

Arca AI Bitcoin Trust Webinar

April 7, 2021





Arca Philosophy

OUR BELIEF

Arca was founded based on the belief that blockchain technology and a quickly maturing class of digital assets offer unique solutions to current macroeconomic conditions and social unrest.

OUR MISSION

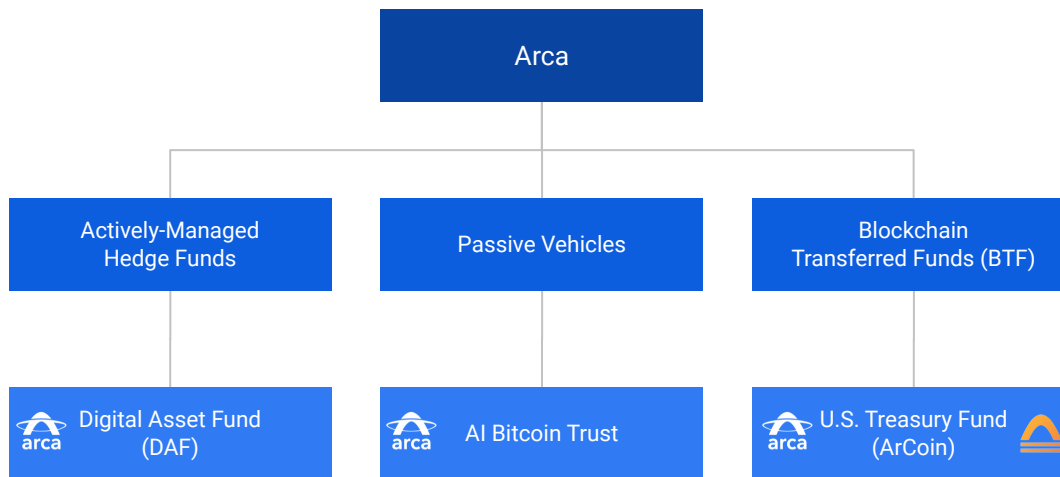
Our mission is to preserve and grow our limited partners' capital by appropriately managing risk while targeting esoteric digital assets investment opportunities offering both liquidity and a generational asymmetric return profile.



Arca Overview

Asset management firm investing and innovating in digital assets.

- Single destination for high quality asset management products for desired digital assets exposure
- Product development differentiation
- Team

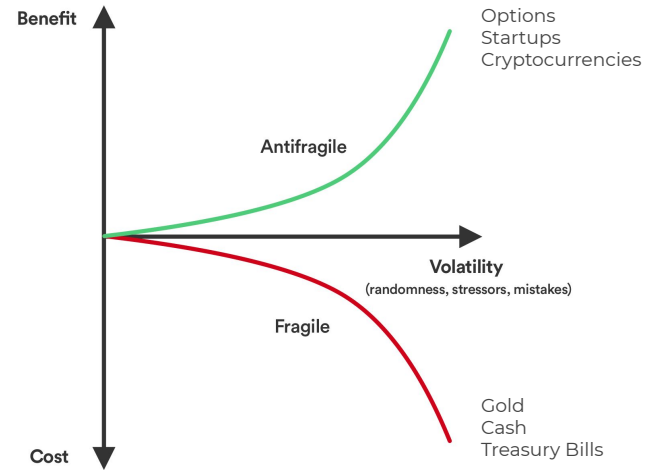
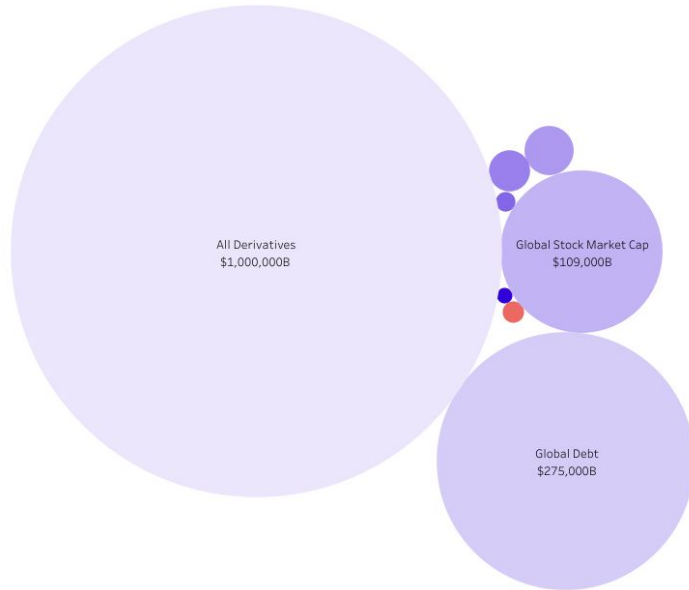


Bitcoin: Macro

- **Rayne Steinberg, CEO & Co-Founder**
 - Co-founded WisdomTree
 - Raised \$50 billion in ETF AUM
 - Wharton School of Business, BS in Economics
- Arca's view on Bitcoin
- Bitcoin's role in portfolio allocation

The State of the Crypto Market

Comparatively Small



Inflationary Environment

Source: Fidelity Digital Assets

Risk	Description	Bitcoin as a Potential Solution
Interest Rate Risk	-Cash becomes unproductive -Hedging methods less effective	-Non-yielding asset w/ asymmetric upside potential is an attractive alternative
Foreign Exchange Risk	-Negative impact on revenues and costs of multinational companies	-Leverage Bitcoin as bridge currency to move in and out of different currencies -Lower cost of transacting
Credit Risk	-Default risk of borrowers of fixed income securities issuers	-Reduce credit risk because it is a 24/7/365, global, non-sovereign digital bearer asset
Liquidity Risk	-Inability to meet debt service -Sale of less liquid assets at lower price	-Borrow cash against Bitcoin collateral -Helps liquidity / maintains investment upside
Inflation Risk	-Purchasing power declines	-Protected from effects of money supply growth -Preserve and grow capital

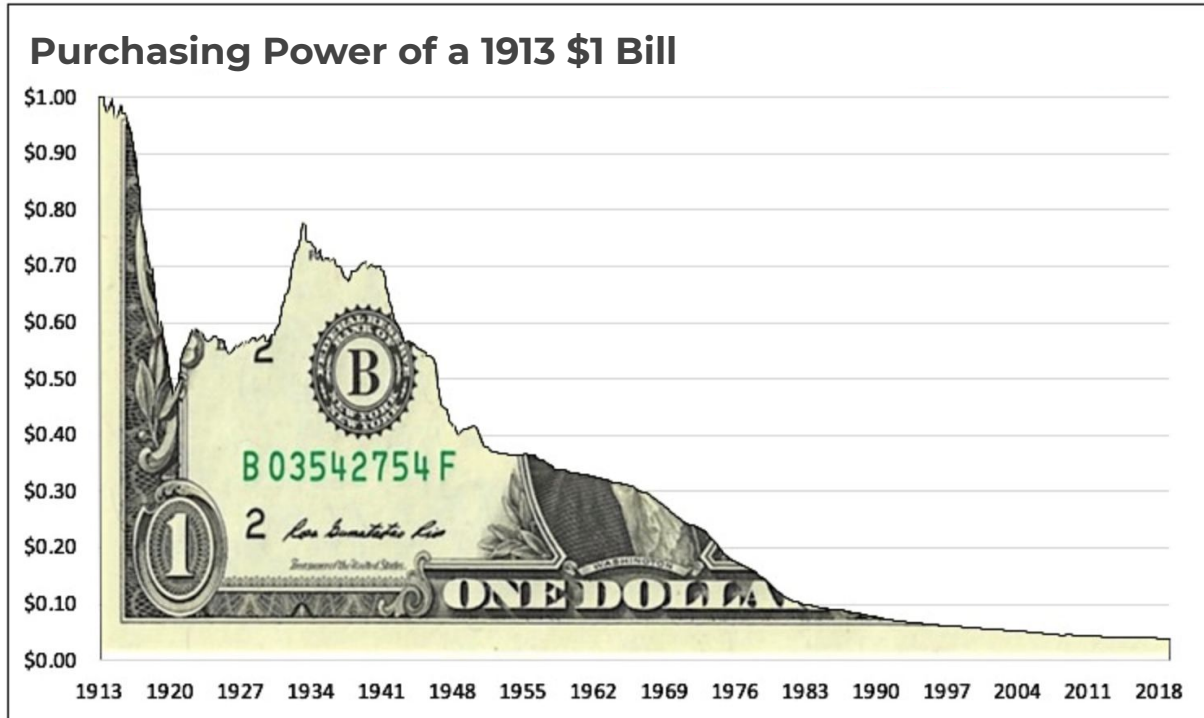
The Great Monetary Inflation by Paul Tudor Jones & Lorenzo Giorgianni

Table: Grading assets by their ability to store value



	Subjective score
1. Financial Assets	71
2. Fiat cash	54
3. Gold	62
4. Bitcoin	43

Intrinsic Value



Source: St. Louis Federal Reserve

Why Arca Accredited Investor (AI) Bitcoin Trust

Low Fees

We offer lower management fees for similar BTC products currently available on the market

Daily Liquidity

We offer daily liquidity at NAV with no lockups so never worry about paying a premium

Low Minimums

With our \$25,000 minimum, investors can slowly build up their Bitcoin holdings

Trusted Structure

Our Reg D Fund is a popular investment vehicle and is often used in traditional finance

Comprehensive Onboarding

Our team offers full service onboarding, including ongoing education around digital assets

Leading Service Providers







We partner with firms with decades of experience including Fidelity and UMB Bank

Arca Accredited Investor (AI) Bitcoin Trust Structure

TERMS & KEY FACTS

Investment Objective	Long-only investments in Bitcoin
Investment Strategy	We aim to offer efficient Bitcoin exposure at reasonable pricing with daily liquidity
Investor Qualifications	Accredited Investors only
Minimum Investment	\$25,000
Management Fee	0.45% per annum of NAV
Performance Fee	None
Redemption Schedule	Daily
Fund Registration	Exempt from registration; Rule 506(c) private placement
Pricing Agent	Lukka Prime

SERVICE PROVIDERS

Bitcoin Custodian	
Cash Custodian	
Transfer Agent	
Administrator	
Auditor	
Legal Counsel	

Bitcoin Passive Vehicle Comparison

BITCOIN TRUST COMPARISONS				
Product Name	Management Fee ¹	Minimum Investment	Redemptions	Custodian
Arca AI Bitcoin Trust	0.45%	\$25,000	Daily	Fidelity Digital Assets
Grayscale Bitcoin Trust	2.00%	\$50,000	Not Redeemable	Coinbase Custody
Bitwise Bitcoin Fund	1.50%	\$25,000	Weekly	Fidelity Digital Assets
Galaxy Bitcoin Fund	1.00- 1.25%	\$25,000	Quarterly	Fidelity Digital Assets & Bakkt

¹ The management fees for Grayscale Bitcoin Trust and the Bitwise Bitcoin Fund reflect the expense ratio and not only the management fee.

Self Purchase vs Passive Vehicle

Self Custody

vs

Institutional Custody

Pros

- Eliminates counterparty risk
- Speed of transferability & control

Cons

- You become counterparty with no potential for reversal
- Theft, security breach and password retrieval
- High transaction costs w/ different counterparties

Pros

- No maintenance of password or private keys
- Security risk is shifted to professional

Cons

- Counterparty risk

Liquidity - OTC vs Private

OTC

- NAV determined by market dynamics
- Backed by BTC but not in lock step to asset
- Trades based on market liquidity
- Subject to bid/ask spreads of counterparty
- Transaction costs

Arca AI Bitcoin Trust

- No secondary trading of NAV
- No premiums to NAV
- Never trades at a discount
- Daily liquidity at NAV, based on BTC price at 4PM EST every trading day



Q&A

1. How do I invest in the Arca AI Bitcoin Trust? What is the process?
2. How is NAV (Net Asset Value) priced and calculated?
3. What are the trust's security protocols?

Thank you!

To continue the conversation from today, or ask additional questions,
please email ir@ar.ca.

