AGREED-UPON-PROCEDURES REPORT

Prepared for:

CoinShares

August 13, 2020

armanino

A top 25 US-based Public Accounting Firm

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TABLE OF CONTENTS

Executive Summary

Armanino LLP was engaged by CoinShares (Holdings) Limited ("CoinShares" or the "Company") to perform agreed-upon procedures ("AUP") as of 16:25 British Summer Time (BST) on August 12, 2020. CoinShares engaged Armanino for the purpose of offering note holders, prospective note holders, regulators and partners (collectively, "Authorized Users") additional transparency and assurance over the digital assets held as asset backing to the XBT Provider exchange-traded notes (ETNs) issued and outstanding (hereinafter referred to as "the hedge"). Therefore, the agreed-upon procedures herein were outlined by management of CoinShares and executed by Armanino under standards for AUP engagements issued by the American Institute of Certified Public Accountants.

Specifically, the procedures detailed herein, and Armanino's findings, are intended to demonstrate that, at the time the procedures were performed, CoinShares custodied and controlled a number of digital assets (both "physical" or "self-custody" digital assets and "synthetics" comprised of derivatives and lending positions for Bitcoin, Litecoin, Ethereum and XRP) with a USD equivalent value greater than or equal to the USD equivalent value of total XBT Provider ETNs issued and outstanding. In short, that the notes are adequately backed by the hedge.

Armanino has been engaged to perform weekly AUP reporting for a total of 12 weeks. Armanino has also been engaged to provide more frequent attestation services thereafter; however, the details of that engagement are not included herein. This is Armanino's "Week 12 Report" and covers all sources designated as such in Appendix I. Due to the number of sources, relative complexity of executing the procedures herein for all sources on a weekly basis, as well as the administrative inefficiencies for CoinShares in responding to Armanino's procedures for all sources each week, Armanino and CoinShares have agreed to a schedule which is additive in each successive week's reporting.

Specifically, for each weekly report, Armanino will perform procedures for the sources and balances listed in Appendix I, in addition to the balances covered in the previous week's reporting. Each week, the goal is to gain increasing coverage over the amount of the hedge backing the eight exchange-traded notes issued by XBT Provider. Armanino and CoinShares have agreed that Armanino will perform procedures on the sources in order of their relative value, thus prioritizing those sources believed to make up a larger percentage of the overall hedge.

Therefore, we generally estimate that by week five's report, our procedures will cover sources, which in sum make up approximately 95% of the total value of the hedge.

The methods and procedures employed are provided in this report and are intended for the use of the Management of CoinShares and Authorized users.

Independent Accountant's Report on Agreed-Upon Procedures

To Management of CoinShares and Authorized Users:

We have performed the procedures enumerated below, as of 16:25 British Summer Time (BST) on August 12, 2020. Management of CoinShares (Holdings) Limited ("CoinShares") has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of demonstrating that, at the time the procedures were performed, CoinShares custodied and controlled a number of digital assets (both "physical" or "self-custody" digital assets and "synthetics" comprised of derivatives and lending positions for Bitcoin, Litecoin, Ethereum and XRP) with a USD equivalent value greater than or equal to the USD equivalent value of total XBT Provider exchange-traded notes ("ETNs" or "notes") issued and outstanding. In short, that the notes are adequately backed by the hedge. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are set forth in the attached sections:

- **Procedures** for the procedures agreed to by CoinShares and Armanino
- **Findings & Results** for an aggregate summary of any findings and the results
- **Appendix I** for a list of sources that will be included in the total hedge balance over time

We were engaged by CoinShares to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the note and hedge balances represented by CoinShares. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of CoinShares and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Management and Authorized users of CoinShares and is not intended to be and should not be used by anyone other than these specified parties. The practitioner's report is as of a specified point in time and has no responsibility to update the report or findings therein.

Armanino

Armanino^LLP
San Jose, California

August 13, 2020

Procedures

Armanino will execute procedures (outlined below) for 12 individual agreed-upon procedures engagements over a series of 12 weeks (1 engagement per week), during the full scope of this agreement. Each procedure may be applicable for a single weekly AUP engagement or multiple engagements (covering multiple weeks). For each section below, CoinShares has noted the weeks each procedure is applicable in Appendix I.

Each week will include the sources and balances tested in the previous weeks and the new sources and balances designated for inclusion in each subsequent week with a goal to gain coverage over an increasing amount of the hedge backing the eight exchange-traded notes issued by XBT Provider.

General

The procedures outlined below are applicable every week throughout the engagement.

1. Obtain the *CoinShares Counterparty & Position Report* as of the date & time of the weekly report which outlines details of the hedge backing the XBT Provider exchange traded notes (ETNs).

2. Obtain the *CoinShares Hedging and Collateral Obligations Report* as of the date of the weekly report which outlines the fair value of the issued notes and the value of the total hedge position.

Observing Digital Asset & Derivative Balances

Self-Custodied Digital Assets

The procedures outlined below are applicable for assets held by CoinShares in self-custodied wallet(s) that are represented on the *CoinShares Counterparty & Position Report.* The relevant source(s) from the *CoinShares Counterparty & Position Report* and the tested weeks applicable are noted as "Self-Custody #1" in Appendix I.

3. Obtain a full listing of all self-custodied cold storage wallet addresses that constitute the balances represented on the *CoinShares Counterparty & Position Report.*

4. For each public address provided, obtain a digital signature. Each digital signature will be signed with the most current Ethereum Block Hash and a unique message provided by Armanino to CoinShares at the time of the procedure.[1]

5. For each address provided, extract wallet balances (nominal number of digital assets) from self-hosted nodes (via API) or publicly available block explorer tools for each of the in-scope digital assets.

6. Reconcile nominal number of digital assets (i.e. 10 Bitcoin, 5 XRP, etc.) on-chain to the reported nominal asset balances on the *CoinShares Counterparty & Position Report*. Document any variances greater than 1% (in aggregate) as "Findings & Results".

7. Apply the aggregated USD exchange rate as applied from Nomics (Digital Asset Pricing Source) OR the average price of the 3 most liquid exchanges for the product as specified in the prospectus to each of the digital asset balances and calculate the USD equivalent value.

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[1] Procedure #4, utilized to demonstrate ownership and control over the address, will only be performed at the midpoint of the engagement (week 6). Armanino will use a message provided in March 2020 in which CoinShares signed for the same address. If any new self-custodied addresses arise throughout the course of the engagement Armanino will test a message signature in the immediately following week.

Third-Party Custodied Digital Assets

The procedures outlined below are applicable for assets held on behalf of CoinShares by a specialized Digital Asset Custodian and which are represented on the *CoinShares Counterparty & Position Report.* The relevant source(s) from the *CoinShares Counterparty & Position Report* and the tested weeks applicable are noted as "Custodian #1" in Appendix I.

8. Obtain a full listing of all third-party custodied cold storage wallet addresses that constitute the balances represented on the *CoinShares Counterparty & Position Report.*

9. For the public addresses custodied by a third-party, obtain a third-party confirmation from the custodian over which public addresses belong to CoinShares. Verify the address list ties to the one provided by management.

10. For each address provided, extract wallet balances (nominal number of digital assets) from self-hosted nodes (via API) or publicly available block explorer tools for each of the in-scope digital assets.

11. Reconcile nominal number of digital assets from the balances(s) received from the Custodian to the reported nominal asset balances on the *CoinShares Counterparty & Position Report*. Document any variances greater than 1% (in aggregate) as "Findings & Results."

12. Apply the aggregated USD exchange rate as applied from Nomics (Digital Asset Pricing Source) OR the average price of the 3 most liquid exchanges for the product as specified in the prospectus to each of the digital asset balances and calculate the USD equivalent value.

Digital Assets, Digital Asset Futures, Digital Asset Options, Digital Asset Swaps, Digital Asset Loans custodied on Digital Asset Exchanges and Lending Platforms

The procedures outlined below are applicable for assets and digital asset derivative instruments held within Digital Asset Exchanges and Lending Platform Accounts represented on *CoinShares Counterparty & Position Report.* The sources from the *CoinShares Counterparty & Position Report* and tested weeks applicable are noted as "Source #1-15" in Appendix I.

13. Obtain the assets and derivative instrument nominal and notional balances held on behalf of CoinShares directly from the Digital Asset Exchange Platform, Lending Account(s) or Relevant Financial Instrument Agreement, via static (i.e. manual observation or periodic statements), or automated (via API) means, that constitute the balances represented on the *CoinShares Counterparty & Position Report*.

14. Reconcile nominal number of digital assets and notional balances observed within each respective Digital Asset Exchange, Lending Platform Account, or Relevant Financial Instrument Agreement to the reported balances on the *CoinShares Counterparty & Position Report*. Document any variances greater than 1% (in aggregate) as "Findings & Results."

15. Apply the aggregated USD exchange rate as applied from Nomics (Digital Asset Pricing Source) OR the average price of the 3 most liquid exchanges for the product as specified in the prospectus to each of the digital asset balances and calculate the USD equivalent value with the exception of current positions in futures contracts. These are valued at the contract trading price in US Dollars on the respective Digital Asset Exchange it trades on.

Findings

16. Document any instances where the nominal balances observed as a result of the procedures performed (above) result in variances greater than 1%.

17. Sum the USD-equivalent values observed from the in-scope sources tested from the *CoinShares Counterparty & Position Report* during the week. Document the summed total.

18. Using the sum calculated in procedure #17, divide by the CoinShares total "Value of Certificates Outstanding (USD)" for the date of the report as found on the CoinShares website and the daily *CoinShares Hedging and Collateral Obligations Report* and document "The Percentage of Hedge Covered by the weekly procedures" as "Findings & Results."

Findings & Results – Week 12

Armanino successfully completed the procedures as outlined above, performed as of 16:25 BST on August 12, 2020, with the following findings and results:

1. Armanino noted no instances where the nominal balance of a tested source resulted in a variance of greater than 1% against the reported amount on the *CoinShares Counterparty & Position Report*.

2. The total USD equivalent value of digital asset balances covered by the agreed-upon-procedures was $1,014,916,626. The fair value of shares outstanding in US Dollars as stated by CoinShares was $979,517,173.

3. The Percentage of Hedge Covered by the weekly procedures: 103.6%

Appendix I

The following table outlines the roadmap for inclusion of additional sources over time.

ID	Weeks Tested
Self-Custody #1	Weeks 1-12
Custodian #1	Weeks 1-12
Source #1	Weeks 2-12
Source #2	Weeks 3-12
Source #3	Weeks 4-12
Source #4	Weeks 5-12
Source #5	Weeks 5-12
Source #6	Weeks 5-12
Source #7	Weeks 5-12
Source #8	Weeks 6-12
Source #9	Weeks 6-12
Source #10	Weeks 6-12
Source #11	Weeks 7-12
Source #12	Weeks 7-12
Source #13	Weeks 4-12
Source #14	Weeks 4-12
Source #15	Weeks 8-12