf of other funds, if the need for indemnification arises. This potential indemnification could cause the Sponsor's assets to decrease. If the Sponsor's other sources of income are not sufficient to compensate for the indemnification, it could cease operations, which could in turn result in Trust losses and/or termination of the Trust.

If the Sponsor acquires knowledge of a potential transaction or arrangement that may be an opportunity for the Trust, it will have no duty to offer such opportunity to the Trust. The Sponsor will not be liable to the Trust or the Shareholders for breach of any fiduciary or other duty if Sponsor pursues such opportunity or directs it to another person or does not communicate such opportunity to the Trust. Neither the Trust nor any Shareholder has any rights or obligations by virtue of the Trust Agreement, the trust relationship created thereby, or this Prospectus in such business ventures or the income or profits derived from such business ventures. The pursuit of such business ventures, even if competitive with the activities of the Trust, will not be deemed wrongful or improper.

The Sponsor, the Prime Broker, the Execution Agent and their respective affiliates and/or employees may hold or participate in transactions related to bitcoin, either for their own account or for the account of others, such as

clients. Such transactions may occur prior to, during, or after the commencement of this offering. Such transactions may not serve to benefit the Shareholders of the Trust and may have a positive or negative effect on the value of the bitcoin held by the Trust and, consequently, on the market value of bitcoin. Because these parties may trade bitcoin for their own accounts at the same time as the Trust, prospective Shareholders should be aware that such persons may take positions in bitcoin which are opposite, or ahead of, the positions taken for the Trust. There can be no assurance that any of the foregoing will not have an adverse effect on the performance of the Trust.

The Prime Broker and the Execution Agent may be subject to certain conflicts of interest, including: (i) the Trust's orders may be routed to the Prime Broker's own execution venue or to the Execution Agent's principal market, where the Trust's orders may be executed against other customers of the Prime Broker or Execution Agent, or with the Prime Broker acting as principal, (ii) the beneficial identity of the counterparty purchaser or seller with respect to the Trust's orders may be unknown and therefore may inadvertently be another client of the Prime Broker or the Execution Agent, (iii) neither the Prime Broker nor the Execution Agent engages in front-running, but each is aware of the Trust's orders or imminent orders and may execute a trade for its own inventory (or the account of an affiliate) while in possession of that knowledge, and (iv) the Prime Broker or Execution Agent may act in a principal capacity with respect to certain orders. As a result of these and other conflicts, when acting as principal, the Prime Broker or the Execution Agent may have an incentive to favor its own interests and the interests of its affiliates over the Trust's interests. While the Prime Broker and the Execution Agent each have in place procedures to mitigate conflicts of interest when executing the Trust's orders, trading platforms or counterparties not used by the Prime Broker or Execution Agent may offer better prices and/or lower costs than the platforms or counterparties used to execute the Trust's orders.

The Execution Agent has adopted and implemented policies and procedures that are reasonably designed to ensure compliance with applicable law, including among others a Personal Trading Accounts Policy, a Code of Ethics and Business Conduct, and a Global Policy on the Use of Confidential Information and the Prohibition of Insider Trading, which address certain conflicts of interest (together, the "Policies"). Consistent with the requirements of the Policies, the Execution Agent will implement standard operating protocols under which personnel who have access to information about creation and redemption activity in Shares of the Trust ("Bitcoin Access Persons") report and disclose personal trading activity and holdings in bitcoin. All of the Execution Agent's employees will be required to pre-clear personal transactions in the Shares of the Trust. In addition, the Sponsor will adopt a Code of Ethics that requires Bitcoin Access Persons to report and pre-clear certain transactions in bitcoin, Shares of the Trust, and certain other digital assets. Finally, trading on behalf of clients in the shares of the Trust will be subject to controls embedded in the Sponsor's and the Execution Agent's respective compliance programs and systems.

Resolution of Conflicts Procedures

The Trust Agreement provides that whenever a conflict of interest exists between the Sponsor or any of its affiliates, on the one hand, and the Trust or any Shareholders or any other person, on the other hand, the Sponsor will resolve such conflict of interest considering the relative interest of each party (including its own interest) and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable accepted accounting practices or principles.

DUTIES OF THE SPONSOR

The general fiduciary duties that would otherwise be imposed on the Sponsor (which would make its operation of the Trust as described herein impracticable due to the strict prohibition imposed by such duties on, for example, conflicts of interest on behalf of a fiduciary in its dealings with its beneficiaries), will be replaced entirely by the terms of the Trust Agreement (to which terms all Shareholders, by subscribing to the Shares, are deemed to consent). The Trust Agreement provides that the duty and authority to manage the affairs of the Trust is vested in the Sponsor, which duty and authority the Sponsor may further delegate.

Additionally, under the Trust Agreement, the Sponsor will have the power and authority as a sponsor of the Trust to cause the Trust, among other things:

- To own bitcoin, cash or any asset received as a result of a hard fork or airdrop in respect of bitcoin (an “IR Virtual Currency”), to store bitcoin, cash or IR Virtual Currencies with a Custodian, and to transfer bitcoin, cash or IR Virtual Currencies;
- To compromise, arbitrate or otherwise adjust claims in favor of or against the Trust or any matter in controversy, including claims for taxes;
- To operate as a trust with the purpose for which the Trust was established as described in the Trust Agreement, and exercise all the powers necessary or appropriate to the conduct of such operations;
- To issue, sell, repurchase, redeem, cancel, retire, acquire, hold, resell, reissue, transfer, dispose of and otherwise deal in Shares pursuant to applicable federal law; to establish terms and conditions including any fees or expenses regarding the issuance, sale, repurchase, redemption, cancellation, retirement, acquisition, holding, resale, reissuance, disposition of or dealing in Shares; and to apply to any such repurchase, redemption, retirement, cancellation or acquisition of Shares any funds or Trust property;
- To cause the Bitcoin Custodian, in consultation with the Sponsor, to either (i) disclaim all rights to the IR Virtual Currency so created, (ii) sell the IR Virtual Currency as soon as reasonably practicable and thereafter distribute the cash proceeds to the Shareholders of record as of the date of the hard fork or airdrop that resulted in the Trust’s acquisition of the IR Virtual Currency, or (iii) distribute the IR Virtual Currency in-kind as soon as reasonably practicable to the Shareholders of record as of the date of the hard fork or airdrop that resulted in the Trust’s acquisition of the IR Virtual Currency or to an agent acting on behalf of such Shareholders;
- To make such filings applications, statements, certificates, agreements and other instruments with the SEC, the Financial Industry Regulatory Authority or a national securities exchange as may be required by the federal securities laws or other applicable regulations or as deemed necessary or desirable in the sole judgment of the Sponsor;
- To execute and deliver letters or documents to, or instruments for filing with, a depository relating to the Shares to be issued by the Trust and also any filing required to be made as determined by the Sponsor and any other filing or application necessary or desirable as determined by the Sponsor in connection with the registration and/or offering of Shares by the Trust;
- To negotiate the terms of, and execute on behalf of the Trust, any agreement, including, but not limited to, any underwriting agreement or purchase agreement relating to the Shares to be issued by the Trust as determined by the Sponsor;
- To do all other acts which, in the Sponsor’s judgment, are reasonably necessary or desirable for the registration and/or offering of Shares by the Trust; and
- To enter into contracts and carry on any other activities in connection with or incidental to any of the foregoing powers or with the furtherance of the Trust’s purpose.

The Sponsor will perform its duties in its subjective good faith belief as to what is in or not opposed to the best interests of the Trust, but only consistent with the terms of the Trust Agreement.

LIABILITY AND INDEMNIFICATION

Trustee

The Trustee shall not be liable for any action reasonably taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Trust

Agreement. The Trustee shall not have any obligation or duty to supervise or monitor the performance of any other person, including the Trust or the Sponsor, and shall have no liability for the failure of any other person to perform its obligations or duties under the agreements to which the Trust or the Trustee is a party or otherwise. The Trustee will not be personally liable under any circumstances, except for its own willful misconduct, bad faith or gross negligence. In particular, but not by way of limitation:

- (a) the duties and obligations of the Trustee shall be determined solely by the express provisions of the Trust Agreement;
- (b) the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Trust Agreement;
- (c) no implied covenants, duties (including fiduciary duties and duties existing at law or in equity) or obligations shall be read into the Trust Agreement against the Trustee;
- (d) in the absence of willful misconduct on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of the Trust Agreement;
- (e) the Trustee shall not be liable for an error of judgment made in good faith by an officer or employee of the Trustee;
- (f) the Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the Sponsor or any other person with the right to direct the Trustee;
- (g) no provision of the Trust Agreement shall require the Trustee to expend or risk its personal funds or otherwise incur any financial liability in the performance of its rights or duties hereunder, if the Trustee shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured or provided to it;
- (h) under no circumstance shall the Trustee be personally liable for any representation, warranty, covenant, agreement or indebtedness of the Trust;
- (i) the Trustee shall not be personally responsible for or in respect of the genuineness, form or value of the Trust Property, the validity or sufficiency of the Trust Agreement or for the due execution hereof by the Sponsor; and
- (j) in the event that the Trustee is unsure of the course of action to be taken by it hereunder, the Trustee may request instructions from the Sponsor and to the extent the Trustee follows such instructions in good faith it shall not be liable to any person. In the event that no instructions are provided within the time requested by the Trustee, it shall have no duty or liability for its failure to take any action or for any action it takes in good faith.

The Trustee will incur no liability to anyone in acting upon any document believed by it to be genuine and believed by it to be signed by the proper party or parties. The Trustee may accept a certified copy of a resolution of any governing body of any corporate party as conclusive evidence that such resolution has been duly adopted by such body and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically prescribed herein, the Trustee may for all purposes hereof rely on a certificate, signed by an authorized officer of the Sponsor, as to such fact or matter, and such certificate will constitute full protection to the Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon.

The Trustee may execute any of the trusts or powers vested in it by the Trust Agreement or perform any of its duties hereunder either directly or by or through agents, nominees, or attorney-in-fact appointed with due care and shall not be responsible for any willful misconduct or negligence on the part of any agent, custodian, nominee or attorney-in-fact so appointed, provided that the appointment of any agent, custodian, nominee or attorney-in-fact shall not relieve the Trustee of any of its obligations or liabilities under the Trust Agreement.

Except as expressly provided in Section 2.2 of the Trust Agreement, in accepting the trust created by the Trust Agreement, the Trustee acts solely as a trustee under the Trust Agreement and not in its individual capacity, and all persons having any claim against the Trustee by reason of the transactions contemplated by the Trust Agreement will look only to the Trust's property for payment or satisfaction thereof.

The Trustee will not be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. In no event shall the Trustee hereto be liable for any failure or delay in the performance of its obligations under the Trust Agreement or any related documents because of circumstances beyond its control.

Under the Trust Agreement, the Trust has agreed to be primary obligor and to indemnify, defend and hold harmless the Trustee, in its individual capacity and in its capacity as Trustee and any of the officers, directors, employees, affiliates and agents of the Trustee (the "Indemnified Persons") from and against any and all losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements (including reasonable legal fees and expenses in connection with enforcement of its rights to indemnity hereunder and including the reasonable fees and expenses of counsel), taxes and penalties of any kind and nature whatsoever (collectively, "Expenses"), to the extent that such Expenses arise out of or are imposed upon or asserted at any time against such Indemnified Persons with respect to the performance of the Trust Agreement, the creation, operation or termination of the Trust or the transactions contemplated hereby; provided, however, that the Trust shall not be required to indemnify any Indemnified Person for any Expenses which are a result of the willful misconduct, bad faith or gross negligence of an Indemnified Person.

As security for any amounts owing to the Trustee under the indemnification provisions of the Trust Agreement described above, the Trustee shall have a lien against the Trust's property, which lien shall be prior to the rights of the Sponsor or any other Shareholder of the Trust. The obligations of the Sponsor and the Trust to indemnify the Indemnified Persons will survive the termination of the Trust Agreement.

Sponsor

The Trust Agreement provides that the Trust will indemnify, defend and hold harmless the Sponsor, in its capacity as Sponsor, and any of the officers, directors, employees, affiliates and agents of the Sponsor (the "Sponsor Indemnified Persons") from and against any and all Expenses, to the extent that such Expenses arise out of or are imposed upon or asserted at any time against such Sponsor Indemnified Persons with respect to the performance of the Trust Agreement, the creation, operation or termination of the Trust or the transactions contemplated by the Trust Agreement; provided, however, that the Trust shall not be required to indemnify any Sponsor Indemnified Person for any Expenses which are a result of the willful misconduct, bad faith or gross negligence of a Sponsor Indemnified Person. To the fullest extent permitted by law, Expenses to be incurred by a Sponsor Indemnified Person shall, from time to time, be advanced by, or on behalf of, the Trust prior to the final disposition of any matter upon receipt by the Trust of an undertaking by, or on behalf of, such Sponsor Indemnified Person to repay such amount if it shall be determined that the Sponsor Indemnified Person is not entitled to be indemnified under the Trust Agreement. The obligations of the Trust to indemnify the Sponsor Indemnified Parties will survive the termination of the Trust Agreement.

The Trust Agreement provides that (i) whenever a conflict of interest exists or arises between the Sponsor, on the one hand, and the Trust, on the other hand; or (ii) whenever the Trust Agreement or any other agreement contemplated herein or therein provides that the Sponsor will act in a manner that is, or provides terms that are, fair and reasonable to the Trust, the Sponsor will resolve such conflict of interest, take such action or provide such terms, considering in each case the relative interest of each party (including its own interest) to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests, and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the Sponsor, the resolution, action or terms so made, taken or provided by the Sponsor will not constitute a breach of the Trust

Agreement or any other agreement contemplated therein or of any duty or obligation of the Sponsor at law or in equity or otherwise.

VOTING BY SHAREHOLDERS; MANAGEMENT

The Shareholders of the Trust take no part in the management or control of, and have no voice in, the Trust's operations or business. Except in limited circumstances, Shareholders will have no voting rights under the Trust Agreement.

The Sponsor will generally have the right to amend the Trust Agreement as it applies to the Trust provided that any amendment that imposes or increases any fees or charges or prejudices a substantial existing right of the Shareholders will not become effective until thirty (30) days after notice of such amendment is given to the Shareholders. No amendment affecting the Trustee will be binding upon or effective against the Trustee unless consented to by the Trustee.

Liquidation and Voting Rights. The Sponsor will act to terminate the Trust upon the agreement of Shareholders owning at least seventy-five (75) percent of the outstanding Shares. Consistent with the Trust Agreement, upon dissolution of the Trust, the Trustee will wind up the business and affairs of the Trust and direct the Execution Agent to sell all the bitcoin remaining in the Trust in an orderly manner. Following the liquidation of the Trust's bitcoin, any remaining outstanding Shares will be redeemed for cash and distributed to Shareholders in accordance with the provisions of the Trust Agreement.

The Trust does not have any directors, officers or employees. The creation and operation of the Trust has been arranged by the Sponsor. Under the Trust Agreement, all management functions of the Trust will be delegated to and will be conducted by the Sponsor, its agents and its affiliates, including the Bitcoin Custodian. The following persons, in their respective capacities as officers of the Sponsor perform certain functions with respect to the Trust that, if the Trust had officers, would typically be performed by them.

<u>Name</u>	<u>Capacity</u>
Brian Hartigan*	Chief Executive Officer, Board of Managers
Peter Hubbard	Vice President and Director of Portfolio Management
Jordan Krugman*	Board of Managers
Terry Gibson Vacheron	Chief Financial Officer
Kelli Gallegos*	Principal Financial and Accounting Officer, Investment Pools
Melanie Zimdars	Chief Compliance Officer
John Zerr*	Board of Managers

* Executive officer of the Trust, within the meaning of Rule 3b-7 under the Exchange Act.

The Sponsor is managed by a Board of Managers. The Board of Managers is composed of Messrs. Hartigan, Krugman and Zerr.

Brian Hartigan (45) has been Chief Executive Officer of the Sponsor since November 2023. In this role, he has general oversight responsibilities for all of the Sponsor's business. Mr. Hartigan has been a Member of the Board of Managers of the Sponsor since November 2023. Previously, Mr. Hartigan was Global Head of ETF Investments and Indexed Strategies at Invesco Ltd., a global investment management company and affiliate of the Sponsor, since 2015. In that role, he was responsible for oversight of all portfolio management activities of exchange-traded funds (ETFs), as well as providing support to the US ETF Board, serving as a global ETF expert/resource and providing day-to-day support. In addition, he was a team leader for Invesco's unit investment trusts. Mr. Hartigan earned a BA degree from the University of St. Thomas in Minnesota and an MBA in finance from DePaul University. He is a Chartered Financial Analyst® (CFA) charterholder and a member of the CFA Society of Chicago.

Peter Hubbard (42) joined the Sponsor in May 2005 as a portfolio manager and has been Vice President, Director of Portfolio Management since September 2012. In his role, Mr. Hubbard manages a team of eight portfolio managers. His responsibilities include facilitating all portfolio management processes associated with more than 200 equity and fixed income Invesco Funds listed in the United States, Canada and Europe. He is a graduate of Wheaton College with a B.A. degree in Business & Economics.

Jordan Krugman (45) is Chief Financial Officer of the Americas for Invesco Ltd., a global investment management company affiliated with the Sponsor. He was appointed to this position in October 2020. In this capacity, Mr. Krugman is responsible for general management support, in addition to executing on various strategic initiatives and overseeing the financial framework for the business units operating within the Americas division of Invesco Ltd. He has also served as a Member of the Board of Managers of the Sponsor since October 2020. From March 2019 to October 2020, Mr. Krugman served as the Global Head of Financial Planning and Analysis at Invesco Ltd. In this role, he was responsible for overseeing Invesco's forecasting, budgeting strategic planning and financial target setting processes, including analytics and decision support for Invesco Ltd.'s executive team. From March 2017 to March 2019, Mr. Krugman served as Invesco Ltd.'s Head of Finance & Corporate Strategy, North America. In this role, Mr. Krugman was responsible for strategic and financial planning for Invesco Ltd.'s global investments organization including global real estate, private equity and global fixed income. Prior to that, Mr. Krugman was Invesco Ltd.'s Treasurer and Head of Investor Relations from May 2011 to March 2017. In this role, he was responsible for management of Invesco Ltd.'s liquidity and capital management programs. Additionally, Mr. Krugman managed the communication with Invesco Ltd.'s external stakeholders including equity shareholders, debt investors, rating agencies, and research analysts. Mr. Krugman earned a BA degree in American civilizations, with a U.S. history concentration, from Middlebury College in Vermont in 1999, and earned an MBA from Santa Clara University in California in 2007. He is a Certified Treasury Professional (CTP).

Terry Vacheron CPA (58) is the Chief Accounting Officer (since April 2022) and Head of Global Tax (since November 2020) at Invesco Ltd. In this role, she leads the company's financial reporting, accounting, corporate tax, payroll, and SOX functions. Ms. Vacheron also serves as the Chief Financial Officer (since June 2022) of the Sponsor and Invesco Advisers Inc. where she is responsible for overseeing all aspect of the companies' financial operations, including financial reporting and accounting. Ms. Vacheron joined Invesco in November 2020 following a brief break while between roles in October 2020. Prior to joining the firm, she was with SunTrust Bank (and later Truist Bank, which was formed in 2019 following the merger of BB&T and SunTrust) from October 2009 until September 2020, where she served as the Chief Tax Officer. Ms. Vacheron directed the full spectrum of corporate tax matters and led the tax merger integration effort for the BBT and SunTrust merger. In an overlapping role as the Corporate Functions Risk Officer at SunTrust Bank from March 2013 to December 2019, she built and led multiple corporate risk programs to identify and manage risk while maintaining her Chief Tax Officer responsibilities. During her tenure, she oversaw the implementation of stronger guidelines and accountability for risk programs, including SOX, third-party risk management, and operational risk oversight. Ms. Vacheron earned a BS degree in accounting from the University of Tennessee. She is a Certified Public Accountant (CPA). Ms. Vacheron served on the board of the United Way of Greater Atlanta from 2013 to 2020. She served as a member of the United Way's Community Engagement Council and is currently on the United Way's Finance Committee.

Kelli Gallegos (51) has been Principal Financial and Accounting Officer—Investment Pools for the Sponsor since September 2018. Additionally, since September 2018, Ms. Gallegos has been Principal Financial and Accounting Officer – Investment Pools of Invesco Specialized Products, LLC (sponsor to a suite of currency exchange-traded funds, “ISP”), Head of North America Fund Reporting of Invesco, Ltd. (“Invesco”, a global investment management company), and Vice President and Treasurer of Invesco Exchange Traded Fund Trust, Invesco Exchange-Traded Fund Trust II, Invesco India Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Commodity Fund Trust, and Invesco Exchange-Traded Self-Indexed Fund Trusts (each a registered investment company offering series of exchange-traded funds, the “Invesco ETFs”). She also serves as Vice President (since March 2016), Principal Financial Officer (since March 2016) and Assistant Treasurer (since December 2008) for a suite of mutual funds advised by Invesco Advisers, Inc., a registered investment adviser (the “Invesco Funds”). In her roles with the Sponsor,

ISP, Invesco, the Invesco ETFs, and the Invesco Funds, Ms. Gallegos has financial and administrative oversight responsibilities for, and serves as Principal Financial Officer of the Invesco ETFs, the Trust and the exchange-traded funds for which ISP serves as sponsor (the “CurrencyShares Trusts”). Previously, she was Director of Fund Financial Services from December 2008 to September 2018, Assistant Treasurer for the Sponsor from January 2013 to September 2018, Assistant Treasurer of ISP from April 2018 to September 2018, Assistant Treasurer for the Invesco ETFs from September 2014 to September 2018 and Assistant Vice President for the Invesco Funds from December 2008 to March 2016. In such roles, Ms. Gallegos managed the group of personnel responsible for the preparation of fund financial statements and other information necessary for shareholder reports, fund prospectuses, regulatory filings, and for the coordination and oversight of third-party service providers of the Trust, the Invesco ETFs, the Invesco Funds, and the CurrencyShares Trusts. Ms. Gallegos earned a BBA in accounting from Harding University in Searcy, AR.

Melanie H. Zimdars (46) has been Chief Compliance Officer of the Sponsor since November 2017. In this role she is responsible for all aspects of regulatory compliance for the Sponsor. Ms. Zimdars has also served as Chief Compliance Officer of Invesco Exchange-Traded Fund Trust, Invesco Exchange-Traded Fund Trust II, Invesco India Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Fund Trust and Invesco Actively Managed Exchange-Traded Commodity Fund Trust since November 2017. From September 2009 to October 2017, she served as Vice President and Deputy Chief Compliance Officer at ALPS Holdings, Inc. where she was Chief Compliance Officer for six different mutual fund complexes, including active and passive ETFs and open-end and closed-end funds. Through its subsidiary companies, ALPS Holdings, Inc. is a provider of investment products and customized servicing solutions to the financial services industry. Ms. Zimdars received a BS degree from the University of Wisconsin-La Crosse.

John Zerr (60) has been a Member of the Board of Managers of the Sponsor since September 2006. Mr. Zerr has also served as Chief Operating Officer of the Americas for Invesco Ltd. since February 2018. Prior to his current position, Mr. Zerr served as Managing Director and General Counsel – U.S. Retail of Invesco Management Group, Inc., a registered investment adviser affiliated with the Sponsor, from March 2006 until February 2018, where he was responsible for overseeing the U.S. Retail Legal Department for Invesco Ltd. and its affiliated companies. Mr. Zerr has also been a Senior Vice President and Secretary of IDI since March 2006 and June 2006, respectively. He also served as a Director of that entity until February 2010. Mr. Zerr has served as Senior Vice President of Invesco Advisers, Inc., a registered investment adviser affiliated with the Sponsor, since December 2009. Mr. Zerr serves as a Director, Vice President and Secretary of Invesco Investment Services, Inc., a registered transfer agency since May 2007. Mr. Zerr has served as Director, Senior Vice President, General Counsel and Secretary of a number of other Invesco Ltd. wholly-owned subsidiaries which service or serviced portions of Invesco Ltd.’s U.S. Retail business since May 2007 and since June 2010 with respect to certain Van Kampen entities engaged in the asset management business that were acquired by Invesco Ltd. from Morgan Stanley. In each of the foregoing positions Mr. Zerr is responsible for overseeing legal operations. In such capacity, Mr. Zerr also is responsible for overseeing the legal activities of the Invesco Funds. Mr. Zerr earned a BA degree in economics from Ursinus College. He graduated cum laude with a J.D. from Temple University School of Law.

BOOKS AND RECORDS

The Trust keeps its books of record and account at the office of the Sponsor or at the offices of the Administrator, or such office, including of an administrative agent, as it may subsequently designate upon notice. The books and records are open to inspection by any person who establishes to the Trust’s satisfaction that such person is a Shareholder upon reasonable advance notice at all reasonable times during usual business hours of the Trust.

The Trust will keep a copy of the Trust Agreement on file in the Sponsor’s office, which will be available for inspection by any Shareholder at all times during its usual business hours upon reasonable advance notice

STATEMENTS, FILINGS, AND REPORTS TO SHAREHOLDERS

After the end of each fiscal year, the Sponsor will cause to be prepared an annual report for the Trust containing audited financial statements. The annual report will be in such form and contain such information as will be required by applicable laws, rules and regulations and may contain such additional information that the Sponsor determines shall be included. The annual report will be filed with the SEC and the Exchange and will be distributed to such persons and in such manner, as is required by applicable laws, rules and regulations.

The Sponsor is responsible for the registration and qualification of the Shares under the federal securities laws. The Sponsor will also prepare, or cause to be prepared, and file any periodic reports or updates required under the Exchange Act. The Administrator will assist and support the Sponsor in the preparation of such reports.

The Administrator will make such elections, file such tax returns, and prepare, disseminate and file such tax reports, as it is advised to by its counsel or accountants or as required from time to time by any applicable statute, rule or regulation.

FISCAL YEAR

The fiscal year of the Trust is the period ending December 31 of each year. The Sponsor may select an alternate fiscal year.

GOVERNING LAW; CONSENT TO DELAWARE JURISDICTION

The rights of the Sponsor, the Trust, DTC (as registered owner of the Trust's global certificate for Shares) and the Shareholders are governed by the laws of the State of Delaware. The Sponsor, the Trust, and, by accepting Shares, each DTC Participant and each Shareholder, consent to the exclusive jurisdiction of the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction, any other courts located in Delaware for any claims, suits, actions or proceedings, provided that (i) the forum selection provisions do not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction and (ii) the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under any federal securities law. By purchasing Shares in the Trust, Shareholders waive certain claims that the courts of the State of Delaware and any other courts located in Delaware is an inconvenient venue or is otherwise inappropriate.

LEGAL MATTERS

Litigation and Claims

Within the past five years of the date of this Prospectus, there have been no material administrative, civil or criminal actions against the Sponsor, the Trust or any principal or affiliate of any of them. This includes any actions pending, on appeal, concluded, threatened, or otherwise known to them.

Legal Opinions

Morris Nichols Arsht & Tunnell LLP has advised the Sponsor in connection with the Shares being offered. Ropes & Gray LLP advises the Sponsor with respect to its responsibilities as sponsor of, and with respect to matters relating to, the Trust. Certain opinions of counsel will be filed with the SEC as exhibits to the Registration Statement of which this Prospectus is a part.

EXPERTS

The financial statement as of December 20, 2023 included in this Prospectus has been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

MATERIAL CONTRACTS

Amended and Restated Trust Agreement

The following is a description of the material terms of the Trust Agreement.

Appointment and Duties of Trustee

The Trust Agreement provides that the Trustee is appointed to serve as the trustee of the Trust in the State of Delaware for the sole purpose of satisfying the requirement of Section 3807(a) of the Delaware Act that the Trust have at least one trustee with a principal place of business in Delaware. The Sponsor shall have the exclusive authority to manage the affairs of the Trust as an agent of the Trust pursuant to Section 3806(b)(7) of the Delaware Act.

Under the Trust Agreement, the Trustee has no obligation to supervise or monitor the Trust's service providers or otherwise manage the Trust. The duties of the Trustee shall be limited to (i) accepting legal process served on the Trust in the State of Delaware and (ii) at the direction of the Sponsor, the execution of any certificates required to be filed with the Secretary of State of the State of Delaware which the Trustee is required to execute under Section 3811 of the Delaware Act.

The Trust Agreement provides that the Trustee shall serve for the duration of the Trust and until the effective date of the Trustee's resignation. The Trustee may resign upon sixty (60) days' prior notice to the Sponsor, which shall promptly appoint a successor. If no successor has been appointed by the Sponsor within such sixty (60) day period, the Trustee may, at the expense of the Trust, petition a court to appoint a successor trustee.

Jurisdiction and Waiver of Jury Trial

The Trust Agreement provides that the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction, any other courts located in Delaware will be the exclusive jurisdiction for any claims, suits, actions or proceedings, provided that the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under any federal securities law. By purchasing Shares in the Trust, Shareholders waive certain claims that the courts of the State of Delaware and any other courts located in Delaware is an inconvenient venue or is otherwise inappropriate. As such, Shareholder could be required to litigate a matter relating to the Trust in a Delaware court, even if that court may otherwise be inconvenient for the Shareholder.

Matters Pertaining to Shares and Shareholders of the Trust

The Trust Agreement authorizes the Trust to issue an unlimited number of shares unless otherwise determined and subject to any conditions set forth by the Sponsor. The Trust will issue and redeem the Shares in Creation Baskets only to certain Authorized Participants on an ongoing basis, or to such other purchaser or purchasers, including the Seed Capital Investor, as otherwise determined by the Sponsor in its sole discretion, and only in exchange for bitcoin and/or cash. The creation and redemption mechanics are further described above under "Creation and Redemption of Shares."

Trust Agreement provides that all of the Shares are of the same class with equal rights and privileges. Each of the Shares is transferable, is fully paid and nonassessable and entitles the holder to vote on the limited matters upon which Shareholders may vote under the Trust Agreement. The Shares do not entitle their holders to any conversion or pre-emptive rights or, except as provided below, any redemption rights or rights to distributions. Shareholders have no voting rights except in limited circumstances. Shareholder voting rights are further described above under “Voting by Shareholders; Management—Liquidation and Voting Rights.”

Powers and Duties of the Sponsor

The Trust Agreement provides that the duty and authority to manage the affairs of the Trust is vested in the Sponsor, which duty and authority the Sponsor may further delegate, all pursuant to Section 3806(b)(7) of the Delaware Act. The duties of the Sponsor under the Trust Agreement are further described above under “Duties of the Sponsor.”

Indemnification

Under the Trust Agreement, the Trustee and the Sponsor will have a right to be indemnified by the Trust for certain liabilities or expenses that each incurs without gross negligence, bad faith or willful misconduct on its part.

Amendments

The Trust Agreement provides that it may be amended by the Sponsor in its sole discretion and without the Shareholders’ consent. Any such amendment to the Trust Agreement will be effective on such date as designated by the Sponsor in its sole discretion, except that any amendment that imposes or increases any fees or charges or prejudices a substantial existing right of the Shareholders will not become effective until thirty (30) days after notice of such amendment is given to the Shareholders. However, any amendment to the Trust Agreement that affects the rights or duties of the Trustee will require the Trustee’s prior written consent. Every Shareholder, at the time any amendment so becomes effective, will be deemed, by continuing to hold any Shares or an interest therein, to consent and agree to such amendment and to be bound by the Trust Agreement as amended thereby.

Tax Matters

The Trust Agreement provides that the Sponsor intends that the Trust shall be treated, for federal, state and local income tax purposes, as a grantor trust, and that, notwithstanding anything contained in the Trust Agreement to the contrary, neither the Sponsor nor the Trustee, nor any other person acting for or on behalf of the Trust, shall take any action that is inconsistent with such treatment.

Governing Law

The validity and construction of the Trust Agreement and all amendments thereto shall be governed by the laws of the State of Delaware, and the rights of all parties hereto and the effect of every provision thereof shall be subject to and construed according to the laws of the State of Delaware without regard to the conflicts of law provisions thereof.

Derivative Actions

Under the Trust Agreement, no person who is not a Shareholder shall be entitled to bring any derivative action, suit or other proceeding on behalf of the Trust. The Trust Agreement provides that no Shareholder may maintain a derivative action on behalf of the Trust unless holders of at least ten percent (10%) of the outstanding Shares join in the bringing of such action. In addition to the requirements set forth in Section 3816 of the Delaware Act, a Shareholder may bring a derivative action on behalf of the Trust only if it meets additional conditions described in the Trust Agreement.

Merger and Consolidation

Under the Trust Agreement, the Sponsor may cause (i) the Trust to be merged into or consolidated with, converted to or to sell all or substantially all of its assets to, another trust or entity; (ii) the Shares of the Trust to be converted into beneficial interests in another statutory trust (or series thereof); or (iii) the Shares of the Trust to be exchanged for units in another trust or company under or pursuant to any U.S. state or federal statute to the extent permitted by law. Under the Trust Agreement, the Sponsor, with written notice to the Shareholders, may approve and effect any such transactions without any vote or other action of the Shareholders, but will not do so if doing so would cause the Trust, its successor or other trust or company in which the Shareholders hold beneficial interests as a result of such transaction to fail or cease to qualify as a grantor trust for U.S. federal income tax purposes and any purported approval or effecting of such a transaction shall be null and void ab initio and without legal effect.

Fund Administration and Accounting Agreement

Pursuant to the Fund Administration and Accounting Agreement, the Administrator is generally responsible for the day-to-day administration of the Trust. The responsibilities of the Administrator include (i) establishing appropriate expense accruals and compute expense ratios, maintaining expense files and coordinating the payment of Trust approved invoices; (ii) calculating Trust approved income and per Share amounts required for periodic distributions to be made by the Trust; (iii) calculating total return information; (iv) coordinating the Trust's annual audit; (v) supplying various normal and customary portfolio and Trust statistical data as requested on an ongoing basis; and (vi) preparing financial statements for the Trust.

The responsibilities of the Administrator also include providing various valuation and computation accounting services for the Trust, including (i) maintaining certain financial books and records for the Trust, including creation and redemptions books and records, and Trust accounting records; (ii) computing the Trust's NAV; (iii) obtaining quotes from pricing services as directed and approved by the Sponsor, or if such quotes are unavailable, then obtaining such prices from the Sponsor, and in either case, calculating the market value of the Trust's assets in accordance with the Trust's valuation policies or guidelines; and (iv) transmitting or making available a copy of the daily portfolio valuation to the Sponsor.

The Trust will indemnify the Administrator and any affiliate of the Administrator ("Indemnitees"), and the Indemnitees will incur no liability for its reliance upon (i) any law, act, regulation or interpretation of the same even though the same may thereafter have been altered, changed, amended or repealed, (ii) the Trust's offering materials or documents (excluding information provided by the Administrator), (iii) any instructions or (iv) any written opinion of legal counsel for the Trust or the Administrator, or arising out of transactions or other activities of the Trust which occurred prior to the commencement of the Fund Administration and Accounting Agreement; provided however, that the Trust shall not indemnify any Indemnitee for any losses arising out of the Indemnitees' own bad faith, gross negligence or willful misconduct in the performance of the Fund Administration and Accounting Agreement.

Transfer Agency and Services Agreement

Pursuant to the Transfer Agency and Services Agreement, the Transfer Agent is generally responsible for the day-to-day administration of the Trust. The responsibilities of the Transfer Agent include: (i) performing and facilitating the performance of purchases and redemption of Baskets in connection with creation and redemption transactions; (ii) preparing and transmitting by means of DTC's book entry system payments for dividends and distributions on or with respect to the Shares, if any, declared by the Trust; (iii) maintaining the record of the name and address of the Shareholder and the number of Shares issued by the Trust and held by the Shareholder; and (iv) recording the issuance of Shares of the Trust and maintain a record of the total number of Shares of the Trust which are outstanding and authorized, based upon data provided to it by the Trust.

The Transfer Agency and Services Agreement will have a three-year initial term and will automatically be renewed for successive one-year periods, unless terminated pursuant to the terms of the agreement.

Bitcoin Custody Agreement

Pursuant to the Bitcoin Custody Agreement, the Bitcoin Custodian is responsible for providing the Trust with segregated cold wallet digital asset custody. The Trust's assets with the Bitcoin Custodian are held in segregated wallets and are therefore not commingled with corporate or other customer assets. The Bitcoin Custodian also segregates each of the accounts (comprising multiple wallets in some cases) that a client (such as the Trust) may hold with the Bitcoin Custodian, and each such account's balance represents the account's on-chain balance, which can be independently verified by the client or third-party auditors as needed. This approach applies to each asset supported by the Bitcoin Custodian.

Private key materials are generated and subsequently stored in a form whereby no private key is stored in a decrypted format. The private key materials are stored within the Bitcoin Custodian's secure storage facilities within the U.S. and Europe. For security reasons, these exact locations are never disclosed.

Personnel supporting key operations are very limited and the Bitcoin Custodian requires a background check prior to onboarding, and where required, annually thereafter. No single individual associated with the Bitcoin Custodian has access to full private keys. Private key use and subsequent transaction signing instead require access to multiple systems and human operators in order to access a key and perform an on-chain transaction. For security purposes, the Bitcoin Custodian does not disclose specifics around the roles and numbers of individuals involved in these processes.

The Bitcoin Custodian maintains an annually renewed insurance policy with comprehensive coverage terms and conditions. This insurance policy covers the loss of client assets held in cold storage at the Bitcoin Custodian. This insurance program, which has continuously run since 2013, provides the Bitcoin Custodian and its clients with some of the broadest and deepest insurance coverage in the digital asset industry, with coverage designed to be comprehensive, including losses from employee collusion or fraud, physical loss (including theft), or damage of key material, security breach or hack, and fraudulent transfer. Furthermore, Coinbase also maintains a Cyber insurance program covering security failures.

The Bitcoin Custodian maintains an Internal Audit team that performs periodic internal audits over custody operations. SOC attestations are also performed on the Bitcoin Custodian's services. The SOC 1 Type 2 and SOC 2 Type 2 reports produced cover private key management controls as well as ensure controls are designed and operating effectively, providing reasonable assurance that customer digital asset positions held in custody and prime brokerage accounts are authorized, executed and accurately and completely recorded. A SOC 1 Type 2 report addresses the controls at a service organization that are likely to be relevant to user entities' internal control over financial reporting. A SOC 2 Type 2 report addresses controls at a service organization relevant to security, availability, processing integrity, confidentiality, or privacy in order to support users' evaluations of their own systems of internal control.

The Bitcoin Custodian will not be liable for any amount greater than the greater of (i) the aggregate amount of custodial fees paid in a 12-month period from the Trust to the Bitcoin Custodian or (ii) the value of the supported digital assets on deposit in the Trust's custodial account(s) at the time of the event giving rise to the liability, subject further to the maximum liability limit of \$100 million for each cold storage address. Additionally, in respect of any incidental, indirect, special, punitive, consequential or similar losses, the Bitcoin Custodian is not liable, even if the Bitcoin Custodian has been advised of or knew or should have known of the possibility thereof. The Bitcoin Custodian is not liable for delays, suspension of operations, failure in performance, or interruption of service to the extent it is directly due to a cause or condition beyond the reasonable control of the Bitcoin Custodian.

Cash Custody Agreement

The Sponsor has entered into a Cash Custody Agreement with the Cash Custodian (the "Cash Custody Agreement"). Under the Cash Custody Agreement, the Cash Custodian will keep safely all cash and other

non-bitcoin assets of the Trust delivered to the Cash Custodian and, on behalf of the Trust, the Cash Custodian shall, from time to time, accept delivery of cash and other non-bitcoin assets for safekeeping.

In performing its duties under the Cash Custody Agreement, the Cash Custodian will exercise the standard of care and diligence that a professional custodian would observe in these affairs taking into account the prevailing rules, practices, procedures and circumstances in the relevant market and shall perform its duties without negligence, fraud, bad faith or willful misconduct. The Cash Custodian's liability arising out of or relating to the Cash Custody Agreement will be limited solely to those direct damages that are caused by the Cash Custodian's failure to perform its obligations under the Cash Custody Agreement in accordance with this standard of care.

Marketing Agent Agreement

Pursuant to the Marketing Agent Agreement, the Marketing Agent is generally responsible for certain aspects of the day-to-day administration of the Trust. The responsibilities of the Marketing Agent include (i) at the request of the Trust, assisting the Trust with facilitating Authorized Participant Agreements between and among Authorized Participants, the Trust, and the applicable Transfer Agent, for the creation and redemption of Creation Baskets of the Trust; (ii) maintaining copies of confirmations of Creation Basket creation and redemption order acceptances and producing such copies upon reasonable request from the Trust or Sponsor; (iii) making available copies of the Prospectus to Authorized Participants who have purchased Baskets in accordance with the Authorized Participant Agreements; (iv) maintaining telephonic, facsimile and/or access to direct computer communications links with the Transfer Agent; (v) reviewing and approving, prior to use, certain Trust marketing materials submitted by the Trust for review ("Marketing Materials") for compliance with applicable SEC and FINRA advertising rules, and filing all such Marketing Materials required to be filed with FINRA; (vi) ensuring that all direct requests by Authorized Participants for Prospectuses are fulfilled; and (vii) working with the Transfer Agent to review and approve orders placed by Authorized Participants and transmitted to the Transfer Agent.

The Trust shall indemnify, defend and hold the Marketing Agent, its affiliates and each of their respective members, managers, directors, officers, employees, representatives and any person who controls or previously controlled the Marketing Agent within the meaning of Section 15 of the Securities Act (collectively, the "Marketing Agent Indemnitees"), free and harmless from and against any and all losses, claims, demands, liabilities, damages and expenses (including the costs of investigating or defending any alleged losses, claims, demands, liabilities, damages or expenses and any reasonable counsel fees incurred in connection therewith) (collectively, "Losses") that any Marketing Agent Indemnitee may incur arising out of or relating to (i) the Trust's breach of any of its obligations, representations, warranties or covenants contained in the Marketing Agent Agreement; (ii) the Trust's failure to comply in all material respects with any applicable laws, rules or regulations; or (iii) any claim that the Prospectus, sales literature and advertising materials or other information filed or made public by the Trust (as from time to time amended) includes or included an untrue statement of a material fact or omits or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading provided, however, that the Trust's obligation to indemnify any of the Marketing Agent Indemnitees shall not be deemed to cover any Losses arising out of any untrue statement or alleged untrue statement or omission or alleged omission made in the Prospectus or any such advertising materials or sales literature or other information filed or made public by the Trust in reliance upon and in conformity with information provided by the Marketing Agent to the Trust, in writing, for use in such Prospectus or any such advertising materials or sales literature.

Execution Agent Agreement

The Sponsor and the Execution Agent have entered into an agreement pursuant to which the Execution Agent will provide certain execution services on behalf of the Trust. Pursuant to the Execution Agent Agreement, and subject to specific instructions from the Sponsor, the Execution Agent in its discretion is responsible for selecting the method of transacting, the price, the Bitcoin Counterparty or Counterparties and the trading platform or venue

(if any) for the execution of each purchase and sale of bitcoin on behalf of the Trust. The Execution Agent has established policies and procedures for identifying, monitoring and performing due diligence on potential Bitcoin Counterparties and trading platforms or venues, with entities being added or removed from consideration on an ongoing basis. In addition, the Execution Agent evaluates Bitcoin Counterparties and trading platforms or venues on a per-transaction basis. At the time it selects a Bitcoin Counterparty for any specific transaction, the Execution Agent may consider a number of factors in an effort to seek to achieve “best execution,” including price, transaction costs, speed, and likelihood of execution and settlement, taking into account the size of the transaction and the experience and capabilities of the Bitcoin Counterparty or any other consideration relevant to the execution of the relevant transaction, giving priority to transacting at a price that is the same or similar to the Benchmark Price.

The Execution Agent shall designate, validate and maintain the Trust’s digital asset wallets in accordance with instructions received from the Sponsor. The Execution Agent shall cooperate with the Trust’s administrator and custodian(s) as necessary and in accordance with agreed upon procedures.

In addition to the duty of care provisions contained in the Agreement, the Execution Agent is expressly prohibited from using any information that it has gained about the Trust’s trading activities in bitcoin pursuant to instructions to inform (in whole or in part) any decision to purchase or sell bitcoin that it makes either for its own account or on behalf of any other person. The Execution Agent shall not aggregate any purchases or sales of bitcoin it makes on behalf of the Trust with any purchases or sales of bitcoin it makes either for its own account or on behalf of any other person unless it does so in a manner that is not reasonably expected to operate to the disadvantage of the Trust.

Master Services Agreement

The Sponsor has entered into a Master Services Agreement with the Benchmark Provider (the “Master Services Agreement”). Under the Master Services Agreement, the Benchmark Provider grants to Fund a license to access and use the Benchmark in addition to other services of the Benchmark Provider. The Master Services Agreement limits the Benchmark Provider’s liability to exclude, among others, (i) loss of profits and any indirect damages arising out of the Master Services Agreement and (ii) any breach of the Benchmark Provider’s servers or systems, including any hacking or unauthorized access to customer data. The Master Services Agreement also includes master terms that apply to other agreements between the Trust and the Benchmark Provider, including the Benchmark Provider Agreement, discussed below.

Calculation Services Subscription Agreement

The Sponsor has entered into a Calculation Services Subscription Agreement with the Benchmark Provider (the “Benchmark Provider Agreement”). Under the Benchmark Provider Agreement, the Benchmark Provider agrees to provide and update the Sponsor and other identified parties with the value of bitcoin as calculated according to the methodology described in the “Description of Lukka Prime” section above, at agreed upon time frames, in exchanged for a fixed annual fee payable by the Sponsor.

U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of certain material U.S. federal income tax consequences that generally will apply to the purchase, ownership and disposition of Shares by Shareholders. The discussion below is based on the Code, Treasury Regulations promulgated thereunder and judicial and administrative interpretations of the Code, all as in effect on the date of this Prospectus and all of which are subject to change either prospectively or retroactively. The tax treatment of Shareholders may vary depending upon their own particular circumstances. Certain Shareholders (including but not limited to banks, financial institutions, insurance companies, regulated investment companies, real estate investment trusts, tax-exempt organizations, tax-exempt or tax-advantaged retirement plans or accounts, brokers or dealers,

traders, partnerships for U.S. federal income tax purposes, persons holding Shares as a position in a “hedging,” “straddle,” “conversion,” “constructive sale” or other integrated transaction for U.S. federal income tax purposes, persons whose “functional currency” is not the U.S. dollar, persons required for U.S. federal income tax purposes to accelerate the recognition of any item of gross income with respect to the Shares as a result of such income being recognized on an applicable financial statement, or other investors with special circumstances) may be subject to special rules not discussed below. In addition, the following discussion applies only to investors who will hold Shares as “capital assets” (generally, property held for investment). Moreover, the discussion below does not address the effect of any state, local or foreign tax law consequences that may apply to an investment in Shares. Purchasers of Shares are urged to consult their own tax advisers with respect to all U.S. federal, state, local and foreign tax law considerations potentially applicable to their investment in Shares.

For purposes of this discussion, a “U.S. Shareholder” is a Shareholder that is:

- an individual who is treated as a citizen or resident of the U.S. for U.S. federal income tax purposes;
- a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S., any state thereof or the District of Columbia;
- an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust, if a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

For purposes of this discussion, a “U.S. Tax-Exempt Shareholder” is a U.S. Shareholder that is exempt from tax under Section 501(a) of the Code.

For purposes of this discussion, a “Non-U.S. Shareholder” is a Shareholder that is (or is treated as), for U.S. federal income tax purposes:

- a nonresident alien individual;
- a foreign corporation; or
- an estate or trust whose income is not subject to U.S. federal income tax on a net income basis.

If a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Shares, the tax treatment of a partner generally depends upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding Shares, the discussion below may not be applicable, and the Trust urges you to consult your own tax adviser for the U.S. federal income tax implications of the purchase, ownership and disposition of such Shares.

Taxation of the Trust

The Sponsor and the Trustee will treat the Trust as a “grantor trust” for U.S. federal income tax purposes. In the opinion of Ropes & Gray LLP, although not free from doubt due to the lack of directly governing authority, the Trust should be classified as a “grantor trust” for U.S. federal income tax purposes (and the following discussion assumes such classification). As a result, the Trust itself should not be subject to U.S. federal income tax. Instead, the Trust’s income and expenses should “flow through” to the Shareholders, and the Trustee intends to report the Trust’s income, gains, losses and deductions to the IRS on that basis. The opinion of Ropes & Gray LLP is not binding on the IRS or any court. Accordingly, there can be no assurance that the IRS will agree with the conclusions of counsel’s opinion and it is possible that the IRS or another tax authority could assert a position contrary to one or all of those conclusions and that a court could sustain that contrary position.

As discussed below in “Taxation of U.S. Shareholders,” if a hard fork, airdrop or similar event occurs in the Bitcoin blockchain, the Sponsor will instruct the Trust to immediately and irrevocably disclaim all rights to the IR Virtual

Currency so created. Although the Sponsor will instruct the Trust to immediately and irrevocably disclaim all rights to the IR Virtual Currency so created, it is possible that Shareholders may incur a federal income tax liability if, for example, the IRS does not recognize such a disclaimer. The occurrence of a hard fork, airdrop or the Trust's or Sponsor's actions with respect thereto or with respect to any alternative digital asset the Trust receives may affect the Trust's ability to qualify as a "grantor trust" for U.S. federal income tax purposes.

Neither the Sponsor nor the Trustee will request a ruling from the IRS with respect to the classification of the Trust for U.S. federal income tax purposes or with respect to any other matter. If the IRS were to assert successfully that the Trust is not classified as a "grantor trust," the Trust would likely be classified as a partnership for U.S. federal income tax purposes, which may affect the timing and other tax consequences to the Shareholders, and might be classified as a publicly traded partnership that would be taxable as a corporation for U.S. federal income tax purposes, in which case the Trust would be taxed in the same manner as a corporation on its taxable income and distributions to Shareholders out of the earnings and profits of the Trust would be taxed to Shareholders as ordinary dividend income (which may be eligible for preferential rates, in the case of non-corporate taxpayers, or a dividends received deduction, in the case of corporate taxpayers). However, due to the uncertain treatment of digital currency for U.S. federal income tax purposes, there can be no assurance in this regard. Except as otherwise indicated, the remainder of this discussion assumes that the Trust is classified as a grantor trust for U.S. federal income tax purposes.

Taxation of U.S. Shareholders

Shareholders will be treated, for U.S. federal income tax purposes, as if they directly owned a pro rata share of the underlying assets held in the Trust. Shareholders also will be treated as if they directly received their respective pro rata shares of the Trust's income, if any, and as if they directly incurred their respective pro rata shares of the Trust's expenses. For purposes of this discussion, and unless stated otherwise, it is assumed that all of a Shareholder's Shares are acquired on the same date and at the same price per Share. Shareholders that hold multiple lots of Shares, or that are contemplating acquiring multiple lots of Shares, should consult their own tax advisers as to the determination of the tax basis and holding period for the underlying bitcoin related to such Shares.

Current IRS guidance on the treatment of convertible virtual currencies classifies bitcoin as "property" that is not currency for U.S. federal income tax purposes and clarifies that bitcoin could be held as a capital asset, but it does not address several other aspects of the U.S. federal income tax treatment of bitcoin. Because bitcoin is a new technological innovation, the U.S. federal income tax treatment of bitcoin or transactions relating to investments in bitcoin may evolve and change from those discussed below, possibly with retroactive effect. In this regard, the IRS indicated that it has made it a priority to issue additional guidance related to the taxation of virtual currency transactions, such as transactions involving bitcoin. While it has started to issue such additional guidance, whether any future guidance will adversely affect the U.S. federal income tax treatment of an investment in bitcoin or in transactions relating to investments in bitcoin is unknown. Moreover, future developments that may arise with respect to digital currencies may increase the uncertainty with respect to the treatment of digital currencies for U.S. federal income tax purposes. This discussion assumes that any bitcoin the Trust may hold is properly treated for U.S. federal income tax purposes as property that may be held as a capital asset and is not currency for purposes of the provisions of the Code relating to foreign currency gain and loss.

The Trust may use bitcoin to pay the Sponsor Fee, which under current IRS guidance would be treated as a sale of such bitcoin. Although the Trust generally does not intend to sell bitcoin for other purposes, it may do so in connection with cash redemption transactions, or if necessary to pay certain expenses that must be paid in cash. As and when the Trust sells bitcoin (for example to pay any such expenses) or is treated as selling bitcoin (for example, by using bitcoin to pay the Sponsor Fee), a Shareholder will generally recognize a gain or loss in an amount equal to the difference between (a) the Shareholder's pro rata share of the amount realized by the Trust upon the sale and (b) the Shareholder's tax basis for its pro rata share of the bitcoin that was sold. A Shareholder's tax basis for its share of any bitcoin sold by the Trust should generally be determined by multiplying the Shareholder's total basis for its share of all of the bitcoin held in the Trust immediately prior to the sale, by a fraction the numerator of which is the amount of bitcoin sold, and the denominator of which is the

total amount of the bitcoin held in the Trust immediately prior to the sale. After any such sale, a Shareholder's tax basis for its pro rata share of the bitcoin remaining in the Trust should be equal to its tax basis for its share of the total amount of the bitcoin held in the Trust immediately prior to the sale, less the portion of such basis allocable to its share of the bitcoin that was sold or treated as sold.

Upon a Shareholder's sale of some or all of its Shares (other than a redemption), the Shareholder will be treated as having sold the portion or all, respectively, of its pro rata share of the bitcoin held in the Trust at the time of the sale that is attributable to the Shares sold. Accordingly, the Shareholder generally will recognize a gain or loss on the sale in an amount equal to the difference between (a) the amount realized pursuant to the sale of the Shares, and (b) the Shareholder's tax basis for the portion of its pro rata share of the bitcoin held in the Trust at the time of sale that is attributable to the Shares sold, as determined in the manner described in the preceding paragraph. Based on current IRS guidance, such gain or loss (as well as any gain or loss realized by a Shareholder on account of the Trust selling bitcoin) will generally be long-term or short-term capital gain or loss, depending upon whether the Shareholder has a holding period of greater than one year in its pro rata share of the bitcoin that was sold.

Gains or losses from the sale of bitcoin to fund cash redemptions are expected to be treated as incurred by the Shareholder that is being redeemed, and the amount of such gain or loss will generally equal the difference between (a) the amount realized pursuant to the sale of the bitcoin, and (b) the Shareholder's tax basis for the portion of its pro rata share of the bitcoin held in the Trust that is sold to fund the redemption, as determined in the manner described in the paragraph that is two paragraphs above this one. A redemption of some or all of a Shareholder's Shares in exchange for the cash received from such sale is not expected to be treated as a separate taxable event to the Shareholder.

Following the In-Kind Regulatory Approval, an in-kind redemption of some or all of a Shareholder's Shares in exchange for the underlying bitcoin represented by the Shares redeemed generally will not be a taxable event to the Shareholder. The Shareholder's tax basis for the bitcoin received in the in-kind redemption generally will be the same as the Shareholder's tax basis for the portion of its pro rata share of the bitcoin held in the Trust immediately prior to the in-kind redemption that is attributable to the Shares redeemed. The Shareholder's holding period with respect to the bitcoin received generally should include the period during which the Shareholder held the Shares redeemed in-kind. A subsequent sale of the bitcoin received by the Shareholder generally will be a taxable event, unless a nonrecognition provision of the Code or Treasury Regulations applies to such sale.

After any sale or redemption of less than all of a Shareholder's Shares, the Shareholder's tax basis for its pro rata share of the bitcoin held in the Trust immediately after such sale or redemption generally will be equal to its tax basis for its share of the total amount of the bitcoin held in the Trust immediately prior to the sale or redemption, less the portion of such basis that is taken into account in determining the amount of gain or loss recognized by the Shareholder upon such sale or redemption for cash or, in the case of an in-kind redemption, that is treated as the basis of the bitcoin received by the Shareholder in the in-kind redemption.

If a hard fork, airdrop or similar event occurs in the Bitcoin blockchain, the Sponsor will instruct the Trust to immediately and irrevocably disclaim all rights to the IR Virtual Currency, as discussed above. Although the Sponsor will instruct the Trust to immediately and irrevocably disclaim all rights to the IR Virtual Currency so created, it is possible that Shareholders may still incur a federal income tax liability as a result of a hard fork, airdrop or similar event if, for example, the IRS does not recognize such a disclaimer. Under current guidance, the IRS has held that a hard fork resulting in the receipt of new units of a digital asset is a taxable event giving rise to ordinary income. While the IRS has not addressed all situations in which airdrops occur, it is clear from the reasoning of the IRS's current guidance that it generally would treat an airdrop as a taxable event giving rise to ordinary income, and it is anticipated that any gain or loss from disposition of any assets received in the airdrop would generally be treated as giving rise to capital gain or loss that generally would be short-term capital gain or loss, unless the holding period of those assets were treated as being greater than one year as of the time they are sold.

3.8% Tax on Net Investment Income

The Code generally imposes an additional 3.8% Medicare contribution tax on the net investment income of certain individuals, trusts, and estates to the extent their income exceeds certain threshold amounts. Shareholders are advised to consult their tax advisors regarding the possible implications of this additional tax on their investment in the Shares.

Brokerage Fees and Trust Expenses

Any brokerage or other transaction fee incurred by a Shareholder in purchasing Shares will be treated as part of the Shareholder's tax basis in the underlying assets of the Trust. Similarly, any brokerage fee incurred by a Shareholder in selling Shares will reduce the amount realized by the Shareholder with respect to the sale.

Shareholders will be required to recognize the full amount of gain or loss upon a sale or deemed sale of bitcoin by the Trust (as discussed above), even though some or all of the proceeds of such sale are used by the Trustee to pay Trust expenses. Shareholders may deduct their respective pro rata shares of each expense incurred by the Trust to the same extent as if they directly incurred the expense. Shareholders who are individuals, estates or trusts, however, may be required to treat some or all of the expenses of the Trust as miscellaneous itemized deductions. An individual may not deduct miscellaneous itemized deductions for tax years beginning after December 31, 2017 and before January 1, 2026. For tax years beginning after December 31, 2025, individuals may deduct certain miscellaneous itemized deductions only to the extent they exceed in the aggregate 2% of the individual's adjusted gross income. Similar rules apply to certain miscellaneous itemized deductions of estates and trusts. In addition, such deductions may be subject to phase outs and other limitations under applicable provisions of the Code.

Investment by Certain Retirement Plans

Individual retirement accounts ("IRAs") and participant-directed accounts under tax-qualified retirement plans are limited in the types of investments they may make under the Code. Potential purchasers of Shares that are IRAs or participant-directed accounts under a Code section 401(a) plan should consult with their own tax advisors as to the potential tax consequences of a purchase of Shares.

U.S. Information Reporting and Backup Withholding

The Trustee will file certain information returns with the IRS, and provide certain tax-related information to Shareholders, in connection with the Trust. To the extent required by applicable regulations, each Shareholder will be provided with information regarding its allocable portion of the Trust's annual income, expenses, gains and losses (if any). A U.S. Shareholder may be subject to U.S. backup withholding tax in certain circumstances unless it provides its taxpayer identification number and complies with certain certification procedures. Non-U.S. Shareholders may have to comply with certification procedures to establish that they are not a U.S. person, and some Non-U.S. Shareholders may be required to meet certain information reporting or certification requirements imposed by the Foreign Account Tax Compliance Act, in order to avoid certain information reporting and withholding tax requirements.

The amount of any backup withholding will be allowed as a credit against a Shareholder's U.S. federal income tax liability and may entitle the Shareholder to a refund, provided that the required information is furnished to the IRS in a timely manner.

U.S. Federal Income Taxation of U.S. Tax-Exempt Shareholders

The Trust's investments and activities relating thereto may cause a U.S. Tax-Exempt Shareholder to realize UBTI. In the absence of any guidance on the matter, a U.S. Tax-Exempt Shareholder's share of income from a

hard fork, airdrop, or similar event with respect to digital currencies may be treated as UBTI. If the Trust were to incur liabilities, and thus, be treated as holding property constituting debt-financed property (generally, assets purchased with borrowed funds), income attributable to such property generally would constitute UBTI.

Tax-Exempt Shareholders should consult their tax advisors with respect to the U.S. federal income tax consequences of an investment in the Shares.

U.S. Federal Income Taxation of Non-U.S. Shareholders

The Trust generally does not expect to generate taxable income except for gain (if any) upon the sale or transfer of bitcoin. A Non-U.S. Shareholder generally will not be subject to U.S. federal income tax with respect to gain recognized upon the sale or other disposition of the Shares, or upon the sale or transfer of bitcoin by the Trust, unless (i) the Non-U.S. Shareholder is an individual and is present in the U.S. for one hundred and eighty-three (183) days or more during the taxable year of the sale, transfer or other disposition, and the gain is treated as being from U.S. sources; or (ii) the gain is (or is treated as) effectively connected with the conduct by the Non-U.S. Shareholder of a trade or business in the United States (“ECI”).

A Non-U.S. Shareholder’s allocable share of U.S. source dividend, interest, rental and other FDAP income that is not ECI generally will be subject to U.S. federal withholding tax at a rate of 30% (unless reduced or eliminated by an applicable income tax treaty or statutory exemption). There is currently no guidance as to whether income recognized by the Trust as a result of a fork, airdrop or similar event would constitute U.S. source FDAP.

Non-U.S. Shareholders should consult their tax advisors with respect to the U.S. federal income tax consequences of an investment in the Shares.

Taxation in Jurisdictions Other Than the U.S.

Prospective purchasers of Shares that are based in or acting out of a jurisdiction other than the U.S. are advised to consult their own tax advisers as to the tax consequences under the laws of such jurisdiction (or any other jurisdiction to which they are subject) of their purchase, holding, sale and redemption of or any other dealing in Shares and, in particular, as to whether any value added tax, other consumption tax or transfer tax is payable in relation to such purchase, holding, sale, redemption or other dealing.

PROSPECTIVE SHAREHOLDERS ARE URGED TO CONSULT THEIR TAX ADVISERS BEFORE DECIDING WHETHER TO INVEST IN THE SHARES OF THE TRUST.

PURCHASES BY EMPLOYEE BENEFIT PLANS

The Employee Retirement Income Security Act of 1974 (“ERISA”) and/or Section 4975 of the Code impose certain requirements on: (i) employee benefit plans and certain other plans and arrangements, including individual retirement accounts and annuities, Keogh plans and certain collective investment funds or insurance company general or separate accounts in which such plans or arrangements are invested, that are subject to Title I of ERISA and/or Section 4975 of the Code (collectively, “Plans”); and (ii) persons who are fiduciaries with respect to the investment of assets treated as “plan assets” within the meaning of U.S. Department of Labor regulation 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA (the “Plan Assets Regulation”), of a Plan. Investments by Plans are subject to the fiduciary requirements and the applicability of prohibited transaction restrictions under ERISA and the Code.

“Governmental plans” within the meaning of Section 3(32) of ERISA, certain “church plans” within the meaning of Section 3(33) of ERISA and “non-U.S. plans” described in Section 4(b)(4) of ERISA, while not subject to the

fiduciary responsibility and prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code, may be subject to federal, state, local, non-U.S. or other law or regulation that are substantially similar to the foregoing provisions of ERISA and the Code. Fiduciaries of any such plans are advised to consult with their counsel prior to an investment in the Shares.

In considering an investment of a portion of Plan assets in the Shares, the Plan fiduciary responsible for making such investment should carefully consider, taking into account the facts and circumstances of the Plan, the “Risk Factors” discussed above and whether such investment is consistent with its fiduciary responsibilities. The Plan fiduciary should consider, among other issues, whether: (1) the fiduciary has the authority to make the investment under the appropriate governing plan instrument; (2) the investment could constitute a direct or indirect non-exempt prohibited transaction with a “party in interest” or “disqualified person” within the meaning of ERISA and Section 4975 of the Code respectively; (3) the investment is in accordance with the Plan’s funding objectives; and (4) such investment is appropriate for the Plan under the fiduciary standards under ERISA including investment prudence and diversification, taking into account the overall investment policy of the Plan, the composition of the Plan’s investment portfolio and the Plan’s need for sufficient liquidity to pay benefits when due.

By investing, each Plan shall be deemed to acknowledge and agree that: (a) none of the Sponsor, the Trustee, the Bitcoin Custodian or any of their respective affiliates (the “Transaction Parties”) has, through this report and related materials, provided any investment advice within the meaning of Section 3(21) of ERISA to the Plan in connection with the decision to purchase, acquire, hold or dispose of such Shares; and (b) no Transaction Party is intended to be treated as fiduciary to the Plan with respect to any decision by the Plan to purchase, acquire, hold or dispose of the Shares.

INFORMATION YOU SHOULD KNOW

This Prospectus contains information you should consider when making an investment decision about the Shares. You should rely only on the information contained in this Prospectus. None of the Trust or the Sponsor has authorized any person to provide you with different information and, if anyone provides you with different or inconsistent information, you should not rely on it. This Prospectus is not an offer to sell the Shares in any jurisdiction where the offer or sale of the Shares is not permitted.

The information contained in this Prospectus was obtained from the Trust, the Sponsor, the Bitcoin Custodian, the Execution Agent and other sources the Trust believes to be reliable.

You should disregard anything the Trust or the Sponsor said in an earlier document that is inconsistent with what is included in this Prospectus.

You should not assume that the information in this Prospectus is current as of any date other than the date on the front page of this Prospectus.

We include cross references in this Prospectus to captions in these materials where you can find further related discussions. The table of contents tells you where to find these captions.

WHERE YOU CAN FIND MORE INFORMATION

The Trust has filed a registration statement on Form S-1 with the SEC under the Securities Act. This Prospectus does not contain all of the information set forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Trust or the Shares, please refer to the registration statement, which is available online at www.sec.gov.

Information about the Trust and the Shares can also be obtained from the Trust's website, which is www.invesco.com/BTCO. The Trust's website address is only provided here as a convenience to you and the information contained on or connected to the website is not part of this Prospectus or the registration statement of which this Prospectus is part. The Trust is subject to the informational requirements of the Exchange Act and will file certain reports and other information with the SEC under the Exchange Act.

The reports and other information are available online at www.sec.gov.

INVESCO CAPITAL MANAGEMENT LLC PRIVACY NOTICE



Rev. March 5, 2020

FACTS

WHAT DOES INVESCO DO WITH YOUR PERSONAL INFORMATION?*

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and income
- Transaction history and investment experience
- Investment experience and assets

When you are *no longer* our customer, we continue to share information about you according to our policies.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Invesco chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Invesco share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes— to offer our products and services to you	No	We do not share
For joint marketing with other financial companies	No	We do not share
For our affiliates' everyday business purposes— information about your transactions and experiences	No	We do not share
For our affiliates' everyday business purposes— information about your credit worthiness	No	We do not share
For our affiliates to market to you	No	We do not share
For non-affiliates to market to you	No	We do not share

Questions?

Call 1-800-959-4246 (toll free).

* This privacy notice applies to individuals who obtain or have obtained a financial product or service from the Invesco family of companies. For a complete list of Invesco entities, please see the section titled "Who is providing this notice" on page 2.

Who we are

Who is providing this notice?	Invesco Advisers, Inc., Invesco Private Capital, Inc., Invesco Senior Secured Management, Inc., WL Ross & Co. LLC, Invesco Distributors, Inc., Invesco Managed Accounts, LLC, and the Invesco family of mutual funds.
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What we do

How does Invesco protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Invesco collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> • Open an account or give us your contact information • Make deposits or withdrawals from your account or give us your income information • Make a wire transfer <p>We also collect your personal information from others, such as credit bureaus, affiliates or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> • Sharing for affiliates' everyday business purposes—information about your creditworthiness • Affiliates from using your information to market to you • Sharing for nonaffiliates to market to you

Definitions

Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <p><i>Invesco does not share with our affiliates so that they can market to you.</i></p>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <p><i>Invesco does not share with non-affiliates so that they can market to you.</i></p>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <p><i>Invesco doesn't jointly market.</i></p>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Managers of Invesco Capital Management LLC (as Sponsor of Invesco Galaxy Bitcoin ETF) and Shareholder of Invesco Galaxy Bitcoin ETF

Opinion on the Financial Statement

We have audited the accompanying statement of assets and liabilities of Invesco Galaxy Bitcoin ETF (the “Trust”) as of December 20, 2023, including the related notes (collectively referred to as the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Trust as of December 20, 2023 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of the Trust’s management. Our responsibility is to express an opinion on the Trust’s financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of this financial statement in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
December 29, 2023

We have served as the Trust’s auditor since 2023.

Invesco Galaxy Bitcoin ETF
Statement of Assets and Liabilities
December 20, 2023

Assets	
Cash held by custodian	\$100,000
Total assets	<u>\$100,000</u>
Liabilities	
Total liabilities	<u>\$ —</u>
Commitments and Contingencies (Note 5)	<u>—</u>
Net Assets	<u>\$100,000</u>
Shares outstanding	4,000
Net asset value per share	\$ 25.00

See accompanying Notes to Financial Statement which are an integral part of the financial statement.

Invesco Galaxy Bitcoin ETF
Notes to Financial Statement
December 20, 2023

Note 1 – Organization

Invesco Galaxy Bitcoin ETF (the “Trust”) is a Delaware statutory trust, formed on April 5, 2021 pursuant to the Delaware Statutory Trust Act (“DSTA”). The Trust continuously issues common shares representing fractional undivided beneficial interest in and ownership of the Trust. The Trust operates pursuant to its Amended and Restated Declaration of Trust and Trust Agreement, dated as of December 13, 2023 (the “Trust Agreement”). Delaware Trust Company, a Delaware trust company, is the Delaware trustee of the Trust (the “Trustee”). The Trust is managed and controlled by Invesco Capital Management LLC (the “Sponsor”).

On December 18, 2023, Invesco Ltd., the Seed Capital Investor, subject to certain conditions, purchased 4,000 Shares in exchange for \$100,000, which comprise the initial purchase of the Trust’s Shares. Delivery of the Shares was made on December 20, 2023. Through December 20, 2023, the Trust had no operations other than those related to its organization and registration and the sale of Shares to the Seed Capital Investor. As of December 20, 2023, the Seed Capital Investor owns one hundred percent of the outstanding Shares. The Trust has an unlimited number of shares authorized for issuance.

The Trust’s investment objective is to reflect the performance of the spot price of bitcoin less the Trust’s expenses and other liabilities.

In seeking to achieve its investment objective, the Trust will hold bitcoin. The Trust will value its Shares daily based on the value of the bitcoin and any other assets as of 4:00 p.m. ET. Coinbase Custody Trust Company, LLC (the “Bitcoin Custodian”) will hold all of the Trust’s bitcoin on the Trust’s behalf as bitcoin custodian.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Trust have been prepared using accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Trust is considered an investment company under U.S. GAAP for financial statement purposes and follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board Accounting Standards Codification Topic 946, *Financial Services— Investment Companies*, but is not registered, and is not required to be registered, under the Investment Company Act of 1940, as amended.

B. Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement. Actual results could differ from those estimates. In addition, the Trust monitors for material events or transactions that may occur or become known after the period-end date and before the date the financial statements are issued.

C. Trust Expenses

The Sponsor is responsible for all routine operational, administrative and other ordinary expenses of the Trust, including, but not limited to, the Trustee’s fees, the fees of the Bank of New York Mellon (the “Administrator” and the “Transfer Agent”), the fees of the Bitcoin Custodian), the fees of Galaxy Digital Funds LLC (the “Execution Agent”), Exchange listing fees, Securities and Exchange Commission registration fees, printing and mailing costs, legal costs and audit fees.

The Trust will pay the Sponsor a unified fee (the “Sponsor Fee”) as compensation for services performed under the Trust Agreement (as defined herein). The Trust’s only ordinary recurring expense is the Sponsor Fee.

The Sponsor Fee will be accrued daily and paid monthly in arrears on the first Business Day of the month in U.S. dollars, and will be calculated by the Administrator. The Sponsor also paid the costs of the Trust’s organization.

In certain cases, the Trust will pay for some expenses in addition to the Sponsor’s fee. These exceptions include expenses not assumed by the Sponsor (i.e., expenses other than those identified in the first paragraph of Section C of this Note 2), litigation and indemnification expenses, judgments, transactional expenses, taxes and other expenses not expected to be incurred in the ordinary course of the Trust’s business.

D. Federal Income Taxes

The Trust is treated as a “grantor trust” for federal income tax purposes and, therefore, no provision for federal income taxes is required. Income, expenses, gains and losses are passed through to the Shareholders.

Shareholders generally will be treated, for U.S. federal income tax purposes, as if they directly owned a pro-rata share of the assets held in the Trust. Shareholders also will be treated as if they directly received their respective pro-rata portion of the Trust’s income, if any, and as if they directly incurred their respective pro-rata portion of the Trust’s expenses. The acquisition of Shares by a U.S. Shareholder as part of a creation of a Basket will not be a taxable event to the Shareholder.

Note 3 – Service Providers and Related Party Agreements

The Sponsor

Invesco Capital Management LLC is the Sponsor of the Trust. The Sponsor arranged for the creation of the Trust and is responsible for the ongoing registration of the Shares for their public offering, the listing of Shares on Cboe BZX (the “Exchange”) and valuing the bitcoin held by the Trust. The Sponsor is a limited liability company formed in the state of Delaware on February 7, 2003, and is a wholly-owned subsidiary of Invesco Ltd. Invesco Ltd. and its subsidiaries, including the Sponsor, are an independent global investment management group.

The Trustee

Delaware Trust Company, a Delaware trust company, acts as the Trustee of the Trust as required to create a Delaware statutory trust in accordance with the Trust Agreement and the DSTA.

The Administrator

The Bank of New York Mellon (“BNYM”) serves as the Trust’s Administrator. Under the trust administration and accounting agreement, the Administrator provides necessary administrative, tax and accounting services and financial reporting for the maintenance and operations of the Trust, including calculating the NAV of the Trust and the net assets of the Trust.

The Transfer Agent

BNYM also serves as the Transfer Agent for the Trust. The Transfer Agent is responsible for (1) issuing and redeeming Shares, (2) responding to correspondence by holders of the Shares (“Shareholders”) and others relating to its duties, (3) maintaining Shareholder accounts and (4) making periodic reports to the Trust.

The Bitcoin Custodian

Coinbase Custody Trust Company, LLC serves as the Trust's Bitcoin Custodian. Under the custodial agreement, the Bitcoin Custodian is responsible for (1) safekeeping all of the bitcoin owned by the Trust, (2) opening an account that holds the Trust's bitcoin and (3) facilitating the transfer of bitcoin required for the operation of the Trust, as directed by the Sponsor. The Bitcoin Custodian is chartered as a limited purpose trust company by the New York State Department of Financial Services ("NYDFS") and is authorized by the NYDFS to provide digital asset custody services. The Bitcoin Custodian is a wholly-owned subsidiary of Coinbase Global, Inc.

The Cash Custodian

Under the Cash Custody Agreement, BNYM, the Cash Custodian, is responsible for holding the Trust's cash in connection with creation and redemption transactions effected in cash. The Cash Custodian is a New York state-chartered bank and a member of the Federal Reserve System.

The Marketing Agent

Invesco Distributors, Inc. (the "Marketing Agent") is responsible for: (1) working with the Transfer Agent to review and approve, or reject, purchase and redemption orders of Creation Baskets placed by Authorized Participants with the Transfer Agent; and (2) reviewing and approving the marketing materials prepared by the Trust for compliance with applicable SEC and FINRA advertising laws, rules, and regulations.

The Execution Agent

The Sponsor has entered into an agreement with Galaxy Digital Funds LLC, a subsidiary of Galaxy Digital LP ("Galaxy"), to serve as Execution Agent. At the direction of the Sponsor, the Execution Agent is responsible for selling bitcoin on behalf of the Trust to the extent necessary to permit the payment of the Trust's expenses. The Trust also may utilize the services of the Execution Agent to purchase or sell bitcoin in connection with cash creations and redemptions. In addition, as part of this agreement, the Execution Agent has agreed to co-brand and co-market the Trust, and the Sponsor has licensed the use of certain Galaxy trademarks, service marks and trade names in connection with the Trust.

Galaxy is a subsidiary of Galaxy Digital Holdings LP ("Galaxy Holdings"). Galaxy Digital Holdings Ltd., which holds a limited partner interest in Galaxy Holdings, is listed on the Toronto Stock Exchange under the symbol "GLXY."

Note 4 – Organization and Offering Costs

The Sponsor has agreed to pay the organizational and initial offering costs of the Trust and the Trust will not be obligated to reimburse the Sponsor. The organizational and initial offering costs include preparation and filing of incorporation documents, bylaws, declarations of trust, registration statements, board materials, state and federal registration of shares and audit fees. As a result, the Trust's financial statements will not reflect these organizational and offering costs.

Note 5 – Commitments and Contingencies

The Trust's organizational documents provide for the Trust to indemnify the Sponsor and any affiliate of the Sponsor that provides services to the Trust to the maximum extent permitted by applicable law, subject to certain exceptions for disqualifying conduct by the Sponsor or such an affiliate. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred.

Note 6 – Subsequent Events

The Trust has evaluated the impact of all subsequent events through December 29, 2023, the date the financial statement was available for issuance and has determined that there were no subsequent events requiring adjustment or additional disclosure in the financial statement.

APPENDIX A

GLOSSARY OF DEFINED TERMS

In this Prospectus, each of the following terms have the meanings set forth after such term:

“1940 Act”: Investment Company Act of 1940, as amended.

“Administrator”: The Bank of New York Mellon.

“ASC Topic 820”: the Financial Accounting Standards Board Accounting Standards Codification Topic 820, “Fair Value Measurements and Disclosures”.

“AUL”: Authorized User List.

“Authorized Participant”: One that purchases or redeems Creation Baskets from or to the Trust.

“Authorized Participant Agreement”: The authorized participant agreement by and among the Trust, the Sponsor and the Authorized Participant(s).

“Benchmark”: Lukka Prime Bitcoin Reference Rate.

“Benchmark Pricing Source”: A bitcoin pricing source included in the Benchmark.

“Benchmark Provider”: Lukka, Inc.

“Benchmark Provider Agreement”: Calculation Services Subscription Agreement between the Sponsor and the Benchmark Provider.

“BES”: Base Exchange Score.

“BGP”: Border gateway protocol.

“Bitcoin”: Bitcoin with an uppercase “B” is used to describe the system as a whole that is involved in maintaining the ledger of bitcoin ownership and facilitating the transfer of bitcoin among parties. Bitcoin with a lowercase “b” is used when referring to the digital asset within the Bitcoin network.

“Bitcoin Access Persons”: Execution Agent personnel who have access to information about creation and redemption activity in Shares of the Trust.

“Bitcoin Counterparty”: Digital asset trading platforms or counterparties with whom the Execution Agent transacts in acquiring or disposing of bitcoin on behalf of the Trust.

“Bitcoin Custodian”: Coinbase Custody Trust Company, LLC.

“Bitcoin Custody Agreement”: Prime brokerage and custody agreement between the Trust and Coinbase Custody Trust Company, LLC.

“BNYM”: The Bank of New York Mellon.

“BSA”: U.S. Bank Secrecy Act, as amended.

“Business Day”: Any day other than a day when the Exchange is closed for regular trading.

“Cash Custodian”: The Bank of New York Mellon.

“Cash Custody Agreement”: Custody agreement by and between the Cash Custodian and the Trust.

“Cash Purchase Order”: An order to purchase one or more Creation Baskets with the Transfer Agent in exchange for cash.

“CBDCs”: Central bank digital currencies.

“Cboe”: Cboe BZX.

“CEA”: Commodity Exchange Act of 1936, as amended.

“CFIX”: Bloomberg Crypto Price Fixings.

“CFTC”: Commodity Futures Trading Commission, an independent agency with the mandate to regulate commodity futures and options in the U.S.

“Code”: Internal Revenue Code of 1986, as amended.

“Coinbase Custody”: Coinbase Custody Trust Company, LLC.

“Coinbase Global”: Coinbase Global, Inc.

“Coinbase”: Coinbase, Inc.

“Connected Trading Venue”: Third-party trading platform or other trading venue where the Prime Broker routes orders to buy and sell bitcoin on behalf of the Trust if the Execution Agent opts to utilize the Prime Broker to execute such orders.

“Creation Basket”: A block of 5,000 Shares used by the Trust to issue or redeem Shares.

“Creation Basket Deposit”: The total deposit required to create each Creation Basket.

“CTA”: Consolidated Tape Association

“CurrencyShares Trusts”: Exchange-traded funds for which ISP serves as sponsor.

“DSTA”: Delaware Statutory Trust Act.

“DTC”: Depository Trust Company. DTC will act as the securities depository for the Shares.

“DTC Participant”: An entity that has an account with DTC.

“ECI”: Effectively Connected Income.

“ERISA”: The Employee Retirement Income Security Act of 1974.

“ETHW”: EthereumPoW network.

“ETP”: Exchange-traded product.

“Examinations”: The U.S. Securities and Exchange Commission’s Division of Examinations.

“Exchange”: Cboe BZX.

“Exchange Act”: The Securities Exchange Act of 1934, as amended.

“Execution Agent”: Galaxy Digital Funds LLC

“Expenses”: losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements (including the reasonable fees and expenses of counsel), taxes and penalties of any kind and nature whatsoever.

“FASB”: Financial Accounting Standards Board.

“FDAP”: Fixed or determinable annual or periodical gains, profits and income.

“FDIC”: Federal Deposit Insurance Corporation.

“FinCEN”: The Financial Crimes Enforcement Network.

“FINRA”: Financial Industry Regulatory Authority, formerly the National Association of Securities Dealers.

“FMV”: Fair market value.

“FTX”: FTX Trading Ltd.

“Galaxy”: Galaxy Digital LP.

“Galaxy Holdings”: Galaxy Digital Holdings LP.

“GBTC”: Grayscale Bitcoin Trust.

“Genesis”: Genesis Global Capital, LLC.

“ICO”: Initial coin offering.

“IFRS”: International Financial Reporting Standards Foundation

“IIV”: Intraday indicative value.

“Incidental Rights”: Rights to acquire, or otherwise establish dominion and control over, any virtual currency or other asset or right, which rights are incident to the Trust’s ownership of bitcoins and arise without any action of the Trust or of the Sponsor on behalf of the Trust.

“Indemnified Person”: The Trustee as well as any officers, directors, employees and agents of the Trustee.

“Indirect Participants”: Banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly.

“Initial Seed Shares”: 4,000 shares of the Trust sold to Invesco Ltd. in connection with the Trust’s launch.

“In-Kind Regulatory Approval”: Regulatory approval that may be received by Cboe to permit the Trust to create and redeem Creation Baskets in-kind for Bitcoin.

“Invesco ETFs”: Invesco Exchange Traded Fund Trust, Invesco Exchange-Traded Fund Trust II, Invesco India Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Commodity Fund Trust, and Invesco Exchange-Traded Self-Indexed Fund Trusts.

“Invesco Funds”: Mutual funds advised by Invesco Advisers, Inc., a registered investment adviser.

“Invesco”: Invesco Capital Management LLC.

“IR Virtual Currency”: Virtual currency tokens, or other asset or right, acquired by the Trust through the exercise (subject to the applicable provisions of the Trust Agreement) of any Incidental Right.

“IRAs”: Individual retirement accounts.

“IRS”: U.S. Internal Revenue Service.

“ISP”: Invesco Specialized Products, LLC.

“JOBS Act”: Jumpstart Our Business Startups Act.

“KYT”: Know-Your-Transaction.

“Losses”: Losses, claims, demands, liabilities, damages and expenses (including the costs of investigating or defending any alleged losses, claims, demands, liabilities, damages or expenses and any reasonable counsel fees incurred in connection therewith).

“Marketing Agent”: Invesco Distributors, Inc.

“Marketing Agent Indemnites”: The Marketing Agent, its affiliates and each of their respective members, managers, directors, officers, employees, representatives and any person who controls or previously controlled the Marketing Agent within the meaning of Section 15 of the Securities Act.

“Marketing Materials”: Certain Trust marketing materials submitted by the Trust for review.

“Master Services Agreement”: Master Services Agreement between the Sponsor and the Benchmark Provider.

“NAV”: Net asset value per share of the Trust.

“NFA”: National Futures Association.

“NYSDFS”: The New York State Department of Financial Services.

“NYSDTF”: The New York State Department of Taxation and Finance.

“OFAC”: The Office of Foreign Assets Control of the United States Department of the Treasury.

“OTC”: Over-the-counter markets.

“PCAOB”: Public Company Accounting Oversight Board.

“PIOB”: Benchmark Provider’s Price Integrity Oversight Board.

“Plans”: Employee benefit plans and certain other plans and arrangements, including individual retirement accounts and annuities, Keogh plans and certain collective investment funds or insurance company general or separate accounts in which such plans or arrangements are invested, that are subject to Title I of ERISA and/or Section 4975 of the Code.

“PoS”: Proof-of-Stake.

“PoW”: Proof-of-Work.

“Prime Broker”: Coinbase, Inc.

“Prime Custody Vault”: “Cold storage” environment where the private keys associated with the Trust’s bitcoin are generated and secured.

“Redemption Order Date”: The date a redemption order is received in satisfactory form and approved by the Transfer Agent.

“Relevant Coinbase Entities”: Coinbase and Coinbase Global Inc.

“SEC”: The U.S. Securities and Exchange Commission.

“Securities Act”: Securities Act of 1933, as amended.

“Seed Capital Investor”: Invesco Ltd. or a subsidiary thereof.

“Seed Creation Baskets”: Creation Baskets comprising \$5 million worth of Shares purchased by the Seed Capital Investor.

“Selling Shareholder”: Each initial seed investor, and each affiliate of the Trust and the Sponsor who may hold Shares from time to time, that sells some or all of the Shares held by them pursuant to the registration statement for the Trust.

“Shareholders”: Holders of Shares.

“Shares”: Common shares representing fractional undivided beneficial interests in the Trust.

“SIPC”: Securities Investor Protection Corporation.

“SOC”: Systems and Organizational Control.

“Sponsor”: Invesco Capital Management LLC.

“Sponsor Bitcoin Account”: The Sponsor’s account, if any, at the Bitcoin Custodian.

“Sponsor Fee”: The unified fee of 0.25% per annum paid by the Trust to the Sponsor.

“Trading Balance”: Trading account used to maintain the Trust’s bitcoin when it is being processed in connection with certain creation or redemption transactions or it is being sold.

“Transaction Parties”: The Sponsor, the Trustee, the Bitcoin Custodian or any of their respective affiliates.

“Transfer Agent”: The Bank of New York Mellon.

“Trust”: Invesco Galaxy Bitcoin ETF.

“Trust Agreement”: Second Amended and Restated Declaration of Trust and Trust Agreement of January 5, 2024.

“Trust Bitcoin Account”: Each Trust account at the Bitcoin Custodian.

“Trustee”: Delaware Trust Company, a Delaware trust company.

“U.S. GAAP”: U.S. generally accepted accounting principles.

“U.S. Treasury Department”: United States Department of the Treasury.

“U.S.”: United States of America.

“UBTI”: Unrelated Business Taxable Income.

“USDC”: U.S. Dollar Coin.

“WHO”: World Health Organization.

“You”: The current and prospective owner or holder of Shares.

INVESCO GALAXY BITCOIN ETF

COMMON SHARES

PROSPECTUS

January 11, 2024, as amended January 29, 2024

Until February 5, 2024 (25 calendar days after the date of the initial Prospectus) all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a Prospectus. This is in addition to the dealers' obligation to deliver a Prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.
