



Valkyrie

Bitcoin Strategy ETF Investment Case



ETFs

12/2021

PORTFOLIO COMPOSITION

SECURITY NAME	WEIGHT
US Treasuries.	50.0%
IG Corporate Bonds	20.0%
Cash	30.0%
Bitcoin Futures	25.0%

Holdings are subject to change. For current portfolio holdings please visit valkyrie-funds.com. Portfolio holdings should not be considered as investment advice or a recommendation to buy, sell or hold any particular security.

FUND DETAILS

Ticker	BTF
CUSIP	91917A 108
Exchange	Nasdaq
Total Expense Ratio	0.95%
Inception Date	10/21/2021
Net Assets (as of 10/21)	\$5.0 million
Advisor	Valkyrie Funds, LLC
Sub Advisor	Vident Investment Advisory, LLC

The Valkyrie Bitcoin Strategy ETF (BTF)

is an exchange-traded fund that invests in Bitcoin futures contracts traded on the Chicago Mercantile Exchange, the world's largest futures exchange. Bitcoin (BTC) is the world's largest cryptocurrency, comprising over 40% of the value of the entire universe of cryptocurrencies and digital assets¹. The key benefits of bitcoin are its limited supply of 21 million BTC², its globally decentralized network, and its reputation of using cryptography to build an extremely secure network.

The process of investing in spot Bitcoin

requires investors to access a cryptocurrency exchange. Once the bitcoin is purchased, the investor must choose to hold the assets on the exchange or to transfer the bitcoin to a custodian or self-custody using a hardware wallet. Investors must carefully investigate the regulatory status of the exchange where they purchase their bitcoin as well as the safety and security tradeoffs of personally holding custody of their bitcoin or delegating those custodial duties to an exchange or other custodian.

Investing in Bitcoin futures through BTF

allows investors to participate in the security of the regulated CME Bitcoin futures market in the convenience of an exchange-traded fund. Valkyrie Investments is managed by leaders in both the ETF and the digital assets space. Because the ETF structure regularly allows for changes in the number of shares outstanding, the price of BTF is targeted to remain close to the net asset value of the cash and futures contracts held in the fund. In contrast, closed-end funds that have a fixed number of outstanding shares can see the price of the fund trade at a substantial premium or discount to the net asset value of the assets in the fund.

BTF is designed to track the price of Bitcoin futures, not the price of Bitcoin.

Investors in Bitcoin futures are likely to outperform investors in spot Bitcoin when the cash-futures basis is positive, which is termed backwardation. Backwardation occurs when the Bitcoin futures price is lower than the Bitcoin spot price. Investors in Bitcoin futures are likely to underperform investors in spot Bitcoin when the cash-futures basis is negative, which is termed contango. Contango occurs when the Bitcoin futures price is higher than the Bitcoin spot price.

Bitcoin futures may change the risk-return characteristics of a portfolio invested in stocks and/or bonds.

Bitcoin, whether traded in spot or futures markets, has historically experienced much greater price volatility than stocks and bonds. The prices of stocks, bonds, and Bitcoin are driven by different risk drivers and economic factors, which may lead the returns of assets in these three distinct markets to have low levels of correlation. When the correlation between returns of assets in a portfolio is low, portfolio diversification is increased, meaning that the risk of the portfolio is lower than the average risk of the portfolio assets. That is, even though Bitcoin futures prices are more volatile than stock prices, adding a small amount of BTF to an all-equity portfolio does not automatically mean that portfolio risk will increase.

DISCLOSURES

This investment case does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial advisor/financial consultant before making any investment decisions.

Investing involves risks. The loss of principal is possible. The Fund's investment objectives, risks, charges and expenses should be considered before investing. The fund may not be suitable for all investors. The prospectus contains this and other important information, and it may be obtained at <https://valkyrie-funds.com/>. Read it carefully before investing.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Any applicable brokerage fees and commissions will reduce returns.

Management Risk. The Fund is subject to management risk because it is an actively managed portfolio. The Adviser will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that the Fund will meet its investment objective.

Bitcoin Investing Risk. The Fund is indirectly exposed to the risks of investing in bitcoin through its investments in companies with exposure to bitcoin. Bitcoin is a new and highly speculative investment. The risks associated with bitcoin include the following:

- Bitcoin is a new technological innovation with a limited history. There is no assurance that usage of bitcoin will continue to grow. A contraction in use of bitcoin may result in increased volatility or a reduction in the price of bitcoin, which could adversely impact the value of the Fund. The Bitcoin Network was launched in January 2009, platform trading in bitcoin began in 2010.
- The Fund's investments are exposed to risks associated with the price of bitcoin, which is subject to numerous factors and risks. The price of bitcoin is impacted by numerous factors, including:
- The total and available supply of bitcoin, including the possibility that a small group of early bitcoin adopters hold a significant proportion of the bitcoin that has thus far been created and that sales of bitcoin by such large holders may impact the price of bitcoin.
- Global bitcoin demand, which is influenced by the growth of retail merchants' and commercial businesses' acceptance of bitcoin as payment for goods and services, the security of online bitcoin exchanges and public bitcoin addresses that hold bitcoin, the perception that the use and holding of bitcoin is safe and secure, the lack of regulatory restrictions on their use, and the reputation regarding the use of bitcoin for illicit purposes.
- Global bitcoin supply, which is influenced by similar factors as global bitcoin demand, in addition to fiat currency (i.e., government currency not backed by an asset such as gold) needs by miners and taxpayers who may liquidate bitcoin holdings to meet tax obligations.
- Investors' expectations with respect to the rate of inflation of fiat currencies and deflation of bitcoin.
- Foreign exchange rates between fiat currencies and digital assets such as bitcoin.
- Interest rates.
- The continued operation of bitcoin exchanges in the United States and foreign jurisdictions, including their regulatory status, trading and custody policies, and cyber security.

DISCLOSURES

- Investment and trading activities of large investors, including private and registered funds, that may directly or indirectly invest in bitcoin.
- Regulatory measures, if any, that restrict the use of bitcoin as a form of payment or the purchase or sale of bitcoin, including measures that restrict the direct or indirect participation in the bitcoin market by financial institutions or the introduction of bitcoin instruments.
- The maintenance and development of the open-source software protocol of the Bitcoin Network.
- Increased competition from other cryptocurrencies and digital assets, including forks of the Bitcoin Network.
- Developments in the information technology sector.
- Global or regional political, economic or financial events and situations.
- Investor or Bitcoin Network participant sentiments on the value or utility of bitcoin.
- The dedication of mining power to the Bitcoin Network and the willingness of bitcoin miners to clear bitcoin transactions for relatively low fees.

Negative developments in any of these factors could adversely impact an investment in the Fund.

A decline in the adoption of bitcoin could negatively impact the performance of the Fund. As a new asset and technological innovation, the bitcoin industry is subject to a high degree of uncertainty. The adoption of bitcoin will require growth in its usage for various applications that include retail and commercial payments, cross-border and remittance transactions, speculative investment and technical applications. Adoption of bitcoin will also require an accommodating regulatory environment. In addition, there is no assurance that bitcoin will maintain its value over the long-term. The value of bitcoin is subject to risks related to its usage. Even if growth in bitcoin adoption occurs in the near or medium-term, there is no assurance that bitcoin usage will continue to grow over the long-term. A contraction in use of bitcoin may result in increased volatility or a reduction in the price of bitcoin, which would adversely impact the value of the Fund's shares. Recently, bitcoin has come under scrutiny for its environmental impact, specifically the amount of energy consumed by bitcoin miners. Some companies have indicated they will cease accepting bitcoin for certain kinds of purchases due to such environmental concerns. To the extent such concerns persist, the demand for bitcoin and the speed of its adoption could be suppressed.

Bitcoin trading prices are volatile and shareholders could lose all or substantially all of their investment in the Fund. Speculators and investors who seek to profit from trading and holding bitcoin generate a significant portion of bitcoin demand. Bitcoin speculation regarding future appreciation in the value of bitcoin may inflate and make more volatile the price of a bitcoin. As a result, bitcoin may be more likely to fluctuate in value due to changing investor confidence in future appreciation in the price of bitcoin.

The Fund is distributed by ALPS Distributors, Inc.

