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## FIDELITY ADVANTAGE BITCOIN ETF™ (FBTC/FBTC.U)

### PROSPECTUS

November 22, 2021

#### *Initial Public Offering and Continuous Offering*

This prospectus qualifies the distribution of series L units (the “Units”) of the Fidelity Advantage Bitcoin ETF™ (the “Fidelity ETF”).

**The Fidelity ETF is an exchange-traded fund that invests in bitcoin, which investment may be made directly or indirectly through derivative instruments. Given the speculative nature of bitcoin and the volatility of the bitcoin market, there is considerable risk that the Fidelity ETF will not be able to meet its investment objective. An investment in the Fidelity ETF 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 Fidelity ETF is considered high risk.**

The Fidelity ETF is an exchange-traded fund established as a unit trust under the laws of the Province of Ontario and is an alternative mutual fund within the meaning of National Instrument 81-102 *Investment Funds* (“NI 81-102”). The Fidelity ETF has the ability to invest in asset classes and use investment strategies that are not permitted for conventional mutual funds. While these strategies are used in accordance with the Fidelity ETF’s investment objective and strategies, during certain market conditions, they may accelerate the pace at which an investment in the Fidelity ETF decreases in value. The Fidelity ETF is subject to restrictions and practices contained in Canadian securities legislation applicable to alternative mutual funds, including NI 81-102, and is managed in accordance with these restrictions, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities.

Fidelity Investments Canada ULC (the “Manager”), a registered portfolio manager and investment fund manager, is the trustee, manager and portfolio manager of the Fidelity ETF and is responsible for the administration of the Fidelity ETF. See “**Organization and Management Details of the Fidelity ETF – Manager of the Fidelity ETF**” and “**Organization and Management Details of the Fidelity ETF – Portfolio Manager**”.

#### **Investment Objective**

The Fidelity ETF aims to invest in bitcoin. See “**Investment Objective**”.

#### **Listing of Units**

The Fidelity ETF issues Units on a continuous basis and there is no maximum number of Units that may be issued.

The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Units of the Fidelity ETF. Listing is subject to fulfilling all of the requirements of the TSX on or before November 19, 2022, including distribution of the Units of the Fidelity ETF to a minimum number of public Unitholders.

A holder of Units (“**Unitholder**”) may incur customary brokerage commissions in buying or selling Units. No fees are paid by a Unitholder to the Manager or the Fidelity ETF in connection with the buying or selling of Units on the TSX or another exchange or marketplace. Unitholders may redeem Units in any whole number for cash for a redemption price per Unit of 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the applicable NAV per Unit (defined below), or may exchange a minimum of a Prescribed Number of Units (defined below) (and any additional multiple thereof) for bitcoin and/or cash. Unitholders that hold USD Units (defined below) will be paid any cash redemption proceeds in Canadian dollars. Unitholders are advised to consult their brokers or investment advisers, and their tax advisers, before redeeming Units. See “**Redemption of Units**”.

The Fidelity ETF issues Units directly to the Designated Broker and Dealers (each defined below).

The base currency of the Fidelity ETF is Canadian dollars. However, the Fidelity ETF offers a U.S. dollar purchase option, which means that it makes its Units available for purchase and sale on the TSX in both Canadian dollars (“**CAD Units**”) and U.S. dollars (“**USD Units**”). The CAD Units trade in Canadian dollars and the USD Units trade in U.S. dollars. The Designated Broker and Dealers that purchase or redeem Units for cash can purchase and redeem both the CAD Units and the USD Units only in Canadian dollars. No currency hedging is entered into by the Fidelity ETF in respect of the USD Units. Purchasing USD Units does not hedge – or protect – against losses caused by changes in the exchange rate between the Canadian and U.S. dollar.

### **Additional Considerations**

**No Dealer or Designated Broker has been involved in the preparation of the prospectus or has performed any review of the contents of the prospectus and, as such, the Dealers and the Designated Broker do not perform many of the usual underwriting activities in connection with the distribution by the Fidelity ETF of its Units under this prospectus.**

For a discussion of the risks associated with an investment in Units of the Fidelity ETF, see “**Risk Factors**”.

Registration of interests in, and transfer of, the Units are made only through CDS Clearing and Depository Services Inc. Beneficial owners do not have the right to receive physical certificates evidencing their ownership.

The Fidelity ETF is a mutual fund under the securities legislation of certain provinces and territories of Canada.

The Units are not and will not be registered under the U.S. *Securities Act of 1933*, as amended. Subject to certain exceptions, the Units may not be offered or sold in the U.S. or offered or sold to U.S. persons. The Fidelity ETF is not and will not be registered under, and the Manager is not registered under, the U.S. *Investment Company Act of 1940*, as amended.

### **Documents Incorporated by Reference**

Additional information about the Fidelity ETF is available in the most recently filed ETF Facts, the most recently filed annual financial statements, if any, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“**MRFP**”), if any, and any interim MRFP filed after that annual MRFP. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. These documents are publicly available on the Manager’s website at [www.fidelity.ca](http://www.fidelity.ca) and may be obtained upon request, at no cost, by calling 1-800-263-4077 or by contacting a registered dealer. These documents and other information about the Fidelity ETF are also publicly available at [www.sedar.com](http://www.sedar.com). See “**Documents Incorporated by Reference**” for further details.

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## IMPORTANT TERMS

Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.

**Acceptable Bitcoin Source** – means a trading platform or venue or over-the-counter counterparty that (i) is registered or exempt from registration as a dealer or a marketplace in Canada or (ii) is regulated as a trust company or a broker-dealer under the laws of a state of the United States and, in each case, is required under such registration or by its regulator, as the case may be, to comply with applicable know-your-client requirements and AML Regulation.

**Accounting and Administrative Services Agreement** – the accounting and administrative services agreement dated August 31, 2018, between the Manager and the Fund Administrator, as the same may be amended or restated from time to time.

**AML Regulation** – the 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.

**bitcoin** – the digital currency known as “bitcoin”, which is based on an open source protocol.

**Bitcoin Sub-Custodian** – Fidelity Digital Asset Services, LLC or its successor.

**Bitcoin Sub-Custodian Agreement** – the custodial services agreement dated November 22, 2021 between the Custodian and the Bitcoin Sub-Custodian, as the same may be amended or restated from time to time.

**business day** – any day other than a Saturday, Sunday or a statutory holiday in Ontario, Canada.

**CAD Units** – the Units of the Fidelity ETF that trade in Canadian dollars.

**Canadian securities legislation** – the securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the securities regulatory authorities, as the same may be amended, restated or replaced from time to time.

**Capital Gains Refund** – has the meaning ascribed thereto under “**Income Tax Considerations – Taxation of the Fidelity ETF**”.

**CDS** – CDS Clearing and Depository Services Inc.

**CDS Participant** – a registered dealer or other financial institution that is a participant in CDS and that holds Units on behalf of beneficial owners of Units.

**CRA** – the Canada Revenue Agency.

**Custodian** – Fidelity Clearing Canada ULC or its successor.

**Custodian Agreement** – the digital asset services custody agreement dated November 22, 2021 between the Manager, on behalf of the Fidelity ETF, and the Custodian, as the same may be amended or restated from time to time.

**Dealer** – a registered dealer (that may or may not be the Designated Broker) that has entered into a continuous distribution dealer agreement with the Manager, on behalf of the Fidelity ETF, and that subscribes for and purchases Units from the Fidelity ETF as described under “**Purchases of Units – Issuance of Units**”.

**Declaration of Trust** – the master declaration of trust establishing, among others, the Fidelity ETF dated August 29, 2018, as the same may be amended or restated from time to time.

**Designated Broker** – a registered dealer that has entered into the designated broker agreement with the Manager, on behalf of the Fidelity ETF, pursuant to which the Designated Broker agrees to perform certain duties in relation to the Fidelity ETF.

**distribution payment date** – a date, which is no later than the tenth business day following the applicable distribution record date, on which the Fidelity ETF pays a distribution to its Unitholders.

**distribution record date** – a date designated by the Manager as a record date for the determination of Unitholders entitled to receive a distribution from the Fidelity ETF.

**ETF Facts** – a document that summarizes certain features of Units of the Fidelity ETF.

**Fidelity ETF** – Fidelity Advantage Bitcoin ETF™, established as a trust under the laws of Ontario pursuant to the Declaration of Trust.

**Fund Administrator** – State Street Trust Company Canada or its successor.

**GST/HST** – the taxes exigible under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder.

**IFRS** – International Financial Reporting Standards.

**Index** – the Fidelity Bitcoin Index.

**IRC** – the Independent Review Committee of, among others, the Fidelity ETF.

**Management Agreement** – the master management and distribution agreement dated August 29, 2018 between Fidelity Investments Canada ULC, as trustee of, among others, the Fidelity ETF, and the Manager, as the same may be amended or restated from time to time.

**Management Fee Distributions** – has the meaning ascribed thereto under “**Fees and Expenses Payable by the Fidelity ETF – Management Fee Distributions**”.

**Manager** – Fidelity Investments Canada ULC, a corporation continued under the laws of Alberta, or its successor.

**MRFP** – management report of fund performance, as defined in NI 81-106.

**NAV** and **NAV per Unit** – the aggregate net asset value of the units of the Fidelity ETF and the net asset value per unit, respectively, calculated by the Fund Administrator as described in “**Calculation of Net Asset Value**”.

**Network** – the peer-to-peer computer network that creates the decentralized public transaction ledger, known as the “blockchain”, where bitcoin transactions are recorded.

**NI 81-102** – National Instrument 81-102 – *Investment Funds*, as the same may be amended, restated or replaced from time to time.

**NI 81-106** – National Instrument 81-106 – *Investment Fund Continuous Disclosure*, as the same may be amended, restated or replaced from time to time.

**NI 81-107** – National Instrument 81-107 – *Independent Review Committee for Investment Funds*, as the same may be amended, restated or replaced from time to time.

**Portfolio Manager** – Fidelity Investments Canada ULC, a corporation continued under the laws of Alberta, or its successor.

**Prescribed Number of Units** – the number of Units determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

**Registered Plans** – registered retirement savings plans, registered retirement income funds, registered education savings plans, tax-free savings accounts, deferred profit sharing plans and registered disability savings plans.

**Registrar and Transfer Agent** – State Street Trust Company Canada or its successor.

**Securities regulatory authorities** – the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian securities legislation in force in such province or territory.

**SIFT trust** – a specified investment flow-through trust within the meaning of the Tax Act.

**Tax Act** – the *Income Tax Act* (Canada) and the regulations issued thereunder, as amended from time to time.

**Trading Day** – means any day that the TSX is open for business.

**TSX** – the Toronto Stock Exchange.

**Unit** – a redeemable, transferable series L unit of the Fidelity ETF, which represents an equal, undivided interest in that series' proportionate share of the assets of the Fidelity ETF, and includes the CAD Units and the USD Units.

**Unitholder** – a holder of one or more Units of the Fidelity ETF.

**USD Units** – the Units of the Fidelity ETF that trade in U.S. dollars.

**Valuation Date** – each business day and any other day designated by the Manager on which the NAV and NAV per Unit are calculated.

**Valuation Time** – 4:00 p.m. (Toronto time) or such other time that the Manager deems appropriate on each Valuation Date.

## PROSPECTUS SUMMARY

The following is a summary of the principal features of the Units of the Fidelity ETF and should be read together with the more detailed information and statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.

**Issuer:** Fidelity Advantage Bitcoin ETF™ (FBTC).

The Fidelity ETF is an exchange-traded fund established as a trust under the laws of Ontario and is an alternative mutual fund within the meaning of NI 81-102. Fidelity Investments Canada ULC is the trustee, manager and portfolio manager of the Fidelity ETF.

The Fidelity ETF has the ability to invest in asset classes and use investment strategies that are not permitted for conventional mutual funds. While these strategies are used in accordance with the Fidelity ETF's investment objective and strategies, during certain market conditions, they may accelerate the pace at which an investment in the Fidelity ETF decreases in value. The Fidelity ETF is subject to restrictions and practices contained in Canadian securities legislation applicable to alternative mutual funds, including NI 81-102, and is managed in accordance with these restrictions, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities.

**Units:** The Fidelity ETF offers series L Units under this prospectus (the “Units”). The base currency of the Fidelity ETF is Canadian dollars. However, the Fidelity ETF offers a U.S. dollar purchase option, which means that it makes its Units available for purchase and sale on the TSX in both Canadian dollars (“CAD Units”) and U.S. dollars (“USD Units”). The CAD Units trade in Canadian dollars and the USD Units trade in U.S. dollars. No currency hedging is entered into by the Fidelity ETF in respect of the USD Units. Purchasing USD Units does not hedge – or protect – against losses caused by changes in the exchange rate between the Canadian and U.S. dollar.

**Continuous Distribution:** Units of the Fidelity ETF are being offered on a continuous basis and there is no maximum number of Units that may be issued.

The TSX has conditionally approved the listing of the Units of the Fidelity ETF. Listing is subject to fulfilling all of the requirements of the TSX on or before November 19, 2022, including distribution of the Units of the Fidelity ETF to a minimum number of public Unitholders.

A Unitholder may incur customary brokerage commissions in buying or selling Units. No fees are paid by a Unitholder to the Manager or the Fidelity ETF in connection with the buying or selling of Units on the TSX or another exchange or marketplace, as applicable. Unitholders may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders.

The Fidelity ETF issues Units directly to the Designated Broker and Dealers for bitcoin and/or cash. The Designated Broker and Dealers that purchase or redeem Units for cash can purchase and redeem both the CAD Units and the USD Units only in Canadian dollars. The initial issuance of Units of the Fidelity ETF to the Designated Broker will not occur until the Fidelity ETF has received, in aggregate, subscriptions sufficient to satisfy the original listing requirements of the TSX.

See “Purchases of Units – Issuance of Units” and “Purchases of Units – Buying and Selling Units”.

**Investment Objective**

Fidelity ETF	Investment Objective
Fidelity Advantage Bitcoin ETF™	Fidelity Advantage Bitcoin ETF™ aims to invest in bitcoin.

**Investment Strategies:**

See “**Investment Objective**”.

In order to achieve its investment objective, the Fidelity ETF invests primarily in bitcoin. It may, from time to time, also purchase or enter into derivatives that provide economic exposure to bitcoin, but any use of derivatives will be incidental to the Fidelity ETF’s primary investment strategy of investing directly in bitcoin.

See “**Investment Strategies**”.

**Special Considerations for Purchasers:**

The provisions of the so-called “early warning” reporting requirements in Canadian securities legislation do not apply if a person or company acquires 10% or more of the Units of the Fidelity ETF. The Fidelity ETF has obtained exemptive relief to permit Unitholders to acquire more than 20% of the Units of the Fidelity ETF without regard to the takeover bid requirements of applicable Canadian securities legislation.

See “**Purchases of Units – Special Considerations for Unitholders**”.

**Risk Factors:**

There are certain general risk factors inherent in an investment in the Fidelity ETF, including:

**Risk of Investing in Bitcoin**

- (i) cryptocurrency risk;
- (ii) short history risk;
- (iii) volatility in the price of bitcoin;
- (iv) potential decrease in global demand for bitcoin;
- (v) financial institutions may refuse to support transactions involving bitcoin;
- (vi) lack of insurance;
- (vii) residency of the Bitcoin Sub-Custodian;
- (viii) top bitcoin holders control a significant percentage of the outstanding bitcoin;
- (ix) regulation of bitcoin;
- (x) loss of “private keys”;
- (xi) the Fidelity ETF’s holdings may become illiquid;
- (xii) improper transfers; and
- (xiii) uncertain regulatory framework.

**Risks Associated with the Network**

- (xiv) dependence of bitcoin developers;
- (xv) issues with the cryptography underlying the Network;
- (xvi) disputes on the development of the Network may lead to delays;
- (xvii) increase in bitcoin interest may affect the ability of the Network to accommodate demand;
- (xviii) the blockchain may fork and/or split;
- (xix) air drops;
- (xx) dependence on the internet;
- (xxi) risk if entity gains 51% share of the Network;
- (xxii) possible changes in transaction fees;
- (xxiii) attacks on the Network;
- (xxiv) decrease in block reward;
- (xxv) competitors to bitcoin;
- (xxvi) concentration of transaction confirmation processing power in China; and
- (xxvii) significant energy consumption to run the Network.

**Risks Associated with Trading Platforms**

- (xxviii) regulation act of trading platforms;
- (xxix) limited operating history of trading platforms;

- (xxx) hacking of trading platforms may have a negative impact on perception of the security of the Network;
- (xxxi) different prices of bitcoin on the trading platforms;
- (xxxii) closure of trading platforms;
- (xxxiii) liquidity constraints on bitcoin markets may impact the Fidelity ETF's holdings;
- (xxxiv) risk of manipulation on trading platforms; and
- (xxxv) settlement of transactions on the Network.

**Other Risks of Investment in the Fidelity ETF**

- (xxxvi) absence of active market risk;
- (xxxvii) concentration risk;
- (xxxviii) currency risk;
- (xxxix) cyber security risk;
- (xl) derivatives risk;
- (xli) foreign investment risk;
- (xlii) halted trading of Units risk;
- (xlili) income tax risk;
- (xliv) large transaction risk;
- (xlv) liquidity risk;
- (xlvi) series risk;
- (xlvii) SOC 1 Type 2 report of the Bitcoin Sub-Custodian risk; and
- (xlviii) trading price of Units risk.

See “**Risk Factors**”.

**Income Tax Considerations:**

Each year a Unitholder who is an individual (other than a trust) resident in Canada will generally be required to include in computing income for tax purposes the amount of any income and the taxable portion of any capital gains of the Fidelity ETF distributed to the Unitholder in the year (including any Management Fee Distributions), whether such amounts are paid in cash or reinvested in additional Units. A Unitholder will generally realize a capital gain (or loss) on the sale, redemption, exchange or other disposition of a Unit to the extent that the proceeds of disposition for the Unit exceed (or are less than) the total of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition.

Each investor should satisfy himself, herself, or itself as to the tax consequences of an investment in Units of the Fidelity ETF by obtaining advice from their tax advisor.

See “**Income Tax Considerations**”.

**Exchanges and Redemptions:**

In addition to the ability to sell Units on the TSX or another exchange or marketplace, as applicable, Unitholders may (i) redeem Units in any whole number for cash for a redemption price per Unit of 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the NAV per Unit, or (ii) exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) for bitcoin and/or cash.

See “**Redemption of Units**”.

**Distributions:**

The Fidelity ETF distributes a sufficient amount of its net income and net realized capital gains to Unitholders for each taxation year so that the Fidelity ETF will not be liable for ordinary income tax. To the extent that the Fidelity ETF has not otherwise distributed a sufficient amount of its net income or net realized capital gains, it will pay a distribution to Unitholders at the end of the year and that distribution will be automatically reinvested in additional Units. Immediately following such reinvestment, the number of Units outstanding will be consolidated so that the NAV per Unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid. The tax treatment to Unitholders of distributions is discussed under the heading “**Income Tax Considerations**”.

See “**Distribution Policy**”.

**Termination:** The Fidelity ETF does not have a fixed termination date but may be terminated by the Manager upon not less than 60 days’ written notice to Unitholders.

See “**Termination of the Fidelity ETF**”.

**Documents Incorporated by Reference:** Additional information about the Fidelity ETF is available in the most recently filed ETF Facts, the most recently filed annual financial statements, if any, any interim financial statements filed after those annual financial statements, the most recently filed annual MRFP, if any, and any interim MRFP filed after that annual MRFP. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. These documents are publicly available on the Manager’s website at [www.fidelity.ca](http://www.fidelity.ca) and may be obtained upon request, at no cost, by calling 1-800-263-4077 or by contacting a registered dealer. These documents and other information about the Fidelity ETF are also publicly available at [www.sedar.com](http://www.sedar.com).

See “**Documents Incorporated by Reference**”.

**Eligibility for Investment:** The Units of the Fidelity ETF will be a “qualified investment” under the Tax Act for a Registered Plan at any time that the Fidelity ETF qualifies or is deemed to qualify as a “mutual fund trust” under the Tax Act or that the Units are listed on a “designated stock exchange” within the meaning of the Tax Act, which includes the TSX.

Investors should consult their own tax advisers for advice on whether Units of the Fidelity ETF would be a “prohibited investment” under the Tax Act for their Registered Plan.

See “**Eligibility for Investment**”.

#### **ORGANIZATION AND MANAGEMENT OF THE FIDELITY ETF**

**Manager:** Fidelity Investments Canada ULC is the manager of the Fidelity ETF and is responsible for managing the overall business of the Fidelity ETF, including selecting the portfolio management team for the Fidelity ETF’s portfolio, providing the Fidelity ETF with accounting and administration services and promoting sales of the Fidelity ETF’s securities through financial advisers in each province and territory of Canada. The head office of the Fidelity ETF and the Manager is located at 483 Bay Street, Suite 300, Toronto, Ontario M5G 2N7.

See “**Organization and Management Details of the Fidelity ETF – Manager of the Fidelity ETF**”.

**Trustee:** Fidelity Investments Canada ULC is the trustee of the Fidelity ETF pursuant to the Declaration of Trust and holds title to the assets of the Fidelity ETF in trust for the Unitholders.

See “**Organization and Management Details of the Fidelity ETF – Trustee**”.

**Portfolio Manager:** Fidelity Investments Canada ULC has been appointed portfolio manager to the Fidelity ETF. The Portfolio Manager provides investment management services with respect to the Fidelity ETF.

See “**Organization and Management Details of the Fidelity ETF – Portfolio Manager**”.

**Promoter:** Fidelity Investments Canada ULC has taken the initiative in founding and organizing the Fidelity ETF and is, accordingly, the promoter of the Fidelity ETF within the meaning of securities legislation of certain provinces and territories of Canada.

See “**Organization and Management Details of the Fidelity ETF – Promoter**”.

**Custodian:** The Manager has retained the services of Fidelity Clearing Canada ULC to act as the custodian of the Fidelity ETF and to hold the assets of the Fidelity ETF in safekeeping. The Custodian is an investment dealer and is qualified to act as the custodian of the Fidelity ETF in accordance with exemptive relief issued under NI 81-102.

See “**Organization and Management Details of the Fidelity ETF – Error! Reference source not found.**”.

**Bitcoin Sub-Custodian:** The Custodian has retained the services of Fidelity Digital Asset Services, LLC to act as the bitcoin sub-custodian of the Fidelity ETF and to subcustody the bitcoin held by the Fidelity ETF from time to time. The Bitcoin Sub-Custodian is a trust company licensed by the New York State Department of Financial Services and is qualified to act as a sub-custodian of the Fidelity ETF for assets held outside of Canada in accordance with exemptive relief issued under NI 81-102.

See “**Organization and Management Details of the Fidelity ETF – Bitcoin Sub-Custodian**”.

**Registrar and Transfer Agent:** The Manager has retained the services of State Street Trust Company Canada to act as the registrar and transfer agent for the Units of the Fidelity ETF and to maintain the register of registered Unitholders. The register of the Fidelity ETF is kept in Toronto, Ontario.

See “**Organization and Management Details of the Fidelity ETF – Registrar and Transfer Agent**”.

**Auditor:** PricewaterhouseCoopers LLP, at its principal offices in Toronto, Ontario, is the auditor of the Fidelity ETF. The auditor audits the Fidelity ETF’s annual financial statements and provides an opinion as to whether they present fairly the Fidelity ETF’s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards. The auditor is independent of the Manager.

See “**Organization and Management Details of the Fidelity ETF – Auditor**”.

**Fund Administrator:** The Manager has retained the services of State Street Trust Company Canada, at its principal offices in Toronto, Ontario, to act as the fund administrator. The Fund Administrator is responsible for certain aspects of the day-to-day administration of the Fidelity ETF, including NAV calculations, accounting for net income and net realized capital gains of the Fidelity ETF and maintaining books and records with respect to the Fidelity ETF.

See “**Organization and Management Details of the Fidelity ETF – Fund Administrator**”.

## SUMMARY OF FEES AND EXPENSES

The following sets out the fees and expenses that a Unitholder may have to pay if the Unitholder invests in the Fidelity ETF. A Unitholder may have to pay some of these fees and expenses directly. The Fidelity ETF may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Fidelity ETF.

See “Fees and Expenses”.

### Fees and Expenses Payable by the Fidelity ETF

#### Type of Fee

#### Amount and Description

#### **Management Fee:**

The Fidelity ETF pays a management fee to the Manager equal to an annual rate of 0.40% of the NAV of the Units of the Fidelity ETF. This management fee, plus applicable GST/HST, is calculated and accrued daily and paid monthly.

This management fee covers certain of the Manager’s fees and costs associated with acting as the manager and the portfolio manager of the Fidelity ETF and the other expenses described below that are payable by the Manager in connection with the Fidelity ETF.

#### **Operating Expenses:**

In addition to the management fee, the Fidelity ETF pays all of its operating expenses, including: (i) custodian, sub-custodian, transfer agency, legal and audit fees; (ii) administrative costs and trustee services relating to registered tax plans; (iii) filing, listing and other regulatory fees; (iv) the costs of preparing and distributing the Fidelity ETF’s financial reports, prospectus, ETF Facts and the other investor communications that the Manager is required to prepare to comply with applicable laws; (v) the fees and expenses relating to the operation of the IRC; (vi) portfolio transaction costs, including the costs of trading bitcoin, brokerage commissions and other securities transaction related expenses, including the costs of derivatives; (vii) interest and borrowing costs; (viii) any new fee related to external services that is not commonly charged in the Canadian exchange-traded fund industry as of the date of creation of the Fidelity ETF; (ix) all fees and expenses of valuation service providers retained in connection with the valuation of assets of the Fidelity ETF for purposes of NAV calculations; (x) the costs of complying with any new regulatory requirement, including any new fee introduced after the date of creation of the Fidelity ETF; and (xi) any applicable taxes, including income, withholding or other taxes, and also including applicable GST/HST on expenses.

The Manager may decide, in its discretion, to pay some of these expenses, rather than having the Fidelity ETF incur such expenses. The Manager is under no obligation to do so and, if any expense is reimbursed by the Manager, it may discontinue this practice at any time.

### Fees and Expenses Payable Directly by Unitholders

#### Type of Fee

#### Amount and Description

#### **Other Charges:**

An amount may be charged to the Designated Broker or Dealers to offset certain transaction and other costs associated with the listing, issue, exchange and/or redemption of Units of the Fidelity ETF. This charge, which is payable to the Fidelity ETF, does not apply to Unitholders who buy and sell their Units through the facilities of the TSX or another exchange or marketplace. See “Purchases of Units” and “Redemption of Units”.

See “Fees and Expenses”.

## **OVERVIEW OF THE LEGAL STRUCTURE OF THE FIDELITY ETF**

The Fidelity ETF is an exchange-traded fund established as a unit trust under the laws of the Province of Ontario. The Fidelity ETF has been established pursuant to the Declaration of Trust.

The Fidelity ETF is an alternative mutual fund, which means that it has the ability to invest in asset classes and use investment strategies that are not permitted for conventional mutual funds. While these strategies are used in accordance with the Fidelity ETF's investment objective and strategies, during certain market conditions, they may accelerate the pace at which an investment in the Fidelity ETF decreases in value. The Fidelity ETF is subject to restrictions and practices contained in Canadian securities legislation applicable to alternative mutual funds, including NI 81-102, and is managed in accordance with these restrictions, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities.

The head office of the Fidelity ETF and the Manager is located at 483 Bay Street, Suite 300, Toronto, Ontario M5G 2N7.

### **INVESTMENT OBJECTIVE**

Fidelity Advantage Bitcoin ETF™ aims to invest in bitcoin.

### **INVESTMENT STRATEGIES**

#### **Principal Investment Strategies**

In order to achieve its investment objective, the Fidelity ETF invests primarily in bitcoin. The direct long-term holdings of bitcoin are purchased or received by the Fidelity ETF only from Acceptable Bitcoin Sources.

Each Acceptable Bitcoin Source is a spot market where bitcoin can be exchanged for U.S. or, in some cases, Canadian dollars. The Portfolio Manager conducts due diligence on each proposed Acceptable Bitcoin Source in order to confirm its reputation and stability. This due diligence includes conducting research on the executive officers and significant shareholders and confirming that each Acceptable Bitcoin Source maintains appropriate know-your-client policies and procedures and complies with AML Regulation.

In addition to receiving or purchasing bitcoin directly, the Fidelity ETF may, from time to time, purchase or enter into derivatives that provide economic exposure to bitcoin, but any use of derivatives will be incidental to the Fidelity ETF's primary investment strategy of investing directly in bitcoin. Currently, it is expected that the Fidelity ETF will purchase only bitcoin futures. Any use of derivative instruments by the Fidelity ETF must be in compliance with the requirements in NI 81-102 that apply to alternative mutual funds and any exemptive relief obtained by the Fidelity ETF from the requirements of NI 81-102. The Fidelity ETF will not use derivatives to leverage the investment portfolio of the Fidelity ETF.

The Fidelity ETF does not speculate with regard to short-term changes in bitcoin prices.

The Fidelity ETF does not and will not hedge any U.S. dollar currency exposure back to the Canadian dollar. In addition, no currency hedging is entered into by the Fidelity ETF in respect of the USD Units. Purchasing USD Units does not hedge – or protect – against losses caused by changes in the exchange rate between the Canadian and U.S. dollar.

#### **Cash Management**

From time to time, the Fidelity ETF may receive or hold surplus cash. The Fidelity ETF may temporarily hold this cash or invest it in money market instruments or other cash management investment vehicles managed by the Manager or an affiliate of the Manager. Alternatively, the Fidelity ETF may use the cash to pay those expenses that the Fidelity ETF is responsible for paying, to purchase additional bitcoin or to increase the notional amount under its derivative instruments, as applicable.

The Fidelity ETF may depart from its investment objective or strategies by temporarily investing all or a portion of its assets in cash or fixed income securities issued or guaranteed by a Canadian or U.S. government, government agency or company. The Portfolio Manager of the Fidelity ETF may take this action in the event there is a cease-trade order against the Fidelity ETF.

## **OVERVIEW OF THE SECTORS IN WHICH THE FIDELITY ETF INVESTS**

### **Bitcoin**

Bitcoin is a digital asset that is not issued by any government, bank or central organization and that is based on a decentralized public transaction ledger, or “Network”. The movement of bitcoin is facilitated by a digital, transparent and immutable ledger that allows for the rapid transfer of value across the internet without the need for centralized intermediaries. The Network software source code includes the protocol that governs the creation of bitcoin and the cryptographic operations that verify and secure bitcoin transactions.

The blockchain is an official record of every bitcoin transaction (including the creation or “mining” of new bitcoin) and every bitcoin address associated with a quantity of bitcoin. The Network, and the software applications that are based on it, can interpret the blockchain to determine the exact bitcoin balance, if any, of any public bitcoin address listed in the blockchain. A bitcoin private key controls the transfer or “spending” of bitcoin from its associated public bitcoin address. A bitcoin “wallet” is a collection of public bitcoin addresses and their associated private key(s). It is designed so that only the owner of bitcoin can send that bitcoin and only the intended recipient of bitcoin can unlock what the sender sent and the transactional validation, and that bitcoin ownership can be verified by any third party anywhere in the world.

### **The Network**

The Network can be thought of as a series of levels. At the bottom level are the bitcoin “miners”. Miners buy specialized servers constructed for the purpose of verifying bitcoin transactions, building bitcoin’s blockchain and minting new bitcoin. Miners’ servers run bitcoin software, which is maintained in the open source model, with the community collaborating on GitHub. GitHub which is a platform for software creation, orchestrates the storage, version control and integration of code for different software projects. Bitcoin’s software is available for all developers and non-developers to review and discuss. While there are a few different implementations of bitcoin software, the one used by most miners is called “Bitcoin Core” and is maintained by over 600 developers.

A number of applications have developed that run on top of the hardware and operating system of the Network. These applications include wallets that store users’ bitcoin, trading platforms that allow users to buy bitcoin using other currencies, remittance providers that send money to people in other countries and decentralized marketplaces that function similar to an online distributor.

At the top level of the Network is the end user, who relies on the hardware, operating system and applications provided by bitcoin miners, developers and companies. The greater the number of bitcoin users, the greater the incentive for miners, developers and companies to continue to develop their systems and to promote the Network as a whole.

### ***Security of the Network and User Identity***

There are a few key metrics that relate to the security of the Network. First, there are the number of nodes connected to the Network. A “node” is a computer that is connected directly to the Network. Only some of these nodes are miners. Others are there to send transactions around the Network and to keep track of bitcoin’s blockchain, while not creating new blocks. These non-mining nodes, referred to as “full nodes”, are useful for interacting with the Network and for creating strong redundancy within the system. Because the nodes are distributed globally, the Network is not geographic dependent.

Another metric for the security of the Network is the hash rate. A “hash” is the output of a hash function, which takes data of arbitrary length and crunches it into a fixed-length string of alphanumeric characters. As it relates to bitcoin, the “hash rate” is the frequency at which a miner guesses a new solution to create a valid “block hash”, which allows

the miner to append a new block of transactions to bitcoin's blockchain. The higher the hash rate, the more competition there is among miners.

Anyone wishing to use or hold bitcoin directly must establish a bitcoin wallet. Most wallet providers require customers to establish their true identity in compliance with applicable AML Regulation and know-your-client procedures. When a user converts fiat currency into bitcoin, they also need to connect a bank account or a credit card to the wallet, providing another point of connection to the user's identity. Once a user has gone through these procedures, his or her identity may be traced. However, if the user is not required to complete these procedures, that user is pseudonymous, with his or her identity represented by an alphanumeric string of characters as the wallet address. Since bitcoin's blockchain is transparent, the actions of pseudonymous users can be tracked, and their identity may be discovered using network forensics if necessary.

### **Bitcoin as a Means of Exchange**

The use of bitcoin as a means of exchange is increasing rapidly throughout the world. Bitcoin makes it possible for users to accept and send global transactions directly from their smart phone, twenty-four hours a day. Merchants accept bitcoin as a means of exchange because it has lower transactional costs than using traditional payment processors and allows for seamless cross-border transactions. The regulated bitcoin futures markets allow merchants' payments in bitcoin to be hedged as bitcoin exposure accumulates.

### **Supply**

It is widely believed that by 2140 the number of bitcoin available to the public will have reached an equilibrium state of 21 million units. This differs from a traditional currency, which does not have a theoretical cap on the amount of the currency that will be circulated to the public. In theory, if demand for bitcoin increases, then the price of bitcoin should increase. Bitcoin does not increase its rate of supply in response to an increase in price, as the rate of bitcoin production is fixed algorithmically.

Each unit of bitcoin is divisible into one hundred millionth of a bitcoin, known as a "Satoshi". As the price of a single bitcoin increases, it can be broken into smaller units for use cases that need to transfer or store less value.

### **Volatility and Market Correlation**

The price of bitcoin is volatile and fluctuations will have a direct impact on the NAV of the Fidelity ETF. However, movements in the price of bitcoin in the past may not be a reliable indicator of future movements. Movements may be influenced by various factors, including supply and demand, geo-political uncertainties, macroeconomic concerns and speculative investor interest.

Neither absolute returns nor volatility are indicators of a good investment. Instead, one must adjust absolute returns for the amount of volatility, or risk, to attain risk-adjusted returns. The most common measure of risk-adjusted returns is the Sharpe Ratio, which measures returns above the risk-free rate divided by the volatility of the asset. Assets with the highest Sharpe Ratio best compensate investors for the risk that they are taking. Although bitcoin has been extremely volatile historically, when its returns are adjusted to account for volatility, there are a number of historical periods where bitcoin has outperformed traditional assets on a risk adjusted basis.

Bitcoin is also uncorrelated across traditional investment asset classes.

### **Trading Platforms**

Trading platforms operate websites that facilitate the purchase and sale of bitcoin for various government-issued currencies, including the U.S. dollar, the Canadian dollar, the euro and the Chinese yuan. Trading platforms generally report publicly on their websites the bid and ask prices for the purchase or sale of bitcoin. Although each trading platform has its own market price, it is expected that reputable trading platforms' market prices should be relatively consistent with the trading platform market average, since market participants can choose the trading platform on which to buy or sell bitcoin. Trading platforms are open 24 hours a day, 365 days a year.

The Chicago Mercantile Exchange (CME) launched bitcoin futures in the fourth quarter of 2017. Futures trading on regulated exchanges regulated has increased liquidity and improves transparency in the bitcoin market.

### **INVESTMENT RESTRICTIONS**

The Fidelity ETF is subject to certain restrictions and practices contained in securities legislation, including NI 81-102, including those applicable to alternative mutual funds. The Fidelity ETF is managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions obtained from the Canadian securities regulatory authorities (see “**Exemptions and Approvals**”). A change to the investment objective of the Fidelity ETF would require the approval of the Unitholders. Please see “**Unitholder Matters – Matters Requiring Unitholders Approval**”.

The Fidelity ETF is also restricted from making an investment or undertaking an activity that would result in it failing to qualify as a “mutual fund trust” for the purposes of the Tax Act. In addition, the Fidelity ETF may not invest in any property or engage in any undertaking that would cause the Fidelity ETF to have “non-portfolio earnings” as defined in section 122.1 of the Tax Act in an amount that would result in the Fidelity ETF paying a material amount of income tax.

#### **Exemptions and Approvals**

The Fidelity ETF has obtained exemptive relief from the Securities regulatory authorities to permit:

- (i) the purchase by a Unitholder of more than 20% of the Units of the Fidelity ETF without regard to the takeover bid requirements of applicable Canadian securities legislation;
- (ii) the Fidelity ETF to borrow cash in an amount not exceeding 5% of the net assets of the Fidelity ETF for a period not longer than 45 days and, if required by the lender, to provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distribution payable to Unitholders that represents amounts that have not yet been received by the Fidelity ETF;
- (iii) the Fidelity ETF to prepare a prospectus without including a certificate of an underwriter;
- (iv) the use of Fidelity Clearing Canada ULC as custodian of the Fidelity ETF and Fidelity Digital Asset Services, LLC as a sub-custodian of the Fidelity ETF in respect of the bitcoin held by the Fidelity ETF;
- (v) the Fidelity ETF to accept bitcoin as payment for the subscription price of Units; and
- (vi) to permit the Fidelity ETF to enter into a contractual right to receive, or an obligation to deliver, bitcoin from or to Fidelity Clearing Canada ULC, which contractual right or obligation is characterized by the Securities regulatory authorities as a security and/or a derivative.

#### **Independent Review Committee Policies and Procedures**

In connection with the Fidelity ETF, the Manager has referred to the IRC the conflict of interest matter that arises because the Fidelity ETF, in respect of the bitcoin that it purchases from, or sells to, Fidelity Clearing Canada ULC, enters into a contractual right to receive, or an obligation to deliver, bitcoin from or to Fidelity Clearing Canada ULC. The Securities regulatory authorities characterize this contractual right or obligation as a security and/or a derivative. The conflict of interest arises under Canadian securities legislation because Fidelity Clearing Canada ULC is an affiliate of the Manager. The IRC has considered the Manager’s policy in respect of the Fidelity ETF’s purchase and sale of bitcoin from and to Fidelity Clearing Canada ULC, and has approved the conflict of interest that arises because of the contractual relationship between the Fidelity ETF and Fidelity Clearing Canada ULC regarding the delivery of such bitcoin. The Manager has also received standing instructions from the IRC regarding the purchase and sale of bitcoin by the Fidelity ETF from and to Fidelity Clearing Canada ULC.

In addition to the above, the IRC reviews and, where appropriate, arranges for periodic reporting on each of the following conflict of interest matters referred to it by the Manager. The Manager has received standing instructions from the IRC to apply the following policies related to the Fidelity ETF or the Manager in accordance with their terms. Given the portfolio holdings of the Fidelity ETF, not all of the policies described below apply to the Fidelity ETF.

	POLICY	DESCRIPTION
1	Code of Ethics /Personal Investing	This policy governs the personal investing and other activities of employees of the Manager and certain of its affiliates.
2	Business Entertainment and Workplace Gifts	This policy governs the provision and acceptance of gifts and business entertainment by employees of the Manager and certain of its affiliates.
3	Trade Allocation	This policy governs the allocation of trades of portfolio securities between the Fidelity exchange-traded funds or client accounts when more than one Fidelity exchange-traded fund or client account is buying or selling securities of a particular issuer at the same time.
4	Best Execution and Fair Trading	This policy addresses the quality of execution of trades of portfolio securities or foreign exchange trades by brokers, including both 3 <sup>rd</sup> party brokers and brokers affiliated to the Manager, on behalf of the Fidelity exchange-traded funds.
5	Trade Errors	This policy governs the correction of errors made in executing trades of portfolio securities on behalf of the Fidelity exchange-traded funds, including the resolution of errors taking place as the Fidelity exchange-traded fund seeks to repatriate foreign currencies to their working currency or hedge currency exposure.
6	Proxy Voting	Most Fidelity exchange-traded funds own portfolio securities and therefore the right to vote proxies. This policy governs the voting of proxies.
7	NAV Calculation and Fair Value	This policy governs the calculation of the Fidelity ETF's net asset value per share (NAV), including situations where market quotations for a portfolio security are not readily available or when market quotations are unreliable, in which case the Manager will calculate the NAV using the fair value of that security.
8	NAV Error Correction	This policy governs the correction of errors made in calculating the Fidelity ETF's NAV.
9	Side-by-side	This policy addresses the side-by-side management of different types of accounts, including accounts that invest on a long-only basis – that is, buy securities – and accounts that may also invest on a short basis – that is, sell securities that they don't own, in the hope of repurchasing them later at a lower price.
10	Purchase of Securities Underwritten by an Affiliate	This policy governs investments by the Fidelity exchange-traded funds in a class of securities of an issuer during a distribution (i.e., an offering), or within 60 days of a distribution, of those securities where an affiliate of the Manager acts as an underwriter of the offering.
11	Disclosure of Portfolio Information	This policy governs the manner and timelines regarding the disclosure of the Fidelity ETF's portfolio information.
12	Complaints	This policy governs the process for managing and resolving complaints received from investors in the Fidelity ETF.
13	Retail Benchmarks	This policy governs the process for selecting and changing performance benchmarks of the Fidelity ETF.
14	<i>In specie</i> Transactions	This policy governs the process of transferring portfolio assets between the Fidelity ETF, pooled funds and managed accounts, all of which are managed or

	<b>POLICY</b>	<b>DESCRIPTION</b>
		advised by the Manager.
15	Co-Investing Conflicts	This policy addresses potential conflicts of interest where a Fidelity exchange-traded fund may desire to invest in a company in which another Manager entity wishes to make a simultaneous investment or has a pre-existing interest.
16	Fund Mergers	This policy addresses potential conflicts of interest that may arise in fund mergers involving the Fidelity ETF.

## **FEES AND EXPENSES**

This section details the fees and expenses that a Unitholder may have to pay if the Unitholder invests in the Fidelity ETF. A Unitholder may have to pay some of these fees and expenses directly. The Fidelity ETF may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Fidelity ETF.

### **Fees and Expenses Payable by the Fidelity ETF**

#### ***Management Fee***

The Fidelity ETF pays a management fee to the Manager equal to an annual rate of 0.40% of the NAV of the Units of the Fidelity ETF. This management fee, plus applicable GST/HST, is calculated and accrued daily and paid monthly.

The management fee covers certain of the Manager's fees and costs associated with acting as the manager and the portfolio manager of the Fidelity ETF and the other expenses described below that are payable by the Manager in connection with the Fidelity ETF.

From time to time the Manager may decide, in its discretion, to waive a portion of the management fee. The Manager is under no obligation to do so and, if any portion of a management fee is waived by the Manager, it may discontinue this practice at any time without notice.

#### ***Management Fee Distributions***

In respect of large investments in the Fidelity ETF by a particular Unitholder or for other purposes, the Manager may, in its discretion, agree to charge the Fidelity ETF a reduced management fee as compared to the management fee that it otherwise would be entitled to receive, provided that an amount equal to the reduction in the management fee is distributed periodically by the Fidelity ETF to the Unitholder as a special distribution (the "**Management Fee Distribution**"). Management Fee Distributions, if any, will be paid first out of net income and net realized capital gains of the Fidelity ETF and then out of capital. The availability, amount and timing of Management Fee Distributions with respect to Units of the Fidelity ETF will be determined from time to time by the Manager in its sole discretion. The Manager reserves the right to discontinue or change this management fee distribution program at any time. The tax consequences of a Management Fee Distribution will generally be borne by the Unitholder who receives the distribution.

#### ***Operating Expenses***

In addition to the management fee, the Fidelity ETF pays all of its operating expenses, including: (i) custodian, sub-custodian, transfer agency, legal and audit fees; (ii) administrative costs and trustee services relating to registered tax plans; (iii) filing, listing and other regulatory fees; (iv) the costs of preparing and distributing the Fidelity ETF's financial reports, prospectus, ETF Facts and the other investor communications that the Manager is required to prepare to comply with applicable laws; (v) the fees and expenses relating to the operation of the IRC; (vi) portfolio transaction costs, including the costs of trading bitcoin, brokerage commissions and other securities transaction related expenses, including the costs of derivatives; (vii) interest and borrowing costs; (viii) any new fee related to external services that is not commonly charged in the Canadian exchange-traded fund industry as of the date of creation of the Fidelity ETF; (ix) all fees and expenses of valuation service providers retained in connection with the valuation of assets of the Fidelity ETF for purposes of NAV calculations; (x) the costs of complying with any new regulatory requirement,

including any new fee introduced after the date of creation of the Fidelity ETF; and (xi) any applicable taxes, including income, withholding or other taxes, and also including applicable GST/HST on expenses.

The Manager may decide, in its discretion, to pay some of these expenses, rather than having the Fidelity ETF incur such expenses. The Manager is under no obligation to do so and, if any expense is reimbursed by the Manager, it may discontinue this practice at any time.

## **Fees and Expenses Payable Directly by Unitholders**

### ***Other Charges***

An amount may be charged to the Designated Broker or Dealers to offset certain transaction and other costs associated with the listing, issue, exchange and/or redemption of Units of the Fidelity ETF. This charge, which is payable to the Fidelity ETF, does not apply to Unitholders who buy and sell their Units through the facilities of the TSX or another exchange or marketplace. See “**Purchases of Units**” and “**Redemption of Units**”.

## **RISK FACTORS**

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units. While the aim of employing the investment strategies is to help achieve the investment objective of the Fidelity ETF, the strategies also include risks that could result in losses.

### **Risks of Investing in Bitcoin**

#### ***Cryptocurrency risk***

Cryptocurrency (notably, bitcoin), often referred to as “virtual currency” or “digital currency”, operates as a decentralized, peer-to-peer financial exchange and value storage that is used like money. Cryptocurrency operates without the oversight of a central authority or bank and is not backed by any government.

Cryptocurrency is not legal tender. Governments may restrict the use and exchange of cryptocurrency, and regulation in North America is still developing. Cryptocurrency trading platforms may stop operating or permanently shut down due to fraud, technical glitches, hackers or malware.

#### ***Short History Risk***

The Network and bitcoin as a digital asset or token have a limited history. There is no assurance that the use of bitcoin and its Network will continue to grow. It is not clear how all elements of bitcoin will develop over time, including with respect to governance between miners, developers and users. The bitcoin community has successfully navigated technical and political challenges since its inception, and the history of open source software development indicates that a vibrant community is able to change the software under development at a pace sufficient to stay relevant. However, the continuation of such a community is not guaranteed.

#### ***Volatility in the Price of Bitcoin***

The bitcoin market is sensitive to new developments, and any significant change in market sentiment can induce large swings in volume and price.

The price of bitcoin on public trading platforms has a limited history and is influenced by many factors, including the levels of liquidity on trading platforms. Even the largest trading platforms have been subject to operational interruption, limiting the liquidity of bitcoin on the trading platform market and resulting in volatile prices and a reduction in confidence in the network and in the trading platform market generally.

Momentum pricing of bitcoin results in speculation regarding future appreciation in the value of bitcoin, making it more volatile.

Despite the marked first-mover advantage over other digital assets, it is possible that another digital asset could become more popular and reduce bitcoin's market share.

### ***Potential Decrease in Global Demand for Bitcoin***

As a currency, bitcoin must serve as a means of exchange, store of value and unit of account. For many people, it has become an international means of exchange. Speculators and investors use bitcoin as a store of value, creating further demand. If consumers stop using bitcoin as a means of exchange, or its adoption slows, then bitcoin's price may suffer. Bitcoin may not maintain its long-term value in terms of purchasing power in the future and its acceptance for payments by mainstream retail merchants and commercial businesses may not continue to grow.

### ***Financial Institutions may Refuse to Support Transactions Involving Bitcoin***

Banks and other financial institutions may refuse to process funds for bitcoin transactions, process wire transfers to or from trading platforms, bitcoin-related companies or service providers, or maintain accounts for persons transacting in bitcoin. Should this occur, the Fidelity ETF would be unable to pay out redemption proceeds within the timeframe set out under NI 81-102.

### ***Lack of Insurance***

Neither the Fidelity ETF nor the Custodian maintains insurance against risk of loss of bitcoin held for the Fidelity ETF, as such insurance is not currently available in Canada on economically reasonable terms.

The Bitcoin Sub-Custodian holds most of the bitcoin that it custodies offline in "cold storage". Digital assets held in cold storage are protected by the Bitcoin Sub-Custodian's security measures, which reflect best practices in the payment industry generally and in the cryptoasset space in particular. Bitcoin may also be temporarily held online in a "hot wallet" at the Bitcoin Sub-Custodian. The Bitcoin Sub-Custodian currently maintains insurance coverage for digital assets held by it, whether in a "hot wallet" or in its cold storage system. The amount and continuing availability of this coverage are subject to change at the Bitcoin Sub-Custodian's sole discretion.

### ***Residency of the Bitcoin Sub-Custodian***

The Bitcoin Sub-Custodian is resident outside Canada and all or a substantial portion of its assets are located outside Canada. As a result, anyone seeking to enforce legal rights against it in Canada may find it difficult to do so.

### ***Top Bitcoin Holders control a Significant Percentage of the Outstanding Bitcoin***

The top 100 bitcoin addresses are believed to hold over 10% of the bitcoin currently outstanding. While this percentage has decreased over the years, it is still significant. If one of these top holders were to exit its bitcoin position, it could cause volatility.

### ***Regulation of Bitcoin***

The regulation of bitcoin continues to evolve in North America and within foreign jurisdictions, which may restrict the use of, or otherwise impact the demand for, bitcoin.

### ***Loss of "Private Keys"***

The loss or destruction of the Fidelity ETF's "private keys" could prevent the Fidelity ETF from accessing its bitcoin. Loss of these private keys may be irreversible and could result in the loss of all or substantially all of the Fidelity ETF's bitcoin.

### ***The Fidelity ETF's Holdings may Become Illiquid***

The Fidelity ETF may not always be able to sell its bitcoin at a desired price. It may become difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in the marketplace, including

on trading platforms, or where there is a shortage of bitcoin in the marketplace. Unexpected market illiquidity may cause major losses to the holders of bitcoin.

### ***Improper Transfers***

Bitcoin transfers are irreversible. An improper transfer where bitcoin is sent to the wrong person, whether accidentally or resulting from theft, can only be undone if the receiver agrees to send the bitcoin back to the original sender in a subsequent transaction.

### ***Uncertain Regulatory Framework***

Due to bitcoin's short history and its emergence as a new asset class, regulation of bitcoin is still a work in progress. For example, in the United States the Commodity Futures Trading Commission has ruled bitcoin a commodity, while the Internal Revenue Service has ruled it a property. The U.S. Securities and Exchange Commission and the Canadian securities regulators generally take the view that bitcoin is a commodity; however, they have not made a formal statement regarding its classification.

The Department of Finance (Canada) introduced proposed amendments to the *Excise Tax Act* that, if enacted as proposed, would treat bitcoin as a "financial instrument", analogous to shares, for purposes of the *Excise Tax Act* (Canada) and the application of the goods and services or harmonized sales tax. Meanwhile, other jurisdictions, like the European Union, Russia and Japan have moved to treat bitcoin like a currency for taxation purposes.

Because the cryptoasset markets are largely unregulated today, many marketplaces and counterparties that trade or facilitate trading exclusively in cryptoassets are not subject to registration or licensing requirements with any regulatory body and, therefore, are not directly subject to the requirements that apply to financial services firms. This regulatory uncertainty and any future introduction of, or change to, applicable regulation may impact the Fidelity ETF.

### **Risks Associated with the Network**

#### ***Dependence on Bitcoin Developers***

While many contributors to the Network's software are employed by companies in the industry, most of them are not directly compensated for helping to maintain the protocol. As a result, there are no contracts or guarantees that they will continue to contribute to the Network.

#### ***Issues with the Cryptography Underlying the Network***

Although the Network is an established digital asset network, it and other cryptographic and algorithmic protocols that govern the issuance of digital assets represent a new and rapidly evolving industry that is subject to many factors that are difficult to evaluate. In the past, flaws in the source code for digital assets have been exposed and exploited. The cryptography underlying bitcoin could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in this cryptography becoming ineffective. In any of these circumstances, a malicious actor could take the Fidelity ETF's bitcoin. If the functionality of the Network is negatively affected, it may no longer be attractive to users.

#### ***Disputes on the Development of the Network may Lead to Delays***

Contributors to the Network and miners supporting the Network may not agree on how to build and maintain the software. The community often moves slowly on contentious protocol issues.

#### ***Increase in Bitcoin Interest may Affect Ability of the Network to Accommodate Demand***

One of the most contentious issues within the bitcoin community has been around how to scale the Network as user demand increases. It will be important for the community to continue to develop at a pace that meets the demand for transacting in bitcoin.

### ***The Blockchain may Fork and/or Split***

The Network's software and protocol are open source. When a modification is released by the developers and a substantial majority of miners consent to the modification, the change is implemented and the Network continues uninterrupted. However, if a change is activated without this level of consent, and if the change is not compatible with the existing software, the consequence is known as a "hard fork" (i.e. a split) of the Network and the blockchain. One blockchain is maintained by the pre-modified software and a second by the post-modification software. The effect is that both blockchain algorithms run in parallel to one another, but each builds an independent blockchain with independent native assets.

Two bitcoin hard forks occurred in 2017. Following debate on how to scale the Network's transaction capacity, on August 1, 2017 the digital currency forked into bitcoin classic and bitcoin cash. On October 24, 2017, bitcoin further forked to create bitcoin gold. All three forks continue to exist today, and though their combined value exceeds the value of the Network prior to the fork, future forking events could be detrimental to the value of the Network.

If a fork in the blockchain results in the issuance to the Fidelity ETF of a new or replacement asset alongside the bitcoin or a choice of keeping the existing bitcoin or exchanging it with a different cryptoasset, the Portfolio Manager will make the investment decision that it believe is in the best interest of the Fidelity ETF and investors at the time.

The Bitcoin Sub-Custodian Agreement provides that the Bitcoin Sub-Custodian will determine, in its sole discretion, which branch of the blockchain it will support, and it is under no obligation to support any other forks or versions.

How the Fidelity ETF will deal with a fork in the blockchain is ultimately the Portfolio Manager's decision. There will likely be many factors relevant to such decision, including the value and liquidity of the new/replacement asset and whether a disposition of such that asset would trigger a taxable event for the Fidelity ETF. The Manager will consult with the auditor of the Fidelity ETF to ensure that all assets held by the Fidelity ETF as a result of a fork are properly valued in accordance with International Financial Reporting Standards.

### ***Air Drops***

Bitcoin may become subject to an occurrence similar to a fork, known as an "air drop". In an air drop, the promoters of a new digital asset announce to holders of another digital asset that they are entitled to claim a certain amount of the new digital asset for free. For example, in March 2017, the promoters of Stellar Lumens announced that anyone that owned bitcoin as of June 26, 2017 could claim, until August 27, 2017, a certain amount of Stellar Lumens. The Fidelity ETF may or may not participate in an air drop, and may or may not be able to realize the economic benefits of holding the new digital asset. The Portfolio Manager has the sole discretion to decide whether to claim a new asset created through an air drop.

### ***Dependence on the Internet***

Miners relay transactions to one another via the internet, and when blocks are mined they are forwarded via the internet. Companies access blockchain via the internet, and most customers access these companies via the internet. Thus, the entire system is dependent upon the continued functioning of the internet.

### ***Risk if Entity Gains 51% Share of the Network***

If an entity gains controls over 51% of the compute power, that entity could use its majority share to double-spend bitcoin. Essentially, it would send bitcoin to one person, which is confirmed in the existing blockchain, while also creating a shadow blockchain that sends the same bitcoin to another person under its control. After a period of time, the it can release its hidden blockchain and reverse the previously confirmed transactions. Because of how mining works, that new blockchain will become the record of truth.

### ***Possible Changes in Transaction Fees***

Miners collect fees for each transaction they confirm. They do this by adding previously unconfirmed transactions to new blocks in the blockchain. Miners have historically accepted relatively low transaction confirmation fees because

of their low marginal cost of validating unconfirmed transactions. If miners start to demand higher fees, this could reduce the attractiveness of the network.

### ***Attacks on the Network***

The network is periodically subject to distributed denial of service attacks to clog the list of transactions being tabulated by miners, which can slow the confirmation of authentic transactions. Another avenue of attack would be to take a large number of miners offline. As it could take some time before the difficulty of the mining process algorithmically adjusts, block creation time could be stalled, as well as transaction confirmation time. To date, these scenarios have not plagued the Network for long or in a systemic manner.

### ***Decrease in Block Reward***

The block reward for the Network will decrease over time. On May 11, 2020, the block reward reduced from 12.5 to 6.25 bitcoin. The block reward will decrease to 3.125 bitcoin in 2024. As the block reward decreases, the mining incentive structure may move to higher transaction verification fees. If transaction verification fees become too high, the marketplace may be reluctant to use bitcoin.

### ***Competitors to Bitcoin***

To the extent that a competitor to bitcoin gains popularity and greater market share, the use and price of bitcoin may be negatively impacted. Bitcoin and the price of bitcoin may also be negatively impacted by competition from incumbents in the credit card and payments industries.

### ***Concentration of Transaction Confirmation Processing Power in China***

Due to preferential electricity discounts, there are large mining pools operating in China. The Chinese government could affect the operations of these miners in a number of ways. First, all traffic to the mining pools must pass through the Great Firewall of China, which means the Chinese government could cut off their connection to the network. Second, the Chinese government has previously partially banned bitcoin, and there is no guarantee that it will not attempt to do so in full. If the government bans bitcoin, it may make mining bitcoin an unattractive activity to most Chinese miners, which could be detrimental to the Network.

### ***Significant Energy Consumption to Run the Network***

Because of the significant computing power required to mine bitcoin, the network's energy consumption may ultimately be deemed to be, or become, unsustainable, barring improvements in efficiency that could be designed for the protocol. This could pose a risk to the broader and more sustained acceptance of the network as a peer-to-peer transactional platform.

## **Risks Associated with Trading Platforms**

### ***Regulation of Trading Platforms***

Trading platforms are spot markets where bitcoin can be exchanged for U.S. dollars. 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.

### ***Limited Operating History of Trading Platforms***

Trading platforms have a limited operating history.

### ***Hacking of Trading Platforms may have a Negative Impact on Perception of the Security of the Network***

While the Network's blockchain has never been compromised by hackers, trading platforms frequently have. Trading platforms that adhere to best practices are insured, and most of these either have not been hacked or the loss has been

minimal. Most of the trading volumes in bitcoin occur on the top ten global trading platforms, many of which are regulated by the New York State Department of Financial Services and carry insurance for their hot wallet assets. Bitcoin's price may be negatively affected if a platform is hacked, as it can shake consumer confidence for investors who do not understand the difference between a weakness in the platform versus a weakness in bitcoin and its blockchain.

### ***Different Prices of Bitcoin on the Trading Platforms***

Most platforms operate as isolated pools of liquidity. When demand spikes for a specific platform, the market price for bitcoin on that platform can also spike, making it trade at a premium to other platforms. This tendency is common geographically, with Chinese platforms frequently trading at a premium to platforms in Europe or America.

### ***Closure of Trading Platforms***

Since 2013, a number of trading platforms have closed or experienced disruption because of fraud, failure, security breaches or distributed denial of service attacks. In many of these cases, the customers of such trading platforms were not compensated or made whole for the partial or complete loss of their account balances. While smaller trading platforms may not have the infrastructure and capitalization that make larger trading platforms more stable, larger trading platforms are more likely to be targeted by hackers and malware.

### ***Liquidity Constraints on Bitcoin Markets may Impact the Fidelity ETF's Holdings***

While the liquidity and traded volume of bitcoin are growing, bitcoin is still a maturing asset. The Fidelity ETF may not always be able to acquire or liquidate its bitcoin at a desired price. It may become difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in the marketplace, including on cryptoasset trading platforms. When transacting in the cryptoasset markets, the Fidelity ETF competes for liquidity with other large investors, including speculators, miners, other investment funds and institutional investors. Unexpected market illiquidity and other factors beyond our control may cause major losses to the holders of a cryptoasset, including bitcoin. The large position in bitcoin that the Fidelity ETF may acquire increases the risks of illiquidity. In addition, liquidation of significant amounts of bitcoin may impact the market price of bitcoin.

### ***Risk of Manipulation on Trading Platforms***

Some trading platforms have been known to permit and/or report artificially high order volumes and/or trading volumes. Trading platforms are not required to adopt policies and procedures for the purpose of detecting and preventing manipulative and deceptive trading activities and, in the event that manipulative and deceptive trading activities are detected, trading platforms may not have procedures in place, or the jurisdiction, to sanction or otherwise deter such activities and/or to detect, investigate and prosecute fraud.

The Portfolio Manager seeks to ensure that the Acceptable Bitcoin Sources on which the Fidelity ETF transacts are reputable, stable and in compliance with AML Regulation.

### ***Settlement of Transactions on the Network***

There is no central clearing house for cash-to-bitcoin transactions. The current practice is for the purchaser of bitcoin to send fiat currency to a bank account designated by the seller, and for the seller to broadcast the transfer of bitcoin to the purchaser's public bitcoin address upon receipt of the cash. The purchaser and seller monitor the transfer with a transaction identification number that is available immediately upon transfer and is expected to be included in the next block confirmation. When the Fidelity ETF purchases bitcoin, there is a risk that the Acceptable Bitcoin Source will not initiate the transfer on the Network upon receipt of cash from the Fidelity ETF, or that the bank where the Acceptable Bitcoin Source's account is located will not credit the incoming cash from the Fidelity ETF for the account of the Acceptable Bitcoin Source. The Portfolio Manager mitigates this risk by transacting with Acceptable Bitcoin Sources that have undergone due diligence, and by confirming the solvency of the Acceptable Bitcoin Source and the bank designated by each Acceptable Bitcoin Source based on publicly available information.

## **Other Risks of Investing in the Fidelity ETF**

### ***Absence of Active Market Risk***

Although the Fidelity ETF may be listed on the TSX, there can be no assurance that an active public market for the Units will develop or be sustained.

### ***Concentration Risk***

As an alternative mutual fund, the Fidelity ETF is permitted to invest 100% of its assets in physical commodities. The Fidelity ETF invests only in bitcoin.

The Fidelity ETF is not diversified, which may result in increased *volatility* in its net asset value. The value of the bitcoin held by the Fidelity ETF is influenced by factors that are not within the control of the Manager.

This may also increase the illiquidity of the Fidelity ETF's portfolio if there is a shortage of buyers willing to purchase bitcoin.

### ***Currency Risk***

Currency risk, sometimes referred to as exchange rate risk, is the risk that the value of an investment held by an investment fund is affected by changes in the value of the currency in which the investment is denominated. Movements in exchange rates can affect the day-to-day value of an investment fund, especially if it holds a lot of foreign investments.

The Fidelity ETF buys and sells bitcoin in U.S. dollars. It can make money when the value of the Canadian dollar decreases relative to the U.S. dollar, and can lose money when the value of the Canadian dollar rises compared with the U.S. dollar. These gains and losses occur when the Fidelity ETF converts its Canadian dollars to U.S. dollars in order to buy bitcoin, and when it converts the U.S. dollars back into Canadian dollars when it sells the bitcoin. If, for example, the value of the Canadian dollar has risen, but the market value of bitcoin has stayed the same, the bitcoin is worth less in Canadian dollars when it is sold.

The base currency of the Fidelity ETF is Canadian dollars. An investor buying USD Units on the TSX may, therefore, experience a gain or loss due to a fluctuation in the relative value between the U.S. dollar and the Canadian dollar on any given day. USD Units are offered as a convenience for investors who wish to purchase and sell with U.S. dollars. No currency hedging is entered into by the Fidelity ETF in respect of the USD Units. Purchasing USD Units does not hedge – or protect – against losses caused by changes in the exchange rate between the Canadian and U.S. dollar.

### ***Cyber Security Risk***

Cyber security risk is the risk of harm, loss and liability resulting from a failure or breach of an organization's information technology systems.

In general, cyber security risk can result from deliberate attacks or unintentional events, and may arise from external or internal sources. Cyber attacks include gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, equipment or systems or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

Cyber security risk has the ability to negatively impact the Fidelity ETF and the Unitholders by, among other things, disrupting and impacting business operations, interfering with the Fidelity ETF's ability to calculate its NAV, impeding trading by or in the Fidelity ETF or causing violations of applicable privacy and other laws.

While the Manager has established business continuity plans and risk management systems to address cyber security risk, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been

identified. Furthermore, although the Manager has vendor oversight policies and procedures, the Fidelity ETF cannot control the cyber security plans and systems put in place by its service providers or any other third party whose operations may affect the Fidelity ETF or its Unitholders. The Fidelity ETF and its Unitholders could be negatively impacted as a result.

### ***Derivatives Risk***

The Fidelity ETF may use derivatives to pursue its investment objective. Derivatives usually take the form of a contract with another party whose value is determined with reference to the market price of an asset, such as a currency, commodity or stock, or the value of an index or an economic indicator, such as a stock market index or a specified interest rate (the “**underlying interest**”). If the Fidelity ETF invests in derivatives to gain exposure to bitcoin, it will make or lose money based on change in the underlying interest, which will be bitcoin. Currently, it is expected that the Fidelity ETF will only enter into futures contracts, which are contracts that trade on an exchange to buy or sell an asset, such as a security or currency, at an agreed price on a specific date in the future.

As an alternative mutual fund pursuant to NI 81-102, the Fidelity ETF is permitted to invest in uncovered derivatives.

The use of derivatives by the Fidelity ETF carries several risks, including: (i) there is no guarantee that the Fidelity ETF is able to buy or sell a derivative at the right time to make a profit or limit a loss; (ii) it is possible that the other party to the derivative contract (“**counterparty**”) will fail to perform its obligations under the contract, resulting in a loss to the Fidelity ETF; (iii) if the value of a derivative is tied to the value of an underlying interest, there is no guarantee that the value of the derivative at all times accurately reflects the value of the underlying interest; (iv) if the counterparty goes bankrupt, the Fidelity ETF could lose any deposit that was made as part of the contract; (v) if the derivatives are traded on foreign markets, it may be more difficult and take longer to complete the transaction. Foreign derivatives can also be riskier than derivatives traded on North American markets; (vi) securities exchanges could set daily trading limits on options and futures contracts. This could prevent the Fidelity ETF from completing a futures transaction; and (vii) if the Fidelity ETF is required to give a security interest in order to enter into a derivative, there is a risk that the other party may try to enforce the security interest against the Fidelity ETF’s assets.

### ***Foreign Investment Risk***

In addition to currency risk discussed above, foreign investments in bitcoin have other risks, including: (i) not all countries are as well regulated as Canada, or have the same consistent and reliable accounting, auditing, and financial reporting standards. Some countries may have lower standards of business practices and lax regulation, and may be more vulnerable to corruption. Even in some relatively well-regulated countries, it can be difficult to get the information investors need about business operations. Foreign investments could suffer as a result; (ii) sometimes foreign governments impose taxes or change the rights of foreign investors. They might impose currency controls that greatly restrict the ability to get money out of the country; and (iii) riots, civil unrest or wars, or unstable governments in some countries could hurt investments.

It is sometimes hard to enforce an investment fund’s legal rights in another country.

### ***Halted Trading of Units Risk***

Trading of Units on the TSX may be halted by the activation of individual or market-wide “circuit breakers” (which halt trading for a specific period of time when the price of a particular security or overall market prices decline or increase by a specified percentage). Trading of Units may also be halted if (i) the Units are delisted from the TSX without first being listed on another exchange; or (ii) TSX officials determine that such action is appropriate in the interest of a fair and orderly market or to protect Unitholders.

### ***Income Tax Risk***

The Fidelity ETF will be subject to certain tax risks generally applicable to Canadian investment funds, including the following.

The Fidelity ETF is expected to qualify or be deemed to qualify as a mutual fund trust under the Tax Act effective from the date of its creation and at all material times thereafter. If the Fidelity ETF does not qualify or ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading “**Income Tax Considerations**” could be materially and adversely different in some respects. For example, if the Fidelity ETF does not qualify as a mutual fund trust within the meaning of the Tax Act throughout a taxation year, the Fidelity ETF may be liable to pay alternative minimum tax and/or tax under Part XII.2 of the Tax Act, and would not be entitled to the Capital Gains Refund. In addition, if the Fidelity ETF does not qualify as a mutual fund trust, it may be subject to the “mark-to-market” rules under the Tax Act if more than 50% of the fair market value of the Units are held by “financial institutions” within the meaning of the Tax Act for purposes of the “mark-to-market” rules.

There can be no assurance that the CRA will agree with the tax treatment adopted by the Fidelity ETF in filing its tax returns. The CRA could reassess the Fidelity ETF on a basis that results in tax being payable by the Fidelity ETF or in an increase in the taxable component of distributions considered to have been paid to Unitholders. A reassessment by the CRA may result in the Fidelity ETF being liable for unremitted withholding tax on prior distributions to non-resident Unitholders. Such liability may reduce the NAV of, or trading prices of, Units of the Fidelity ETF.

If the Fidelity ETF experiences a “loss restriction event” for the purposes of the Tax Act, the taxation year of the Fidelity ETF will be deemed to end and the Fidelity ETF will be deemed to realize its unrealized capital losses. The Fidelity ETF may elect to realize capital gains in order to offset its capital losses and non-capital losses, including undeducted losses from prior years. Any undeducted capital losses will expire and may not be deducted from the Fidelity ETF in future years and any undeducted non-capital losses in future years will be restricted, with the result that income and capital gains distributions in the future may be larger. The Declaration of Trust provides for the automatic distribution to Unitholders of a sufficient amount of income and capital gains of the Fidelity ETF for each taxation year (including a taxation year that is deemed to end by virtue of a loss restriction event) so that the Fidelity ETF will not be liable for ordinary income tax. The Declaration of Trust provides that any such distribution is automatically reinvested in Units of the Fidelity ETF and the Units of the Fidelity ETF are immediately consolidated to the pre-distribution NAV per Unit. It may not be possible for the Fidelity ETF to determine if or when a loss restriction event has occurred because of the nature of its investments and the way Units are bought and sold. There can be no assurances that the Fidelity ETF will not experience a loss restriction event and there can be no assurances regarding when or to whom the distributions resulting from a loss restriction event will be made, or that the Fidelity ETF will not be required to pay tax notwithstanding such distributions.

The Fidelity ETF generally will treat gains (or losses) as a result of any disposition of bitcoin as capital gains (or capital losses). For GST/HST purposes, any disposition of cryptocurrencies that qualify as a “virtual payment instrument” should be treated as exempt supplies, similar to transactions involving equity securities. The CRA has also expressed the opinion that gains (or losses) of mutual fund trusts resulting from transactions in commodities should generally be treated for income 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. If any transaction of the Fidelity ETF is reported by it on capital account, but is subsequently determined by the CRA to be on income account, there may be an increase in the net income of the Fidelity ETF, which is automatically distributed by the Fidelity ETF to Unitholders. This could result in Canadian-resident Unitholders being reassessed to increase their taxable income by the amount of such increase, and non-resident Unitholders could be assessed directly by the CRA for Canadian withholding tax on the amount of net gains on such transactions that were treated by the CRA as having been distributed to them. The CRA could assess the Fidelity ETF for its failure to withhold tax on distributions made by it to non-resident Unitholders that are subject to withholding tax, and typically would do so rather than assessing the non-resident Unitholders directly. Accordingly, any such re-determination by the CRA may result in the Fidelity ETF being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada at the time of the distribution. As the Fidelity ETF may not be able to recover such withholding taxes from the non-resident Unitholders whose Units are redeemed, payment of any such amounts by the Fidelity ETF would reduce the NAV. Similarly, if bitcoin does not qualify as a “virtual payment instrument” under the GST/HST legislation, and if the CRA takes the position that trades of bitcoin are treated like the purchase and sale of commodities, the Fidelity ETF could be liable for failing to collect GST/HST on sales of bitcoin or failing to pay GST/HST on purchases of bitcoin.

If the Fidelity ETF 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, allocation of fund-level capital gains will follow the Fidelity ETF’s

Declaration of Trust. As a result of recent amendments to the Tax Act, effective for taxation years of the Fidelity ETF beginning on or after December 16, 2021, the Fidelity ETF will be denied a deduction for the portion of the capital gain designated to a Unitholder on an exchange or redemption of Units that is greater than the Unitholder's accrued gain on those Units, where the Unitholder's proceeds of disposition are reduced by the designation. As a result of these amendments, any capital gains that would otherwise have been designated to redeeming Unitholders may be made payable to the remaining non-redeeming Unitholders to ensure the Fidelity ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts of taxable distributions made to Unitholders of the Fidelity ETF may be greater than they would have been in the absence of such amendments.

### ***Large Transaction Risk***

The Units may be bought by other mutual funds, investment funds or segregated funds, including mutual funds managed by the Manager, financial institutions in connection with other investment offerings and/or investors who participate in an asset allocation program or model portfolio program. There is a risk that these investments may become large, resulting in large purchases and redemptions of Units. Other investors may also purchase large amounts of the Fidelity ETF. Large purchases and redemptions may result in: (i) the Fidelity ETF maintaining an abnormally high cash balance; (ii) large sales of portfolio assets, impacting market value; (iii) increased transaction costs (e.g., commissions); and (iv) capital gains being realized, which may increase taxable distributions to investors.

If this should occur, the returns of investors, including other funds, that invest in the Fidelity ETF may also be adversely affected.

### ***Liquidity Risk***

Bitcoin could become illiquid for a number of reasons, including: (i) legal rules may restrict the ability to sell it; (ii) there may be a shortage of buyers; (iii) there may be a shortage of bitcoin in the market; and (iv) there may sudden changes in the market.

Liquidity, as well as the value of an investment, may also be affected by factors that affect securities markets generally, such as general economic and political conditions, and other events.

For example, the recent international spread of COVID-19 (coronavirus disease) has caused volatility and decline in global financial markets, as well as significant disruptions to global business activity, which have caused losses for investors. The impact of unanticipated market disruptions, including COVID-19, may cause exchanges to suspend trading and/or investment funds to suspend dealing (which could be for an extended period of time), may exacerbate pre-existing political, social or economic risk, and may disproportionately affect certain issuers, industries or types of securities. These impacts may have an effect on the performance of the investment funds, the performance of the assets in which the investment funds invest and may lead to an increase in the amount of redemptions or sales experienced by the investment funds. Each of these effects may lead to illiquidity and losses on an investment. Such unanticipated market disruptions, including COVID-19, may be short-term or may last for an extended period of time, and could have effects that cannot necessarily be presently foreseen. Even if general economic conditions do not change or improve, the value of an investment in an investment fund could decline if the particular industries, sectors, companies or types of assets in which the investment fund invests do not perform well or are adversely affected by such unanticipated events.

### ***Series Risk***

The Fidelity ETF may, without notice to Unitholders and without Unitholder approval, offer more than one series of units. If the Fidelity ETF is unable to pay the expenses of one series using that series' proportionate share of the Fidelity ETF's assets, the Fidelity ETF is required to pay those expenses out of the other series' proportionate share of the Fidelity ETF's assets. This could lower the investment returns of the other series.

### ***SOC 1 Type 2 Report of the Bitcoin Sub-Custodian Risk***

The Bitcoin Sub-Custodian provided the Manager with its most recent SOC 1 Type 2 Report in respect of its internal controls for its last fiscal year. This report has also been made available to the Fidelity ETF's auditor. If this does not

happen for subsequent fiscal years, the Manager will ask the Bitcoin Sub-Custodian to permit the auditor to test the internal controls. The Fidelity ETF has filed an undertaking with applicable securities regulatory authorities that provides that while it remains a reporting issuer, it will obtain from its Bitcoin Sub-Custodian either a SOC 1 Type 2 Report or written confirmation from the Bitcoin Sub-Custodian to permit the auditor to test its controls. If neither of these things happen, the auditor may not be able to complete its audit of the annual financial statements of the Fidelity ETF.

### ***Trading Price of Units Risk***

Units may trade in the market at a premium or a discount to the NAV per Unit. There can be no assurance that Units will trade at prices that reflect their NAV per Unit. The trading price of the Units will fluctuate in accordance with changes in the Fidelity ETF's NAV, as well as market supply and demand on the TSX or another exchange or marketplace, as applicable. However, as the Designated Broker and Dealers subscribe for and exchange Prescribed Number of Units of the Fidelity ETF at the NAV per Unit, large discounts or premiums to NAV should not be sustained.

### **Risk Classification Methodology**

The investment risk level of the Fidelity ETF is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of the Fidelity ETF, as measured by the 10-year standard deviation of the returns of the Fidelity ETF. As the Fidelity ETF has less than 10 years of performance history, the Manager calculates the investment risk level of the Fidelity ETF using a reference index that is expected to reasonably approximate the standard deviation of the Fidelity ETF. Once the Fidelity ETF has 10 years of performance history, the methodology will calculate the standard deviation of the Fidelity ETF using the return history of the Fidelity ETF rather than that of the reference index. The Fidelity ETF is assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk.

The following chart sets out the risk rating of the Fidelity ETF, as well as the reference index used for the Fidelity ETF:

<b>Fidelity ETF</b>	<b>Risk Rating</b>	<b>Reference Index</b>
Fidelity Advantage Bitcoin ETF™	High	Fidelity Bitcoin Index

The Fidelity Bitcoin Index is an index designed to reflect the performance of bitcoin in U.S. dollars. It uses bitcoin price data from eligible trading platforms and a volume weighted median price method based on the 5-minute window immediately prior to the 4:00 p.m. (ET) close. The Fidelity Bitcoin Index price is calculated by ordering all individual transactions occurring over this 5-minute time frame on the eligible trading platforms and selecting the price associated with the 50<sup>th</sup> percentile of total volume. The Fidelity Index Committee reviews the Fidelity Bitcoin Index semi-annually for possible updates as a result of the maturation of the digital assets industry. In addition, the Fidelity Index Committee and the Fidelity Digital Asset Services Advisory Committee evaluate semi-annually all U.S. digital asset trading platforms and/or regulated digital asset trading platforms and may change the eligible trading platforms at that time or during market disruptions when a trading platform review is warranted. Each eligible trading platform used in the calculation of the Fidelity Bitcoin Index maintains appropriate know-your-client policies and procedures and complies with AML Regulation.

Unitholders should know that other types of risks, both measurable and non-measurable, exist. Also, just as historical performance may not be indicative of future returns, historical volatility may not be indicative of future volatility. The risk rating of the Fidelity ETF set out above is reviewed annually and any time that it is no longer reasonable in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk ratings of the Fidelity ETF is available on request, at no cost, by calling toll free at 1-800-263-4077 or by writing to Fidelity Investments Canada ULC, 483 Bay Street, Suite 300, Toronto, Ontario M5G 2N7.

## DISTRIBUTION POLICY

The Fidelity ETF distributes a sufficient amount of its net income and net realized capital gains to Unitholders for each taxation year so that the Fidelity ETF will not be liable for ordinary income tax. To the extent that the Fidelity ETF has not otherwise distributed a sufficient amount of its net income or net realized capital gains, it will pay a distribution to Unitholders at the end of the year and that distribution will be automatically reinvested in additional Units. Immediately following such reinvestment, the number of Units outstanding will be consolidated so that the NAV per Unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid. In the case of a non-resident Unitholder, if tax has to be withheld in respect of the distribution, the Unitholder's Canadian market intermediaries may debit his, her or its account for any such required withholding tax.

Units of the Fidelity ETF trade on an ex-dividend basis at the opening of trading on the date that is one Trading Day prior to the record date for the applicable distribution. A Unitholder that subscribes for Units during the period commencing on and including the date that is one Trading Day before a distribution record date until that distribution record date will not be entitled to receive the applicable distribution in respect of those Units. Capital gains of the Fidelity ETF may be distributed to a Unitholder as part of the price paid to the Unitholder on the exchange or redemption of Units.

Management Fee Distributions, if any, will be paid first out of the net income and net realized capital gains of the Fidelity ETF and then out of capital.

The tax treatment to Unitholders of distributions is discussed under the heading “**Income Tax Considerations**”.

## PURCHASES OF UNITS

### **Continuous Distribution**

Units of the Fidelity ETF are being offered on a continuous basis and there is no maximum number of Units that may be issued.

### **Designated Broker**

The Manager, on behalf of the Fidelity ETF, has entered into a designated broker agreement with the Designated Broker pursuant to which the Designated Broker has agreed to perform certain duties relating to the Fidelity ETF including, without limitation: (i) to subscribe for a sufficient number of Units to satisfy the original listing requirements of the TSX; (ii) to subscribe for Units when cash redemptions of Units occur as described under “**Redemption of Units**”; and (iii) to post a liquid two-way market for the trading of Units on the TSX.

In accordance with the designated broker agreement, the Designated Broker has agreed to subscribe for Units of the Fidelity ETF for bitcoin and/or cash.

Under the designated broker agreement, the Manager may from time to time require the Designated Broker to subscribe for Units of the Fidelity ETF for cash.

### **Issuance of Units**

#### ***To Designated Broker and Dealers***

Generally, all orders to purchase Units directly from the Fidelity ETF must be placed by the Designated Broker or a Dealer. The Fidelity ETF reserves the absolute right to reject any subscription order placed by the Designated Broker or a Dealer. No fees are payable by the Fidelity ETF to the Designated Broker or a Dealer in connection with the issuance of Units. On the issuance of Units, an amount may be charged to the Designated Broker or a Dealer to offset the expenses incurred in issuing the Units.

After the initial issuance of Units of the Fidelity ETF to the Designated Broker to satisfy the TSX's original listing requirements, on any Trading Day, a Dealer (who may also be the Designated Broker) may place a subscription order for a Prescribed Number of Units (and any additional multiple thereof) of the Fidelity ETF. In the case of a subscription order to be paid for with cash only, if the subscription order is received by the Fidelity ETF by 3:00 p.m. (Toronto time) on a Trading Day, the Fidelity ETF will issue to the Dealer a Prescribed Number of Units (and any additional multiple thereof) based on the NAV per Unit determined on the applicable Trading Day. In the case of a subscription order to be paid for with bitcoin and, if necessary, cash, if a subscription order is received by the Fidelity ETF by 4:00 p.m. (Toronto time) on a Trading Day, the Fidelity ETF will issue to the Dealer a Prescribed Number of Units (and any additional multiple thereof) based on the NAV per Unit determined on the applicable Trading Day. If a subscription order is not received before the times set out above, subject to the discretion of the Manager, the subscription order will be deemed to be received only on the next business day.

For each Prescribed Number of Units issued, a Dealer must deliver payment consisting of bitcoin and/or cash in an amount equal to the aggregate NAV per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order. Any Dealer that delivers bitcoin to the Fidelity ETF as payment for the subscription price of the Units has agreed with the Fidelity ETF that such bitcoin will only be purchased from an Acceptable Bitcoin Source.

If a Dealer purchases Units for cash, the purchase price for both CAD Units and USD Units must be paid in Canadian dollars.

The Manager will make available to the Designated Broker and Dealers information as to the Prescribed Number of Units for the Fidelity ETF for each Trading Day. The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time.

#### ***To Designated Broker in Special Circumstances***

Units may also be issued by the Fidelity ETF to its Designated Broker in certain special circumstances, including when cash redemptions of Units occur as described under “**Redemption of Units – Redemption of Units in any Number for Cash**”.

#### ***To Unitholders***

Units may be issued by the Fidelity ETF to Unitholders on the automatic reinvestment of certain distributions as described under “**Distribution Policy**”, and “**Income Tax Considerations – Taxation of the Fidelity ETF**”.

#### **Buying and Selling Units**

The TSX has conditionally approved the listing of the Units of the Fidelity ETF. Listing is subject to fulfilling all of the requirements of the TSX on or before November 19, 2022, including distribution of the Units of the Fidelity ETF to a minimum number of public Unitholders.

A Unitholder may incur customary brokerage commissions in buying or selling Units. No fees are paid by a Unitholder to the Manager or the Fidelity ETF in connection with the buying or selling of Units on the TSX or another exchange or marketplace. Unitholders may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders.

A Unitholder that purchases or sells on the TSX or another exchange or marketplace may buy and sell CAD Units or USD Units. A U.S. dollar NAV per USD Unit is calculated for the USD Units by converting the Canadian dollar NAV per Unit to U.S. dollars at the prevailing exchange rate on the applicable Valuation Date. USD Units are offered as a convenience for investors who wish to purchase and sell with U.S. dollars. USD Units are not hedged and purchasing USD Units does not hedge – or protect – against losses caused by changes in the exchange rate between the Canadian and U.S. dollar.

## **Special Considerations for Unitholders**

The provisions of the so-called “early warning” reporting requirements in Canadian securities legislation do not apply if a person or company acquires 10% or more of the Units of the Fidelity ETF. The Fidelity ETF has obtained exemptive relief to permit Unitholders to acquire more than 20% of the Units of the Fidelity ETF without regard to the takeover bid requirements of applicable Canadian securities legislation.

## **Registration and Transfer through CDS**

Registration of interests in, and transfers of, the Units will be made only through the book-entry only system of CDS. Units must be purchased, transferred, and surrendered for exchange or redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation. All distributions and redemption proceeds in respect of Units will be made or paid initially to CDS, which payments will be forwarded by CDS to the CDS Participants and, thereafter, by such CDS Participants to the applicable Unitholders. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

Neither the Fidelity ETF nor the Manager will have any liability for: (i) any aspect of the records maintained by CDS relating to the beneficial interests in the Units or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS, whether contained in this prospectus or otherwise, or made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Units must look solely to CDS Participants for payment made by the Fidelity ETF to CDS.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Fidelity ETF has the option to terminate registration of the Units through the book-entry only system, in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

## **REDEMPTION OF UNITS**

### **Redemption of Units in any Number for Cash**

On any Trading Day, Unitholders may redeem Units of the Fidelity ETF in any whole number for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the NAV per Unit. Because Unitholders will generally be able to sell Units at the market price on the TSX or another exchange or marketplace through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their Units for cash.

For such a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered through a CDS Participant by 9:00 a.m. (Toronto time) on that day to the Fidelity ETF at its head office or as the Manager may otherwise direct. If a cash redemption request is received after 9:00 a.m. (Toronto time) on a Trading Day, the cash redemption request will be effective only on the next business day. The redemption price for both CAD Units and USD Units will be paid only in Canadian dollars. Payment of the redemption price will be made by no later than the second business day after the effective day of the redemption. The cash redemption request forms may be obtained from the Manager.

Units of the Fidelity ETF trade on an ex-dividend basis at the opening of trading on the date that is one Trading Day prior to the record date for the applicable distribution. A Unitholder that exercises this cash redemption right in respect of Units during the period commencing on and including the date that is one Trading Day before a distribution record

date until that distribution record date will not be entitled to receive the applicable distribution in respect of those Units. Capital gains of the Fidelity ETF may be distributed to a Unitholder as part of the price paid to the Unitholder on the exchange or redemption of Units.

In connection with the redemption of Units, the Fidelity ETF will generally dispose of bitcoin or other assets in order to fund the required redemption proceeds. Subject to the limits imposed in the recent amendments to the Tax Act, the redemption price paid to a Unitholder may include capital gains realized by the Fidelity ETF. The remaining portion of the exchange or redemption price will be proceeds of redemption.

The Manager reserves the right to cause the Fidelity ETF to redeem the Units held by a Unitholder at a price equal to the NAV per Unit on the effective date of such redemption if the Manager believes it is in the best interests of the Fidelity ETF to do so.

### **Exchange of Prescribed Number of Units**

On any Trading Day, Unitholders may exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) for bitcoin and/or cash. To effect an exchange of Units, a Unitholder must submit an exchange request in the form prescribed by the Manager from time to time to the Fidelity ETF at its head office or as the Manager may otherwise direct by 3:00 p.m. (Toronto time) on a Trading Day. The exchange price will be equal to the aggregate NAV per Unit of the Prescribed Number of Units on the effective day of the exchange request, payable by delivery bitcoin and/or cash. If a Unitholder requests that the exchange price be paid in cash, the Manager may, in its discretion, require the Unitholder to pay or reimburse the Fidelity ETF for the trading expenses incurred, or expected to be incurred, by the Fidelity ETF in connection with the sale by the Fidelity ETF of bitcoin in order to obtain the necessary cash to fund the exchange price. On an exchange, the applicable Units will be redeemed.

If an exchange request is not received by 3:00 p.m. (Toronto time) on a Trading Day, subject to the discretion of the Manager, the exchange request will be deemed to be received only on the next business day. Settlement of exchanges will be made by no later than the second business day after the effective day of the exchange request. The exchange price for both CAD Units and USD Units will be paid only in Canadian dollars.

The Manager will make available to the Designated Broker and the Dealers information as to the Prescribed Number of Units for the Fidelity ETF for each Trading Day. The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time.

Units of the Fidelity ETF trade on an ex-dividend basis at the opening of trading on the date that is one Trading Day prior to the record date for the applicable distribution. A Unitholder that exchanges or redeems Units during the period commencing on and including the date that is one Trading Day prior to the distribution record date until that distribution record date will be entitled to receive the applicable distribution in respect of those Units.

### **Characterization of Redemption or Exchange Amount**

The exchange or redemption price paid to a Unitholder may include capital gains realized by the Fidelity ETF. The remaining portion of the exchange or redemption price will be proceeds of disposition.

### **Suspension of Exchanges and Redemptions**

The Manager may suspend the exchange and/or redemption of Units or the payment of the exchange or redemption price of the Fidelity ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Fidelity ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Fidelity ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Fidelity ETF; or (ii) with the prior permission of the securities regulatory authorities. The suspension shall apply to all requests for exchange or 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 exchange or 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 exchange or redemption. The Manager shall not accept a subscription order for Units during any period when exchanges or redemptions are suspended unless it has received permission from the Ontario Securities Commission to accept such orders. 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 the official rules and regulations promulgated by any government body having jurisdiction over the Fidelity ETF, any declaration of suspension made by the Manager shall be conclusive.

### **Exchange and Redemption of Units through CDS Participants**

The exchange and redemption rights described above must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide exchange and/or redemption instructions to the CDS Participants through which they hold Units sufficiently in advance of the cut-off times set by CDS Participants to allow such CDS Participants to notify the Manager or as the Manager may direct prior to the relevant cut-off time.

### **Short-Term Trading**

The Manager does not believe that it is necessary to impose any short-term trading restrictions on the Fidelity ETF at this time, as the Fidelity ETF is an exchange-traded fund that is primarily traded in the secondary market.

## **INCOME TAX CONSIDERATIONS**

In the opinion of Borden Ladner Gervais LLP, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act for the Fidelity ETF and for a prospective investor in the Fidelity ETF who, for the purposes of the Tax Act, is an individual (other than a trust), is resident in Canada, holds Units of the Fidelity ETF either directly as capital property or in a Registered Plan, is not affiliated with the Fidelity ETF and deals at arm's length with the Fidelity ETF. This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act that have been publicly announced by the Minister of Finance (Canada) (the "**Minister**") prior to the date of this prospectus, and counsel's understanding of the current published administrative policies and assessing practices of the CRA. 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 advisers about their individual circumstances.**

This summary is also based on the assumptions that the Fidelity ETF will: (i) qualify or be deemed to qualify as a mutual fund trust under the Tax Act at all material times; (ii) not be a SIFT trust at any time; (iii) not invest in any "offshore investment fund property" as defined in section 94.1 of the Tax Act; (iv) not invest 10% or more in any "exempt foreign trust" as described in section 94.2 of the Tax Act; (v) not invest in securities of an issuer that would be treated as a "foreign affiliate" or a "controlled foreign affiliate" of the Fidelity ETF; and (vi) not enter into any arrangement where the result would be a "dividend rental arrangement" under the Tax Act. The Manager has advised counsel that it expects this to be the case and that these assumptions are reasonable.

For the purposes of the Tax Act and subject to certain exceptions that are not discussed herein, all amounts relating to the acquisition, holding or disposition of Units (including distributions, adjusted cost base and proceeds of disposition), or transactions of the Fidelity ETF, must be expressed in Canadian dollars. Amounts denominated in U.S. dollars must be converted into Canadian dollars using the rate of exchange quoted by the Bank of Canada on the day on which the amount first arose (or, if the Bank of Canada ordinary quotes such a rate, but there is no such rate quoted for that day, the closest preceding day for which such a rate is quoted) or such other rate of exchange as is acceptable to the CRA.

## Status of the Fidelity ETF

This summary is based on the assumption that the Fidelity ETF will qualify or be deemed to qualify as a mutual fund trust under the Tax Act effective from the date of its creation and at all material times thereafter. If the Fidelity ETF were not to so qualify as a mutual fund trust under the Tax Act throughout a taxation year, the Fidelity ETF, among other things: (i) may become liable for alternative minimum tax under the Tax Act in such year; (ii) would not be eligible for a Capital Gains Refund for such year; (iii) may be subject to the “mark-to-market” rules described below; (iv) would be required to withhold on capital gains distributions made to Unitholders who are non-residents of Canada for purposes of the Tax Act; and (v) may be subject to a special tax under Part XII.2 of the Tax Act in such year.

If the Fidelity ETF does not qualify as a mutual fund trust and more than 50% (based on fair market value) of the Units of the Fidelity ETF are held by one or more Unitholders that are considered “financial institutions” for the purposes of certain mark-to-market rules in the Tax Act, then the Fidelity ETF itself will be treated as a financial institution under those rules. As a result, the Fidelity ETF will be required to recognize income for each taxation year during which it is a deemed financial institution on the full amount of any gains and losses accruing on certain types of securities that it holds, and also will be subject to special rules with respect to income inclusion on these securities. Any income arising from such treatment will be included in amounts to be distributed to Unitholders. If more than 50% of the Units of the Fidelity ETF cease to be held by financial institutions, the tax year of the Fidelity ETF will be deemed to end immediately before that time and any gains or losses accrued before that time will be deemed realized by the Fidelity ETF and will be distributed to Unitholders. A new taxation year for the Fidelity ETF will then begin and for that and subsequent taxation years, for so long as not more than 50% of the Units of the Fidelity ETF are held by financial institutions or the Fidelity ETF qualifies as a mutual fund trust, the Fidelity ETF will not be subject to these mark-to-market rules. Initially, following the creation of the Fidelity ETF, financial institutions will hold all the outstanding Units of the Fidelity ETF.

## Taxation of the Fidelity ETF

The Fidelity ETF will elect to have a taxation year that ends on December 15 of each calendar year.

The Fidelity ETF is subject to tax under Part I of the Tax Act on its net income, including net taxable capital gains, as calculated under the Tax Act for a taxation year (after deducting available loss carryforwards) to the extent that it is not paid or payable to Unitholders. If the Fidelity ETF is a mutual fund trust throughout its taxation year, it is entitled to a refund (“**Capital Gains Refund**”) of its tax liability on its net realized capital gains equal to an amount determined by formula under the Tax Act based on the redemption of Units during the year and accrued gains on the Fidelity ETF’s assets. The Declaration of Trust requires the Fidelity ETF to distribute a sufficient amount of its net income and net realized capital gains, if any, for each taxation year to Unitholders so that the Fidelity ETF will not be liable in any taxation year for income tax under Part I of the Tax Act after taking into account any entitlement to a Capital Gains Refund.

The Fidelity ETF is required to calculate its net income, including net taxable capital gains, in Canadian dollars for each taxation year according to the rules in the Tax Act.

The Manager has advised counsel that the Fidelity ETF will generally treat gains (or losses) as a result of any disposition of bitcoin as capital gains (or capital losses). The CRA has taken the administrative position that cryptocurrency is treated as a commodity for income tax purposes. The CRA has also expressed the opinion that gains (or losses) of mutual fund trusts resulting from transactions in commodities should generally be treated for income 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. If any of the transactions of the Fidelity ETF is reported by it on capital account, but are subsequently determined by the CRA to be on income account, there may be an increase in the net income of the Fidelity ETF that is automatically distributed to Unitholders at the Fidelity ETF’s taxation year end.

The bitcoin held by the Fidelity ETF may become subject to forks, air drops or other events. The tax treatment of these types of events that affect bitcoin is uncertain. If the CRA disagrees with the position taken by the Fidelity ETF in respect of these events, there may be an increase in the net income of the Fidelity ETF that is automatically distributed to investors at the Fidelity ETF’s taxation year end.

The Fidelity ETF will include gains and deduct losses on income account in connection with investments in futures contracts that provide economic exposure to bitcoin, and will recognize such gains or losses for tax purposes at the time they are realized by the Fidelity ETF. The Fidelity ETF is generally required to include in the calculation of its income interest as it accrues. In certain circumstances, losses of the Fidelity ETF may be restricted or suspended and, therefore, would not be available to shelter income or capital gains.

The Fidelity ETF may realize income or capital gains as a result of changes in the value of a foreign currency relative to the Canadian dollar. The Fidelity ETF will realize capital gains or losses as a result of rebalancing its portfolio over time. There are loss restriction rules that may prevent the Fidelity ETF from deducting losses and that may result in increased distributions to Unitholders.

A trust is generally subject to a “loss restriction event” for the purposes of the Tax Act each time a person or partnership becomes a “majority-interest beneficiary” of the trust for the purposes of the Tax Act. Generally, a majority-interest means more than 50% of the fair market value of the trust held by the person or partnership and affiliates. If the Fidelity ETF experiences a loss restriction event, the taxation year of the Fidelity ETF will be deemed to end, and the Fidelity ETF will be deemed to realize its unrealized capital losses. The Fidelity ETF may elect to realize capital gains in order to offset its capital losses and non-capital losses, including undeducted losses from prior years. Any undeducted capital losses will expire and may not be deducted by the Fidelity ETF in future years and any undeducted non-capital losses in future years will be restricted, with the result that income and capital gains distributions in the future may be larger.

The Declaration of Trust provides for the automatic distribution to Unitholders of a sufficient amount of income and capital gains of the Fidelity ETF for each taxation year (including a taxation year that is deemed to end by virtue of a loss restriction event) so that the Fidelity ETF will not be liable for ordinary income tax. The Declaration of Trust provides that any such distribution is automatically reinvested in Units of the Fidelity ETF and the Units of the Fidelity ETF are immediately consolidated to the pre-distribution NAV per Unit.

## **Taxation of Unitholders (other than Registered Plans)**

### ***Distributions***

A Unitholder is required to include in computing income for tax purposes, the amount of any income and the taxable portion of any capital gains of the Fidelity ETF (including any Management Fee Distributions) that is paid or payable to the Unitholder in the year, whether such amounts are paid in cash or reinvested in additional Units. The non-taxable portion of any capital gains of the Fidelity ETF that is paid or payable to the Unitholder in the year is not included in the Unitholder’s income and, provided the Fidelity ETF makes the appropriate designation on its tax return, does not reduce the adjusted cost base of the Unitholder’s Units of the Fidelity ETF. Any other non-taxable distribution, such as a return of capital, reduces the Unitholder’s adjusted cost base. A Unitholder is deemed to realize a capital gain to the extent that the adjusted cost base of the Unitholder’s Units would otherwise become a negative amount and the adjusted cost base is nil immediately thereafter.

The Fidelity ETF may, and is expected to designate to the extent permitted by the Tax Act, the portion of the net income of the Fidelity ETF distributed to Unitholders that may reasonably be considered to consist of net taxable capital gains realized or considered to be realized by the Fidelity ETF. Any amount so designated is deemed for tax purposes to be received or realized by Unitholders in the year as a taxable capital gain. Taxable capital gains so designated are subject to the general rules relating to the taxation of capital gains described below. In addition, the Fidelity ETF may make designations in respect of its foreign source income, if any, so that Unitholders may be able to claim a foreign tax credit (in accordance with and subject to the general limitations under the Tax Act) for foreign taxes paid (and not deducted) by the Fidelity ETF. A loss realized by the Fidelity ETF may not be allocated to and may not be treated as a loss of the Unitholders of the Fidelity ETF.

Individuals and certain trusts may be subject to an alternative minimum tax in respect of taxable dividends (including eligible dividends) received or considered to be received from taxable Canadian corporations and realized capital gains.

### ***Disposition of Units***

Generally, a Unitholder realizes a capital gain (or loss) on the sale, redemption, exchange or other disposition of a Unit to the extent that the proceeds of disposition for the Unit exceed (or are less than) the total 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 of the Fidelity ETF held by the Unitholder at a particular time is the total amount paid for all Units of the Fidelity ETF currently and previously held by the Unitholder (including brokerage commissions paid and the amount of reinvested distributions) less any distributions of capital and less the adjusted cost base of any Units of the Fidelity ETF previously disposed of by the Unitholder. The adjusted cost base to a Unitholder of one Unit is the average adjusted cost base of all Units owned by the Unitholder as capital property at that time. A consolidation of Units after the reinvestment of a distribution in additional Units will not be regarded as a disposition of Units.

When a Unitholder redeems Units of the Fidelity ETF, the Fidelity ETF may distribute capital gains to the Unitholder as partial payment of the redemption price. Any capital gains so distributed must be included in the calculation of the Unitholder's income in the manner described above. As described under "Risk Factors - Taxation Risk", effective for taxation years of the Fidelity ETF beginning on or after December 16, 2021, recent amendments to the Tax Act will deny the Fidelity ETF a deduction for the portion of a capital gain of the Fidelity ETF designated to a Unitholder on a redemption of Units that is greater than the Unitholder's accrued gain on those Units, where the Unitholder's proceeds of disposition are reduced by the designation.

Unitholders who redeem Units are advised to confirm with the Manager the details of any distributions paid at the time of redemption, and are also advised to consult with their own tax advisers.

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

One-half of any capital gain realized by a Unitholder and the amount of any net taxable capital gains realized or considered to be realized by the Fidelity ETF and designated by the Fidelity ETF in respect of the Unitholder is included in the Unitholder's income as a taxable capital gain. One-half of a capital loss may be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

A Unitholder is required to compute all amounts, including the adjusted cost base of Units of the Fidelity ETF and proceeds of disposition, in Canadian dollars. A Unitholder that acquires USD Units on the TSX may realize a foreign exchange gain or loss if the exchange rate between the Canadian and the U.S. dollar at the time of purchase of the USD Units differs from the exchange rate at the time the USD Units are disposed of.

### ***Taxation of Registered Plans***

A Registered Plan that holds Units of the Fidelity ETF and the planholder, annuitant or subscriber of that Registered Plan, as the case may be, will generally not be subject to tax on the value of the Units, income or capital gains distributed by the Fidelity ETF to the Registered Plan or a gain realized by the Registered Plan on the disposition of the Units (whether payment is received in cash or by reinvestment in additional Units), provided the Units are a qualified investment under the Tax Act for the Registered Plan and, in the case of Registered Plans (other than deferred profit-sharing plans), not a prohibited investment for the Registered Plan.

### ***Tax Implications of the Fidelity ETF's Distribution Policy***

A portion of the NAV of a Unit of the Fidelity ETF may reflect income and/or capital gains accrued or realized by the Fidelity ETF before the Unit was acquired by a Unitholder. The income and taxable portion of capital gains paid or payable to a Unitholder must be included in the calculation of the Unitholder's income in the manner described above, even if it relates to a period before the Unitholder owned the Units and may have been reflected in the price paid by the Unitholder for the Units. In particular, this may be the case when Units are acquired late in the year, or on or before the date on which a distribution will be paid.

## INTERNATIONAL INFORMATION REPORTING

Generally, Unitholders will be required to provide their dealer with information related to their citizenship and tax residence, including their tax identification number(s). If a Unitholder is identified as a U.S. citizen or a foreign (including U.S.) tax resident, or if the Unitholder fails to provide the required information and indicia of U.S. or non-Canadian status is present, details about the Unitholder and their investment in the Fidelity ETF will be reported to the CRA, unless the investment is held within a Registered Plan. The CRA will provide that information to the U.S. Internal Revenue Service (“IRS”) (in the case of U.S. citizens or tax residents) or the relevant tax authority of any country that is a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or that has otherwise agreed to a bilateral information exchange with Canada.

The U.S. Internal Revenue Service issued a clarification to a set of existing tax rules that resulted in Canadian mutual funds (such as the Fidelity ETF) generally being classified as corporations for U.S. tax purposes. As a result, U.S. taxpayers (including Canadian residents who are U.S. citizens) who hold Canadian mutual funds generally are subject to the Passive Foreign Investment Company (“PFIC”) rules, including an annual requirement to report each PFIC investment, held directly or indirectly, on a separate U.S. tax form. If you are a U.S. citizen, you should consult your tax advisor about the U.S. tax rules that apply to you and the advisability of making (or refraining from making) any U.S. tax election such as a Qualified Electing Fund (“QEF”) election.

Generally, the QEF election more closely aligns the Canadian and U.S. tax treatment of an investment in Canadian mutual funds. To assist investors who choose to make QEF elections, the Manager will make available PFIC Annual Information Statements (“AIS”) for the Fidelity ETF. Investors should consult their dealer or financial advisors about obtaining their AIS from the Manager.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Borden Ladner Gervais LLP, the Units of the Fidelity ETF will be a qualified investment under the Tax Act for a Registered Plan at any time that the Fidelity ETF qualifies or is deemed to qualify as a “mutual fund trust” under the Tax Act or that the Units are listed on a “designated stock exchange” within the meaning of the Tax Act, which includes the TSX.

A Unit of the Fidelity ETF that is a qualified investment under the Tax Act for a Registered Plan may nevertheless be a prohibited investment under the Tax Act for a Registered Plan (other than a deferred profit-sharing plan). Generally, the Units of the Fidelity ETF will not be a prohibited investment under the Tax Act for a Registered Plan unless the planholder, annuitant or subscriber, as the case may be (together with non-arm’s length partnerships and persons, including the Registered Plan) directly or indirectly holds Units having a fair market value of 10% or more of the Fidelity ETF. However, under a safe harbour for newly established mutual funds, Units of the Fidelity ETF will not be a prohibited investment under the Tax Act for a Registered Plan at any time during the first 24 months of the Fidelity ETF’s existence if the Fidelity ETF is or is deemed to be a mutual fund trust under the Tax Act and either remains in substantial compliance with the requirements of NI 81-102 or follows a reasonable policy of investment diversification throughout that period. Investors should consult their own tax advisers for advice on whether Units would be a prohibited investment for their Registered Plans.

## ORGANIZATION AND MANAGEMENT DETAILS OF THE FIDELITY ETF

### **Manager of the Fidelity ETF**

Fidelity Investments Canada ULC, a registered portfolio manager and investment fund manager, is the trustee, manager and portfolio manager of the Fidelity ETF. The head office of the Fidelity ETF and the Manager is located at 483 Bay Street, Suite 300, Toronto, Ontario M5G 2N7.

### ***Duties and Services Provided by the Manager***

Pursuant to the Management Agreement, the Manager has been appointed as the investment fund manager of the Fidelity ETF and has agreed to provide, or arrange for the provision of, all general management and administrative

services required by the Fidelity ETF in its day-to-day operations, including bookkeeping, record-keeping and other administrative services for the Fidelity ETF. The Manager may delegate all or some of its powers, provided that the Manager shall be fully liable to the Fidelity ETF in the event of a failure of such persons to discharge the duties of the Manager under the Management Agreement, and shall require such persons to perform their services to a standard of care that is at least as high as that imposed on the Manager under the Management Agreement.

The Manager is responsible for providing management, administrative and portfolio advisory and investment management services to the Fidelity ETF. The Manager's duties include, without limitation,

- (i) approving the expenses of the Fidelity ETF and the payment of expenses on behalf of the Fidelity ETF that are the responsibility of the Fidelity ETF;
- (ii) providing office accommodation, office facilities and personnel;
- (iii) preparing financial statements and other financial and accounting information as required by the Fidelity ETF;
- (iv) ensuring that the Fidelity ETF complies with all securities legislation, regulations, rules, policies and guidelines applicable to the Fidelity ETF or the Manager, including stock exchange listing requirements and stock exchange rules;
- (v) delivering or causing to be delivered, all statements, reports, notices, announcements, proxies and other documents to Unitholders, including notices of Unitholder meetings, payment of distributions and dividends, tax disclosure documents and other announcements to Unitholders;
- (vi) determining the amount of distributions to be made by the Fidelity ETF;
- (vii) communicating with Unitholders and preparing for and holding any meetings of Unitholders as required;
- (viii) ensuring that the NAV per Unit is calculated and published;
- (ix) administering the issue, exchange and redemption of Units;
- (x) negotiating contractual agreements with third party providers of services, including the Designated Broker, the Dealers, the Index Provider, the Custodian, the Registrar and Transfer Agent, the Fund Administrator, the auditor, legal counsel and printers; and
- (xi) providing, or causing to be provided, all other services necessary or desirable to conduct and operate the day-to-day business of the Fidelity ETF.

#### ***Details of the Management Agreement***

Pursuant to the Management Agreement, the Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fidelity ETF and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. The Manager will be liable to the Fidelity ETF in the event of any failure to meet this standard of care by the Manager, any associate or affiliate of the Manager or any of its or their respective directors, officers or employees, but will not otherwise be liable to the Fidelity ETF in respect of any matter.

The Management Agreement may be terminated by the Fidelity ETF or by the Manager upon 60 days' prior written notice. In addition, either party may terminate the Management Agreement as a result of the insolvency or default of the other party, if the other party ceases to carry on business or if the other party commits any material breach of the Management Agreement and fails to remedy such breach within 30 days after receiving written notice requiring the same to be remedied. The Management Agreement may not be assigned by either party without consent, unless the assignment is to a company affiliated with the Manager within the meaning of the *Securities Act* (Ontario).

The Manager is entitled to fees for its services as manager under the Management Agreement as described under “**Fees and Expenses – Management Fee**”. The Manager is indemnified by the Fidelity ETF for any legal fees, judgments and amounts paid in settlement, actually and reasonably incurred by the Manager in connection with the services provided by the Manager to the Fidelity ETF, if: (i) those fees, judgments and amounts were not incurred as a result of a breach by the Manager of the standard of care set out in the Management Agreement; and (ii) the Fidelity ETF has reasonable grounds to believe that the action or inaction that caused the payment of the fees, judgments and amounts paid in settlement was in the best interests of the Fidelity ETF.

The management services of the Manager under the Management Agreement are not exclusive and nothing in the Management Agreement prevents the Manager from providing similar services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Fidelity ETF) or from engaging in other activities. See “**Conflicts of Interest**” below.

### **Executive Officers and Directors of the Manager of the Fidelity ETF**

The name and municipality of residence of each of the directors and executive officers of the Manager, and their principal occupations, are as follows:

<b>Name and Municipality of Residence</b>	<b>Position with the Manager</b>	<b>Principal Occupation Within Preceding Five Years</b>
Michael Barnett Toronto, Ontario	Executive Vice-President, Institutional	Executive Vice-President, Institutional.
W. Sian Burgess Toronto, Ontario	Senior Vice-President, Fund Oversight, Secretary, Chief Compliance Officer, Chief Privacy Officer and Chief Anti-Money Laundering Officer	Senior Vice-President, Fund Oversight, Secretary, Chief Compliance Officer, Chief Privacy Officer and Chief Anti-Money Laundering Officer.
David Bushnell East York, Ontario	Senior Vice-President, Advisor Distribution	Senior Vice-President, Advisor Distribution. Prior thereto, Senior Vice-President, Marketing and Vice-President, Regional Sales
Kelly Creelman Coldwater, Ontario	Senior Vice-President, Products and Marketing and Director	Senior Vice-President, Products and Marketing. Prior thereto, Senior Vice-President, Products and Vice-President, Retail Products & Solutions.
Peter Eccleton Toronto, Ontario	Director	Self-employed consultant. Prior thereto, Partner, PricewaterhouseCoopers LLP.
Diana Godfrey Burlington, Ontario	Senior Vice-President, Human Resources	Senior Vice-President, Human Resources. Prior thereto, Vice-President, Human Resources.
John E. Hall Mono, Ontario	Director	Self-employed advisor. Prior thereto, Partner, Borden Ladner Gervais LLP.
Andrew Marchese Burlington, Ontario	Chief Investment Officer and Director	Chief Investment Officer.
Philip McDowell Mississauga, Ontario	Chief Financial Officer, Senior Vice-President and Director	Chief Financial Officer and Senior Vice-President.
Cameron Murray Toronto, Ontario	Senior Vice-President, Client Services, Chief Information Officer and Director	Senior Vice-President, Client Services and Chief Information Officer.
Barry Myers Toronto, Ontario	Director	Self-employed advisor. Prior thereto, Partner, PricewaterhouseCoopers LLP.

<b>Name and Municipality of Residence</b>	<b>Position with the Manager</b>	<b>Principal Occupation Within Preceding Five Years</b>
Andrew Pringle Toronto, Ontario	Director	Partner and Chairman, RP Investment Advisors LP. Chair of the Board of Trustees of the McMichael Canadian Art Collection.
Robert Strickland Toronto, Ontario	President, Chief Executive Officer, Ultimate Designated Person and Director	President, Chief Executive Officer and Ultimate Designated Person.
Don Wilkinson Mississauga, Ontario	Director	Self-employed advisor. Prior thereto, Partner, Deloitte Canada.

### **Portfolio Manager**

Fidelity Investments Canada ULC, a registered portfolio manager, is the portfolio manager of the Fidelity ETF. Under the Management Agreement, the Portfolio Manager is responsible for providing portfolio advisory and investment management services to the Fidelity ETF.

The individuals principally responsible for providing advice to the Fidelity ETF are as follows:

<b>Name and Title</b>	<b>With the Portfolio Manager Since</b>	<b>Principal Occupation Within Preceding Five Years</b>
Edward Lui B.Comm, CFA (lead manager)	2007	Mr. Lui joined the Fidelity Investments organization in 2007 as director of institutional client management. He is currently a portfolio manager and an institutional portfolio consultant at Fidelity.
Reetu Kumra Hon.BSc, MA, MBA, CFA (co-manager)	2012	Ms. Kumra joined the Fidelity Investments organization in 2012 and has 13 years of investment management and consulting experience, most recently in fixed-income and equity research. She is currently a research analyst at Fidelity.

### **Brokerage Arrangements**

The policy of the Manager regarding purchases and sales of bitcoin, derivative instruments and any other portfolio assets is to give primary consideration to obtaining the most favourable prices and efficient execution of transactions under the circumstances. Consistent with this policy, when portfolio transactions are effected on an exchange or trading platform, the Manager's policy is to pay commissions that are considered fair and reasonable without necessarily determining that the lowest possible commissions are paid in all circumstances. In seeking to determine the reasonableness of brokerage commissions paid in any transaction, the Manager relies upon its experience and knowledge regarding commissions various broker-dealers generally charge.

### **Conflicts of Interest**

The management services of the Manager under the Management Agreement are not exclusive and nothing in the Management Agreement prevents the Manager from providing similar management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Fidelity ETF) or from engaging in other activities.

The Fidelity ETF, in respect of the bitcoin that it purchases from, or sells to, Fidelity Clearing Canada ULC, enters into a contractual right to receive, or an obligation to deliver, bitcoin from or to Fidelity Clearing Canada ULC. The Securities regulatory authorities characterize this contractual right or obligation as a security and/or a derivative. This arrangement creates a conflict of interest arises under Canadian securities legislation because Fidelity Clearing Canada ULC is an affiliate of the Manager. The IRC has considered the Manager's policy in respect of the Fidelity ETF's

purchase and sale of bitcoin from and to Fidelity Clearing Canada ULC, and has approved the conflict of interest that arises because of the contractual relationship between the Fidelity ETF and Fidelity Clearing Canada ULC regarding the delivery of such bitcoin. The Manager has also received standing instructions from the IRC regarding the purchase and sale of bitcoin by the Fidelity ETF from and to Fidelity Clearing Canada ULC.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Fidelity ETF of its Units under this prospectus. Units of the Fidelity ETF do not represent an interest or an obligation of the Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by the Fidelity ETF to such Designated Broker or Dealers.

One or more registered dealers act or may act as the Designated Broker, a Dealer and/or a market maker. These relationships may create actual or perceived conflicts of interest that Unitholders should consider in relation to an investment in the Fidelity ETF. In particular, by virtue of these relationships, these registered dealers may profit from the sale and trading of Units. The Designated Broker, as market maker of the Fidelity ETF in the secondary market, may therefore have economic interests that differ from, and may be adverse to, those of Unitholders. Any such registered dealer and its affiliates may, at present or in the future, engage in business with the Fidelity ETF or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between any such registered dealer and its affiliates and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

### **Independent Review Committee**

As required by NI 81-107, the Manager has established an IRC to review all conflicts of interest matters identified and referred to the IRC by the Manager relating to the investment funds managed by the Manager, including the Fidelity ETF. The IRC reviews and gives its approval or recommendations as to the conflict of interest matters referred to it. A conflict of interest matter is a situation where a reasonable person would consider the Manager or an entity related to the Manager to have an interest that conflicts with the Manager's ability to act in good faith and in the best interest of the Fidelity ETF. The IRC is also required to approve certain mergers involving the Fidelity ETF and any change of the auditor of the Fidelity ETF.

In connection with the Fidelity ETF, the Manager has referred to the IRC the conflict of interest matter that arises because the Fidelity ETF, in respect of the bitcoin that it purchases from, or sells to, Fidelity Clearing Canada ULC, enters into a contractual right to receive, or an obligation to deliver, bitcoin from or to Fidelity Clearing Canada ULC. The Securities regulatory authorities characterize this contractual right or obligation as a security and/or a derivative. A conflict of interest arises under Canadian securities legislation because Fidelity Clearing Canada ULC is an affiliate of the Manager. The IRC has considered the Manager's policy in respect of the Fidelity ETF's purchase and sale of bitcoin from and to Fidelity Clearing Canada ULC, and has approved the conflict of interest that arises because of the contractual relationship between the Fidelity ETF and Fidelity Clearing Canada ULC regarding the delivery of such bitcoin. The Manager has also received standing instructions from the IRC regarding the purchase and sale of bitcoin by the Fidelity ETF from and to Fidelity Clearing Canada ULC.

The IRC must have all independent members. The Manager considers that an individual is independent if the individual is not a director, officer, or employee of any of the Manager, a sub-advisor retained by the Manager, an affiliate of the Manager or an affiliate of a sub-advisor. In addition, the individual must be independent of management and free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the individual's ability to act with the view to the best interest of the Fidelity ETF.

The members of the IRC are as follows:

James E. Cook (Chair)  
Douglas Nowers  
Richard J. Kostoff  
Frances Horodelski

The IRC has a written charter that sets out its powers, duties, and responsibilities. Additionally, pursuant to NI 81-107, the IRC assesses, at least annually, the adequacy and effectiveness of the following:

- (i) the Manager's policies and procedures regarding conflict of interest matters;
- (ii) any standing instructions that the IRC gave to the Manager for conflict of interest matters related to the Fidelity ETF;
- (iii) the compliance of the Manager and the Fidelity ETF with any conditions imposed by the IRC in a recommendation or approval it has provided to the Manager; and
- (iv) the independence and compensation of its members, the IRC's effectiveness as a committee and the contribution of each member to the IRC.

The IRC prepares a report for Unitholders, at least annually, of its activities. Such report is made available on the Manager's website at [www.fidelity.ca](http://www.fidelity.ca) or, at the request of a Unitholder and at no cost, by contacting the Manager at 483 Bay Street, Suite 300, Toronto, Ontario M5G 2N7, or by sending an e-mail to [cs.english@fidelity.ca](mailto:cs.english@fidelity.ca) (for assistance in English) or [sc.francais@fidelity.ca](mailto:sc.francais@fidelity.ca) (for assistance in French).

Each member of the IRC is paid an annual retainer of \$55,000 (\$65,000 for the Chair) by the Manager to serve on the IRC and a fee of \$2,500 (\$4,000 for the Chair) for each meeting attended. A portion of the retainer and meeting fees paid to each member is allocated to each investment fund managed by the Manager, including the Fidelity ETF, and depends, among other things, on the total number of investment funds managed by the Manager for which such member acted as an IRC member during the fiscal year.

### **Trustee**

Pursuant to the Declaration of Trust, the Manager is also the trustee of the Fidelity ETF.

The trustee may resign upon 90 days' notice to Unitholders and the Manager. If the trustee resigns or if it becomes incapable of acting as trustee, the trustee may appoint a successor trustee and its resignation shall become effective upon the acceptance of such appointment by its successor. If no successor has been appointed within 90 days, the Fidelity ETF will be terminated.

The Declaration of Trust provides that the trustee shall act honestly, in good faith and in the best interests of the Fidelity ETF and shall perform its duties to the standard of care that a reasonably prudent person would exercise in the circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the trustee and indemnifying the trustee in respect of certain liabilities incurred by it in carrying out the trustee's duties.

At any time during which the Manager is the trustee, the Manager will receive no fee in respect of the provision of services as trustee.

### **Custodian**

Fidelity Clearing Canada ULC at its offices in Toronto, Ontario is the custodian of the assets of the Fidelity ETF pursuant to the Custodian Agreement. The Custodian is registered as an investment dealer in each province and territory of Canada and is a member of the Investment Industry Regulatory Organization of Canada. It is qualified to act as the custodian of the Fidelity ETF pursuant to exemptive relief obtained by the Fidelity ETF under NI 81-102.

The Custodian has entered into a strategic relationship with the Bitcoin Sub-Custodian to permit the Custodian to provide its clients, including the Fidelity ETF, with bitcoin custody services through the custodial services offered by the Bitcoin Sub-Custodian. In accordance with this strategic relationship, the Custodian has retained the Bitcoin Sub-Custodian to custody the bitcoin of the Fidelity ETF. In addition, if the Fidelity ETF purchase bitcoin from the Custodian, the Custodian sources its bitcoin through the Bitcoin Sub-Custodian, which is an Acceptable Bitcoin Source.

Both the Custodian and the Manager, on behalf of the Fidelity ETF, may terminate the Custodian Agreement at any time upon not less than 90 days' written notice. The Custodian is entitled to receive fees from the Manager as described under "**Fees and Expenses**" and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Fidelity ETF.

### **Bitcoin Sub-Custodian**

Fidelity Digital Asset Services, LLC is the sub-custodian of the bitcoin held by the Fidelity ETF pursuant to the Bitcoin Sub-Custodian Agreement. The Bitcoin Sub-Custodian is a limited liability trust company organized under New York law and regulated by the New York State Department of Financial Services. It is qualified to act as a sub-custodian of the Fidelity ETF for bitcoin pursuant to exemptive relief obtained by the Fidelity ETF under NI 81-102. In accordance with such relief, the Bitcoin Sub-Custodian is required to adhere to the standard of care required under, NI 81-102.

Under New York Banking Law, the Bitcoin Sub-Custodian is held to specific capital reserve requirements and banking compliance standards. The Bitcoin Sub-Custodian is also subject to the laws, regulations and rules of applicable governmental or regulatory authorities, including: money service business regulations under the Financial Crimes Enforcement Network ("**FinCEN**"); U.S. state money transmission laws; laws, regulations, and rules of relevant tax authorities; applicable regulations and guidance set forth by FinCEN; applicable AML Regulations; issuances from the Office of Foreign Assets Control; the New York Banking Law; and regulations promulgated by the New York State Department of Financial Services from time to time.

The Bitcoin Sub-Custodian holds the bitcoin of the Fidelity ETF in a wallet that is in the name of the Custodian. The Custodian records and identifies at all times in its books and records that such bitcoin constitute the property of the Fidelity ETF.

Private keys are stored in two different forms: "hot wallet" storage, where the private keys are connected to the internet, and "cold" storage, where digital currency private keys are stored completely offline. The bitcoin that the Bitcoin Sub-Custodian holds for the Fidelity ETF is stored offline in cold storage. The bitcoin only enters "hot" storage for a temporary period to facilitate deposits and redemptions.

The Bitcoin Sub-Custodian has put into place a number of security policies and practices with respect to digital assets held in cold storage, including: hardware security modules ("**HSMs**") are used to generate, store and manage cold storage private keys; multisignature technology is used to provide both security against attacks and tolerance for losing access to a key or facility, eliminating single points of failure; all cold storage HSMs are stored offline in air-gapped environments within a diverse network of guarded, monitored and access-controlled facilities that are geographically distributed; multiple levels of physical security and monitoring controls are implemented to safeguard HSMs within storage facilities; and all transfers require the coordinated actions of multiple employees.

The Bitcoin Sub-Custodian's security policies and practices with respect to digital assets held in its hot wallet include: HSMs are used to store and manage hot wallet private keys; operational redundancy is achieved through geographic disbursement of failover storage facilities and hardware, thus protecting against service disruptions and single points of failure; all hot wallet HSMs are stored within secured facilities that are access-controlled, guarded, and monitored; tiered access-controls are applied to the production environment to restrict access to employees based on role, following the principle of least-privilege; administrative access to its production environment requires multi-factor authentication; and it offers additional account level protections, such as maker/checker controls, client-designated entitlements and transaction limits.

The Bitcoin Sub-Custodian has adopted an anti-money laundering compliance program in accordance with the requirements of the United States *Bank Secrecy Act* of 1970, as amended by the USA Patriot Act and other laws and regulations issued by the U.S. Department of the Treasury (the "**AML Program**") for its digital asset trading venue and custody service. This AML Program includes a customer identification program, annual training of employees and officers in AML Regulation, filing of Suspicious Activity Reports with FinCEN and annual independent audits of the AML Program. In addition, the Bitcoin Sub-Custodian has instituted the following internal controls: multiple signatories are required to transfer funds out of cold storage; all private keys are stored offsite in secure facilities; all employees undergo criminal and credit background checks, and are subject to ongoing background checks throughout their employment; and remote-access by employees requires a VPN and multi-factor authentication.

The Bitcoin Sub-Custodian has implemented commercially reasonable cybersecurity practices that are required of a digital asset custodian. These procedures include: the use of two-factor authentication for all client logins, required credentials that are cryptographically hashed using modern standards; encryption of sensitive user information, both in transit and at rest; the application of rate-limiting procedures to certain account operations, such as login attempts to thwart brute force attacks; the transmission of website data over encrypted transport layer security connections; the leveraging of content-security policy and hypertext transfer protocol strict transport security features in modern browsers; partnerships with enterprise vendors to mitigate potential distributed denial-of-service attacks; and the use of separate access controls and firewalls to protect internal-only sections of its network and applications.

The Bitcoin Sub-Custodian currently maintains insurance coverage for digital assets held by it, whether in a “hot wallet” or in its cold storage system. The amount and continuing availability of this coverage are subject to change at the Bitcoin Sub-Custodian’s sole discretion. To date, the Bitcoin Sub-Custodian has not experienced a loss due to unauthorized access from its hot wallet or the cold storage vaults where the Fidelity ETF’s bitcoin will be custodied.

#### **Auditor**

The auditor of the Fidelity ETF is PricewaterhouseCoopers LLP, Chartered Professional Accountants, PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario M5J 0B2.

#### **Registrar and Transfer Agent**

State Street Trust Company Canada is the registrar and transfer agent for the Units of the Fidelity ETF. The register of the Fidelity ETF is kept in Toronto, Ontario.

#### **Promoter**

The Manager has taken the initiative in founding and organizing the Fidelity ETF and is, accordingly, the promoter of the Fidelity ETF within the meaning of securities legislation of certain provinces and territories of Canada.

#### **Fund Administrator**

State Street Trust Company Canada, at its principal offices in Toronto, Ontario, is the fund administrator. The Fund Administrator is responsible for certain aspects of the day-to-day administration of the Fidelity ETF, including NAV calculations, accounting for net income and net realized capital gains of the Fidelity ETF and maintaining books and records with respect to the Fidelity ETF.

### **CALCULATION OF NET ASSET VALUE**

The NAV of the Fidelity ETF is the value of all assets of the Fidelity ETF less its liabilities. The NAV and the NAV per Unit of the Fidelity ETF is calculated by the Fund Administrator on each Valuation Date, subject to any temporary suspension of the right to exchange or redeem units as described under “**Redemption of Units – Suspension of Exchanges and Redemptions**” above. If the Fidelity ETF offers different series of units, a separate NAV is calculated for each series of units of the Fidelity ETF. The NAV per Unit of the Fidelity ETF is calculated by dividing the NAV of the series at the close of business on a Valuation Date by the total number of Units of the series outstanding at that time. The base currency of the Fidelity ETF is Canadian dollars and both the CAD Units and the USD Units can be bought only in Canadian dollars. However, a U.S. dollar NAV per Unit is calculated for the USD Units of the Fidelity ETF because they trade on the TSX in U.S. dollars. For purposes of this calculation, the Canadian dollar NAV per Unit is converted to U.S. dollars at the prevailing exchange rate on the applicable Valuation Date.

The issue, exchange or redemption of Units and the reinvestment of distributions is reflected in the next calculation of the NAV made after the time such transactions become binding. Portfolio transactions (investment purchases and sales) are reflected in the next calculation of the NAV made after the date on which they become binding. The NAV per Unit of the Fidelity ETF calculated on each Valuation Date remains in effect until the NAV per Unit of the Fidelity ETF is next calculated.

## **Valuation Policies and Procedures of the Fidelity ETF**

The value of the portfolio assets of the Fidelity ETF is determined by applying the following rules:

- (i) liquid assets (which term includes cash on hand or on deposit or on call, bills and demand notes and accounts receivable, prepaid expenses, cash dividends declared and interest accrued and not yet received) will be valued at the full amount thereof unless the Manager determines an otherwise fair value;
- (ii) bitcoin is valued based on the price of bitcoin reported by the Fidelity Bitcoin Index on that Valuation Date;
- (iii) long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the fair value thereof;
- (iv) where a covered clearing corporation option, option on futures or over the counter option is written by the Fidelity ETF, the premium received by the Fidelity ETF will be reflected as a deferred credit which will be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option which would have the effect of closing the position; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the deferred credit shall be deducted in arriving at the NAV of the Fidelity ETF; the securities, if any, which are the subject of a written covered clearing corporation option or over-the-counter option will be valued in the manner described above for listed securities;
- (v) the value of a futures contract, forward contract or swap shall be the gain or loss, if any, that would arise as a result of closing the position in the futures contract or forward contract or swap, as the case may be, on that Valuation Date unless daily limits are in effect, in which case fair market value shall be based on the current value of the underlying interest;
- (vi) margin paid or deposited in respect of futures contracts, forward contracts, and swaps shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (vii) short-term securities may be valued using market quotations, amortized cost or original cost plus accrued interest, unless the Manager determines that these no longer approximate market value of the assets;
- (viii) securities or assets quoted in currencies other than the Canadian dollar are translated to Canadian dollars using the closing rate of exchange as quoted by customary banking sources on that Valuation Date; and
- (ix) notwithstanding the foregoing, securities and other assets for which market quotations are, in the Manager's opinion, inaccurate, unreliable, not reflective of all available material information or not readily available are valued at their fair value, as determined by the Manager.

The Declaration of Trust contains details of the method of determining the value of liabilities to be deducted in determining the NAV of the Fidelity ETF. In arriving at the NAV, the Manager will generally use the latest reported information available to it on the Valuation Date.

The financial statements of the Fidelity ETF are required to be prepared in compliance with IFRS. The Fidelity ETF's accounting policies for measuring the fair value of their investments under IFRS are identical to those used in measuring the NAV per Unit for transactions with Unitholders.

## **Reporting of Net Asset Value**

The aggregate NAV of the Fidelity ETF and the NAV per CAD Unit and the NAV per USD Unit is available to the public on the Manager's website at [www.fidelity.ca](http://www.fidelity.ca).

## ATTRIBUTES OF THE UNITS

### Description of the Securities Distributed

The Fidelity ETF is authorized to issue an unlimited number of Units, each of which represents an equal, undivided interest in the Units' proportionate share of the assets of the Fidelity ETF.

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 default, obligation or liability of the trust if, when the default occurs or the liability arises (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of Ontario. The Fidelity ETF is a reporting issuer under the *Securities Act* (Ontario) and the Fidelity ETF is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

### Certain Provisions of the Units

Each Unit held by a Unitholder entitles that Unitholder to one vote at all meetings of Unitholders. Each Unit is entitled to participate equally with all other Units with respect to all distributions made by the Fidelity ETF to Unitholders, other than Management Fee Distributions and amounts paid on the exchange or redemption of Units. Units are issued only as fully paid and are non-assessable.

On any Trading Day, Unitholders may exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) for bitcoin and/or cash. See "**Redemption of Units – Exchange of Prescribed Number of Units**".

On any Trading Day, Unitholders may redeem Units in any whole number for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the NAV per Unit. Unitholders that hold USD Units will be paid their redemption proceeds in Canadian dollars. See "**Redemption of Units – Redemption of Units in any Number for Cash**".

### Modification of Terms

All rights attached to the Units may only be modified, amended, or varied in accordance with the terms of the Declaration of Trust. See "**Unitholder Matters – Amendments to the Declaration of Trust**".

The Manager may amend the Declaration of Trust from time to time to redesignate the name of the Fidelity ETF or to create a new class or series of units of the Fidelity ETF without notice to existing Unitholders, unless such amendment in some way affects the existing Unitholders' rights or the value of their investment.

## UNITHOLDER MATTERS

### Meeting of Unitholders

Except as otherwise required by law, meetings of Unitholders of the Fidelity ETF will be held if called by the Manager upon written notice of not less than 21 days nor more than 50 days before the meeting.

### Matters Requiring Unitholders Approval

Under the Declaration of Trust, Unitholders are entitled to vote on any matter that pursuant to Canadian securities legislation must be submitted to Unitholders for approval. NI 81-102 requires that Unitholders of the Fidelity ETF approve the following:

- (i) any change to the basis of the calculation of a fee or expense that is charged to the Fidelity ETF or directly to its Unitholders if such change could result in an increase in charges to the Fidelity ETF or its Unitholders, except where:
  - (a) the Fidelity ETF is at arm's length with the person or company charging the fee or expense;

- (b) the Unitholders have received at least 60 days' written notice before the effective date of the change; and
  - (c) the right to notice described in (b) is disclosed in the prospectus of the Fidelity ETF;
- (ii) the introduction of a fee or expense, to be charged to the Fidelity ETF or directly to its Unitholders by the Fidelity ETF or the Manager in connection with the holding of Units of the Fidelity ETF that could result in an increase in charges to the Fidelity ETF or its Unitholders (which would not include expenses associated with complying with governmental or regulatory requirements introduced after the date the Fidelity ETF was created), except where:
- (a) the Fidelity ETF is at arm's length with the person or company charging the fee or expense;
  - (b) the Unitholders have received at least 60 days' written notice before the effective date of the change; and
  - (c) the right to notice described in (b) is disclosed in the prospectus of the Fidelity ETF;
- (iii) any change to the Manager, unless the new manager of the Fidelity ETF is an affiliate of the Manager;
- (iv) any change to the fundamental investment objective of the Fidelity ETF;
- (v) the decrease in the frequency of the calculation of the Fidelity ETF's NAV per Unit;
- (vi) the undertaking by the Fidelity ETF of a reorganization with, or transfer of its assets to, another mutual fund, if the Fidelity ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the Fidelity ETF becoming securityholders in the other mutual fund, unless:
- (a) the IRC of the Fidelity ETF has approved the change;
  - (b) the Fidelity ETF is being reorganized with, or its assets are being transferred to, another mutual fund to which NI 81-102 and NI 81-107 apply and that is managed by the Manager, or an affiliate of the Manager;
  - (c) the Unitholders have received at least 60 days' written notice before the effective date of the change;
  - (d) the right to notice described in (c) is disclosed in the prospectus of the Fidelity ETF; and
  - (e) the transaction complies with certain other requirements of applicable securities legislation; and
- (vii) the undertaking by the Fidelity ETF of a reorganization with, or acquisition of assets from, another mutual fund, if the Fidelity ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders of the Fidelity ETF and the transaction would be a material change to the Fidelity ETF.

In addition, the auditor of the Fidelity ETF may not be changed unless the IRC has approved the change and Unitholders have received at least 60 days' written notice before the effective date of the change.

Approval of Unitholders of the Fidelity ETF of any such matter will be given if a majority of the votes cast at a meeting of Unitholders of the Fidelity ETF duly called and held for the purpose of considering the same approve the related resolution.

## **Amendments to the Declaration of Trust**

The Trustee may amend the Declaration of Trust from time to time, but it may not, without the approval of a majority of the votes of Unitholders of the Fidelity ETF voting at a meeting of Unitholders duly called for such purpose, make any amendment relating to any matter in respect of which NI 81-102 requires a meeting, as set out above, or any amendment that will adversely affect the voting rights of Unitholders.

Unitholders are entitled to one vote per Unit of the Units held on the record date established for voting at any meeting of Unitholders.

## **Accounting and Reporting to Unitholders**

The fiscal year-end of the Fidelity ETF is March 31. The Fidelity ETF will deliver or make available to Unitholders (i) audited comparative annual financial statements; (ii) unaudited interim financial statements; and (iii) annual and interim MRFPs. Such documents are incorporated by reference into, and form an integral part of, this prospectus. See “**Documents Incorporated by Reference**”.

Each Unitholder will also be mailed annually, by his, her or its broker, no later than March 31, information necessary to enable such Unitholder to complete a Canadian income tax return with respect to amounts paid or payable by the Fidelity ETF owned by such Unitholder in respect of the preceding taxation year of the Fidelity ETF.

The Manager will ensure that the Fidelity ETF complies with all applicable reporting and administrative requirements. The Manager will also ensure that adequate books and records are kept reflecting the activities of the Fidelity ETF. A Unitholder or his, her or its duly authorized representative has the right to examine the books and records of the Fidelity ETF during normal business hours at the offices of the Fund Administrator. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Fidelity ETF.

## **Permitted Mergers**

The Fidelity ETF may, without Unitholder approval, enter into a merger or other similar transaction that has the effect of combining the Fidelity ETF with any other investment fund or funds that have investment objectives, valuation procedures and fee structures that are similar to the Fidelity ETF, subject to

- (i) approval of the merger by the IRC;
- (ii) compliance with certain merger pre-approval conditions set out in section 5.6 of NI 81-102; and
- (iii) written notice being sent to Unitholders at least 60 days before the effective date of the merger.

In connection with any such merger, the merging funds will be valued at their respective NAVs and Unitholders of the Fidelity ETF will be offered the right to redeem their Units for cash at the applicable NAV per Unit.

## **TERMINATION OF THE FIDELITY ETF**

The Fidelity ETF may be terminated by the Manager on at least 60 days’ notice to Unitholders of such termination and the Manager will issue a press release in advance thereof. The Manager may also terminate the Fidelity ETF if the Trustee resigns or becomes incapable of acting and is not replaced.

Upon such termination, the assets held by the Fidelity ETF, cash remaining after paying or providing for all liabilities and obligations of the Fidelity ETF and any termination-related expenses payable by the Fidelity ETF shall be distributed pro rata among the Unitholders of the Fidelity ETF.

The rights of Unitholders to exchange and redeem Units described under “**Redemption of Units**” will cease as and from the date of termination of the Fidelity ETF.

## RELATIONSHIP BETWEEN THE FIDELITY ETF AND DEALERS

The Manager, on behalf of the Fidelity ETF, may enter into various continuous distribution dealer agreements with registered dealers (that may or may not be the Designated Broker) pursuant to which the Dealers may subscribe for Units of the Fidelity ETF as described under “**Purchases of Units – Issuance of Units**”.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Fidelity ETF of its Units under this prospectus. The Fidelity ETF has obtained exemptive relief from the Canadian securities regulatory authorities to relieve it from the requirement that this prospectus contain a certificate of the underwriter or underwriters.

## PRINCIPAL HOLDERS OF SECURITIES OF THE FIDELITY ETF

As at November 22, 2021, the Fidelity ETF was created with an initial contribution of \$100.00 from the Manager. As at the date of this prospectus, the Manager holds all of the issued and outstanding Units of the Fidelity ETF.

## PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

Consistent with the Fidelity ETF’s investment objective and strategies, the Fidelity ETF does not hold voting securities. Accordingly, no proxy voting policies or procedures have been established for the Fidelity ETF.

## MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Units:

- (i) Declaration of Trust;
- (ii) Management Agreement; and
- (iii) Custodian Agreement.

Copies of the agreements referred to above may be inspected during business hours at the principal office of the Manager.

## LEGAL AND ADMINISTRATIVE PROCEEDINGS

The Fidelity ETF is not involved in any legal proceeding, nor is the Manager aware of existing or pending legal or arbitration proceedings involving the Fidelity ETF.

## EXPERTS

Borden Ladner Gervais LLP, legal counsel to the Fidelity ETF and the Manager, has provided certain legal opinions regarding the principal Canadian federal income tax considerations that apply to an investment in the Units by a Canadian resident individual and by a Registered Plan. See “**Income Tax Considerations**” and “**Eligibility for Investment**”.

PricewaterhouseCoopers LLP, the auditor of the Fidelity ETF, has consented to the use of its report dated November 22, 2021 to the Unitholder and Trustee of the Fidelity ETF on its statement of financial position as at November 22, 2021 and the related notes thereto, incorporated by reference herein.

PricewaterhouseCoopers LLP has confirmed that it is independent with respect to the Fidelity ETF within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

## **EXEMPTIONS AND APPROVALS**

The Fidelity ETF has obtained exemptive relief from the Canadian securities regulatory authorities to permit:

- (i) the purchase by a Unitholder of more than 20% of the Units of the Fidelity ETF without regard to the takeover bid requirements of applicable Canadian securities legislation;
- (ii) the Fidelity ETF to borrow cash in an amount not exceeding 5% of the net assets of the Fidelity ETF for a period not longer than 45 days and, if required by the lender, to provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distribution payable to Unitholders that represents amounts that have not yet been received by the Fidelity ETF;
- (iii) the Fidelity ETF to prepare a prospectus without including a certificate of an underwriter;
- (iv) the use of Fidelity Clearing Canada ULC as custodian of the Fidelity ETF and Fidelity Digital Asset Services, LLC as a sub-custodian of the Fidelity ETF in respect of the bitcoin held by the Fidelity ETF;
- (v) the Fidelity ETF to accept bitcoin as payment for the subscription price of Units; and
- (vi) to permit the Fidelity ETF to enter into a contractual right to receive, or an obligation to deliver, bitcoin from or to Fidelity Clearing Canada ULC, which contractual right or obligation is characterized by the Securities regulatory authorities as a security and/or a derivative.

### **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities of exchange-traded funds within 48 hours after receipt of a confirmation of a purchase of such securities. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages, if the prospectus and any amendment contains a misrepresentation or non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

The Manager has obtained exemptive relief from the requirement in securities legislation to include an underwriter's certificate in the prospectus. As such, purchasers of Units of the Fidelity ETF will not be able to rely on the inclusion of an underwriter's certificate in the prospectus or any amendment for the statutory rights and remedies that would otherwise have been available against an underwriter that would have been required to sign an underwriter's certificate.

Purchasers should refer to the applicable provisions of the securities legislation and the decisions referred to above for the particulars of their rights or consult with a legal adviser.

### **DOCUMENTS INCORPORATED BY REFERENCE**

During the period in which the Fidelity ETF is in continuous distribution, additional information is available in:

- (i) the most recently filed ETF Facts documents of the Fidelity ETF;
- (ii) the most recently filed annual financial statements of the Fidelity ETF, together with the accompanying report of the auditor, if any;
- (iii) any interim financial statements filed after the most recently filed annual financial statements of the Fidelity ETF;
- (iv) the most recently filed annual MRFP of the Fidelity ETF, if any; and

(v) any interim MRFP of the Fidelity ETF filed after the most recent annual MRFP.

These documents are incorporated by reference into the prospectus, which means that they legally form part of this document just as if they were printed as part of this document. A Unitholder can get a copy of these documents upon request and at no cost by calling 1-800-263-4077 or by contacting a registered dealer.

These documents are available on the Manager's website at [www.fidelity.ca](http://www.fidelity.ca) or by contacting the Manager at 1-800-263-4077 or via e-mail at [cs.english@fidelity.ca](mailto:cs.english@fidelity.ca) (for assistance in English) or [sc.francais@fidelity.ca](mailto:sc.francais@fidelity.ca) (for assistance in French).

These documents and other information about the Fidelity ETF are available on the internet at [www.sedar.com](http://www.sedar.com).

In addition to the documents listed above, any document of the type described above that are filed on behalf of the Fidelity ETF after the date of this prospectus and before the termination of the distribution of the Fidelity ETF are deemed to be incorporated by reference into this prospectus.

## INDEPENDENT AUDITOR'S REPORT

To the Unitholder and Trustee of

### **Fidelity Advantage Bitcoin ETF™**

(the "Fund")

#### ***Our opinion***

In our opinion, the accompanying financial statement of the Fund presents fairly, in all material respects, the financial position of the Fund as at November 22, 2021 in accordance with those requirements of International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board relevant to preparing a statement of financial position.

#### ***What we have audited***

The financial statement of the Fund comprises the statement of financial position as at November 22, 2021 and the notes to the financial statement, which include a summary of significant accounting policies.

#### ***Basis for opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statement section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Independence***

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

#### ***Emphasis of matter – basis of accounting***

We draw to users' attention the fact that the financial statement of the Fund does not comprise a full set of financial statements prepared in accordance with IFRS. Our opinion is not modified in respect of this matter.

#### ***Responsibilities of management and those charged with governance for the financial statement***

Management is responsible for the preparation and fair presentation of the financial statement of the Fund in accordance with those requirements of IFRS relevant to preparing a statement of financial position and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Fund.

### ***Auditor's responsibilities for the audit of the financial statement***

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole for the Fund is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statement of the Fund.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement of the Fund, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***(signed) PricewaterhouseCoopers LLP***

**Chartered Professional Accountants, Licensed Public Accountants**

Toronto, Ontario  
November 22, 2021

**FIDELITY ADVANTAGE BITCOIN ETF™  
STATEMENT OF FINANCIAL POSITION**

**As at November 22, 2021**

<b>Assets</b>		
<b>Current assets</b>		
Cash	\$	<u><u>100.00</u></u>
<b>Net assets attributable to Unitholders</b>	<b>\$</b>	<b><u><u>100.00</u></u></b>
Net assets attributable to Unitholders per Unit	\$	25.00

Approved on behalf of the Board of Directors of  
Fidelity Investments Canada ULC, as trustee of Fidelity Advantage Bitcoin ETF™

(signed) "Barry Myers"  
Barry Myers  
Director

(signed) "Philip McDowell"  
Philip McDowell  
Director

The accompanying notes are an integral part of this statement of financial position.

## Notes to the Statements of Financial Position as at November 22, 2021:

### 1. Formation of the Fidelity ETF

Fidelity Advantage Bitcoin ETF™ (the “**Fidelity ETF**”) is an exchange-traded fund established as a trust under the laws of the Province of Ontario effective November 22, 2021. The Fidelity ETF has been established pursuant to a declaration of trust.

The number of units which may be issued by the Fidelity ETF is unlimited. Fidelity Investments Canada ULC (“**Fidelity**”), as manager and trustee of the Fidelity ETF, is responsible for the day-to-day operations and provides all general management and administrative services. Fidelity is responsible for the investment management of the Fidelity ETF’s portfolio. The registered office of the Fidelity ETF is located at 483 Bay Street, Suite 300, Toronto, Ontario M5G 2N7. The statement of financial position of the Fidelity ETF as at November 22, 2021 was authorized for issue by Fidelity’s board of directors on November 22, 2021.

The Fidelity ETF meets the definition of an investment entity as its purpose is to invest its net assets for capital growth for the benefit of its unitholders, and its investment performance is measured on a fair value basis.

### 2. Summary of significant accounting policies

#### *Basis of presentation*

The Statement of Financial Position of the Fidelity ETF has been prepared in accordance with those requirements of International Financial Reporting Standards (“**IFRS**”) as published by the International Accounting Standards Board (IASB) relevant to preparing a statement of financial position. In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates.

The following is a summary of significant accounting policies followed by the Fidelity ETF in the preparation of the Statement of Financial Position of the Fidelity ETF.

#### *Cash*

Cash is comprised of cash on deposit with a Canadian financial institution.

#### *Classification of units issued by the Fidelity ETF*

In accordance with IAS 32, the Fidelity ETF’s units’ entitlements include a contractual obligation to distribute any net income and net realized capital gains at least annually in cash (at the request of the unitholder) and, therefore, the ongoing redemption feature is not the units’ only contractual obligation. Therefore, the Fidelity ETF’s redeemable units do not meet the criteria for classification as equity and have been classified as financial liabilities on the Statement of Financial Position. The Fidelity ETF’s obligation for net assets attributable to unitholders is recorded at the redemption amount.

### 3. Functional and presentation currency

The Statement of Financial Position of the Fidelity ETF is presented in Canadian dollars, which is the functional currency of the Fidelity ETF.

### 4. Related party transactions

Fidelity serves as the manager and the portfolio adviser of the Fidelity ETF. The Fidelity ETF pays Fidelity a monthly management fee as outlined below. As at November 22, 2021 there have been no fees charged to the Fidelity ETF as it has not yet commenced operations.

## **5. Management fee**

The management fee directly payable to the Manager by the Fidelity ETF is 0.40%.

This management fee covers certain of Fidelity's fees and costs associated with acting as the manager and the portfolio manager of the Fidelity ETF and the other expenses that are payable by Fidelity in connection with the Fidelity ETF.

Subject to the disclosure below, the Manager pays all of the operating and administrative expenses incurred by the ETF.

In addition to the management fee, the Fidelity ETF pays all of its operating expenses, including: (i) custodian, sub-custodian, transfer agency, legal and audit fees; (ii) administrative costs and trustee services relating to registered tax plans; (iii) filing, listing and other regulatory fees; (iv) the costs of preparing and distributing the Fidelity ETF's financial reports, prospectus, ETF Facts and the other investor communications that the Manager is required to prepare to comply with applicable laws; (v) the fees and expenses relating to the operation of the IRC; (vi) portfolio transaction costs, including the costs of trading bitcoin, brokerage commissions and other securities transaction related expenses, including the costs of derivatives; (vii) interest and borrowing costs; (viii) any new fee related to external services that is not commonly charged in the Canadian exchange-traded fund industry as of the date of creation of the Fidelity ETF; (ix) all fees and expenses of valuation service providers retained in connection with the valuation of assets of the Fidelity ETF for purposes of NAV calculations; (x) the costs of complying with any new regulatory requirement, including any new fee introduced after the date of creation of the Fidelity ETF; and (xi) any applicable taxes, including income, withholding or other taxes, and also including applicable GST/HST on expenses.

Fidelity may decide, in its discretion, to pay some of these expenses, rather than having the Fidelity ETF incur such expenses. Fidelity is under no obligation to do so and, if any expense is reimbursed by Fidelity, it may discontinue this practice at any time.

## **6. Net assets attributable to unitholders**

A total of four units of the Fidelity ETF were issued for cash on November 22, 2021 to Fidelity. Fidelity holds all outstanding units of the Fidelity ETF as at November 22, 2021.

Unitholders may redeem units of the Fidelity ETF in any whole number for cash for a redemption price per unit of 95% of the closing price for the units on the Toronto Stock Exchange on the effective day of the redemption, subject to a maximum redemption price of the applicable net asset value per unit, or may exchange a minimum of a prescribed number of units (and any additional multiple thereof) for bitcoin and/or cash. A prescribed number of units is a number of units determined by Fidelity from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

**CERTIFICATE OF THE FIDELITY ETF, THE TRUSTEE, MANAGER AND PROMOTER**

Dated November 22, 2021

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Québec, Saskatchewan and Yukon.

FIDELITY INVESTMENTS CANADA ULC  
as Trustee and Manager of Fidelity Advantage Bitcoin ETF™

*(signed) "Robert Strickland"*  
\_\_\_\_\_  
ROBERT LLOYD STRICKLAND  
Chief Executive Officer  
Fidelity Investments Canada ULC

*(signed) "Philip McDowell"*  
\_\_\_\_\_  
PHILIP McDOWELL  
Chief Financial Officer  
Fidelity Investments Canada ULC

On behalf of the Board of Directors of Fidelity Investments Canada ULC

*(signed) "Barry Myers"*  
\_\_\_\_\_  
BARRY MYERS  
Director

*(signed) "Cameron Murray"*  
\_\_\_\_\_  
CAMERON MURRAY  
Director

FIDELITY INVESTMENTS CANADA ULC  
as Promoter of Fidelity Advantage Bitcoin ETF™

*(signed) "Robert Strickland"*  
\_\_\_\_\_  
ROBERT LLOYD STRICKLAND  
Chief Executive Officer  
Fidelity Investments Canada ULC