

ITEM 1 – COVER PAGE



VALKYRIE FUNDS LLC

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September 2022

**PART 2A OF FORM ADV
(THE “BROCHURE”)**

This Brochure provides information about the qualifications and business practices of Valkyrie Funds LLC (“Valkyrie” or the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (202) 854-1343. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Valkyrie Funds LLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. However, such registration does not imply a certain level of skill or training.

Additional information about Valkyrie Funds LLC is available on its website, www.valkyrie-funds.com and will be available on the SEC’s website at: www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

This brochure is an amended document prepared by Valkyrie in accordance with SEC requirements. Our brochure was last amended in March 2022. The material changes that occurred since our last filing include:

Item 4 – Update to our Assets Under Management as of July 31, 2022.

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ITEM 4 – ADVISORY BUSINESS

Valkyrie is an investment adviser registered with the SEC and acts as investment adviser to exchange-traded funds and other pooled investment vehicles. Valkyrie has been registered with the SEC as an investment adviser since October 14, 2021. Valkyrie Investments, Inc. is the parent company of Valkyrie. Valkyrie is a specialized alternative financial services firm at the intersection of traditional finance and the emerging cryptocurrency sector whose affiliates aim to offer asset management, research and other services. Valkyrie Funds aims to provide exposure to the emerging Digital Asset class.

Valkyrie provides investment advisory services to exchange traded funds and other pooled investment vehicles based on the investment objectives and restrictions as set forth in each prospectus or each pooled investment vehicle's offering document. The Adviser will be paid a fee at a certain annual rate of assets under management within the ranges described below under "Fees and Compensation," and may also charge a performance-based fee.

As of July, 2022, Valkyrie managed approximately \$51.14 million of client assets on a discretionary basis.

Some Funds advised by Valkyrie are affiliated with a general partner with the authority to make investment decisions on behalf of the Fund (the "General Partner", and collectively the "General Partners"). These General Partners are deemed to be registered under the Investment Advisers Act of 1940, as amended (the "Advisers Act") pursuant to Valkyrie's registration in accordance with SEC guidance. While the General Partners maintain ultimate authority over the respective Funds, Valkyrie has been delegated the role of investment adviser. For the Funds where there is no general partner, Valkyrie or an affiliate serves the role of a general partner and has similarly been delegated the role of investment manager. For more information about the General Partners and affiliates, please see the Firm's Form ADV Part 1, Schedule D, Section 7.A., Financial Industry Affiliations.

ITEM 5 – FEES AND COMPENSATION

Exchange Traded Funds. We provide discretionary investment management services to exchanged traded funds that are registered as investment companies under the Investment Company Act of 1940, as amended (the "1940 Act") (each, a "Registered Fund"). Each Registered Fund's offering documents will include information about the fees and expenses paid by the Registered Fund. Registered investment company fees accrue daily and are generally paid monthly or quarterly. It is not anticipated that the Adviser will require the payment of fees in advance. The Adviser also arranges for sub-advisory, transfer agency, custody, fund administration, distribution and all other service necessary for a Registered Fund to operate. In some cases, the Adviser may engage a third-party, unaffiliated investment adviser to serve as a sub-adviser to a Registered Fund ("a sub-adviser"). A sub-adviser would typically be responsible for trading portfolio securities for the Registered Fund, subject to the supervision of the Adviser and Board of Trustees of the Registered Fund.

Private Funds. We provide discretionary investment management services to U.S. and non-U.S. domiciled private funds that are not registered under the 1940 Act, and whose interests are not registered under the Securities Act of 1933, as amended (the "Securities Act") (each, a "Private Fund"). The Private Funds are generally managed as part of a "master-feeder" structure wherein one or more feeder funds invest their assets in a single master fund. The Private Fund's offering documents include information about the fees and expenses paid by the Private Fund. For discretionary investment management services to Private Funds, we or the General Partners are paid, management fees of 2.00%, which are typically based on invested and reinvested capital or net asset value as well as certain performance-based fees, as described below. These fees are negotiable, are paid in arrears. The fee structures described herein may be modified from time to time. Fees may differ among investors in the same Private Fund.

Fund Fees, Generally. The Adviser's advisory fees for its Clients (as hereinafter defined) are determined prior to commencement of services and are generally billed and paid in arrears. The fees that the Adviser is entitled to receive for the investment advisory services provided to Registered Funds, Private Funds (collectively, the "Funds") are generally disclosed in each Fund's prospectus or offering documents, as applicable.

Investors in the Funds will generally bear the expenses associated with the operation of such funds, which may include, but are not limited to, advisory, trading, transfer agency, custodial, distribution, administrative, accounting and/or auditing, legal and offering fees or expenses and certain other expenses pursuant to agreements with their service providers and as disclosed in their offering materials.

The Funds managed by the Adviser will bear custodial and administrative expenses and other expenses pursuant to agreements with service providers and according to requirements set out in the investment advisory agreements between each Fund and the Adviser.

The Funds advised by the Adviser will incur brokerage and other transaction costs, as discussed more fully under "Brokerage Practices" below.

ITEM 6 – PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Adviser and the General Partners may receive performance-based fees from certain Private Funds they manage. Certain Private Funds are charged an incentive or performance based compensation together with an asset-based fee. Generally, performance-based compensation is calculated on the appreciation of a Private Fund's assets. With respect to any performance-based fees, the Adviser and the General Partners will comply with Rule 205-3 under the Advisers Act.

The Adviser faces a conflict of interest to the extent that it manages Private Fund for which it receives a performance-based fee at the same time as it manages one or more Private Funds for which it does not receive a performance-based fee. The Adviser has the potential to receive higher compensation from a Private Fund for which it is paid a performance-based fee than for a Private Fund that is not charged a performance-based fee. The Adviser may have an incentive to favor Private Funds or take increased investment risk on behalf of Private Funds for which it receives a performance-based fee because it could receive greater compensation from such Private Funds. For example, the Adviser may have an incentive to trade in non-performance-fee-based Private Funds to benefit performance-fee-based Private Funds. The Adviser has put into place policies and procedures to address these conflicts of interest.

ITEM 7 – TYPES OF CLIENTS

The Adviser's clients include the Registered Funds and the Private Funds (each, a "Client" and, collectively, the "Clients"). A minimum dollar value of assets and other conditions are typically imposed on investors in certain Funds.

For certain Private Funds offered or managed by the Adviser, U.S. investors must generally satisfy certain investor sophistication requirements, including that the investor qualifies as an "accredited investor" under Rule 501(a) of Regulation D under the Securities Act of 1933, as amended, and a "qualified client" within the meaning of Rule 205-3 under the Investment Advisers Act of 1940. Investors in the Private Funds must also meet certain other suitability qualifications prior to making an investment in the Private Funds. The Private Funds are not registered or required to be registered under the Investment Company Act; are not made available to the general public, their securities are not registered or required to be registered under the Securities Act and Private Fund interests are privately placed to qualified investors. Qualified investors include individuals or entities to which Private Fund interests are allowed to be sold, which generally includes (i) in the United States, people or organizations who meet certain net worth, income and/or

financial sophistication requirements as described above or (ii) in other countries as permitted by the relevant securities laws in such jurisdiction and in compliance with any foreign offering provisions applicable to Valkyrie and/or the Private Funds. The Private Funds have required minimum capital commitments from each investor, which have generally ranged from \$1.0 million to \$5.0 million, depending on the Private Fund and the type of investor being admitted, although lesser commitments may be accepted in the discretion of the applicable Private Fund's General Partner (and/or an affiliate of the Private Fund in the case where such Fund does not have a General Partner).

The investors participating in the Private Fund and the Registered Funds include individuals, other investment entities and private funds, university endowments, family offices, pension and profit-sharing plans, trusts, estates or other corporations or business entities and include, directly or indirectly, principals or other employees of Valkyrie and its affiliates and members of their families, as well as service providers retained by Valkyrie.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment strategies, methodologies and objectives associated with the Registered Funds are discussed in detail in the publicly available offering materials of each such Fund. Investment strategies, methodologies and objectives associated with the Funds that are Private Funds or Other Private Vehicles are discussed in detail in the offering document or operating agreement of each such Fund.

The investment strategies and methodologies employed by the Adviser subject a Fund to various risks. Investing in securities and other assets involves risk of loss that clients should be prepared to bear. An investment in a Fund managed by the Adviser involves the risk that the Fund may not achieve its investment objective. A Fund's value may vary based on market fluctuations caused by such factors as economic and political developments, changes in interest rates, and perceived trends in security prices. The investment performance of an Account utilizing the particular methods of analysis employed by the Adviser, including various methods of technical or fundamental analysis, may result in a Fund performing less well than a Fund managed by utilizing other methods of analysis or in the Fund not meeting its investment objective. Investment in a Fund managed by the Adviser involves the risk of losing money. Investing in securities involves the risk of loss that Fund investors should be prepared to bear.

The investment performance of a Fund may depend upon the ability of the personnel of the Adviser to develop and implement investment strategies that achieve the Fund's investment objective. If the Adviser were to lose the services of certain key personnel, the consequences to the Fund could be material.

Investment strategies, methodologies and objectives associated with the Funds that are registered investment companies are discussed in detail in the publicly available offering materials of each such Fund. Investment strategies, methodologies and objectives associated with the Funds that are Private Funds are discussed in detail in the offering document or operating agreement of each such Fund.

The primary types of securities, assets and other instruments the Adviser may recommend to its Clients, in each case depending on the investment objectives, investment strategies, and restrictions of a particular Fund, are set out below with a description of the primary risks of investments in those types of securities or instruments.

The following risk factors do not purport to be a complete list of all risks involved in an investment, and not all risk factors set forth below apply to each Fund.

Digital Asset Risk. Digital currencies, cryptocurrencies, decentralized application tokens and protocol tokens, smart contracts, blockchain-based assets, cryptoassets and other cryptofinance and network-based digital

assets that currently exist, or may exist in the future (collectively, “Digital Assets”) are loosely regulated and there is no central marketplace for currency exchange. Supply is determined by a computer code, not by a central bank, and prices have been and will likely continue to be extremely volatile. Digital Asset exchanges have been closed and/or highly regulated due to fraud, failure or security breaches. Any of the Fund’s assets that reside on an exchange that shuts down may be lost.

Several factors may affect the price of Digital Assets, including, but not limited to: supply and demand, investors’ expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of Digital Assets or the use of Digital Assets as a form of payment. There is no assurance that Digital Assets will maintain any long-term value in terms of purchasing power in the future, or that acceptance of Digital Asset payments by mainstream retail merchants and commercial businesses will continue to grow. Further, many Digital Assets have been hacked or may become vulnerable due to flaws in fundamental core code.

The Adviser will invest in Digital Assets on behalf of certain Funds, and such Funds will be subject to the below risks.

- Digital Asset networks and the software used to operate them are in the early stages of development. Digital Assets have experienced, and we expect will experience in the future, sharp fluctuations in value. Given the infancy of the development of Digital Asset networks, parties may be unwilling to transact in Digital Assets, which would dampen the growth, if any, of Digital Asset networks.
- The trading prices of many Digital Assets, including bitcoin, are derived from a variety of factors including supply and demand for bitcoin, as well as more indirect and macro factors such as interest rates, monetary policy, broader market uncertainty and geopolitical, social and economic events.
- Digital Asset regulation is in its infancy and future regulatory change is unpredictable
- The trading prices of many Digital Assets, including bitcoin, have experienced extreme volatility in recent periods and may continue to do so. For instance, there were steep increases in the value of certain Digital Assets, including bitcoin, over the course of 2017, and multiple market observers asserted that Digital Assets were experiencing a “bubble.” These increases were followed by steep drawdowns throughout 2018 in Digital Asset trading prices, including for Bitcoin. These drawdowns notwithstanding, Bitcoin prices have increased significantly again during 2019, decreased significantly again in 2020 amidst broader market declines as a result of the novel coronavirus outbreak, and increased again in 2021 to reach all-time highs. The bitcoin markets may still be experiencing a bubble or may experience a bubble again in the future. Extreme volatility in the future, including further declines in the trading prices of bitcoin, could have a material adverse effect on the value of the interests in the Funds and such interests could lose all or substantially all of their value.
- Digital Asset networks are dependent upon the internet. A disruption of the internet or a Digital Asset network, such as the bitcoin network, would affect the ability to transfer Digital Assets, including bitcoin, and, consequently, their value.
- The loss or destruction of a private key required to access a Digital Asset such as bitcoin may be irreversible.
- Miners, developers and users may switch to or adopt certain Digital Assets at the expense of their engagement with other Digital Asset networks, which may negatively impact those networks, including the Bitcoin network.
- Over the past several years, Digital Asset mining operations have evolved from individual users mining with computer processors, graphics processing units and first generation application specific integrated circuit machines to “professionalized” mining operations

using proprietary hardware or sophisticated machines. If the profit margins of Digital Asset mining operations are not sufficiently high, Digital Asset miners are more likely to immediately sell tokens earned by mining, resulting in an increase in liquid supply of that Digital Asset, which would generally tend to reduce that Digital Asset's market price.

- To the extent that any miners cease to record transactions that do not include the payment of a transaction fee in solved blocks or do not record a transaction because the transaction fee is too low, such transactions will not be recorded on the Blockchain until a block is solved by a miner who does not require the payment of transaction fees or is willing to accept a lower fee. Any widespread delays in the recording of transactions could result in a loss of confidence in the Digital Asset network.
- Many Digital Asset networks face significant scaling challenges and are being upgraded with various features to increase the speed and throughput of Digital Asset transactions. These attempts to increase the volume of transactions may not be effective.
- The open-source structure of many Digital Asset network protocols, such as the protocol for the Bitcoin network, means that developers and other contributors are generally not directly compensated for their contributions in maintaining and developing such protocols. As a result, the developers and other contributors of a particular Digital Asset may lack a financial incentive to maintain or develop the network, or may lack the resources to adequately address emerging issues. Alternatively, some developers may be funded by companies whose interests are at odds with other participants in a particular Digital Asset network. A failure to properly monitor and upgrade the protocol of the network could damage that network.
- The acceptance of software patches or upgrades by a significant, but not overwhelming, percentage of the users and miners in a Digital Asset network, such as the Bitcoin network, could result in a "fork" in such network's blockchain, resulting in the operation of multiple separate networks.
- Banks may not provide banking services, or may cut off banking services, to businesses that provide Digital Asset-related services or that accept Digital Assets as payment, which could dampen liquidity in the market and damage the public perception of Digital Assets generally or any one Digital Asset in particular, such as bitcoin, and their or its utility as a payment system, which could decrease the price of Digital Assets generally or individually.

Moreover, because Digital Assets have been in existence for a short period of time and are continuing to develop, there may be additional risks in the future that are impossible to predict

Blockchain Technology Risk. Blockchain technology is an entirely new and relatively untested technology which operates as a distributed ledger. The risks associated with blockchain technology may not emerge until the technology is widely used. Blockchain systems could be vulnerable to fraud, particularly if a significant minority of participants colluded to defraud the rest. Access to a given blockchain requires an individualized key, which, if compromised, could result in loss due to theft, destruction or inaccessibility. There is little regulation of blockchain technology other than the intrinsic public nature of the blockchain system. Any future regulatory developments could affect the viability and expansion of the use of blockchain technology. Because blockchain technology systems may operate across many national boundaries and regulatory jurisdictions, it is possible that blockchain technology may be subject to widespread and inconsistent regulation. Currently, blockchain technology is primarily used for the recording of transactions in digital currency, which are extremely speculative, unregulated and volatile. Problems in digital currency markets could have a wider effect on companies associated with blockchain technology. There are currently a number of competing blockchain platforms with competing intellectual property claims. The uncertainty inherent in these competing technologies could cause companies to use alternatives to blockchain. Finally, because Digital Assets registered in a blockchain do not have a standardized exchange, like a stock market, there is less liquidity for

such assets and greater possibility of fraud or manipulation. In addition to the foregoing, an investment in companies involved in blockchain technology may also be subject to the following risks: competing platforms and technologies, cyber security incidents, developmental risks, lack of liquid markets, third party product defects or vulnerabilities, reliance on the internet, and line of business risk.

Regulatory Risk Related to Digital Assets. Both domestic and foreign regulators and governments have focused on regulation of cryptocurrency. In the U.S., cryptocurrency is regulated by both federal and state authorities, depending on the context of its usage. The SEC has stated that depending on how a cryptocurrency is created, a cryptocurrency could be a security, and the CFTC has asserted that certain cryptocurrencies are commodities. To the extent the SEC determines that a cryptocurrency is a security, the value of assets later determined to be securities could diminish and trading or ownership in cryptocurrency or the Fund may be adversely affected. In addition, to the extent that future regulatory actions or policies limit or restrict cryptocurrency usage, cryptocurrency trading or the ability to convert cryptocurrency to government currencies, the demand for cryptocurrency may be reduced. Some foreign jurisdictions have explicitly banned or restricted the use of cryptocurrency as a method of payment, while allowing it to be traded on the market, while others have taken a different approach. Regulation of cryptocurrency continues to evolve. Cryptocurrency market disruptions and resulting governmental interventions are unpredictable, and may make cryptocurrency illegal altogether. Future foreign regulations and directives may conflict with those in the U.S., and such regulatory actions may restrict or make cryptocurrency illegal in foreign jurisdictions. Future regulations and directives in regulation may impact the demand for cryptocurrency, and may also affect the ability of cryptocurrency exchanges to operate and for OTC participants to enter into cryptocurrency transactions. Such regulations may have an adverse effect on the Fund and the value of the Fund.

The securities and commodities markets, and related derivatives markets, are subject to comprehensive statutes, regulations and margin requirements. In addition, the SEC, CFTC, regulatory agencies of other jurisdictions and the exchanges involved in various regulated markets are authorized to take extraordinary actions in the event of a market emergency, including, for example, classification of instruments as securities or commodities, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily price limits and the suspension of trading. The regulation of securities, commodities and derivatives both inside and outside the United States is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Fund is impossible to predict, but could be substantial and adverse.

Commodity Interests Risk. A Fund's use of commodity interests subject to regulation by the CFTC may cause such Fund to be classified as a "commodity pool" and this designation requires that the Fund comply with CFTC rules, which may impose additional regulatory requirements and compliance obligations. Such Fund's investment decisions may need to be modified, and commodity contract positions held by the Fund may have to be liquidated at disadvantageous times or prices, to avoid exceeding any applicable position limits established by the CFTC, potentially subjecting the Fund to substantial losses. The regulation of commodity transactions in the United States is subject to ongoing modification by government, self-regulatory and judicial action. The effect of any future regulatory change with respect to any aspect of the Fund is impossible to predict, but could be substantial and adverse to the Fund.

Futures Contracts Risk. The Adviser may utilize futures contracts in certain of the Funds, including futures contracts where the underlying reference asset is bitcoin. Risks of futures contracts include: (i) an imperfect correlation between the value of the futures contract and the underlying asset; (ii) possible lack of a liquid secondary market; (iii) the inability to close a futures contract when desired; (iv) losses caused by unanticipated market movements, which may be unlimited; (v) an obligation for the Fund to make daily cash payments to maintain its required margin, particularly at times when the Fund may have insufficient cash; and (vi) unfavorable execution prices from rapid selling. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, futures contracts normally specify a certain date for settlement in cash based

on the reference asset. As the futures contracts approach expiration, they may be replaced by similar contracts that have a later expiration. This process is referred to as “rolling” which may subject a Fund to certain additional costs, which may have an adverse impact on the performance of a Fund. Because the margin requirement for futures contracts is less than the value of the assets underlying the futures contract, futures trading involves a degree of leverage. As a result, a relatively small price movement in a futures contract may result in immediate and substantial loss, as well as gain, to the investor. Thus, a purchase or sale of a futures contract may result in losses in excess of the amount initially invested in the futures contract. However, the Fund would presumably have sustained comparable losses if, instead of investing in the futures contract, it had invested in the underlying financial instrument and sold it after the decline. In addition to the risks of futures contracts generally, the market for bitcoin futures contracts has additional unique risks. The market for bitcoin futures may be less developed, less liquid and more volatile than more established futures markets. While the bitcoin futures market has grown substantially since bitcoin futures commenced trading, there can be no assurance that this growth will continue. Bitcoin futures are subject to collateral requirements and daily limits may impact the Fund’s ability to achieve the desired exposure. If the Fund is unable to meet its investment objective, the Fund’s returns may be lower than expected. Additionally, these collateral requirements may require the Fund to liquidate its position when it otherwise would not do so.

Position Limits Risk. “Position limits” imposed by various regulators may also limit a Fund’s ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular financial instrument. All positions owned or controlled by the same person or entity, even if in different funds, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if a fund does not intend to exceed applicable position limits, it is possible that different funds managed by the investment adviser or its affiliates may be aggregated. If at any time positions managed by the Adviser were to exceed applicable position limits, the Adviser would be required to liquidate positions, which might include positions of a Fund, to the extent necessary to come within those limits. Further, to avoid exceeding the position limits, the Fund might have to forego or modify certain of its contemplated trades.

Equity Securities. Certain Funds invest in equity securities, which may include, among other things, common stocks, preferred securities and convertible stocks. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Fund may suffer losses if it invests in equity securities of issuers whose performance diverges from the Adviser’s expectations or if equity markets generally move in a single direction and the Fund has not hedged against such a general move. Equity securities prices fluctuate for several reasons, including changes in investors’ perceptions of the financial condition of an issuer or the general condition of the relevant stock market, such as the current market volatility, or when political or economic events affecting the issuers occur.

Foreign Securities. The Adviser may invest in foreign securities, including emerging market securities, on behalf of certain Funds. Foreign investments may be subject to greater risks than U.S. domestic investments. These risks include political and social instability, changes in economic or taxation policies, difficulty in enforcing obligations, decreased liquidity or increased volatility. Foreign investments also involve the risk of the possible seizure, nationalization or expropriation of the issuer or non-U.S. deposits and the possible adoption of non-U.S. governmental restrictions such as exchange controls. Unless the Fund has hedged its non-U.S. securities risk, non-U.S. securities risk also involves the risk of negative non-U.S. currency rate fluctuations, which may cause the value of securities denominated in such non-U.S. currency (or other instruments through which an underlying fund has exposure to non-U.S. currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. Currency hedging strategies, if used, are not always successful.

Emerging Markets. Emerging markets securities typically present even greater exposure to the risks described under “Foreign Securities” and may be particularly sensitive to certain economic changes. Emerging

markets securities are exposed to a number of risks that may make these investments volatile in price or difficult to trade. Investments in securities issued by governments and companies operating in emerging market countries involve additional risks relating to political, economic, or regulatory conditions not associated with investments in securities and instruments issued by U.S. companies or by companies operating in other developed market countries. This is due to, among other things, the potential for greater market volatility, lower trading volume, a lack of liquidity, potential for market manipulation, higher levels of inflation, political and economic instability, greater risk of a market shutdown and more governmental limitations on foreign investments in emerging market countries than are typically found in more developed market countries. Moreover, emerging market countries often have less uniformity in accounting and reporting requirements, unsettled securities laws, less reliable securities valuations and greater risks associated with custody of securities than developed markets. In addition, the Public Company Accounting Oversight Board, which regulates auditors of U.S. public companies, is unable to inspect audit work papers in certain emerging market countries. Emerging market countries often have greater risk of capital controls through such measures as taxes or interest rate control than developed markets. Certain emerging market countries may also lack the infrastructure necessary to attract large amounts of foreign trade and investment. Local securities markets in emerging market countries may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of holdings difficult or impossible. Settlement procedures in emerging market countries are frequently less developed and reliable than those in the U.S. and other developed market countries. In addition, significant delays may occur in registering the transfer of securities. Settlement or registration problems may make it more difficult for the Fund to value its portfolio securities and could cause the Fund to miss attractive investment opportunities. Investing in emerging market countries involves a higher risk of expropriation, nationalization, confiscation of assets and property or the imposition of restrictions on foreign investments and on repatriation of capital invested by certain emerging market countries. Enforcing legal rights may be made difficult, costly and slow in emerging markets as there may be additional problems enforcing claims against non-U.S. governments. As such, the rights and remedies associated with emerging market investment securities may be different than those available for investments in more developed markets.

Depository Receipts. Depository receipts may be subject to certain of the risks associated with direct investments in the securities of foreign companies, such as currency, political, economic and market risks, because their values depend on the performance of the non-dollar denominated underlying non-U.S. securities. Certain countries may limit the ability to convert depository receipts into the underlying non-U.S. securities and vice versa, which may cause the securities of the non-U.S. company to trade at a discount or premium to the market price of the related depository receipts. Depository receipts may be purchased through “sponsored” or “unsponsored” facilities. A sponsored facility is established jointly by a depository and the issuer of the underlying security. A depository may establish an unsponsored facility without participation by the issuer of the deposited security. Unsponsored receipts may involve higher expenses and may be less liquid. Holders of unsponsored depository receipts generally bear all the costs of such facilities, and the depository of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the issuer of the deposited security or to pass through voting rights to the holders of such receipts in respect of the deposited securities.

Market Risk. Market risks refers to the risk that the market prices of securities that a Fund holds are subject to the risks associated with investing in the securities market, including general economic conditions sudden and unpredictable drops in value, exchange trading suspensions and closures and public health risks (e.g., pandemics). These risks may be magnified if certain social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) adversely interrupt the global economy; in these and other circumstances, such events or developments might affect companies world-wide.

Concentration Risk. Certain Funds may be concentrated in a particular sector or sectors or industry or group

of industries. To the extent a Fund is concentrated in a particular sector or sectors or industry or group of industries, the Fund will be subject to the risk that economic, political or other conditions that have a negative effect on that sector or sectors or industry or group of industries will negatively impact the Fund to a greater extent than if the Fund's assets were invested in a wider variety of sectors or industries. As used in this risk disclosure, the term sector includes a particular Digital Asset or concentrated position in a group of Digital Assets.

Operational Risk: A Fund is exposed to operational risk arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the Fund's service providers, counterparties or other third-parties, failed or inadequate processes and technology or system failures.

Cyber Security Risk. The Adviser, a Fund and its service providers are susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause the loss of proprietary information, suffer data corruption or lose operational capacity. Such events could cause the Adviser, a Fund and its service providers to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. Cyber security breaches may involve unauthorized access to the Adviser, a Fund and its service providers digital information systems through "hacking" or malicious software coding, but may also result from outside attacks such as denial-of-service attacks through efforts to make network services unavailable to intended users. Cyber security breaches of the service providers, such as its administrator, transfer agent, custodian, or sub-advisor, as applicable, or issuers in which the Fund invests, can also subject the Fund to many of the same risks associated with direct cyber security breaches. While the Adviser has established business continuity plans and risk management systems designed to reduce the risks associated with cyber security, there are inherent limitations in such plans and systems. There can be no assurance that the Adviser, Funds or service providers will not suffer losses relating to cyber attacks or other information security breaches.

Active Market Risk. Although the shares of certain Registered Funds ("Shares") are listed for trading on a securities exchange, there can be no assurance that an active trading market for the Shares will develop or be maintained. Shares trade on the exchange at market prices that may be below, at or above the Fund's net asset value. Securities, including the Shares, are subject to market fluctuations and liquidity constraints that may be caused by such factors as economic, political, or regulatory developments, changes in interest rates, and/or perceived trends in securities prices. Shares of the Fund could decline in value or underperform other investments.

Asset Concentration Risk. Since a Fund may take concentrated positions in certain securities, a Fund's performance may be hurt disproportionately and significantly by the poor performance of those positions to which it has significant exposure. Asset concentration makes a Fund more susceptible to any single occurrence affecting the underlying positions and may subject the Fund to greater market risk than more diversified funds.

Authorized Participant Concentration Risk. Only an authorized participant may engage in creation or redemption transactions directly with a Registered Fund that is an ETF. Such an ETF has a limited number of institutions that act as authorized participants on an agency basis (*i.e.* on behalf of other market participants). To the extent that these institutions exit the business or are unable to proceed with creation and/or redemption orders with respect to such ETF and no other authorized participant is able to step forward to create or redeem, in either of these cases, Shares may trade at a discount to the ETF's net asset value and possibly face delisting.

Currency Risk. Changes in currency exchange rates affect the value of investments denominated in a foreign currency, the value of dividends and interest earned from such securities and gains and losses realized on the sale of such securities. A Fund's net asset value could decline if a currency to which the Fund has exposure depreciates against the U.S. dollar or if there are delays or limits on repatriation of such currency. Currency exchange rates can be very volatile and can change quickly and unpredictably. Changes in currency exchange

rates may affect a Fund's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of securities. An increase in the strength of the U.S. dollar relative to other currencies may cause the value of a Fund to decline. Certain non-U.S. currencies may be particularly volatile, and non-U.S. governments may intervene in the currency markets, causing a decline in value or liquidity in a Fund's non-U.S. holdings whose value is tied to the affected non-U.S. currency. Additionally, the prices non-U.S. securities that are traded in U.S. dollars are often indirectly influenced by current fluctuations.

Borrowing and Leverage Risk. Certain Funds may generate investment leverage by borrowing money. When a Fund borrows money, it must pay interest and other fees, which will reduce the Fund's returns if such costs exceed the returns on the portfolio securities purchased or retained with such borrowings. Any such borrowings are intended to be temporary. However, under certain market conditions, including periods of low demand or decreased liquidity, such borrowings might be outstanding for longer periods of time.

Non-Diversification Risk. Non-diversification of investments means a Fund invests a large percentage of its assets in securities issued by or representing a small number of issuers or exposure types, or a single Digital Asset or a concentrated group (or a relatively small number) of Digital Assets. As a result, a non-diversified Fund's performance depends on the performance of a small number of issuers, exposures or Digital Assets.

Active Management Risk. Investment decisions made by the Adviser in seeking to achieve a Fund's investment objective(s) may not produce the returns expected by the Adviser, may cause a decline in the value of the investments held by the Fund and, in turn, cause the Fund or its shares to lose value or underperform other accounts with similar investment objective(s). In managing a Fund, the Adviser will apply investment techniques and risk analyses in making investment decisions for a Fund, but there can be no guarantee that these will produce the desired results.

Portfolio Turnover Risk. Certain Funds may engage in active and frequent trading of portfolio securities and thus may experience a high portfolio turnover rate. This may result in significant taxable capital gains as a result of the frequent trading of the Fund's portfolio securities and the Fund will incur transaction costs in connection with buying and selling the securities, which may lower such Fund's return.

Information Technology Companies Risk. Information technology companies produce and provide hardware, software and information technology systems and services. These companies may be adversely affected by rapidly changing technologies, short product life cycles, fierce competition, aggressive pricing and reduced profit margins, the loss of patent, copyright and trademark protections, cyclical market patterns, evolving industry standards and frequent new product introductions. In addition, information technology companies are particularly vulnerable to federal, state and local government regulation, and competition and consolidation, both domestically and internationally, including competition from foreign competitors with lower production costs. Information technology companies also heavily rely on intellectual property rights and may be adversely affected by the loss or impairment of those rights.

ITEM 9 – DISCIPLINARY INFORMATION

Neither the Adviser nor its management persons have been subject to legal or disciplinary events that are material to its advisory business or that would be material to its existing or prospective clients' evaluation of its advisory business or the integrity of its management.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

SEC Registration. Valkyrie is an investment adviser registered with the SEC and is an affiliate of Valkyrie Digital Assets LLC, a Delaware limited liability company and a wholly owned subsidiary of Valkyrie Investments Inc. In providing investment management services to its clients, Valkyrie relies upon employees of affiliates for the provision of certain portfolio management, research, operational and administrative tasks.

CFTC Registration. Valkyrie is registered as a Commodity Pool Operator with the Commodity Futures Trading Commission and is a member of the National Futures Association (“NFA”). Additionally, certain members of Valkyrie's management team are registered with the NFA as principals and/or associated persons. Notwithstanding such registrations, Valkyrie relies on exemptions from registration as a CPO and CTA with respect to certain pools that qualify for such exemptions.

Other Pooled Investment Vehicles. Valkyrie Digital Assets, LLC provides discretionary investment management services to U.S. private trusts that are not registered under the 1940 Act, and whose interests are not registered under the Securities Act) (each, an “Other Private Vehicle”). The Other Private Vehicle’s offering documents include information about the fees and expenses paid by the Other Private Vehicle.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Adviser has adopted a Code of Ethics (the “Code”) in accordance with Rule 17j-1 under the 1940 Act and 204A-1 under the Advisers Act each of which establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. The Code is based on the Adviser’s fiduciary duty to its clients.

The Code is designed to prevent conflicts of interest between the financial interests of clients and the interests of the Adviser. The Code requires such “Access Persons” to obtain preapproval of certain securities transactions, to report transactions quarterly, and to report all securities positions in which they have a beneficial interest at least annually.

This Code of Ethics includes, among other things, the following:

- Standards of business conduct that reflect the fiduciary obligations of the Adviser and its supervised persons;
- Provisions requiring its employees and certain other of its supervised or otherwise related persons (“Access Persons”) to comply with applicable securities laws;
- Provisions requiring Access Persons and/or any immediate family members to report their personal securities transactions and holdings;
- Provisions requiring approval before Access Persons acquire beneficial ownership of any security issued in an initial public offering or private placement, as well as transactions in Funds to which Valkyrie serves as advisor, securities held in a Fund to which Valkyrie serves as advisor, and transactions in Bitcoin Futures contracts.
- Provisions requiring supervised persons to report promptly any violations of the Code; and
- Provisions requiring each supervised person to be given a copy of the Code and to acknowledge in writing their receipt of the Code.

Employees of the Adviser may invest in the same securities as clients of the Adviser, including related securities such as options and derivatives. In addition, employees may have an interest or position in certain securities that may also be recommended to a client. Such positions and such trades made at or about the same time as client trades present a conflict of interest between personnel of the Adviser and clients. The Adviser addresses this conflict through the procedures described above, which are designed to ensure that no client is

disadvantaged in any way by trades of employees of the Adviser. No Access Person may purchase or sell any security on the same day as a purchase or sale of a security involving the same or related security for an advisory account, unless there is no substantive conflict with client portfolios.

The Adviser periodically reviews the trades of Access Persons and takes other actions in attempt to detect violations of the Adviser's Code and insider trading policies and procedures.

The Adviser's Chief Compliance Officer has the responsibility of assuring compliance with the Code. Violations of any provision of this reporting requirement may result in the imposition of sanctions by the Adviser's Chief Compliance Officer as may be deemed appropriate under the circumstances.

A copy of the Adviser's Code of Ethics is available to any client or prospective client upon request.

ITEM 12 – BROKERAGE PRACTICES

Generally, the Adviser has discretionary authority to determine the amount of securities or other instruments to be bought and sold and the specific securities or other instruments to be bought and sold. Limitations on the ability of a Client to engage in transactions may include restrictions in the registration statement, offering material or contract agreement applicable to the Client and regulatory diversification, concentration or other limitations. We have policies and procedures that seek to ensure that our trading practices are conducted in our Clients' best interests.

Broker-Dealer Selection Process

An important aspect of our discretionary investment management services includes the selection of broker-dealers. It is our policy to seek to obtain best execution on Client transactions and to execute client trades on the most advantageous terms reasonably available under the circumstances. Best execution is not limited solely to the consideration of the lowest available price or commission rate. In selecting a broker-dealer, the Adviser may consider various relevant factors, although no one factor is determinative in the Adviser's decision-making process. These factors include one or more, but are not limited to, best price, current market conditions, time constraints, liquidity, volatility in the markets, volatility in the particular type of security or asset, size and type of transaction, the nature and character of the market for the security or asset in the transaction, confidentiality, execution efficiency, settlement capabilities, financial condition of the broker-dealer, full range and quality of the broker-dealer's services, the responsiveness, reliability and experience of the broker-dealer, the commissions and transaction fees, past effectiveness in executing difficult types of securities or assets or difficult types of orders and the value of brokerage and research services provided.

The Adviser's Investment Committee will review best execution for its equities, fixed income, futures, options and foreign exchange transactions generally quarterly.

Research and Other Soft Dollar Benefits

The Adviser does not utilize Client commissions to obtain third-party research services or products.

Directed Brokerage

Valkyrie does not engage in directed brokerage.

Trade Aggregation

In general, the Adviser will aggregate contemporaneous buy or sell orders for Client Accounts over which it

has discretionary authority if it has determined, on the basis of each Client Account, that aggregated trading is in the best interest of each participating Client; is consistent with its duty to seek best execution; and is consistent with the terms of its Advisory Agreement with each Client. The Adviser will not favor one Client over another.

In general, when the Adviser aggregates Client trades:

- The allocation to each Client must be memorialized in writing prior to entry of the transaction.
- Each Client participant in the aggregated trade receives average execution and pays average commissions.
- Executed aggregated orders will generally be allocated pro rata based upon the original orders or indications of interest submitted.

Allocations may be adjusted in excess of or below the amounts which would have been determined pro rata for reasons including a Client has a unique investment objective or limitation and the security being acquired meets that investment objective or limitation, or if the allocation would be too small to establish a meaningful position for a Client. Variations from the general allocation methodology must be documented, approved by senior management and reviewed by the CCO. The remaining portion of unfilled trade orders will be executed the following business day(s) in the Adviser's discretion.

Trade Errors

Errors may occur during the trading process. The Adviser has a policy and procedures that address identification and correction of errors that may occur in connection with the Adviser's management of the Registered Funds and Private Funds ("Trade Errors"), consistent with applicable standards of care and any relevant offering documents. The Adviser evaluates and makes a determination regarding Trade Errors pursuant to its policies and procedures on a case-by-case basis, in its discretion. The calculation of the amount of any gain or loss will depend on the particular facts surrounding the Trade Error, and the methodology used by the Adviser to calculate gain or loss may vary.

ITEM 13 – REVIEW OF ACCOUNTS

For each Client, a strategy head and/or one or more other supervisors at the Adviser is responsible for reviewing trading data and other reports on a regular basis and overseeing the associated trading activity. Such reviews include without limitation a verification that actual trading activity is consistent with the intended strategy and any investment guidelines and/or restrictions, an analysis of risks associated with such strategy, and a determination that trading is undertaken in compliance with applicable regulations; compliance personnel also review certain aspects of regulatory compliance. Certain of the principal executive officers of the Adviser or its related persons may review investment strategies periodically. The frequency of all such reviews is determined as warranted by the purpose of the review and other circumstances.

In addition to providing reports required by applicable law, the Adviser provides reports to clients and/or underlying investors in Funds in accordance with the relevant offering documents or other written agreements with such recipients. These reports include those that present, among other things, the net asset value or the capital balance of such client's or investor's account (if applicable) and a measure of performance based on the change in valuation of such account or the applicable Fund during the period covered by the report.

In addition, with respect to certain Funds, an independent third-party administrator periodically conducts an independent verification of the Adviser's pricing of the investment positions held directly or indirectly by such Funds. The independent third-party administrator typically provides a letter to investors in such Funds that

confirms, among other things, the accuracy of the capital balances and of certain performance information reported by the Adviser or the Adviser's related persons to those investors, the performance of an independent pricing verification, and the percentage (if any) of the relevant Fund's investments for which the independent third party was unable to verify prices .

Investors in the Private Funds receive written unaudited statements of capital accounts monthly, letters regarding performance at least quarterly and audited year-end financial statements annually.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

The Adviser does not receive economic benefits from non-clients for providing investment advice or advisory services to the Clients.

The Adviser may have arrangements with companies and individuals who act as solicitors in obtaining new advisory business. The solicitors may be compensated by the Adviser under differing schedules. In addition to a possible monthly fee, the solicitor may receive a percentage of the investment management fee received by the Adviser with respect to such new business. The advisory fees charged to a client or investor are not affected because of such payments to the solicitor.

ITEM 15 – CUSTODY

The Adviser is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Account statements related to Clients are sent by qualified custodians to the Adviser.

The Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

Wherever possible, the Adviser maintains clients' Digital Assets with qualified custodians. The Adviser maintains certain Digital Assets with third party wallet providers and Digital Asset exchanges, which take various measures to provide safekeeping for the assets held by those exchanges. The Investment Adviser conducts due diligence on such third-part wallets and exchanges prior to utilizing such services.

ITEM 16 – INVESTMENT DISCRETION

Generally, the Adviser has discretionary authority to manage securities accounts on behalf of its Clients. The Adviser's authority to take actions on behalf of each Fund is described and agreed to by each client in the investment management agreement between the Adviser and the Client. The investment management agreement may include limited powers of attorney granted to the Adviser in connection with its investment management services to the client. For registered investment companies, the Adviser's investment discretion may be limited by certain federal securities laws and tax laws that require diversification of investments and impose other limitations.

ITEM 17 – VOTING CLIENT SECURITIES

In accordance with Rule 206(4)-6 under the Advisers Act, the Adviser has adopted and implemented written

policies and procedures for voting client proxies it receives. Generally, the Adviser, when granted proxy voting authority by a client, will fulfill its obligations by voting in a manner that is in the best interest of its client. The Adviser may abstain from voting, but only if the Adviser determines that it is in the client's best interest. The Adviser will vote proxies on behalf of clients, unless otherwise instructed by the client. The Adviser intends to vote all proxies in accordance with applicable rules and regulations, and in the best interests of clients without influence by real or apparent conflicts of interest.

We may take into account all relevant factors, as determined by us in our discretion. As a general matter, the Valkyrie will generally follow the ISS Sustainability Proxy Voting Guidelines which are designed to further ESG integration consistent with the investment strategy.

The Adviser may refrain from voting Proxies where it believes that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to its clients.

Conflicts of interest may arise between the interests of clients, on the one hand, and the Adviser or its affiliates, on the other hand. If the Adviser determines that it may have, or be perceived to have, a conflict of interest when voting Proxies, the Adviser will vote in accordance with its Proxy voting policies and procedures. Clients may obtain information from Valkyrie as to how it voted their securities and may obtain a copy of Valkyrie's proxy voting policies and procedures on request by contacting Valkyrie at 1-800-617-0004 or etf@valkyrieinvest.com.

ITEM 18 – FINANCIAL INFORMATION

The Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.