

Tesla, Inc (TSLA) Case Study

TSLA was a holding in **The Valkyrie Balance Sheet Opportunities ETF (Nasdaq:VBB)** as of 12/14/2021.

VBB is an actively managed ETF available through Nasdaq that invests in innovative public companies with exposure to bitcoin. Ask your financial advisor or search your online account for "VBB".

SHARE PRICE	905.39*
MKT CAP	935.73 billion *
BTC HOLDINGS	48,000
BTC HOLDINGS VALUE	2,006,448,000
BTC % MKT CAP	0.2%
LOCATION	AUSTIN, TX
CEO	ELON R. MUSK
FOUNDED	2003
IPO DATE	JUNE 2010
URL	www.tesla.com

*data as of 3/18/22

What is Tesla's core business?

Tesla is the world's leading manufacturer of electric vehicles, selling two-thirds of all electric vehicles in the United States¹ and controlling over 20% of the global electric vehicle market.² Sales and leases of electric vehicles comprise over 85% of Tesla's revenue, with sales of battery systems and the former SolarCity's business of selling and leasing solar panels comprising most of the rest of Tesla's revenue. Tesla's revenue from the sales of electric vehicles grew 71% in calendar 2021, while setting new records for margins and profitability.³ In 2021, for the first time, Tesla has earned a profit since the inception of the firm, with profits in 2020 and 2021 offsetting the losses over all prior years.

Electric vehicles are a growth business, as Tesla grew auto deliveries by 87% in 2021⁴, while electric vehicle sales continued to take market share from internal combustion vehicles. In 2021, the share of global electric vehicle sales rose to 8.5% with the potential for electric vehicles to overtake sales of internal combustion cars within the next ten years.⁵

What is Tesla's Bitcoin investment strategy?

In February 2021, Tesla purchased \$1.5 billion in bitcoin and sold \$272 million at a profit later that quarter. At the same time, Tesla announced that consumers could purchase electric vehicles using bitcoin, but reversed this stance two months later.⁶ If, and when, Tesla decides to start accepting bitcoin for transactions, the price of those accepted currencies could increase. There are hopes that Tesla will restart this program, as the environmental impact of cryptocurrency mining has substantially improved over the last year.⁷

Elon Musk has a huge following on Twitter and his mentions of specific cryptocurrencies can move the prices sharply. Tesla is one of the most prominent companies to hold bitcoin on its balance sheet, which could influence other corporate executives to adopt cryptocurrency as a balance sheet asset.⁸

1 https://www.greencarreports.com/news/1134120_tesla-is-losing-us-ev-market-share-but-gaining-luxury-share-now-outselling-mercedes-benz

2 <https://www.investors.com/news/tesla-still-leads-global-ev-market-and-its-not-even-close/>

3 https://tesla-cdn.thron.com/static/WIIG2L_TSLA_Q4_2021_Update_O7MYNE.pdf?xseo=&response-content-disposition=inline%3Bfilename%3D%22tesla-q4-and-fy-2021-update.pdf%22

4 https://tesla-cdn.thron.com/static/WIIG2L_TSLA_Q4_2021_Update_O7MYNE.pdf?xseo=&response-content-disposition=inline%3Bfilename%3D%22tesla-q4-and-fy-2021-update.pdf%22

5 <https://electrek.co/2022/02/02/global-market-share-of-electric-cars-more-than-doubled-2021/>

6 <https://www.cnn.com/2021/05/12/elon-musk-says-tesla-will-stop-accepting-bitcoin-for-car-purchases.html>

7 <https://www.msn.com/en-us/autos/news/elon-musk-reveals-crypto-holdings-here-s-which-cryptocurrencies-the-billionaire-owns/ar-AAMrN0l>

8 <https://www.coindesk.com/markets/2021/02/16/teslas-bitcoin-buy-may-lead-to-widespread-corporate-adoption-eventually-wedbush/>

Disclosures

The Valkyrie Balance Sheet Opportunities ETF is an actively managed ETF. The Fund seeks to provide investors with capital appreciation. There can be no assurance that the Fund will achieve its investment objective.

This document 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 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.

VBB 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

Bitcoin and bitcoin futures are a relatively new asset class. They are subject to unique and substantial risks, and historically, have been subject to significant price volatility. The value of an investment in the Fund could decline significantly and without warning, including to zero. You should be prepared to lose your entire investment.

The Shares will change in value, and you could lose money by investing in the Fund. The Fund may not achieve its investment objective.

The Fund is distributed by ALPS Distributors, Inc. Valkyrie Investments and ALPS Distributors, Inc. are not affiliates.

VLK 1000212

This is a new ETF with limited operating history.

