VBTC VanEck Bitcoin ETF

Access the digital opportunity

VBTC is an ETF that offers investors exposure to bitcoin without needing to master the technical challenges of holding it directly.

Investors can now access the growth potential of bitcoin, which is the world's first decentralised currency, and is the largest digital asset by market capitalisation. It is a well-established, highly sought after digital currency with a broad user base and a liquid market.

Why VBTC for bitcoin?

Accessibility Enables simple and convenient access on ASX without the complexity of owning and transacting individually.

Security Offering institutional-grade protection of bitcoin that includes security, compliance and risk controls.

Portfolio tool Opportunity for growth and diversification, bitcoin is an asset with a low correlation to traditional asset classes.

Expertise VanEck is one of the global pioneers of digital asset management, with crypto funds listed on exchanges globally.[1]

Cost The first and most cost effective bitcoin ETF on ASX.

1. As at June 2024, VanEck has a total of 14 crypto ETPs actively trading worldwide.

What is Bitcoin?

Bitcoin is often called 'digital gold' because, like the metal, it is a potential store of value. Bitcoin is a form of cryptocurrency, which is the broader category used to describe any decentralised digital currency that is independent of governments and central banks.

Bitcoin was designed as a peer-to-peer electronic medium of exchange in 2008, and since then, it has undergone rapid growth and change.

Bitcoin has been compared to gold. As well as being "mined", similarities include:

— **Limited supply:** There will be a maximum supply of 21 million bitcoins. This preprogrammed scarcity means that the price could move upward as broader adoption drives greater demand.

— **Potential inflation hedge:** Monetary stimulus is currently eroding purchasing power globally, and bitcoin is not subject to the same inflationary manipulation as traditional currencies.

— **Diversification benefits:** Bitcoin tends to be uncorrelated to traditional asset classes.

However, unlike gold, bitcoin:

— **Splits according to a schedule:** While there will be a finite number of bitcoins, new bitcoins are still available to be mined and continue to enter circulation until the supply cap is reached. Bitcoin undergoes a "halving" approximately every four years that progressively reduces the rate of production.

— **Divisible:** As a physical asset, gold can only be divided into smaller units to a certain extent, making smaller transactions cumbersome and, in some instances, impractical. Bitcoin, on the other hand, is divisible up to eight decimal places (with the smallest unit called 'satoshis', named after bitcoin's inventor Satoshi Nakamoto), making it easier to use for microtransactions.

— **Has unique transparency:** All bitcoin transactions are publicly accessible and permanently recorded on the blockchain, which is basically a digital ledger that records every transaction in real-time. However, the transactions can also be anonymous.

How investors are using bitcoin

A diversifier when confidence erodes in the world's reserve currencies or when there is volatility in markets

A fiat currency substitute

Bitcoin operates on a decentralised network, independent of any single entity, government or central bank.

Its distributed, open-source nature helps to protect it against arbitrary asset seizure and counterparty risk.

Diversification

Bitcoin's historically low correlation with traditional asset classes is increasing its role as a source of diversification.

Long-term investment

Despite its short-term volatility, bitcoin has delivered significant long-term price appreciation.

Bitcoin's scarcity, by design, is fundamental to its value. If demand for this digital asset grows, scarcity becomes a driver of its value.

Liquid and accessible

Global investors can access and trade bitcoin 24/7[2], which is important during periods of heighted uncertainty.

Inflation hedge

Bitcoin's supply will be capped at 21 million coins.

Bitcoin is also decentralised and not subject to inflation.

Momentum asset

Bitcoin's returns have strong time series momentum.

It tends to do well when technology companies are doing well, and some investors are using it as a risk-on asset.

2. An investment in VBTC is subject to ASX trading time risk.

Different ways to own bitcoin

	Bitcoin ETF	Direct ownersip
Ownership	Ownership of ETF units.	Direct ownership with private key access.
Regulatory oversight	Regulated.	Decentralised, lacks regulation.
Trading, liquidity & accessibility	Traded during stock market hours, broader investor access – like buying a share. Convenient to trade in your chosen broker account – can streamline portfolio management and reporting.	24/7 trading on cryptocurrency exchange. Purchasing and securely storing bitcoin directly involves a more complex process.
Tax reporting	Simplified.	Complex.
Management	Fund Manager.	Self-managed.
Fees & costs	Transparent and included within the Net Asset Value (NAV) of the ETF and broker fees.	Opaque, fees can include network fees, transfer fees to/from your traditional bank account, conversion fees, maker/taker fees, set transaction fees, or tiered transaction fees based on trading volume.
Custody	Bitcoin is primarily kept in 'cold' storage by a qualified custodian unless a transaction is taking place.	Bitcoin may be held in 'hot' storage, so it is more susceptible to hacking and theft. Direct ownership of bitcoin requires the owner to safekeep and securely store their private key themselves

Custody

We think the custody arrangements of the Bitcoin ETF is one of its biggest advantages. ETF custody provides investors institutional-grade protection of bitcoin, kept in cold storage enhancing security, compliance and risk controls.

VBTC's custodian has some of the highest levels of the US government's security ratings (FIPS 140-2 publication). The bitcoin in the ETF is primarily held offline in cold storage. Bitcoins are only moved to a 'hot' wallet when a buy or sell of bitcoins is initiated in VBTC.

	COLD WALLET	HOT WALLET
Connection	Offline	Online
Security	Never exposed to a digital network	More vulnerable to attacks and theft due to online connectivity
Access	Access requires physical possession of or access to the cold storage, as well as any PINs, passwords or keys required to access	Online access
Costs	High and onerous for investors	Generally free but incur transaction costs

Access the digital opportunity with the VanEck Bitcoin ETF

For the first time ASX investors can access the world's largest digital currency via VanEck's Bitcoin ETF (VBTC).

In 2008, Satoshi Nakamoto first introduced a decentralised currency using blockchain detailed in his white paper *Bitcoin: A Peer-to-Peer Electronic Cash System*. From these early days, Bitcoin has grown to become a formidable asset. Bitcoin has been referred to as 'digital gold', because like the metal, it is a potential store of value with limited supply, has diversification benefits, and offers a potential hedge against inflation.

We know that investors need a hedge in their portfolios if and when governments lose control over the money supply. When US spending was out of control in the 1960s, VanEck launched the country's first gold share fund, even though gold had been pegged against the dollar for about 190 years. Investing in gold bullion was illegal at the time. Three years later, the peg broke.

Just as VanEck has been at the forefront of gold investing, VanEck has played a pivotal role in shaping the broader adoption of Bitcoin including being the first ETF issuer to make a Bitcoin-linked ETF available on ASX.

Key points of VBTC

The first and most cost- effective bitcoin ETF on ASX

Enables simple and convenient access without the complexity of owning individually.

Institutional custody

A safekeeping arrangement offering institutional-grade protection of bitcoin.

Growth potential of a digital asset

Access to the world's first and largest decentralised currency.

ASX code	Commencement date	Management fees	Index
VBTC	18 June 2024	0.45% p.a.[3]	MarketVector™ Bitcoin Benchmark Rate

Key Risks: An investment in the fund involves extremely high risk and the potential for loss of all capital invested. Investors should actively monitor their investment as frequently as daily to ensure it continues to meet their investment objectives. Risks associated with an invest in the fund include those associated with pricing risk, regulatory risk, custody risk, immutability risk, ASX trading time risk, concentration risk, environmental risk, currency risk, operational risk, underlying fund risk and forking risk. See the VanEck Bitcoin ETF PDS and TMD for details.

Contact us

vaneck.com.au
info@vaneck.com.au
+61 2 8038 3300

VanEck-Australia
VanEckAus
VanEck_Au
VanEckAustralia

3. Other costs may apply.