

*This prospectus supplement together with the short form base shelf prospectus to which it relates dated February 8, 2021, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference herein and in the short form base shelf prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. **Information has been incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus dated February 8, 2021 from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of The Ether Fund at its head office located at 4800-1 King Street West, Box 160, Toronto, Ontario M5H 1A1, or by calling (416) 639-2130, and are also available electronically at [www.sedar.com](http://www.sedar.com).*

New Issue

**PROSPECTUS SUPPLEMENT  
(To a Short Form Base Shelf Prospectus dated February 8, 2021)**

February 26, 2021



**THE ETHER FUND**

**US\$150,000,000**

**Class A Units**

**The Ether Fund (the “Fund”) invests in the digital currency Ether. Given the speculative nature of Ether and the volatility of the Ether markets, there is considerable risk that the Fund will not be able to meet its investment objectives. An investment in the Fund is not intended as a complete investment program and is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. An investment in the Fund is considered high risk.**

This prospectus supplement (this “Prospectus Supplement”), together with the short form base shelf prospectus dated February 8, 2021, qualifies the distribution of Class A Units (the “Class A Units”) of The Ether Fund (the “Fund”) having an aggregate sale price of up to US\$150,000,000 (the “Offering”).

The Fund is a closed-end investment fund established as a trust under the laws of the Province of Ontario pursuant to a declaration of trust dated as of December 1, 2020, as it may be amended from time to time (the “Declaration of Trust”).

The Fund seeks to provide Unitholders (as defined herein) of the Fund with: (a) exposure to digital currency Ether (“ETH”) and the daily price movements of the U.S. dollar price of ETH; and (b) the opportunity for long-term capital appreciation.

3iQ Corp. (the “Manager”) acts as trustee, manager, portfolio manager and promoter of the Fund and provides certain general management and administrative services required by the Fund.

The Class A Units are available to all investors and are listed on the Toronto Stock Exchange (the “TSX”) and trade in Canadian dollars under the symbol “QETH.UN” and in U.S. dollars under the symbol “QETH.U” as of the date hereof. On February 25, 2021, the closing price on the TSX of the Class A Units was \$26.37 and C\$33.24. The most recently calculated NAV per Class A Unit prior to the date of this Prospectus Supplement on February 25, 2021 was \$27.87 and C\$35.13. The TSX has conditionally approved the listing of the Class A Units offered hereby. Listing will be subject to the Fund fulfilling all of the listing requirements of the TSX.

The Fund has entered into an equity distribution agreement dated February 26, 2021 (the “Distribution Agreement”)

with Canaccord Genuity Corp. (the “Agent”) pursuant to which the Fund may distribute Class A Units from time to time through the Agent, as agent, in accordance with the terms of the Distribution Agreement. Sales of Class A Units, if any, under this Prospectus Supplement are anticipated to be made in transactions that constitute “at-the-market distributions” as defined in National Instrument 44-102 - *Shelf Distributions* (“NI 44-102”), including sales made directly on the TSX or on any other existing trading market for the Class A Units in Canada. The Units will be distributed at the market prices prevailing at the time of the sale. As a result, prices at which Class A Units are sold may vary as between purchasers and during the period of any distribution. In accordance with paragraph 9.3(2)(a) of National Instrument 81-102 - *Investment Funds* (“NI 81-102”), the issue price of a Class A Unit will not, as far as reasonably practicable, be a price that causes dilution of the Net Asset Value of the Fund’s other outstanding securities at the time of issue. There is no minimum amount of funds that must be raised under this Offering. This means that the Offering may terminate after raising only a portion of the Offering amount set out above, or none at all. See “Plan of Distribution”.

The Fund will pay the Agent compensation for its services in acting as agent in connection with the sale of Units pursuant to the Distribution Agreement not to exceed 3% of the gross sale price per Class A Unit sold (the “Commission”).

As agent, the Agent will not engage in any transactions to stabilize or maintain the price of the Class A Units. No Agent or underwriter of the at-the-market distribution, and no person or company acting jointly or in concert with the Agent or an underwriter, may, in connection with the distribution, enter into any transaction that is intended to stabilize or maintain the market price of the Class A Units or securities of the same class as the Class A Units distributed under this Prospectus Supplement, including selling an aggregate number or principal amount of Class A Units that would result in the Agent or underwriter creating an over-allocation position in the Class A Units.

An investment in Class A Units involves a degree of risk. An investment in the Class A Units is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. It is important for prospective investors to consider the risk factors described in this Prospectus Supplement and the short form base shelf prospectus. See “Risk Factors”.

Subscriptions will be received for the Class A Units offered hereby, subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. A purchaser of Class A Units will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Class A Units are purchased. See “Description of the Units of the Fund – Book-Based System” in the accompanying short form base shelf prospectus.

Unless otherwise noted herein, all references to “\$”, “US\$” or “USD” in this Prospectus Supplement are to the currency of the United States and all references to C\$ in this Prospectus Supplement are to the currency of Canada.

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## GLOSSARY OF TERMS

In this Prospectus Supplement, the following terms have the meanings set forth below, unless otherwise indicated.

“**1933 Act**” means the United States *Securities Act of 1933*, as it may be amended from time to time.

“**Administrator**” means the company appointed from time to time by the Manager to calculate the Net Asset Value of the Fund and the Net Asset Value per Unit, currently SGGG Fund Services Inc.

“**Agent**” means Canaccord Genuity Corp.

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

“**Annual Cut-Off Date**” has the meaning ascribed thereto under “Description of the Units of the Fund – Annual Redemptions”.

“**Annual In-Kind Redemption**” has the meaning ascribed thereto under “Description of the Units of the Fund – Annual Redemptions”.

“**Annual Redemption Date**” has the meaning ascribed thereto under “Description of the Units of the Fund – Annual Redemptions”.

“**ATM Offering**” has the meaning ascribed thereto under “Prior Sales”.

“**business day**” means any day except Saturday, Sunday, a statutory holiday in Toronto, Ontario or any other day on which the TSX is not open for trading.

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

“**CDS Participant**” means a broker, dealer, bank or other financial institution or other person for whom, from time to time, CDS effects book entries for the Units deposited with CDS.

“**Class A Redemption Price**” has the meaning ascribed thereto under “Description of the Units of the Fund – Monthly Redemptions”.

“**Class A Units**” means the transferable, redeemable units of the Fund designated as the “Class A Units” and “Class A Unit” means any one of them.

“**Class F Units**” means the class of transferable, redeemable units of the Fund designated as the “Class F Units” and “Class F Unit” means any one of them.

“**Closing Market Price**” in respect of a security on a Monthly Redemption Date means (a) the closing price of such security on the principal stock exchange (or such other stock exchange on which such security is listed) on such Monthly Redemption Date if there was a trade on the Monthly Redemption Date and the market provides a closing price; (b) the average of the highest and lowest prices of such security on the principal stock exchange (or such other stock exchange on which such security is listed) on such Monthly Redemption Date if there was trading on the Monthly Redemption Date and the market provides only the highest and lowest prices of the security traded on a particular day; or (c) the average of the last bid and the last asking prices of the security on the principal stock exchange (or such other stock exchange on which such security is listed) on such Monthly Redemption Date if there was not trading on the applicable Monthly Redemption Date.

“**CRA**” means the Canada Revenue Agency.

“**CRS**” has the meaning ascribed thereto under “Exchange of Tax Information”.

“**CRS Rules**” has the meaning ascribed thereto under “Exchange of Tax Information”.

“**Custodian**” means Cidel Trust Company in its capacity as custodian under the Custodian Agreement.

“**Custodian Agreement**” means the custodianship agreement entered into on December 1, 2020 between the Manager in its capacity as manager of the Fund and the Custodian, as it may be amended from time to time.

“**Cut-Off Date**” means an Annual Cut-Off Date or a Monthly Cut-Off Date, as applicable.

“**Declaration of Trust**” has the meaning ascribed thereto under “The Fund”.

“**Designated News Release**” has the meaning ascribed thereto under “Documents Incorporated by Reference”.

“**Distribution Agreement**” means the equity distribution agreement dated February 26, 2021 between the Fund, the Manager and the Agent.

“**ETH**” refers to the digital currency Ether that is the native unit of account within the Ethereum Network.

“**ETH Source**” has the meaning given to it under “Investment Overview”.

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

“**Fund**” means The Ether Fund, a closed-end investment fund established as a trust under the laws of the Province of Ontario pursuant to the Declaration of Trust.

“**Gemini**” means Gemini Trust Company, LLC.

“**Independent Review Committee**” means the independent review committee of the Fund.

“**IPO**” has the meaning ascribed thereto under “Prior Sales”.

“**KYC**” means identity verification and recordkeeping procedures under AML Regulation and applicable securities laws.

“**Manager**” means 3iQ Corp., the trustee, manager, portfolio manager and promoter of the Fund, and, if applicable, its successor.

“**Monthly Cut-Off Date**” has the meaning ascribed thereto under “Description of the Units of the Fund – Monthly Redemptions”.

“**Monthly In-Kind Redemption**” has the meaning given to it under “Description of the Units of the Fund – Monthly Redemptions”.

“**Monthly Redemption Date**” means the first business day following the 15<sup>th</sup> day of each month.

“**MVIETH**” means the MVIS CryptoCompare Institutional Ethereum Index, described at: <https://www.mvisindices.com/indices/digital-assets/mvis-cryptocompare-ethereum>.

“**Net Asset Value of the Fund**” means the net asset value of the Fund as determined by subtracting the aggregate liabilities of the Fund from the aggregate value of the assets of the Fund on the date on which the calculation is being made, calculated by the Administrator.

“**Net Asset Value per Unit**” and “**NAV per Unit**” means, in respect of a class of Units, the Net Asset Value of the Fund allocated to the Units of such class, divided by the total number of Units of such class outstanding, on the date on which the calculation is being made.

“**NI 44-102**” means National Instrument 44-102 – *Shelf Distributions*.

“**NI 81-102**” means National Instrument 81-102 – *Investment Funds*.

“**OECD**” has the meaning ascribed thereto under “Exchange of Tax Information”.

“**Offering**” has the meaning ascribed thereto under “The Fund”.

“**OTC**” means “over the counter”.

“**Participating Jurisdictions**” has the meaning ascribed thereto under “Exchange of Tax Information”.

“**Prospectus**” means the short form base shelf prospectus of the Fund dated February 8, 2021, as amended or supplemented.

“**Prospectus Supplement**” means this prospectus supplement of the Fund dated February 26, 2021, as amended.

“**RDSP**” has the meaning ascribed thereto under “Eligibility for Investment”.

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

“**RESP**” has the meaning ascribed thereto under “Eligibility for Investment”.

“**RRIF**” has the meaning ascribed thereto under “Eligibility for Investment”.

“**RRSP**” has the meaning ascribed thereto under “Eligibility for Investment”.

“**SIFT Rules**” means the provisions of the Tax Act, including those contained in sections 104, 122 and 122.1 of the Tax Act, which apply to the taxation of a “specified investment flow through trust” and its unitholders.

“**SIFT trust**” means a specified investment flow-through trust for the purposes of the Tax Act.

“**Sub-Custodian**” means Gemini in its capacity as sub-custodian under the Sub-Custodian Agreement.

“**Sub-Custodian Agreement**” means the sub-custody agreement between the Custodian, the Fund, and Gemini dated December 1, 2020.

“**substituted property**” has the meaning ascribed thereto under “Canadian Federal Income Tax Considerations – Taxation of the Fund”.

“**Tax Act**” means the *Income Tax Act* (Canada), as now or hereafter amended, or successor statutes, and includes regulations promulgated thereunder.

“**Tax Proposals**” means all specific proposals to amend the Tax Act or *Excise Tax Act* (Canada) publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

“**TFSA**” has the meaning ascribed thereto under “Eligibility for Investment”.

“**TSX**” means the Toronto Stock Exchange.

“**Unit**” means a Class A Unit and/or a Class F Unit, as the case may be.

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

“**Unitholder**” means a holder of Class A Units and/or Class F Units, as the case may be.

“**U.S. person**” has the meaning ascribed thereto in Regulation S under the 1933 Act.

“**Valuation Date**” means each business day.

## **IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING SHORT FORM BASE SHELF PROSPECTUS**

This document is in two parts. The first part is the Prospectus Supplement, which describes certain terms of the Class A Units the Fund is offering and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference herein and therein. The second part is the Prospectus, which provides more general information. The accompanying short form base shelf prospectus is referred to as the “Prospectus” in this Prospectus Supplement.

If the description of the Class A Units varies between this Prospectus Supplement and the Prospectus, you should rely on the information in this Prospectus Supplement.

### **FORWARD LOOKING STATEMENTS**

Certain statements in this Prospectus Supplement are forward-looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend”, “seek”, “will” and similar expressions to the extent they relate to the Fund and the Manager. Forward-looking statements are not historical facts but reflect the current expectations of the Manager regarding future results or events. Such forward-looking statements reflect the Manager’s current beliefs and are based on information currently available to them. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results or events to differ materially from current expectations including global economic conditions. Although the forward-looking statements contained in this Prospectus Supplement are based upon assumptions that the Manager believes to be reasonable, neither the Fund nor the Manager can assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein were prepared for the purpose of providing prospective investors with information about the Fund and may not be appropriate for other purposes. Neither the Fund nor the Manager assumes any obligation to update or revise them to reflect new events or circumstances, except as required by law.

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Fund, and Blake, Cassels & Graydon LLP, counsel to the Agent, provided that the Fund qualifies as a “mutual fund trust” within the meaning of the Tax Act or if the Class A Units are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSX), such Class A Units would be a qualified investment for trusts governed by registered retirement savings plans (“RRSP”), registered retirement income funds (“RRIF”), deferred profit sharing plans, registered disability savings plans (“RDSP”), tax-free savings accounts (“TFSA”) and registered education savings plans (“RESP”, and collectively, “Registered Plans”).

However, in the case of a TFSA, a RRSP, a RRIF, a RDSP, and a RESP, if the holder of such TFSA or RDSP, the subscriber of such RESP, or annuitant under such RRSP or RRIF, as the case may be, holds a “significant interest” in the Fund, or if such holder, subscriber or annuitant does not deal at arm’s length with the Fund for purposes of the Tax Act, the Class A Units will be a “prohibited investment” for such TFSA, RDSP, RESP, RRSP or RRIF. If Class A Units are a “prohibited investment” for a TFSA, RDSP, RESP, RRSP or RRIF that acquires such Class A Units, the holder of the TFSA or RDSP, subscriber of the RESP, or annuitant under the RRSP or RRIF will be subject to a penalty tax as set out in the Tax Act. Generally, a holder, subscriber or annuitant will not be considered to have a “significant interest” in the Fund unless the holder, subscriber or annuitant owns 10% or more of the value of the outstanding Units of the Fund, either alone or together with persons and partnerships with which the holder, subscriber or annuitant does not deal at arm’s length. Holders of TFSAs and RDSPs, subscribers of RESPs, and annuitants under RRSPs and RRIFs should consult their own tax advisors to ensure Class A Units would not be a “prohibited investment” for purposes of the Tax Act in their particular circumstances. See “Canadian Federal Income Tax Considerations – Status of the Fund”.



## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed, as of the date hereof, to be incorporated by reference into the Prospectus for the purposes of the distribution of the Class A Units offered hereby. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full details.

The following documents filed with the securities commissions or similar authorities in each of the provinces and territories of Canada are specifically incorporated by reference and form an integral part of this Prospectus Supplement and the Prospectus:

- (a) the annual information form of the Fund dated January 25, 2021 for the period ended December 31, 2020;
- (b) the audited annual financial statements of the Fund, together with the accompanying report of the auditor, as at and for the period ended December 31, 2020; and
- (c) the annual management report of fund performance of the Fund for the period ended December 31, 2020.

Any of the documents of the type referred to above, including any material change reports (excluding confidential material change reports), annual information forms, interim and annual financial statements and related management reports of fund performance, business acquisition reports and information circulars filed by the Fund with a securities commission or similar authority in Canada after the date of this Prospectus Supplement and prior to the termination of the Offering, will be deemed to be incorporated by reference in this Prospectus Supplement. In addition, pursuant to Companion Policy 44-102CP – *Shelf Distributions*, if the Fund disseminates a news release in respect of previously undisclosed information that, in the Fund’s determination, constitutes a “material fact” (as such term is defined under applicable Canadian securities laws), the Fund will identify such news release as a “designated news release” for the purposes of the Prospectus Supplement and the Prospectus in writing on the face page of the version of such news release that the Fund files on SEDAR (any such news release, a “Designated News Release”), and any such Designated News Release shall be deemed to be incorporated by reference into the Prospectus Supplement only for the purposes of the Offering.

**Any statement contained in this Prospectus Supplement, the Prospectus or in a document incorporated or deemed to be incorporated by reference in this Prospectus Supplement or the Prospectus shall be deemed to be modified or superseded for the purposes of this Prospectus Supplement or the Prospectus, as the case may be, to the extent that a statement contained in this Prospectus Supplement or in any other subsequently filed document that also is or is deemed to be incorporated by reference in this Prospectus Supplement modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed to be an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement or the Prospectus.**

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Fund at its head office located at 4800-1 King Street West, Box 160, Toronto, Ontario M5H 1A1, or by calling (416) 639-2130, and are also available electronically at [www.sedar.com](http://www.sedar.com).

## THE FUND

The Ether Fund is a closed-end investment fund established as a trust under the laws of the Province of Ontario pursuant to a declaration of trust dated as of December 1, 2020, as it may be amended from time to time (the “Declaration of Trust”). 3iQ Corp. acts as trustee, manager, portfolio manager and promoter of the Fund and provides certain general management and administrative services required by the Fund. The principal office of the Fund is located at 4800-1 King Street West, Box 160, Toronto, Ontario M5H 1A1.

The Fund is authorized to issue an unlimited number of Class A Units and Class F Units. The Class A Units are listed on the TSX and trade in Canadian dollars under the symbol “QETH.UN” and in U.S. dollars under the symbol “QETH.U”. The attributes of the Class A Units and Class F Units are described under “Description of the Units of the Fund”. As of February 25, 2021, 10,296,574 Class A Units were issued and outstanding.

This Prospectus Supplement qualifies the distribution of Class A Units (the “Class A Units”) of the Fund having an aggregate sale price of up to US\$150,000,000 (the “Offering”). Sales of Class A Units, if any, under this Prospectus Supplement are anticipated to be made in transactions that are deemed to be “at-the-market distributions” as defined in NI 44-102, including sales made directly on the TSX or on any other existing trading market for the Class A Units in Canada. The Class A Units will be distributed at the market prices prevailing at the time of the sale. As a result, prices at which Class A Units are sold may vary as between purchasers and during the period of any distribution.

### Investment Objectives

The Fund’s investment objectives are to seek to provide holders of Units (“Unitholders”) of the Fund with:

- (a) exposure to ETH and the daily price movements of the U.S. dollar price of ETH; and
- (b) the opportunity for long-term capital appreciation.

### Investment Strategies

To achieve its investment objectives, the Fund invests in long-term holdings of ETH, purchased from reputable digital asset trading platforms and OTC counterparties, in order to provide investors with a convenient, safer alternative to a direct investment in ETH.

Digital asset trading platforms are spot markets in which ETH can be exchanged for U.S. dollars. Digital asset trading platforms are not regulated as securities exchanges or commodity futures exchanges under the securities or commodity futures laws of Canada, the United States or other global jurisdictions. The Manager seeks to ensure that the digital asset trading platforms on which the Fund transacts are reputable, stable and in compliance with AML Regulation.

The Fund does not speculate with regard to short-term changes in ETH prices. The Fund will provide investors with the ability to effectively invest in ETH without the inconvenience and additional transaction and storage costs associated with a direct investment in ETH.

The Fund does not and will not hedge any U.S. dollar currency exposure back to the Canadian dollar.

### *Leverage*

Generally, the Fund does not intend to borrow money or employ other forms of leverage to maintain an investment in ETH. The Fund may employ leverage or credit on a short-term basis to acquire ETH in anticipation of and prior to any follow on offering of Units by the Fund in an amount not to exceed 25% of the Net Asset Value of the Fund.

### *Use of Derivatives*

The Manager may use derivative instruments, the underlying interest of which is ETH, for non-hedging purposes consistent with the Fund’s investment objectives and investment strategies to gain exposure to ETH, subject to its investment restrictions. Any trading in derivatives by the Fund is incidental to the Fund’s core investment strategy of

investing in the ETH. The Fund will not transact in any derivative instrument if, as a result of such transaction, the Fund's aggregate exposure to derivatives would exceed 5% of the Net Asset Value of the Fund.

### **Investment Restrictions**

The Fund is subject to certain investment restrictions and practices contained in securities legislation, including NI 81-102, that, among other things, limit the assets that the Fund may acquire for its portfolio. The Fund's investment restrictions are designed in part to ensure the proper administration of the Fund and that the Fund is managed in accordance with these restrictions and practices. The Fund's investment restrictions may not be changed without approval by resolution passed by at least 66⅔% of the votes cast by holders of Units voting thereon who attend in person or by proxy and vote at a meeting called for such purpose. The Fund's investment restrictions provide that the Fund may:

- (a) not invest less than 90% of its total assets in ETH;
- (b) not invest in securities of ETH related companies, technologies or business ventures;
- (c) purchase debt securities only if such securities are cash equivalents;
- (d) not borrow or enter into any leverage transaction other than as described above under "The Fund – Investment Strategies – Leverage";
- (e) except as set forth under "The Fund – Investment Strategies – Use of Derivatives", not purchase derivatives or enter into derivatives or other transactions;
- (f) not undertake any activity, take any action, omit to take any action or make or hold any investment that would result in the Fund failing to qualify as a "mutual fund trust" within the meaning of the Tax Act;
- (g) not make or hold any investment that would result in the Fund becoming a "SIFT trust" within the meaning of subsection 122.1(1) of the Tax Act;
- (h) not invest in: (i) any security that is an offshore investment fund property that would require the Fund to include significant amounts in the Fund's income pursuant to section 94.1 of the Tax Act; or (ii) any interest in a non-resident trust that would require the Fund to include amounts in income in connection with such interest pursuant to sections 91, 94 or 94.2 of the Tax Act;
- (i) not invest in any security that would be a "tax shelter investment" within the meaning of the Tax Act; and
- (j) not invest in any security of an issuer that would be a foreign affiliate of the Fund for purposes of the Tax Act.

The Fund may not invest in securities or assets other than those referred to above. Notwithstanding the foregoing, at the Manager's discretion, the Fund may be invested in cash or cash equivalents from time to time.

### **INVESTMENT OVERVIEW**

ETH is the native digital currency of the Ethereum Network – a decentralized, open source computer network where all transactions are recorded on a decentralized public ledger, known as a "blockchain". The open-source Ethereum Network software code includes the protocol that governs the creation of ETH and the cryptographic operations that verify and secure ETH transactions. The Ethereum Network goes beyond a peer-to-peer money system as it supports peer-to-peer contracts, known as smart contracts, as well as de-centralized applications (DApps). The absence of a centralized authority for such activities represents significant technological progression.

The Manager believes that investing in Units of the Fund to obtain exposure to ETH is advantageous for the following reasons:

- *Convenient way to own ETH.* The Fund provides investors with the ability to gain exposure to ETH and the ETH market as well as having the ability to buy and sell Class A Units on the TSX. The Fund is eligible for registered accounts in Canada for a tax-efficient, long-term investment horizon.
- *Lower transaction costs.* The Manager expects that, for many investors, the costs and risks associated with buying, holding and selling the Units in the secondary market and the payment of the Fund's ongoing expenses will be lower than the costs and risks associated with buying, holding and selling ETH at a regulated digital asset trading platform or through opening an individual digital asset wallet that supports ETH.
- *Cold Storage at Gemini.* Gemini is a regulated and licensed custodian of ETH. Storage of ETH can either be in a "hot wallet", which is connected to the internet, or in "cold storage" where private keys have no contact with the internet, are created, stored, and managed on hardware security modules located in access-guarded facilities that are geographically distributed. The Fund's ETH is held in Gemini's cold storage system, protected in accordance with the industry-leading protocols.

The Manager expects that ETH will be purchased for the Fund from regulated digital asset trading platforms and OTC counterparties (each, a "ETH Source") and possibly through derivatives such as ETH-settled futures on regulated exchanges. The Manager conducts and will conduct due diligence on each proposed ETH Source prior to transacting with such ETH Source in order to confirm its reputation, stability and the regulatory regime applicable to the ETH Source. The Manager also confirms that each ETH Source maintains appropriate KYC policies and procedures and does not transact with any person or entity that is on a list of designated persons or entities established and maintained under applicable AML Regulation in the jurisdiction of the ETH Source. The Manager ensures that each ETH Source has its head office in a jurisdiction which is a member of the FATF or its global network of FATF-Style Regional Bodies.

The Manager expects that the Fund's ETH Sources will include Gemini, Genesis Global Trading, Inc., Tagomi, Coinbase Pro and other New York Department of Financial Services regulated trading platforms and OTC counterparties.

The Manager determines where to place the Fund's ETH orders based on the prices and volumes available through each ETH Source with a view to achieving quality execution for the Fund. Once an ETH order has been executed and allocated to the Fund, the Manager reviews and approves the transaction. Upon approval, the Sub-Custodian is notified and payment for the trade is settled. Once the Sub-Custodian receives the ETH on behalf of the Fund, the Sub-Custodian immediately places the ETH in cold storage, ensuring that such ETH is allocated to the Fund's account on a segregated basis.

For further information regarding ETH (including its supply and volatility) and the Ethereum Network, see "The Fund – Investment Overview" in the accompanying Prospectus.

## **CONSOLIDATED CAPITALIZATION**

The Fund is authorized to issue an unlimited number of redeemable units of an unlimited number of classes, each of which represents an equal and undivided beneficial interest in the net assets and net income of the Fund attributable to such class. As of the date hereof, an unlimited number of Class A Units and Class F Units are authorized for issuance.

As of February 25, 2021, 10,296,574 Class A Units and no Class F Units were issued and outstanding.

The Fund may from time to time issue and sell Class A Units, having an aggregate sale price of up to US\$150,000,000 under this Prospectus Supplement. See "Plan of Distribution".

## USE OF PROCEEDS

The net proceeds from the Offering are not determinable at this time. The net proceeds of any given distribution of Class A Units through the Agent in an “at-the-market distribution” will represent the gross proceeds after deducting the applicable compensation payable to the Agent under the Distribution Agreement and the expenses of the distribution. See “Plan of Distribution”.

The net proceeds of the Offering will be invested by the Fund in accordance with the Fund’s investment objectives, investment strategies and investment restrictions. See “The Fund – Investment Objectives”, “The Fund – Investment Strategies” and “The Fund – Investment Restrictions”.

## DESCRIPTION OF THE UNITS OF THE FUND

### The Units

The Fund is authorized to issue an unlimited number of redeemable units of an unlimited number of classes, each of which represents an equal and undivided beneficial interest in the net assets and net income of the Fund attributable to such class. As of the date hereof, an unlimited number of Class A Units and Class F Units are authorized for issuance.

The Class A Units are available to all investors.

The Class F Units are designed for fee-based and/or institutional accounts and differ from the Class A Units in the following ways: (a) Class F Units are not listed on a stock exchange but any Class F Units issued under an offering will be reclassified as Class A Units on a one-for-one basis immediately upon the closing of such offering and (b) any Agent’s fees payable on an issuance of Class F Units are expected to be lower than those payable on the issuance of Class A Units.

Each Unit entitles the holder to the same rights and obligations as a Unitholder and no Unitholder is entitled to any privilege, priority or preference in relation to any other holder of Units other than as set out herein. Each Unitholder is entitled to one vote for each Unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net realized capital gains, if any. On the redemption of Units, however, the Fund may in its sole discretion, designate payable to redeeming Unitholders, as part of the redemption price, any capital gains realized by the Fund in the taxation year in which the redemption occurred. On termination or liquidation of the Fund, Unitholders of record are entitled to receive on a *pro rata* basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund.

The Fund does not intend to pay distributions to Unitholders. On an annual basis, the Fund will ensure that its income and net realized capital gains, if any, have been distributed to Unitholders to such an extent that the Fund will not be liable for ordinary income tax thereon. To the extent that the Fund has not distributed the full amount of its net income or capital gains in any year, the difference between such amount and the amount actually distributed by the Fund will be paid as a “reinvested distribution”. Reinvested distributions by the Fund, net of any required withholding taxes, will be reinvested automatically in additional Units at a price equal to the Net Asset Value per Unit and the Units will be immediately consolidated such that the number of outstanding Units following the distribution will equal the number of Units outstanding prior to the distribution. In addition to the distributions described above, the Fund may from time to time pay additional distributions on its Units, including without restriction in connection with a special distribution or in connection with returns of capital.

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

## **Annual Redemptions**

Units may be redeemed at the option of Unitholders on the first business day following the 15<sup>th</sup> day of June in each year (each, an “Annual Redemption Date”), commencing on June 16, 2022, subject to the Fund’s right to suspend redemptions in certain circumstances. Units so redeemed will be redeemed at a redemption price equal to the Net Asset Value per Unit on the Annual Redemption Date, less any costs and expenses associated with the redemption, including commissions incurred by the Fund to fund such redemption. Units must be surrendered for redemption on or before the last business day of the month of May preceding the applicable Annual Redemption Date (the “Annual Cut-Off Date”).

Redemption proceeds will be paid in U.S. dollars on or before the 15<sup>th</sup> business day following the Annual Redemption Dates, provided that upon receipt of a large redemption request the Manager may exercise its discretion, considering the best interests of all Unitholders, for the Fund to satisfy the redemption in-kind by delivering ETH valued based on the MVIETH price as of 4:00 p.m. on the applicable Annual Redemption Date (the “Annual In-Kind Redemption”). The Manager shall provide notice to the redeeming Unitholder if it determines to proceed with an Annual In-Kind Redemption and upon receiving such notice the redeeming Unitholder may withdraw its notice of redemption.

## **Monthly Redemptions**

Units may also be surrendered at the option of Unitholders at any time for redemption on a Monthly Redemption Date, subject to certain conditions and, in order to effect such a redemption, the Units must be surrendered for redemption no later than 5:00 p.m. (Toronto time) on the last business day of the month prior to the month of the applicable Monthly Redemption Date (the “Monthly Cut-Off Date”). Payment of the proceeds of redemption will be made on or before the 15<sup>th</sup> business day following the Monthly Redemption Date. See “Risk Factors – Liquidity Constraints on Digital Asset Trading Platforms May Impact the Fund’s Holdings” and “Financial Institutions may Refuse to Support Transactions Involving ETH” in the accompanying Prospectus.

Unitholders surrendering a Class A Unit for redemption will receive a redemption price (the “Class A Redemption Price”) equal to 95% of the Closing Market Price of a Class A Unit on the applicable Monthly Redemption Date less any costs and expenses associated with the redemption, including commissions incurred by the Fund, but the Class A Redemption Price will not be an amount that is more than 95% of the Net Asset Value per Class A Unit as of the Monthly Redemption Date.

Redemption proceeds will be paid in U.S. dollars, provided that upon receipt of a large redemption request the Manager may exercise its discretion, considering the best interests of all Unitholders, for the Fund to satisfy the redemption in-kind by delivering ETH valued based on the MVIETH price as of 4:00 p.m. on the applicable Monthly Redemption Date (the “Monthly In-Kind Redemption”). The Manager shall provide notice to the redeeming Unitholder if it determines to proceed with a Monthly In-Kind Redemption and upon receiving such notice the redeeming Unitholder may withdraw its notice of redemption.

## **Exercise of Redemption Right**

A Unitholder who desires to exercise redemption privileges must do so by causing the CDS Participant through which the Unitholder holds its Units to deliver to CDS at its office in the City of Toronto on behalf of the Unitholder, a written notice of the Unitholder’s intention to redeem Units by no later than 5:00 p.m. (Toronto time) on the applicable Cut-Off Date. A Unitholder who desires to redeem Units should ensure that the CDS Participant is provided with notice of the Unitholder’s intention to exercise its redemption right sufficiently in advance of the applicable Cut-Off Date so as to permit the CDS Participant to deliver a notice to CDS by 5:00 p.m. (Toronto time) on the applicable Cut-Off Date.

By causing a CDS Participant to deliver to CDS a notice of the Unitholder’s intention to redeem Units, the Unitholder will be deemed to have irrevocably surrendered its Units for redemption and appointed such CDS Participant to act as its exclusive settlement agent with respect to the exercise of such redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise, provided that the Manager may from time to time prior to the Annual Redemption Date or Monthly Redemption Date permit the withdrawal of a redemption notice on such terms and conditions as the Manager may determine, in its sole discretion, provided that such withdrawal will

not adversely affect the Fund. Any expense associated with the preparation and delivery of the redemption notice will be for the account of the Unitholder exercising the redemption privilege.

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

Unitholders redeeming pursuant to an In-Kind Redemption must have an account with a segregated wallet at the Sub-Custodian into which the Fund will transfer ETH delivered as in-kind redemption proceeds. Unitholders that do not already have an account at the Sub-Custodian at the time of submitting a request for an In-Kind Redemption should be aware that it can take three to five business days to open an account at the Sub-Custodian. Redeeming Unitholders will not be charged any account-opening fees or transaction charges for opening such accounts, receiving and withdrawing the ETH in-kind, provided however that the Sub-Custodian will charge ongoing custody fees in respect of ETH that redeeming Unitholders leave in their accounts for more than 5 business days.

### **Allocations of Capital Gains to Redeeming Unitholders**

Pursuant to the Declaration of Trust, the Fund may allocate and designate as payable any capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. Any such allocations will reduce the redemption price otherwise payable to the redeeming Unitholder. Provided that certain Tax Proposals are enacted as proposed, an amount so allocated and designated to a redeeming Unitholder may only be deductible to the Fund to the extent of the gain that would otherwise be realized by the Unitholder on the redemption of Units. Assuming that such Tax Proposals are enacted in their current form, the taxable component of distributions by the Fund to non-redeeming Unitholders could be greater than it would be in the absence of such amendments.

### **Suspension of Redemptions**

The Manager may suspend the redemption of Units or payment of redemption proceeds of the Fund with the prior permission of the securities regulatory authorities, for any period during which the Manager determines that conditions exist that render impractical the sale of assets of the Fund or that impair the ability of the Administrator to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

### **Book-Based System**

Registrations of interests in, and transfers of, the Units will be made only through the book-based system of CDS and no physical certificates will be issued. For further information regarding the book-based system of CDS, see "The Fund – Book-Based System" in the accompanying Prospectus.

### **PRIOR SALES**

The Fund completed its initial public offering ("IPO") on December 10, 2020, resulting in the listing of 7,240,000 Class A Units on the TSX. In connection with the IPO, the Fund issued 2,794,546 Class A Units at a price of US\$10.75 per Class A Unit and 4,445,454 Class F Units at a price of US\$10.53 per Class F Unit. Immediately upon closing of the IPO, the Class F Units were reclassified as Class A Units on a one-for-one basis. Accordingly, the 4,445,454 Class F Units were reclassified as 4,445,454 Class A Units.

The Fund has issued 3,056,574 Class A Units (aggregate net proceeds equal to US\$76,796,453.61), by way of private placements, between December 11, 2020 and the date hereof.

### TRADING PRICES AND VOLUMES

The following table sets forth the reported high and low sale prices and the trading volume for the Class A Units on the TSX and the high and low NAV of the Class A Units for each of the months indicated.

	NAV – Class A Unit <sup>1</sup> (U.S. dollars)		Market Price – Class A Unit (U.S. dollars)			Market Price – Class A Unit (Canadian dollars)		
	Low	High	Low	High	Volume	Low	High	Volume
<b>2021</b>								
February 1 - 25	\$23.69	\$34.52	\$25.44	\$40.01	2,739,651	\$32.00 <sup>3</sup>	\$51.42 <sup>3</sup>	2,314,802 <sup>3</sup>
January 1 - 31	\$18.07	\$24.57	\$18.15	\$29.10	6,785,869	\$26.97 <sup>3</sup>	\$37.40 <sup>3</sup>	972,989 <sup>3</sup>
<b>2020</b>								
December 10 - 31	\$9.75	\$13.36	\$10.57 <sup>2</sup>	\$15.95 <sup>2</sup>	2,969,226 <sup>2</sup>	-	-	-

**Notes:**

- (1) NAV data is as reported on the Fund’s website.
- (2) Commenced trading on December 10, 2020.
- (3) Commenced trading on January 15, 2021.

Source: TSX InfoSuite.

On February 25, 2021, the closing price of the Class A Units on the TSX was \$26.37 and C\$33.24. The most recently calculated NAV per Class A Unit prior to the date of this Prospectus Supplement on February 25, 2021 was \$27.87 and C\$35.13. As of February 25, 2021, Class A Units were trading at a 5.37% discount to NAV and have traded at an average 13.2% premium to NAV since inception.

### PLAN OF DISTRIBUTION

The Fund has entered into the Distribution Agreement with the Agent under which the Fund may issue and sell from time to time Class A Units having an aggregate sale price of up to US\$150,000,000 in each of the provinces and territories of Canada. Sales of Class A Units, if any, will be made in transactions that are deemed to be “at-the-market distributions” as defined in NI 44-102, including sales made by the Agent directly on the TSX or on any other existing trading market for the Class A Units in Canada. Subject to the pricing parameters in a placement notice, the Class A Units will be distributed at the market prices prevailing at the time of the sale. As a result, the price may vary as between purchasers and during the period of distribution. The Fund cannot predict the number of Class A Units that the Fund may sell under the Distribution Agreement on the TSX or any other existing trading market for the Class A Units in Canada, or if any Class A Units will be sold.

The Agent will offer the Class A Units subject to the terms and conditions of the Distribution Agreement on a daily basis or as otherwise agreed upon by the Fund and the Agent. The Fund will designate the maximum number of Class A Units to be sold pursuant to any single placement notice to the Agent. In accordance with paragraph 9.3(2)(a) of NI 81-102, the issue price of a Class A Unit will not, as far as reasonably practicable, be a price that causes dilution of the Net Asset Value of the Fund’s other outstanding securities at the time of issue. Subject to the terms and conditions of the Distribution Agreement, the Agent will use its commercially reasonable efforts to sell, on the Fund’s behalf, all of the Class A Units requested to be sold by the Fund in a placement notice delivered to the Agent. The Fund may instruct the Agent not to sell Class A Units if the sales cannot be achieved at or above the price designated by the Fund in a particular placement notice.

Either the Fund or the Agent may suspend the Offering upon proper notice to the other party. The Fund and the Agent each have the right, by giving written notice as specified in the Distribution Agreement, to terminate the Distribution Agreement in each party’s sole discretion at any time. Pursuant to the Distribution Agreement, the Offering will terminate upon the earlier of: (i) March 10, 2023; (ii) the issuance and sale of all of the Class A Units subject to the Distribution Agreement; and (iii) the termination of the Distribution Agreement as permitted therein.



The Fund will pay the Agent the Commission for its services in acting as agent in connection with the sale of Class A Units pursuant to the Distribution Agreement. The amount of the Commission will not exceed 3% of the gross sales price per Class A Unit sold.

The Agent will provide written confirmation to the Fund no later than 2:00 pm on the trading day immediately following the trading day on which it has made sales of the Class A Units under the Distribution Agreement. Each confirmation will include the number of Class A Units sold on such day, the average price of the Class A Units sold on such day, the gross proceeds, the Commission payable by the Fund to the Agent with respect to such sales and the net proceeds payable to the Fund. The Agent will also assist the Fund with such other periodic reporting as may be reasonably requested by the Fund with respect to the sales of Class A Units.

The Fund will disclose the number and average price of the Class A Units sold under this Prospectus Supplement, as well as the gross proceeds, Commission and net proceeds from sales hereunder in the Fund's annual and semi-annual financial statements and management report of fund performance filed on SEDAR, for any periods in which sales of Class A Units occur.

Settlement for sales of Class A Units will occur, unless the parties agree otherwise, on the second trading day on the applicable exchange following the date on which any sales were made in return for payment of the net proceeds to the Fund. There is no arrangement for funds to be received in an escrow, trust or similar arrangement. Sales of Class A Units will be settled through the facilities of CDS or by such other means as the Fund and the Agent may agree.

The Fund has agreed in the Distribution Agreement to provide indemnification and contribution to the Agent against certain liabilities. In addition, the Fund has agreed to pay the reasonable expenses of the Agent in connection with the Offering, pursuant to the terms of the Distribution Agreement. The Agent and its affiliates will not engage in any prohibited transactions to stabilize or maintain the price of the Class A Units in connection with any offer or sales of Units pursuant to the Distribution Agreement. No Agent or underwriter of the at-the-market distribution, and no person or company acting jointly or in concert with the Agent or an underwriter, may, in connection with the distribution, enter into any transaction that is intended to stabilize or maintain the market price of the Class A Units or securities of the same class as the Class A Units distributed under this Prospectus Supplement, including selling an aggregate number or principal amount of Class A Units that would result in the Agent or underwriter creating an over-allocation position in the Class A Units.

This Prospectus Supplement qualifies the distribution of the Class A Units offered hereunder in each of the provinces and territories of Canada.

The total expenses related to the commencement of the Offering to be paid by the Fund excluding the Commission payable to the Agent under the Distribution Agreement, are not expected to exceed \$100,000.

The TSX has conditionally approved the listing of the Class A Units offered hereby. Listing will be subject to the Fund fulfilling all of the listing requirements of the TSX.

The Class A Units have not been and will not be registered under the 1933 Act or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons. The Agent has agreed that it will not offer for sale or sell or deliver Units within the United States or to U.S. persons.

#### **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Fund, and Blake, Cassels & Graydon LLP, counsel to the Agent, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act for the Fund and for a prospective investor in the Fund who, for the purpose of the Tax Act at all relevant times, is an individual (other than a trust), is resident in Canada, holds Units of the Fund as capital property, is not affiliated and deals at arm's length with the Fund, and has not entered into a "derivative forward agreement" (as defined in the Tax Act) with respect to Units of the Fund. This summary is based upon the current provisions of the Tax Act and regulations thereunder, the Tax Proposals and counsel's understanding of the current published administrative policies and assessing practices of the CRA publicly available prior to the date hereof. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into

account provincial, territorial or foreign income tax legislation or considerations, which may differ from the considerations described below.

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

This summary assumes that at no time will the Fund be a SIFT trust. Even if units of the Fund are listed or traded on a stock exchange or other public market, provided the Fund only invests in ETH, the Fund should not be a SIFT trust; however, no assurance can be given in this regard.

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

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

The Fund and its Unitholders are required to compute their income and gains for tax purposes in Canadian dollars. Amounts denominated in another currency generally must be converted into Canadian dollars based on the exchange rate quoted by the Bank of Canada on the date such amounts arise or such other rate of exchange as is acceptable to the CRA. Therefore, the amount of income, cost, proceeds of disposition and other amounts in respect of investments that are not Canadian dollar denominated will be affected by fluctuations in the exchange rate of the Canadian dollar against the relevant foreign currency.

### **Status of the Fund**

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

In the opinion of counsel, provided that the Fund qualifies as a “mutual fund trust” within the meaning of the Tax Act, or the Class A Units of the Fund continue to be listed on a “designated stock exchange” within the meaning of the Tax Act, such Class A Units will be qualified investments for Registered Plans. However, in the case of a TFSA, a RRSP, a RRIF, a RDSP, and a RESP, if the holder of such TFSA or RDSP, the subscriber of such RESP, or annuitant under such RRSP or RRIF, as the case may be, holds a “significant interest” in the Fund, or if such holder, subscriber or annuitant does not deal at arm’s length with the Fund for purposes of the Tax Act, the Class A Units of the Fund will be a “prohibited investment” for such TFSA, RDSP, RESP, RRSP or RRIF. If Class A Units of the Fund are a “prohibited investment” for a TFSA, RDSP, RESP, RRSP or RRIF that acquires such Units, the holder of the TFSA or RDSP, subscriber of the RESP, or annuitant under the RRSP or RRIF will be subject to a penalty tax as set out in the Tax Act. Generally, a holder, subscriber or annuitant will not be considered to have a “significant interest” in the Fund unless the holder, subscriber or annuitant owns 10% or more of the value of the outstanding Units of the Fund, either alone or together with persons and partnerships with which the holder, subscriber or annuitant does not deal at arm’s length. Holders of TFSAs and RDSPs, subscribers of RESPs, and annuitants under RRSPs and RRIFs should consult their own tax advisors to ensure Units of the Fund would not be a “prohibited investment” for purposes of the Tax Act in their particular circumstances.

At the date hereof, the assets of a pension plan may be invested in Units provided that the assets of such plan are invested in accordance with the applicable laws and regulations, investment criteria and statement of investment policies and procedures established for such pension plan. However, no purchase of Units should be made solely in reliance on the above general statement. A pension plan wishing to invest in Units should make its own assessment, including by consulting its advisors, of its ability to make such an investment in its particular circumstances.

### **Taxation of the Fund**

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

The CRA has taken the administrative position that virtual currencies should be treated as a commodity for the purposes of the Tax Act. The CRA has expressed the opinion that gains (or losses) of mutual fund trusts resulting from transactions in commodities should generally be treated for tax purposes as ordinary income rather than as capital gains, although the treatment in each particular case remains a question of fact to be determined having regard to all the circumstances. The Manager intends to apply the CRA's administrative position to the Fund. As the Fund intends to be a long-term holder of ETH, the Manager anticipates that the Fund will generally treat gains (or losses) as a result of any disposition of ETH as capital gains (or capital losses) although, depending on the circumstances, the Fund may instead include the full amount in (or deduct the full amount from) income.

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

If the Fund realizes capital gains as a result of a transfer or disposition of its property undertaken to permit an exchange or redemption of Units by a Unitholder, all or a portion of the amount received by the Unitholder may be designated and treated for income tax purposes as a distribution to the Unitholder out of such capital gains rather than being treated as proceeds of disposition of the Units. Legislative proposals released by the Minister of Finance (Canada) on July 30, 2019 proposed amendments to the Tax Act that would, effective for taxation years of the Fund beginning on or after March 19, 2019, deny the Fund a deduction for the portion of a capital gain designated to a Unitholder on a redemption of Units that is greater than the Unitholder's accrued gain on those Units, where the Unitholders' proceeds of disposition are reduced by the designation. If such proposed amendments to the Tax Act are enacted in their current form, any taxable capital gains that would otherwise have been designated to redeeming unitholders may be made payable to the remaining, non-redeeming Unitholders to ensure the Fund will not be liable for non-refundable income tax thereon. Accordingly, the amounts of taxable distributions made to Unitholders of the Fund may be greater than they would have been in the absence of such amendments.

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

The Fund is subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of capital property is considered to be a suspended loss when the Fund acquires a property (a "substituted property") that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Fund owns the substituted property 30 days after the original disposition. If a loss is suspended, the Fund cannot deduct the loss until the substituted property is sold and is not reacquired within 30 days before and after the sale, which may increase the amount of net realized capital gains of the Fund to be made payable to its Unitholders.

### **Taxation of Unitholders**

A Unitholder will be required to include in the Unitholder's income for tax purposes for any year the amount of net income and net taxable capital gains of the Fund, if any, paid or payable to the Unitholder in the year and deducted by the Fund in computing its income, whether or not such amounts are reinvested in additional Units. The non-taxable

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

### **Composition of Distributions**

Unitholders will be informed each year of the composition of the amounts distributed to them, including amounts in respect of both cash and reinvested distributions. This information will indicate whether distributions are to be treated as ordinary income, taxable capital gains and returns of capital, as those items are applicable.

### **Tax Implications of the Fund's Distribution Policy**

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

### **Disposition of Units**

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

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

### **Taxation of Capital Gains and Capital Losses**

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

### **Taxation of Registered Plans**

In general, the amount of a distribution paid or payable to a Registered Plan from the Fund and gains realized by a

Registered Plan on a disposition of a Unit will not be taxable under the Tax Act. As is the case for all investments held in Registered Plans, amounts withdrawn from a Registered Plan (other than from a TFSA or a return of contributions from an RESP or certain withdrawals from an RDSP) will generally be subject to tax. To the extent Units are exchanged by the redeeming Unitholder for ETH, or liquidation of the ETH is not practicable upon termination of the Fund, any ETH received by a Unitholder would not be a qualified investment for Registered Plans.

### **EXCHANGE OF TAX INFORMATION**

The Fund is required to comply with due diligence and reporting obligations imposed under amendments to the Tax Act that implemented the Canada-United States Enhanced Tax Information Exchange Agreement. As long as Units of the Fund continue to be registered in the name of CDS, the Fund should not have any U.S. reportable accounts and, as a result, should not be required to provide information to the Canada Revenue Agency in respect of its Unitholders. However, dealers through which Unitholders hold their Units are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Unitholders (and, if applicable, the controlling person of a Unitholder) may be requested to provide information to their dealer to identify U.S. persons holding Units. If a Unitholder, or its controlling persons, is a “Specified U.S. Person” (including a U.S. citizen who is a resident of Canada) or if a Unitholder does not provide the requested information and indicia of U.S. or non-Canadian status is present, Part XVIII of the Tax Act will generally require information about the Unitholder’s investments held in the financial account maintained by the dealer to be reported to the Canada Revenue Agency, unless the investments are held within a Registered Plan. The Canada Revenue Agency will then provide that information to the U.S. Internal Revenue Service.

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

### **RISK FACTORS**

An investment in Units is subject to certain risk factors which prospective investors should consider before purchasing Units. Before deciding to invest in Units, prospective investors should consider carefully the risks set forth in the accompanying Prospectus under “Risk Factors” and in the other documents incorporated by reference in this Prospectus Supplement and the Prospectus, as updated by the Fund’s subsequent filings with securities regulatory authorities in Canada.

### **INTEREST OF EXPERTS**

Certain legal matters relating to the Offering will be passed upon by Osler, Hoskin & Harcourt LLP on behalf of the Fund and Blake, Cassels & Graydon LLP on behalf of the Agent. As of the date hereof, the partners and associates of Osler, Hoskin & Harcourt LLP as a group, and the partners and associates of Blake, Cassels & Graydon LLP as a group, each own less than one percent of the outstanding units of the Fund.

The auditor of the Fund is Raymond Chabot Grant Thornton LLP, who has prepared an independent auditor’s report dated January 22, 2021 in respect of the annual financial statements of the Fund as at and for the period ended December 31, 2020. Raymond Chabot Grant Thornton LLP has advised that they are independent with respect to the Fund within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

## **TRANSFER AGENT AND REGISTRAR, CUSTODIAN, SUB-CUSTODIAN, AUDITOR AND ADMINISTRATOR**

TSX Trust Company is the registrar and transfer agent for the Units.

Cidel Trust Company is the custodian of the assets of the Fund. The Custodian is a federally regulated trust company based in Calgary, Alberta and will provide services to the Fund from its office in Toronto, Ontario. The Custodian is a wholly-owned subsidiary of Cidel Bank Canada, a Schedule II Bank regulated by the Office of the Superintendent of Financial Institutions. The Custodian will be responsible for safekeeping of all the investments and other assets of the Fund delivered to it (but not those assets of the Fund not directly controlled or held by the Custodian, as the case may be).

Gemini Trust Company, LLC acts as sub-custodian of the Fund in respect of the Fund's holdings of ETH. The Sub-Custodian is a trust company licensed and regulated by the New York State Department of Financial Services and is qualified to act as a sub-custodian of the Fund for assets held outside of Canada in accordance with NI 81-102.

Raymond Chabot Grant Thornton LLP is the auditor of the Fund. The office of the auditor is located in Montreal, Quebec.

SGGG Fund Services Inc. provides certain administrative services to the Fund including calculation of Net Asset Value and Net Asset Value per Unit and related fund accounting services. The principal office of the Administrator is located in Toronto, Ontario.

### **PURCHASERS' STATUTORY RIGHTS**

The following is a description of a purchaser's statutory rights in connection with any purchase of Class A Units pursuant to the Offering, which supersedes and replaces the statement of purchasers' rights included in the Prospectus. A purchaser's rights and remedies under applicable securities legislation against the Agent will not be affected by the Agent's decision to effect the distribution directly or through a selling agent.

Securities legislation in some provinces and territories of Canada provides purchasers of securities with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser are not sent or delivered to the purchaser. However, purchasers of the Class A Units distributed under an at-the-market distribution by the Fund do not have the right to withdraw from an agreement to purchase the Class A Units and do not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of the prospectus, prospectus supplement, and any amendment relating to the Units purchased by such purchaser because the prospectus, prospectus supplement, and any amendment relating to the Class A Units purchased by such purchaser will not be sent or delivered, as permitted under Part 9 of National Instrument 44-102 - *Shelf Distributions*.

Securities legislation in some provinces and territories of Canada further provides purchasers with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contains a misrepresentation. Those remedies must be exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under securities legislation that a purchaser of the Class A Units distributed under an at-the-market distribution by the Fund may have against the Fund or the Agent for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contain a misrepresentation will remain unaffected by the non-delivery of the prospectus referred to above.

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

## CERTIFICATE OF THE AGENT

Dated: February 26, 2021

To the best of our knowledge, information and belief, the short form prospectus dated February 8, 2021, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, will, as of the date of a particular distribution of securities under the prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the short form prospectus and this prospectus supplement as required by the securities legislation of each of the provinces and territories of Canada.

CANACCORD GENUITY CORP.

By: "*Michael D. Shuh*"