



**BITCOIN INVESTMENT  
TRUST™**

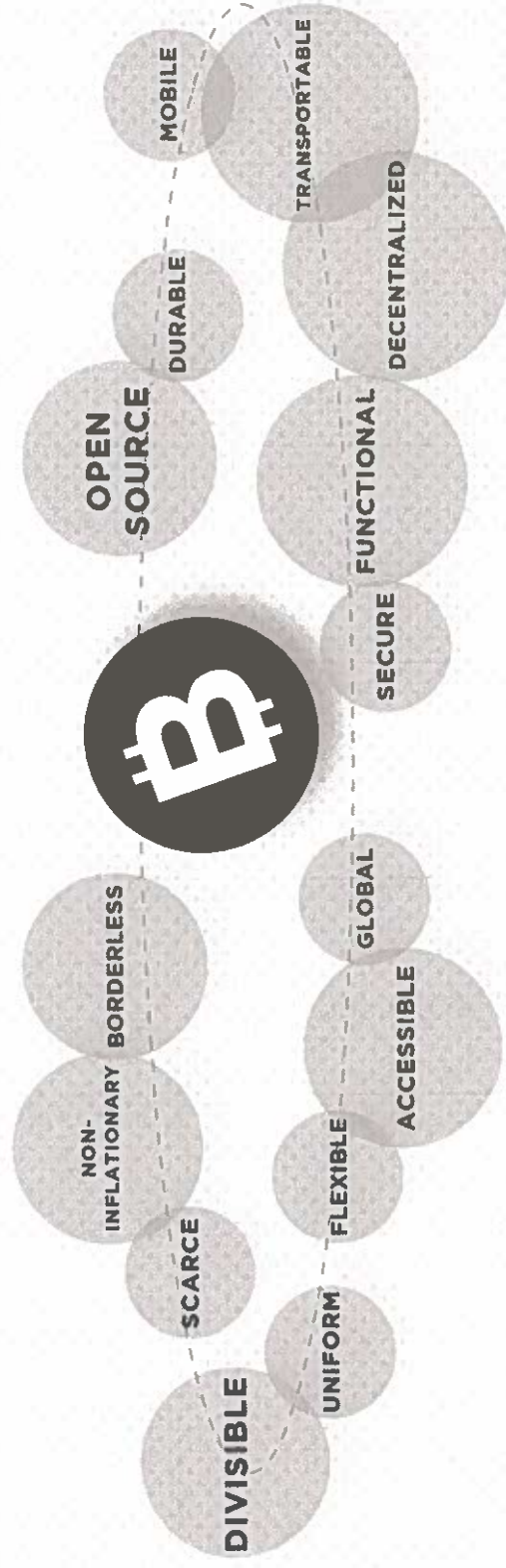
SEPTEMBER 2014

[bitcointrust.co](http://bitcointrust.co)

The **Bitcoin Investment Trust (BIT)** is a private, open-ended trust that is invested exclusively in bitcoin and derives its value solely from the price of bitcoin. It enables investors to gain exposure to the price movement of bitcoin without the challenges of buying, storing and safekeeping bitcoins.

# WHAT IS BITCOIN?

Bitcoin is a digital currency and transaction network that was designed to eliminate the challenges of using analog currency and payment mechanisms in a digital world. Approximately 12.7 million bitcoins have been created to date and the total supply will be limited to 21 million; accordingly, bitcoin may not suffer the impact of inflation associated with most fiat currencies.





# WHY IS BITCOIN TRANSFORMATIVE?

The price of bitcoin has increased significantly over the past year as early adopters and notable thought leaders have recognized the potential for bitcoin to innovate and disrupt as a: (1) store of value; (2) global currency; and/or (3) global transaction network.

**STORE OF VALUE**



**Gold \$7.2 Trillion<sup>1</sup>**

**GLOBAL CURRENCY**



**E-Commerce \$1.2 Trillion<sup>2</sup>**  
American Express,  
Visa, Mastercard  
PayPal, Square

**GLOBAL TRANSACTION NETWORK**



**Remittance \$550 Billion<sup>3</sup>**  
Western Union, Moneygram,  
SWIFT, ACH

<sup>1</sup> Estimate based on mining data from World Gold Council; as of May 1, 2014.

<sup>2</sup> eMarketer, February 3, 2014.

<sup>3</sup> World Bank; as of December 31, 2013.

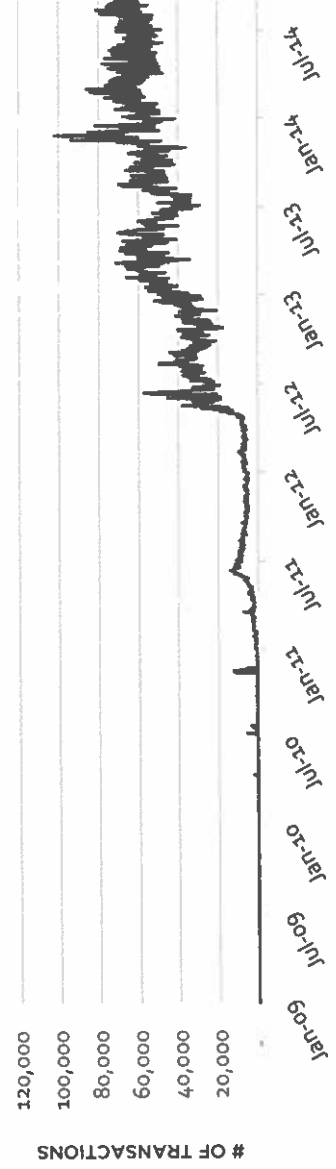
# BITCOIN ADOPTION

**\$6.3 BILLION<sup>1</sup>**  
 MARKET CAPITALIZATION

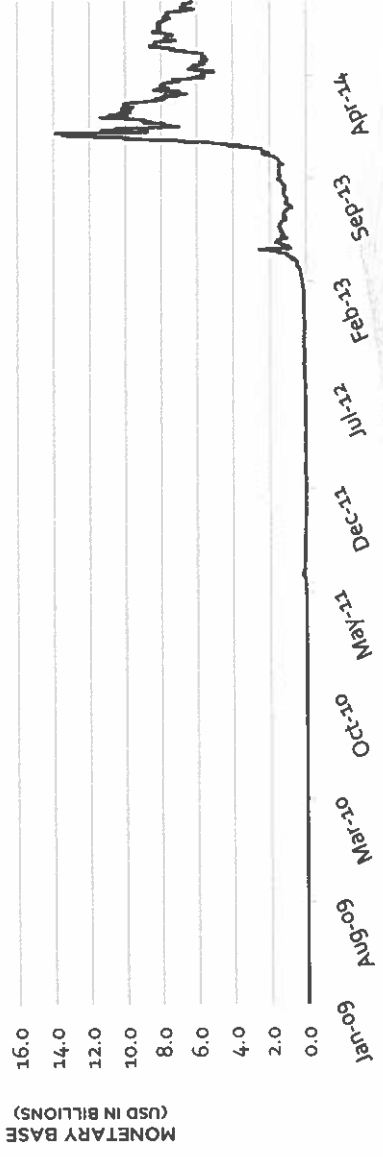
**45.7 MILLION<sup>+1</sup>**  
 BITCOIN TRANSACTIONS  
 SINCE 2009

**70,000<sup>+2</sup>**  
 VENDORS NOW  
 ACCEPT BITCOIN

NUMBER OF BITCOIN TRANSACTIONS PER DAY<sup>1</sup>



TOTAL VALUE OF BITCOINS IN CIRCULATION<sup>1</sup>



<sup>1</sup> Blockchain.info; as of Sep 2, 2014.  
<sup>2</sup> Coindesk.

# THOUGHT LEADERS WEIGH IN



"I think Bitcoin has the potential to be a very, very important development."<sup>1</sup>

**LAWRENCE SUMMERS**  
FORMER US SECRETARY OF THE  
TREASURY UNDER PRESIDENT BILL  
CLINTON



"Bitcoin is a remarkable cryptographic achievement and the ability to create something which is not duplicable in the digital world has enormous value."<sup>2</sup>

**ERIC SCHMIDT**  
EXECUTIVE CHAIRMAN OF GOOGLE



"We're bullish on Bitcoin and on crypto-currency in general, but bitcoin specifically."<sup>3</sup>

**BEN HOROWITZ**  
CO-FOUNDER AND GENERAL PARTNER,  
ANDREESSEN HOROWITZ  
Early backer of Facebook, Twitter, Skype and  
Pinterest



"Investing in Bitcoin is like making a venture bet in the sense of you don't know what's going to happen but the potential return is huge."<sup>4</sup>

**BILL MILLER**  
FORMER CHAIRMAN AND CIO,  
LEGG MASON CAPITAL MANAGEMENT  
& CURRENT PM, LEGG MASON  
OPPORTUNITY TRUST

1 Comments made at the National Association for Business Economics policy conference on February 24, 2014.

2 Comments made at Computer History Museum, March 2014.

3 Comments made at the Fortune BrainstormTech conference on July 24, 2013.

4 Comments made on Bloomberg TV on March 20, 2014.

\*Opinions regarding bitcoin may differ

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# RISK FACTORS

There are substantial risks in investing in the BIT. For a complete list of all risk factors, please refer to the BIT Private Placement Memorandum as well as the disclaimer at the end of this presentation.

## **Price Volatility:**

Bitcoin has historically experienced significant intraday and long-term price swings.

## **Market Adoption:**

It is possible that bitcoin will never be broadly adopted by either the retail or commercial marketplace, in which case, bitcoin may lose most, if not all, of its value.

## **Government Regulation:**

The regulatory framework of bitcoin remains unclear and application of existing regulations and/or future restrictions by federal and state authorities may have a significant impact on the value of bitcoin.

## **Security:**

While the BIT has implemented powerful security measures for the safe storage of bitcoins, there have been significant incidents of bitcoin theft over the past year and bitcoin remains a potential target for hackers. Bitcoins that are lost or stolen cannot be replaced, as transactions are irrevocable.

## **Tax Treatment:**

On March 25, 2014 the Internal Revenue Service (IRS) released tax guidance applicable to digital and virtual currency stating "Under currently applicable law, virtual currency is not treated as currency that could generate foreign currency gain or loss for U.S. federal tax purposes...For federal tax purposes, virtual currency is treated as property. General tax principles applicable to property transactions apply to transactions using virtual currency." However, this can potentially change in the future.

# WHAT IS THE BITCOIN INVESTMENT TRUST?

The BIT is a private, open-ended trust that is invested exclusively in bitcoin.

Modeled on the popular SPDR Gold ETF,<sup>1</sup> but functionally similar to a private fund, the BIT was created for sophisticated investors looking for exposure to bitcoin through an investment vehicle. The BIT is designed to alleviate the confusing and cumbersome experience of directly buying, storing and safekeeping large quantities of bitcoins.

Alternative Currency Asset Management, the BIT's sponsor, is a wholly-owned subsidiary of SecondMarket Holdings, Inc. (SecondMarket).

- Founded in 2004, SecondMarket has 60 employees in New York and San Francisco, and has raised more than \$33mm in funding from investors including FirstMark Capital, Social+Capital Partnership, Temasek, Li Ka Shing Foundation and Silicon Valley Bank.
- SecondMarket Inc., an affiliate of the BIT, is a broker-dealer is MSRB registered and is a member of FINRA and SIPC. Over \$20 billion in securities have transacted on SecondMarket Inc.

The BIT was capitalized by SecondMarket with an initial \$2.25 million investment.<sup>2</sup>

<sup>1</sup> The BIT is not registered with the U.S. Securities and Exchange Commission or traded on a public market so liquidity is extremely limited.

<sup>2</sup> Capitalized on September 24, 2013; calculated by the per share Net Asset Value of the trust as of September 24, 2013.



# WHY INVEST IN THE BIT INSTEAD OF BUYING BITCOIN?

## Direct Bitcoin Ownership Issues

### Unregulated Sources of Bitcoin

Buying bitcoin in volume involves dealing with potentially unregulated and newly established entities around the world.

### Fragmented, Illiquid Market

Achieving best pricing requires monitoring activity on multiple exchanges; purchasing large quantities may require using multiple exchanges that can impact pricing.

### Unclear Title and Auditing Limitations

Proof of ownership and transferring bitcoins to beneficiaries can be challenging as ownership of bitcoin wallets is not easily verifiable; accounting firms have not yet broadly adopted classification and auditing standards for bitcoin, thereby creating issues for certain investors and account types.

### Storage and Safekeeping

Storing large quantities of bitcoins safely can be technically challenging and may require the bitcoin holder to conduct due diligence to choose the right storage provider and/or procedures.

### Eligible for Tax-Advantaged/Self-Directed Accounts

Due to many of the constraints mentioned above, bitcoins cannot generally be held in traditional financial accounts such as IRAs, 401ks, brokerage accounts or other institutional accounts.

## BIT Solution

The BIT is marketed and distributed by SecondMarket Inc., a US-based, FINRA-registered broker-dealer.

The BIT has access to major exchanges and large private pools of bitcoins, offering a weighted price that may reflect a more accurate market view. Investors are able to invest in the BIT at a set price and only have to interface with one counterparty.

Shares in the BIT are securities; ownership is clear and shares can easily be retrieved, transferred or gifted to a beneficiary. The BIT, which will be audited by an independent public accounting firm, enables investors to invest in bitcoin via a security and, accordingly, makes the BIT eligible for certain investors and account types.

The BIT has implemented an institutional-grade security protocol to store bitcoins safely on behalf of the BIT shareholders.

Shares in the BIT are eligible to be held in certain IRAs, 401ks and other brokerage and investor accounts. BIT shares have been approved on a variety of self-directed account provider platforms and we can work with new providers to explore and finalize eligibility. (see list of current providers on the "Summary Information" slide)

# SERVICE PROVIDERS AND ADVISORY BOARD

**SERVICE PROVIDERS**

<p><b>Ernst &amp; Young</b> Auditor</p> <p><b>ACAM</b> ALTERNATIVE CURRENCY ASSET MANAGEMENT, LLC. Sponsor</p>	<p><b>secondmarket</b> Custodian, Administrator, Distributor, Marketplace and Authorized Participant</p> <p><b>SIDLEY AUSTIN LLP</b> <b>SIDLEY</b> Legal Counsel to Trust Sponsor</p> <p><b>CONTINENTAL</b> EQUITY TRADING &amp; TRUST Transfer Agent</p> <p><b>CSC</b> CORPORATION SERVICE COMPANY Trustee</p>
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## ACAM ADVISORY BOARD



**ARCHIBALD COX, JR.**

Former Chairman of Barclays Americas and Chief Executive Officer of Morgan Stanley International. Cox also served as President and Chief Executive Officer of CS First Boston Corporation.



**JON MATONIS**

Currently serves as the Executive Director for the Bitcoin Foundation. Previously, Matonis was the CEO of Hushmail, Chief Forex Trader at VISA and Managing Director of a digital payments consultancy.



**RICHARD Y. ROBERTS**

Former Commissioner of the Securities and Exchange Commission (SEC) and currently a Principal at Roberts Raheb & Gradler, LLC. Previously, Roberts was also a Partner at Thelen Reid & Priest LLP.

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# SUMMARY INFORMATION

<b>Inception</b>	September 2013	<b>Sponsor</b>	Alternative Currency Asset Management (ACAM)
<b>Ownership</b>	Each BIT share represented ownership of 0.1 bitcoins initially <sup>2</sup>	<b>Legal Counsel to Sponsor</b>	Sidley Austin LLP
<b>Investment Minimum</b>	\$25,000	<b>Auditor</b>	Ernst & Young
<b>Investor Qualification</b>	Accredited Investor	<b>Transfer Agent</b>	Continental Stock Transfer and Trust
<b>NAV</b>	Calculated Daily	<b>Trustee</b>	Corporation Service Company (CSC)
<b>Front End Fee</b>	0.5%	<b>Authorized Participant</b>	SecondMarket, Inc.
<b>Annual Administrative and Safekeeping Fee</b>	2.0%	<b>Distribution and Marketing Agent</b>	SecondMarket, Inc.
<b>Net Assets</b>	106,175 BTC (\$50.5 Million) <sup>2</sup>	<b>Custodian</b>	SecondMarket Holdings, Inc.
<b>Redemptions/Liquidity</b>	Redemption offered on a limited basis with plans for being publicly traded on OTCQX <sup>3</sup>	<b>Self-Directed Account Providers (IRAs, 401Ks, etc.)</b>	PENSCO Trust, Millennium Trust, The Entrust Group, among others.

<sup>1</sup> The trust will not generate any income and regularly sells/distributes bitcoins to pay for its ongoing expenses. Therefore, the amount of bitcoin represented by each share will gradually decline over time.

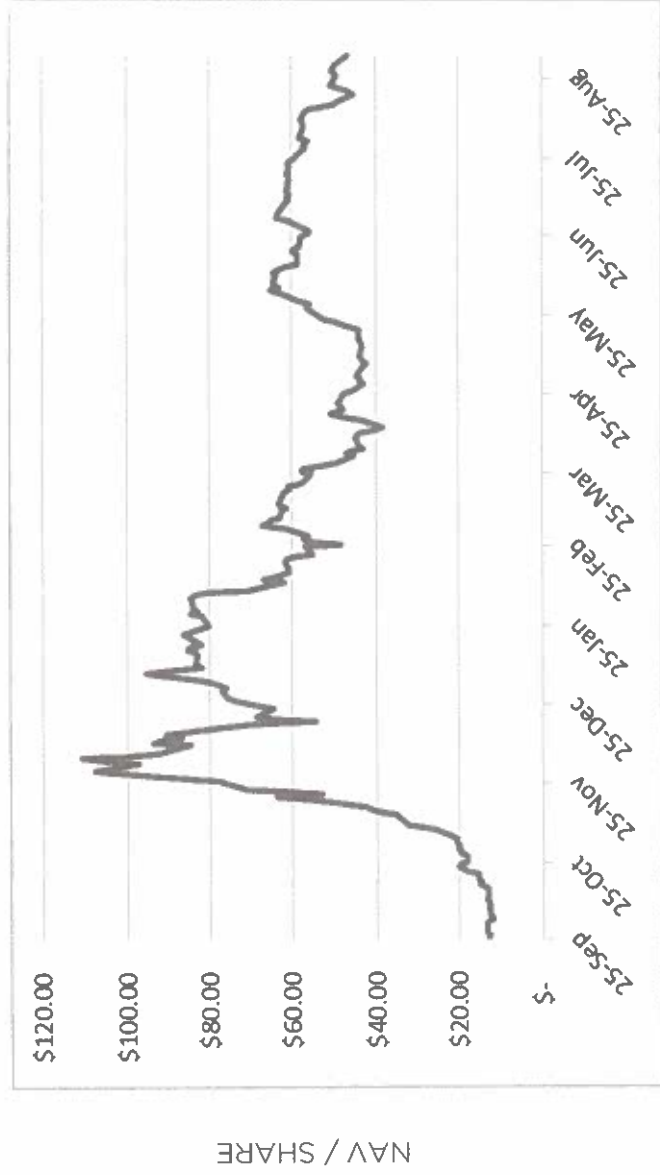
<sup>2</sup> Includes 17,800 BTC (\$2.25 million) seed investments by SecondMarket; calculated by the per share Net Asset Value of the trust as of April 30, 2014.

<sup>3</sup> Redemption of shares will be allowed on a limited basis as of April 2014, with expectation of qualifying for public trading of the shares via the OTCQX<sup>®</sup> under the Alternative Reporting Standards. Please note that an early redemption fee of 1.5% will apply if shares are redeemed within a year of purchase.

# BIT PERFORMANCE

## NAV PER SHARE

Past 30 days	Past 3 months	Since Inception
-19.7%	-25.6%	+262.5%



Data as of September 2, 2014.  
Past performance is not an indicator of future results.

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# INVESTING IN THE BITCOIN INVESTMENT TRUST

To invest in the BIT or for more information, visit:  
[www.bitcointrust.co](http://www.bitcointrust.co)

To speak to someone about the BIT, contact:  
[info@bitcointrust.co](mailto:info@bitcointrust.co)  
212.825.1768

For more information on bitcoin, visit the BIT's Bitcoin Education Center:  
[www.bitcointrust.co/about-bitcoin](http://www.bitcointrust.co/about-bitcoin)

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# DISCLAIMER

The Bitcoin Investment Trust ("BIT") is a private, unregistered investment vehicle and not subject to the same regulatory requirements as exchange traded funds or mutual funds, including the requirement to provide certain periodic and standardized pricing and valuation information to investors. There are substantial risks in investing in the BIT. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of an investment. Any offering or solicitation will be made only to qualified accredited investors pursuant to a formal offering with additional documentation, all of which should be read in their entirety. Any offer or solicitation of an investment in the BIT may be made only by delivery of the BIT's confidential offering documents to qualified accredited investors. You should rely solely on such offering documents in making any investment decision. An investment in the BIT is not suitable for all investors.

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