

BITCOIN INVESTMENT TRUST

A Delaware Trust

Sponsored by

Grayscale Investments, LLC
636 Avenue of the Americas
New York, New York 10011
Telephone: (212) 668-3911
Facsimile: (212) 937-3645

Primary Standard Industrial Code: 6221

QUARTERLY REPORT

For the quarterly period ended March 31, 2017

Shares Representing Common Units of Fractional Undivided Beneficial Interest
No Par Value Per Share
Unlimited Shares Authorized
1,868,700 Shares Issued and Outstanding as of March 31, 2017

OTCQX: GBTC

Grayscale Investments, LLC (the “Sponsor”), on behalf of Bitcoin Investment Trust (the “Trust”), is responsible for the content of this quarterly report for the quarter ended March 31, 2017 (the “Quarterly Report”), which has been prepared to fulfill the disclosure requirements of the OTCQX U.S. Premier marketplace. The information contained in this Quarterly Report has not been filed with, or approved by, the U.S. Securities and Exchange Commission (the “SEC”) or any state securities commission. Any representation to the contrary is a criminal offense.

All references to “the Trust,” “the Sponsor,” “the Issuer,” “Bitcoin Investment Trust,” “we,” “us” or “our” refers to the Trust or the Sponsor, as the context indicates. The Trust is a passive entity with no operations, and where the context requires, we provide disclosure with respect to the Sponsor, which administers the Trust.

Dated as of May 1, 2017

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report includes “forward-looking statements” which generally relate to future events or future performance. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or the negative of these terms or other comparable terminology. All statements (other than statements of historical fact) included in this Quarterly Report that address activities, events or developments that will or may occur in the future, including such matters as changes in currency prices and market conditions (for the bitcoins and the Shares (as defined below)), the Trust’s operations, the Sponsor’s plans and references to the Trust’s future success and other similar matters are forward-looking statements. These statements are only predictions. Actual events or results may differ materially. These statements are based upon certain assumptions and analyses the Sponsor made, based on its perceptions of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances. Whether or not actual results and developments will conform to the Sponsor’s expectations and predictions, however, is subject to a number of risks and uncertainties, including the special considerations discussed in this Quarterly Report, general economic, market and business conditions, changes in laws and regulations, including those concerning taxes, made by governmental authorities and regulatory bodies and other world economic and political developments. See the section entitled “Risk Factors” in our Annual Report. Consequently, all forward-looking statements made in this Quarterly Report are qualified by these cautionary statements, and there can be no assurance that the actual results or developments that the Sponsor anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, the Trust’s operations or the value of the Shares. Moreover, neither the Sponsor nor any other person assumes responsibility for the accuracy or completeness of the forward-looking statements. Neither the Trust nor the Sponsor is under a duty to update any of the forward-looking statements to conform such statements to actual results or to reflect a change in the Sponsor’s expectations or predictions.

The risk factors included in our Annual Report continue to apply to us, and describe risks and uncertainties that could cause actual results to differ materially from the results expressed or implied by the forward-looking statements contained in this Quarterly Report. There have not been any material changes from the risk factors previously described in our Annual Report, except for as provided in “Item 7 – Other Information.”

Glossary

In this Quarterly Report, each of the following terms has the meaning assigned to it here:

“Annual Report” — The Trust’s Annual Report for the year ended December 31, 2016.

“Assumed Fee” — Applicable license fees with respect to the Trust. See “Bitcoin Investment Trust—Description of the Trust—Trust Expenses” in the Trust’s Annual Report for more information.

“Authorized Participant” — Certain eligible financial institutions that have entered into an agreement with the Trust and the Sponsor concerning the creation and redemption of Shares. Each Authorized Participant (i) is a registered broker-dealer, (ii) has entered into a Participant Agreement with the Sponsor and the Trust, and (iii) has access to an Authorized Participant Self-Administered Account.

“Authorized Participant Self-Administered Account” — a bitcoin wallet address previously known to the Custodian as belonging to the Authorized Participant.

“Basket” — A block of 100 Shares.

“Basket Bitcoin Amount” — The number of bitcoins that will be required for each Creation Basket or Redemption Basket, as determined from time to time by dividing the number of bitcoins owned by the Trust at such time by the number of Shares outstanding at such time (calculated to one one-hundred-millionth of one bitcoin), as adjusted for the number of whole and fractional bitcoins constituting accrued but unpaid fees and expenses of the Trust, and multiplying the quotient obtained by 100.

“Bitcoin” — A type of digital currency based on an open source cryptographic protocol existing on the Bitcoin Network, facilitating units of bitcoins which comprise the assets underlying the Trust’s Shares.

“Bitcoin Exchange” — An electronic marketplace where exchange participants may trade, buy and sell bitcoins based on bid-ask trading. The largest Bitcoin Exchanges are online and typically trade on a 24-hour basis, publishing transaction price and volume data.

“Bitcoin Exchange Market” — The global bitcoin exchange market for the trading of bitcoins, which consists of transactions on electronic Bitcoin Exchanges.

“Bitcoin Holdings” — The Bitcoin Index Price-derived U.S. Dollar value of the Trust as calculated by the Sponsor for operational purposes. See “Bitcoin Investment Trust—Valuation of Bitcoins and Definition of the Trust’s Bitcoin Holdings” in the Trust’s Annual Report for a description of how the Trust’s Bitcoin Holdings and Bitcoin Holdings per Share are calculated.

“Bitcoin Index Price” — The U.S. Dollar value of a bitcoin as represented by the TradeBlock XBX Index, calculated at 4:00 p.m., New York time on each business day. See “Bitcoin Investment Trust—The Index and Bitcoin Index Price” in the Trust’s Annual Report for a description of how the Bitcoin Index Price is calculated.

“Bitcoin Network”— The online, end-user-to-end-user network hosting the public transaction ledger, known as the Blockchain, and the source code comprising the basis for the cryptographic and algorithmic protocols governing the Bitcoin Network.

“Blockchain” — The public transaction ledger of the Bitcoin Network on which miners or mining pools solve algorithmic equations allowing them to add records of recent transactions (called “blocks”) to the chain of transactions in exchange for an award of bitcoins from the Bitcoin Network and the payment of transaction fees, if any, from users whose transactions are recorded in the block being added.

“Combined Fee” — The Trust’s only ordinary recurring charge is expected to be the remuneration due to the Sponsor. The Combined Fee equals an annual rate of 2% of the daily Bitcoin Holdings of the Trust and will accrue daily in bitcoins, and will be payable in bitcoins at the Sponsor’s sole discretion, which is expected to occur monthly in arrears. See “Bitcoin Investment Trust—Trust Expenses” in the Trust’s Annual Report for more information.

“Creation Basket” — Basket of Shares issued by the Trust in exchange for deposits of the Creation Basket Bitcoin Amount.

“Creation Basket Bitcoin Amount” — The number of bitcoins that will be required for each Creation Basket, as determined from time to time by dividing the number of bitcoins owned by the Trust at such time by the number of Shares outstanding at such time (calculated to one one-hundred-millionth of one bitcoin), as adjusted for the number of whole and fractional bitcoins constituting accrued but unpaid fees and expenses of the Trust, and multiplying the quotient obtained by 100.

“Custodian” — Xapo, Inc.

“Custodian Fee” — Fee paid by the Sponsor to the Custodian from the Combined Fee.

“DDoS Attack” — Distributed denial of service attacks are coordinated hacking attempts to disrupt websites, web servers or computer networks in which an attacker bombards an online target with a large quantity of external requests, thus precluding the target from processing requests from genuine users.

“Distributor” — Genesis Global Trading, Inc.

“Extraordinary Fee” — Extraordinary, non-recurring expenses and indemnification expenses that may be incurred by the Trust and that are not contractually assumed by the Sponsor. See “Bitcoin Investment Trust—Trust Expenses” in the Trust’s Annual Report for more information.

“GAAP” — United States Generally Accepted Accounting Principles.

“Independent Auditor” — Friedman LLP.

“Index” — The TradeBlock XBX Index.

“Investment Company Act” — Investment Company Act of 1940, as amended.

“Marketer” — Genesis Global Trading, Inc.

“Marketing Fee” — Fee paid by the Sponsor to the Marketer from the Combined Fee.

“NAV” — The net asset value of the Trust determined on a GAAP basis.

“OTCQX” means the OTCQX tier of the OTC Markets Group Inc.

“OTCQX Fees” means the fees outlined by Part 5 of the OTCQX Rules for U.S. Companies, as amended from time to time.

“Participant Agreement” — An agreement entered into by each Authorized Participant with the Sponsor and the Trust that states the procedures for the creation and redemption of Baskets and for the delivery of bitcoins from the Authorized Participant required for Creation Baskets and the distribution of bitcoins from the Trust for Redemption Baskets.

“Quarterly Report” — This Quarterly Report for the quarterly period ended March 31, 2017.

“Redemption Basket” — Baskets of Shares redeemed in exchange for bitcoins in an amount equal to the Redemption Basket Bitcoin Amount.

“Redemption Basket Bitcoin Amount” — The number of bitcoins that will be required for each Redemption Basket, as determined from time to time by dividing the number of bitcoins owned by the Trust at such time by the number of Shares outstanding at such time (calculated to one one-hundred-millionth of one bitcoin), as adjusted for the number of whole and fractional bitcoins constituting accrued but unpaid fees and expenses of the Trust, and multiplying the quotient obtained by 100.

“SEC” — The U.S. Securities and Exchange Commission.

“Securities Act” — Securities Act of 1933, as amended.

“Securities Exchange Act” — Securities Exchange Act of 1934, as amended.

“Service Providers” — Collectively, Grayscale Investments, LLC, Continental Stock Transfer Corporation, Genesis Global Trading, Inc., TradeBlock, Xapo, Inc. and DCG Holdco, Inc.

“Shareholder” — Any beneficial owner of a Share.

“Shares” — Common units of fractional undivided beneficial interest in the Trust.

“Sponsor” — Grayscale Investments, LLC.

“Transfer Agent” — Continental Stock Transfer Corporation.

“Trust” — Bitcoin Investment Trust.

“Trust Agreement” — The Third Amended and Restated Declaration of Trust and Trust Agreement between the Trustee and the Sponsor establishing and governing the operations of the Trust, as the same may be amended from time to time.

“Trustee” — Delaware Trust Company (f/k/a CSC Trust Company of Delaware).

“USD” or “\$” — United States Dollar or Dollars.

Item 1. The exact name of the issuer and the address of its principal executive offices.

The name of the Trust is the Bitcoin Investment Trust.

The address of the Sponsor is: Grayscale Investments, LLC
636 Avenue of the Americas
New York, New York 10011

The Sponsor's telephone number is: (212) 668-3911

The Sponsor's facsimile number is: (212) 937-3645

The Sponsor's website: The Sponsor maintains a corporate website, www.grayscale.co, which contains general information about the Trust and the Sponsor. The reference to our website is an interactive textual reference only, and the information contained on our website shall not be deemed incorporated by reference herein.

Investor relations contact: Michael Sonnenshein
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Item 2. Shares outstanding.

The only class of securities outstanding is common units of fractional undivided beneficial interest ("Shares") which represent ownership in the Trust. The Trust's trading symbol on the OTCQX U.S. Premier Marketplace of the OTC Markets Group Inc. is "GBTC" and the CUSIP number for its Shares is 09173T108.

As of March 31, 2017, the Trust had unlimited Shares authorized. As of March 31, 2017, there were 1,868,700 Shares issued and outstanding.

The following table shows the number of the Shares outstanding as of March 31, 2017:

	As of Quarter Ended March 31, 2017
(i) Number of shares authorized	Unlimited
(ii) Number of shares outstanding	1,868,700
(iii) Number of shares freely tradable (public float)	1,372,397
(iv) Number of unaffiliated beneficial holders of freely tradable shares¹	27
(v) Number of holders of record¹	121

Item 3. Unaudited interim financial statements.

The Trust’s unaudited interim financial statements as of and for the quarterly periods ended March 31, 2017 are attached as Exhibit 1 to this Quarterly Report. The historical results presented herein are not necessarily indicative of financial results to be achieved in future periods. The Trust’s unaudited financial statements attached as an exhibit to this Quarterly Report are incorporated herein by reference and are considered as part of this Quarterly Report.

Item 4. Management’s Discussion and Analysis.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited financial statements and related notes attached as an exhibit to this Quarterly Report. The following discussion may contain forward-looking statements based on current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors” or in other sections of our Annual Report.

Trust Overview

The Trust is a Delaware statutory trust that was formed on September 13, 2013. The Trust is a passive entity that does not have any officers, directors, or employees, and is managed and administered by the Sponsor. The Trust holds bitcoins and, from time to time, issues Creation Baskets in exchange for deposits of. As a passive investment vehicle, the investment objective of the Trust is for the Shares to reflect the performance of the price of bitcoins, less the liabilities of the Trust, including estimated accrued expenses. The Shares are designed to provide investors with a cost effective and convenient way to invest in bitcoin. The Trust is not managed like a business corporation or an active investment vehicle.

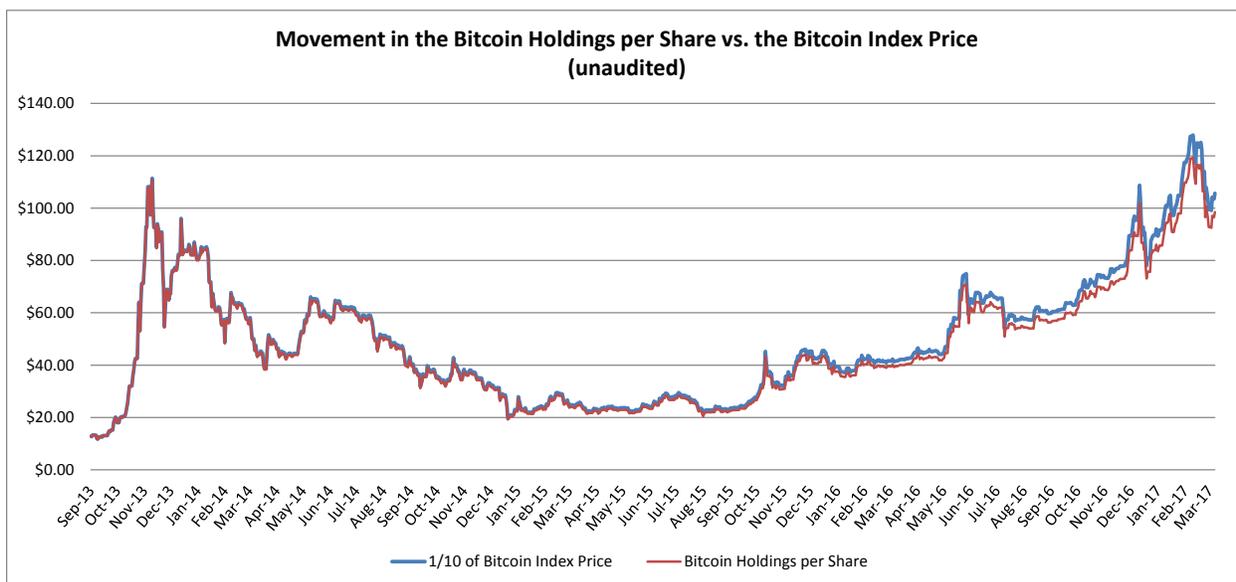
On January 19, 2017, prior to the initial public filing of the Trust's registration statement on Form S-1 with the Securities Exchange Commission (the “SEC”), the Trust stopped issuing Shares,

¹ Includes Cede & Co. as nominee for DTC for the Shares traded on OTCQX. Therefore, this number does not include the individual holders who have bought/sold shares on OTCQX or transferred their eligible shares to their brokerage accounts.

which had been taking place through private placement transactions exempt from the registration requirements of the Securities Act. On January 20, 2017, the Trust made an initial public filing of the registration statement on Form S-1 with the SEC, relating to the proposed registration of Trust's Shares. The Trust anticipates that the Shares offered in the Trust's initial public offering will be listed on NYSE Arca, Inc.

As of the date of this Quarterly Report, the Trust has engaged Credit Suisse Securities (USA) LLC, KCG Americas LLC and Wedbush Securities as Authorized Participants which is contingent upon the SEC granting effectiveness of the registration statement on Form S-1. Additional Authorized Participants may be added at any time, subject to the discretion of the Sponsor. Upon effectiveness of the registration statement on Form S-1, Genesis Global Trading, Inc. will cease to act as the Authorized Participant and Genesis will become a liquidity provider facilitating the purchase and sale of bitcoins on behalf of the Authorized Participants. There can be no assurances that the registration statement on Form S-1 will ever be declared effective by the SEC.

Investing in the Shares does not insulate the investor from certain risks, including price volatility. The following table illustrates the movement in the Bitcoin Holdings of the Shares since September 25, 2013 through March 31, 2017:



For more information about how we determine the Bitcoin Holdings of the Shares, see the section entitled “Description of the Trust —Net Asset Value” in our Annual Report.

Critical Accounting Policies

Valuation of Bitcoin

Bitcoins are held by the Custodian on behalf of the Trust and are carried, for financial statement purposes, at fair value, as required by GAAP. The Trust determines the fair value of the bitcoins based on the price provided by the bitcoin exchange the Trust considers its principal market at the close of business at 4:00 p.m., New York time. The cost basis of the investment in bitcoin recorded by the Trust is the fair value of bitcoin at the time of transfer. The cost basis recorded by the Trust may differ from proceeds collected by the Authorized Participant from the sale of each Share to investors.

In day-to-day operations, however, a non-GAAP procedure is used to determine Bitcoin Holdings and Bitcoin Index Price which are calculated using a weighted average calculated across multiple bitcoin exchanges.

Investment Company Considerations

The Trust is an investment company for GAAP purposes and follows accounting and reporting guidance in accordance with the Financial Accounting Standards Board Accounting Standards Codification Topic 946. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Review of Financial Results (unaudited)

Financial Highlights

(All amounts in the following table and the subsequent paragraphs are in 000s of USD\$)	Three months ended March 31, 2017	Three months ended March 31, 2016
Net realized and change in unrealized gain/(loss)	\$21,031	(\$2,165)
Net increase/(decrease) in net assets resulting from operations	\$20,140	(\$2,457)
Net assets.....	\$188,927	\$60,490

Net realized and change in unrealized gain for the three months ended March 31, 2017 was \$21,031, which includes a realized gain of \$494 on the distribution of bitcoins to pay expenses. Net assets increased to \$188,927 at March 31, 2017, a 14% increase for the three month period. The increase in net assets resulted primarily from bitcoin price appreciation.

Net realized and change in unrealized loss for the three months ended March 31, 2016 was \$2,165, which includes a realized loss of \$10 on the distribution of bitcoins to pay expenses. Net assets decreased to \$60,490 at March 31, 2016, a 1% decrease for the three month period. The decrease in net assets resulted primarily from bitcoin price depreciation.

Off-Balance Sheet Arrangements

The Trust is not a party to any off-balance sheet arrangements.

Cash Resources and Liquidity

The Trust has not had a cash balance at any time since inception. When removing bitcoins to pay expenses, the Sponsor endeavors to remove the exact number of bitcoins needed to pay expenses in order to minimize the Trust's holdings of assets other than bitcoin. As a consequence, we expect that the Trust will not record any cash flow from its operations and that its cash balance will be zero at the end of each reporting period.

In exchange for a fee, the Sponsor has agreed to assume the expenses incurred by the Trust. As a result, the only ordinary expense of the Trust during the periods covered by this Quarterly Report was the Sponsor's fee. The fee is payable in bitcoins at such times as determined in the Sponsor's sole discretion. The Trust is not aware of any trends, demands, conditions or events that are reasonably likely to result in material changes to its liquidity needs.

Quantitative and Qualitative Disclosures about Market Risk

The Trust Agreement does not authorize the Trustee to borrow for payment of the Trust's ordinary expenses. The Trust does not engage in transactions in foreign currencies which could expose the Trust or holders of Shares to any foreign currency related market risk. The Trust invests in no derivative financial instruments and has no foreign operations or long-term debt instruments.

Selected Supplemental Data (unaudited)

	For the quarter ended March 31, 2017	For the quarter ended March 31, 2016	Percent Change
Bitcoins:			
Opening balance	172,094	141,101	21.97%
Creations	2,939	4,871	(39.66)%
Redemptions.....	0	0	0%
Expense Payouts.....	(859)	(714)	20.40%
Closing balance	174,174	145,258	19.91%
Accrued but unpaid Expenses.....	0	0	0%
Net closing balance	174,174	145,258	19.91%
Bitcoin Index Price (a).....	\$1,056.48	\$414.70	154.76%
Bitcoin Holdings (a)	\$184,012,124	\$60,238,671	205.47%
Number of Shares:			
Opening balance	1,837,300	1,476,500	24.44%

Creations	31,400	51,100	(38.55)%
Redemptions.....	<u>0</u>	<u>0</u>	0%
Closing balance	<u>1,868,700</u>	<u>1,527,600</u>	22.33%
Ratio of Bitcoin per Share	0.09320637	0.09508931	(1.98)%

(a) The Bitcoin Holdings used in our day-to-day operations is calculated using the Bitcoin Index Price, which is calculated using a non-GAAP methodology where the volume-weighted average price is derived from multiple bitcoin exchanges. The net asset value presented in the financial statements was \$188,927,335 & \$60,489,969 as of March 31, 2017 and 2016, respectively, as calculated using the fair value of bitcoins based on the price provided by the bitcoin exchange the Trust considers its principal market as of 4:00 p.m., New York time on the valuation date.

In the quarter ended March 31, 2017, an additional 31,400 Shares (314 Baskets), were created in exchange for 2,939 bitcoins, 0 Shares (0 Baskets) were redeemed in exchange for 0 bitcoins, and 859 bitcoins were deducted from the Trust's holdings and used by the Sponsor to settle expenses. In the quarter ended March 31, 2016, an additional 51,100 Shares (511 Baskets), were created in exchange for 4,871 bitcoins, 0 Shares (0 Baskets) were redeemed in exchange for 0 bitcoins, and 714 bitcoins were deducted from the Trust's holdings and used by the Sponsor to settle expenses. For accounting purposes, the Trust reflects creations and the bitcoin receivable with respect to such creations on the date of receipt of a notification of a creation, but does not issue Shares until the requisite number of bitcoins is received. In connection with Share redemptions, the Trust delivers bitcoins upon receipt of Shares.

As of March 31, 2017, the Trust owned 174,174 bitcoins, with a market value of \$184,012,124, based on the Bitcoin Index Price on March 31, 2017.

Historical Bitcoin Prices

As movements in the price of bitcoins will directly affect the price of the Shares, investors should understand recent movements in the price of bitcoin. Investors, however, should also be aware that past movements in the bitcoin price are not indicators of future movements. Movements may be influenced by various factors, including, but not limited to, government regulation, security breaches experienced by service providers, as well as political and economic uncertainties around the world.

During the period between inception and March 31, 2017, the bitcoin price, based on the price reported by the Trust's principal market as of 4:00 pm, New York time, traded between \$110.83 per bitcoin (10/2/2013) and \$1,290.01 (3/10/2017) and the average was \$493.55. The twelve-month average, high, low and end-of-period bitcoin prices for the four years through March 31, 2017, 2016, 2015, and 2014, and for the period from the inception of the Trust until March 31, 2017, based on the price reported by the Trust's principal market as of 4:00 pm, New York time, on the applicable date were:

Period	Average	High	Date	Low	Date	End of period	Last business day
Twelve months ended March 31, 2014	\$350.38	\$1,138.29	11/30/2013	\$60.01	4/11/2013	\$454.00	\$454.00
Twelve months ended March 31, 2015	\$416.78	\$666.10	6/3/2014	\$184.84	1/14/2015	\$242.92	\$242.92
Twelve months ended	\$311.91	\$469.00	11/4/2015	\$216.24	8/24/2015	\$416.43	\$416.43

March 31, 2016							
Twelve months ended							
March 31, 2017	\$721.50	\$1,290.01	3/10/2017	\$415.59	4/1/2016	\$1,084.70	\$1,084.70
September 13, 2013 (the inception of the Trust) to							
March 31, 2017	\$493.55	\$1,290.01	3/10/2017	\$110.83	10/2/2013	\$1,084.70	\$1,084.70

Item 5. Legal proceedings.

On July 11, 2016, the SEC accepted the Trust’s offer of settlement and imposed a cease and desist order against the Trust pertaining to its offering of shares and share redemption program. As set forth in the SEC’s order, beginning on September 25, 2013 the Trust began offering its shares for sale to accredited investors on a continuous basis pursuant to Rule 506(d) of Regulation D. In response to requests for liquidity from shareholders, on April 2, 2014, the Trust, through its Authorized Participant, Genesis Global Trading, Inc., began repurchasing its shares through a share redemption program. From April 2, 2014 to September 4, 2014, Genesis Global Trading, Inc. purchased 85,721 shares in connection with redemptions made by Trust shareholders. In addition, from November 4, 2013 to September 4, 2014, the Trust also redeemed 6,479 of its shares from Genesis Global Trading, Inc.

In its order, the SEC found that repurchase of Trust shares pursuant to the redemption program and the Trust’s redemption of Genesis Global Trading Inc.’s shares violated Rule 101 and Rule 102 of Regulation M respectively. In connection with these findings, Genesis Global Trading, Inc. agreed to pay disgorgement of \$53,755.79, consisting of fees earned in connection with shareholder redemptions plus prejudgment interest. No monetary penalties were assessed. Without admitting or denying the findings, Genesis Global Trading, Inc. and Trust agreed to cease and desist from committing or causing any violations and any future violations of Rule 101 and Rule 102 of Regulation M of the Exchange Act respectively. In determining to accept the offers of settlement, the SEC considered the Trust’s and Genesis Global Trading Inc.’s reliance on counsel regarding the development and implementation of the shareholder redemption program.

The Trust is seeking an exemption from the SEC under Regulation M in order to reinstate its redemption program, but cannot at this time predict whether it will be successful in obtaining such regulatory relief. If and when such regulatory relief is obtained, the Shares may be redeemed only by or through an Authorized Participant and only in whole Baskets.

Item 6. Defaults upon senior securities.

None.

Item 7. Other information.

The risk factors included in our Annual Report continue to apply to us, and describe risks and uncertainties that could cause actual results to differ materially from the results expressed or implied by the forward-looking statements contained in this Quarterly Report. In addition to such risk factors, investors should consider carefully the risks described below before making an investment an investment decision.

The security of Bitcoin exchanges could be compromised leading to the theft of user bitcoins, declining adoption, and negatively impacting the price of the Shares.

Bitcoin exchanges have a limited history. Since 2009, several bitcoin exchanges have been closed or experienced disruptions due to fraud, failure, security breaches or distributed denial of service attacks a/k/a “DDoS Attacks.” In many of these instances, the customers of such exchanges were not compensated or made whole for the partial or complete losses of their funds held at the exchanges. In 2014, the largest bitcoin exchange at the time, Mt. Gox, filed for bankruptcy in Japan amid reports the exchange lost up to 850,000 bitcoin, valued then at over \$450 million. In August 2016 it was reported that almost 120,000 bitcoins worth around \$78 million were stolen from Bitfinex, another large bitcoin exchange. Consequently, the value of bitcoins decreased over 10% immediately following those reports, and the Shares suffered a corresponding decrease in value. The potential for instability of bitcoin exchanges and the closure or temporary shutdown of exchanges due to fraud, business failure, hackers, DDoS or malware, or government-mandated regulation may reduce confidence in bitcoin, which may result in greater volatility in the Shares. In addition, the closure or temporary shutdown of a bitcoin exchange may adversely affect an investment in the Shares.

Insurance has become unavailable for our Custodian.

We have been advised that our Custodian did not renew its insurance coverage. If our Custodian fails to adequately insure the bitcoins in its custody, this may negatively impact our ability to operate and an investment in the Shares.

Item 8. Exhibits.

Exhibit 1 Unaudited Financial Statements for the Three Months ended March 31, 2017

Item 9. Certifications.

Certification

I, Barry E. Silbert, certify that:

1. I have reviewed the Quarterly Report, exhibits, and all notes thereto of Bitcoin Investment Trust;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

Dated May 1, 2017

/s/ Barry E. Silbert

By: Barry E. Silbert

Title: Chief Executive Officer of
Grayscale Investments, LLC

Certification

I, Simcha Wurtzel, certify that:

1. I have reviewed the Quarterly Report, exhibits, and all notes thereto of Bitcoin Investment Trust;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

Dated May 1, 2017

/s/ Simcha Wurtzel

By: Simcha Wurtzel

Title: Vice President, Finance (Principal Financial Officer) of
Grayscale Investments, LLC

BITCOIN INVESTMENT TRUST

EXHIBIT 1

Unaudited Financial Statements for the Three Months ended March 31, 2017

FINANCIAL STATEMENTS

Bitcoin Investment Trust
For the Three Months Ended March 31, 2017
(Unaudited)

Bitcoin Investment Trust™

Bitcoin Investment Trust
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(Unaudited)

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Bitcoin Investment Trust
Statements of Assets and Liabilities
(Unaudited)

	March 31, 2017	December 31, 2016
(Amounts in U.S. Dollars, except share amounts)		
Assets:		
Investments in bitcoin, at fair value (cost \$80,639,564 and \$78,496,406 as of March 31, 2017, and December 31, 2016 respectively)	\$188,927,335	\$166,246,898
Total assets	<u>\$188,927,335</u>	<u>\$166,246,898</u>
Liabilities:		
Fees payable	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>
Net assets	<u>\$188,927,335</u>	<u>\$166,246,898</u>
Net Assets Consists of:		
Paid-in-Capital	84,047,695	81,506,820
Accumulated net investment loss	(4,642,537)	(3,751,256)
Accumulated net realized gain on investments	1,234,406	740,842
Accumulated net change in unrealized appreciation on investments	108,287,771	87,750,492
	<u>\$188,927,335</u>	<u>\$166,246,898</u>
Shares issued and outstanding, no par value (unlimited shares authorized)	1,868,700	1,837,300
Net asset value per share	<u>\$101.10</u>	<u>\$90.48</u>

See accompanying notes to unaudited financial statements.

Bitcoin Investment Trust
Schedules of Investment
(Unaudited)

March 31, 2017

	Number of Bitcoin	Cost	Fair Value	% of Net Assets
Investment in bitcoin	174,174.73532752	\$80,639,564	\$188,927,335	100%
Total investments		<u>\$80,639,564</u>	<u>\$188,927,335</u>	<u>100%</u>

December 31, 2016

	Number of Bitcoin	Cost	Fair Value	% of Net Assets
Investment in bitcoin	172,094.67544221	\$78,496,406	\$166,246,898	100%
Total investments		<u>\$78,496,406</u>	<u>\$166,246,898</u>	<u>100%</u>

See accompanying notes to unaudited financial statements.

Bitcoin Investment Trust
Statements of Operations
(Unaudited)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
(Amounts in U.S. Dollars)		
Investment income:		
Investment income	\$ -	\$ -
Expenses:		
Management fees	891,281	292,325
Net investment loss	<u>(891,281)</u>	<u>(292,325)</u>
Net realized and unrealized gain/(loss) on investment in bitcoin:		
Net realized gain/(loss) on investment in bitcoin	493,564	(9,594)
Net change in unrealized appreciation/(depreciation) on investment in bitcoin	<u>20,537,279</u>	<u>(2,155,040)</u>
Net realized and unrealized gain/(loss) on investment in bitcoin:	<u>21,030,843</u>	<u>(2,164,634)</u>
Net increase/(decrease) in net assets resulting from operations	<u><u>\$20,139,562</u></u>	<u><u>\$(2,456,959)</u></u>

See accompanying notes to unaudited financial statements.

Bitcoin Investment Trust
Statements of Changes in Net Assets
(Unaudited)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
(Amounts in U.S. Dollars, except change in shares outstanding)		
Increase/Decrease in net assets from operations:		
Net investment loss	\$ (891,281)	\$ (292,325)
Net realized gain/(loss) on investment in bitcoin	493,564	(9,594)
Net change in unrealized appreciation/(depreciation) on investment in bitcoin	20,537,279	(2,155,040)
Net increase/(decrease) in net assets resulting from operations	<u>20,139,562</u>	<u>(2,456,959)</u>
Increase in net assets from capital share transactions:		
Shares issued	2,540,875	2,008,138
Shares redeemed	-	-
Net increase in net assets resulting from capital share transactions	<u>2,540,875</u>	<u>2,008,138</u>
Net increase/(decrease) in net assets	22,680,437	(448,821)
Net assets:		
Beginning of period	<u>166,246,898</u>	<u>60,938,790</u>
End of period	<u>\$188,927,335</u>	<u>\$60,489,969</u>
Change in shares outstanding:		
Shares outstanding at beginning of period	1,837,300	1,476,500
Shares issued	31,400	51,100
Shares redeemed	-	-
Net increase in shares	<u>31,400</u>	<u>51,100</u>
Shares outstanding at end of period	<u>1,868,700</u>	<u>1,527,600</u>

See accompanying notes to unaudited financial statements.

Bitcoin Investment Trust
Notes to Unaudited Financial Statements

1. Organization

The Bitcoin Investment Trust (the “Trust”), a Delaware Trust that commenced operations on September 25, 2013, is an investment trust that is invested exclusively in bitcoin. The Trust holds bitcoins and, from time to time, issues shares (“Shares”) (in minimum denominations of 100, referred to as “Baskets”) in exchange for deposits of bitcoins and distributes bitcoins in connection with redemptions of Baskets (see Note 4 for current creation and redemption restriction). Shares of the Trust represent common units of fractional undivided beneficial interests in the Trust. The investment objective of the Trust is for the Shares to reflect the performance of the market price of bitcoin, less the Trust’s expenses.

Grayscale Investments LLC (“Grayscale” or the “Sponsor”) acts as the sponsor of the Trust and is a wholly owned subsidiary of Digital Currency Group, Inc. (“DCG”). The Sponsor monitors the overall performance of the Trust. Grayscale is responsible for preparing and providing quarterly and annual reports on behalf of the Trust to investors. Grayscale is also responsible for selecting and monitoring the Trust’s service providers. As payment for its services, Grayscale charges the Trust fees as discussed in Note 6.

Authorized Participants of the Trust are the only entities who may place orders to create or redeem Baskets. Genesis Global Trading, Inc. (“Genesis” or the “Authorized Participant”), a registered broker dealer and wholly owned subsidiary of DCG, continues to be the only Authorized Participant and is party to a participant agreement with the Sponsor and the Trust. On January 20, 2017, the Trust filed a registration statement on Form S-1 with the Securities Exchange Commission (the “SEC”). The Trust has engaged KCG Americas LLC, Wedbush Securities and Credit Suisse Securities (USA) LLC to act as Authorized Participants if the SEC declares the registration statement on Form S-1, as amended, effective. Additional Authorized Participants may be added at any time, subject to the discretion of the Sponsor. Additionally, upon effectiveness of the registration statement on Form S-1, Genesis will cease to act as Authorized Participant and Genesis will become a liquidity provider facilitating the purchase and sale of bitcoins on behalf of Authorized Participants (see Note 6). There can be no assurances that the registration statement on Form S-1 will ever be declared effective by the SEC.

The custodian of the Trust (the “Custodian”) is responsible for safeguarding the bitcoin held by the Trust. The Custodian since August 9, 2015 has been Xapo, Inc. (“Xapo”), a third party provider.

The transfer agent for the Trust is Continental Stock Transfer Corporation. The responsibilities of the transfer agent are to maintain creations, redemptions, and transfers of the Trust’s shares in book form. The Trust has engaged Bank of New York Mellon to act as transfer agent and administrator to the Trust upon effectiveness of the registration statement on Form S-1.

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

1. Organization (continued)

On March 25, 2015 the Trust received notice that its shares have been qualified for public trading on the OTCQX U.S. Premier Marketplace of the OTC Markets Group Inc. (“OTCQX”). The Trust’s trading symbol on OTCQX is “GBTC” and the CUSIP number for its shares is 09173T108.

2. Summary of Significant Accounting Policies

In the opinion of management of the sponsor of the Trust, Grayscale Investments, LLC (the “Sponsor”), all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in net assets as of and for the three months ended March 31, 2017 and for all periods presented have been made.

The following is a summary of significant accounting policies followed by the Trust:

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). The Trust qualifies as an investment company for accounting purposes pursuant to the accounting and reporting guidance under Financial Accounting Standards Board Accounting Standards Codification Topic 946. The Trust is not registered under the Investment Company Act of 1940. U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

The Trust conducts its transactions in bitcoins, including receiving bitcoins for the creation of shares, payment of bitcoins for the redemption of shares, and payment of fees in bitcoins. Since its inception, the Trust has not held cash or cash equivalents.

The Trust classifies its investment in bitcoin as a commodity, which is consistent with the Commodity Futures Trading Commission’s indication that bitcoin is considered a commodity under the Commodity Exchange Act.

Investment Transactions and Revenue Recognition

The Trust considers its investment transactions to be the receipt of bitcoins for share creations and the payment of bitcoins for share redemptions or as payment of expenses. The Trust records its investment transactions on a trade date basis and changes in fair value are reflected as net change in unrealized appreciation (depreciation) on investments. Realized gains and losses are calculated using an average cost method. Realized gains and losses are recognized in connection with transactions including settling obligations for fees in bitcoin and Share redemptions.

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the ‘exit price’) in an orderly transaction between market participants at the measurement date.

U.S. GAAP utilizes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Trust. Unobservable inputs reflect the Trust’s assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Trust has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, these valuations do not entail a significant degree of judgment.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary by investment. To the extent that valuations are based on sources that are less observable or unobservable in the market, the determination of fair value requires more judgment. Fair value estimates do not necessarily represent the amounts that may be ultimately realized by the Trust.

	<u>March 31, 2017</u>			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Assets				
Investment in bitcoin	\$ -	\$188,927,335	\$ -	\$188,927,335
	<u>December 31, 2016</u>			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Assets				
Investment in bitcoin	\$ -	\$166,246,898	\$ -	\$166,246,898

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

3. Fair Value of Bitcoin

Bitcoins are held by the Custodian on behalf of the Trust and are carried at fair value. As of March 31, 2017, and December 31, 2016 the Trust held 174,174.73532752 and 172,094.67544221 bitcoins, respectively. The Trust determined the fair value per bitcoin to be \$1,084.70 on March 31, 2017, and \$966.02 on December 31, 2016 using the price provided at 4:00 PM in New York by the bitcoin market considered to be the Trust's principal market. To determine which exchange is the Trust's principal market for purposes of calculating the Trust's NAV, the Trust considers only bitcoin markets that are U.S. Dollar-denominated, have an online platform and publish transaction price and volume data publicly. Based on these requirements, the Trust prepares a list of eligible bitcoin markets and considers the following criteria to select its principal market: (i) the volume of bitcoins traded on a bitcoin market in the prior twelve months, (ii) a bitcoin market's regulatory compliance with applicable federal and state licensing requirements and practices regarding anti-money laundering procedures and (iii) the degree of intra-day price fluctuations a bitcoin market experiences as well as the degree of variance in prices across bitcoin exchanges.

In determining which of the eligible bitcoin market is the Trust's principal market, the Trust reviews these criteria in the following order:

First, the Trust sorts the list of eligible bitcoin markets from high to low by volume of bitcoins traded on each bitcoin market in the prior twelve months. The Trust moves down the list until it reaches a bitcoin market that has a volume of bitcoins traded for the prior twelve months that is less than 10% of the next largest bitcoin market and excludes this and all smaller bitcoin exchanges from the list. However, the list will always contain a minimum of three bitcoin markets, even if the percentage of volume drops to less than 10% of the next largest bitcoin market.

Second, the Trust reviews the remaining bitcoin markets and excludes any bitcoin markets that do not comply with the federal and state licensing requirements that are applicable to the Trust and the Authorized Participant(s). The Trust or an Authorized Participant can only do business with those bitcoin markets that meet the regulatory requirements of the jurisdiction in which the Trust or an Authorized Participant is registered to do business. The Trust also assesses each bitcoin market's practices regarding anti-money laundering procedures.

Third, the Trust then reviews intra-day pricing fluctuations and the degree of variances in price on bitcoin markets to identify any material notable variances that may impact the volume or price information of a particular bitcoin market. The Trust then selects a bitcoin market as its principal market based on highest trade volume and price stability in comparison to the other bitcoin markets on the list.

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

3. Fair Value of Bitcoin (continued)

The Trust determines its principal market annually and conducts a quarterly analysis to determine if (i) there have been recent changes to each bitcoin market’s transaction volume in the prior twelve months, (ii) if any bitcoin markets have fallen out of, or come into, compliance with applicable regulatory requirements, (iii) if the Trust has engaged any new Authorized Participant that, due to being registered to do business in another jurisdiction, would make bitcoin markets previously inaccessible to the Trust now accessible or (iv) if recent changes to each bitcoin markets price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Trust’s determination of its principal market.

Historically, the Trust considered Bitstamp to be its principal market. The Trust performed an assessment of the principal market at December 31, 2016, and identified a change in the principal market from Bitstamp to Global Digital Asset Exchange (“GDAX”) (formerly known as Coinbase Exchange). The Trust has applied this change in principal market effective December 31, 2016. As of March 31, 2017, GDAX remained the principal market and the Trust has valued bitcoin at March 31, 2017 using the GDAX exchange.

The following represents the changes in quantity of bitcoins and the respective fair value:

	Three Months Ended March 31, 2017		Year ended December 31, 2016	
	Bitcoin	Fair Value	Bitcoin	Fair Value
Beginning balance	172,094.67544221	\$166,246,898	141,101.20906271	\$60,938,790
Bitcoins contributed	2,939.09867474	2,540,875	34,155.29569721	20,143,532
Bitcoins distributed for expenses	(859.03878943)	(891,281)	(3,161.82931771)	(1,818,656)
Net change in unrealized appreciation/(depreciation) on investment in bitcoin	-	20,537,279	-	86,553,919
Net realized gain/(loss) on investment in bitcoin	-	493,564	-	429,313
Ending balance	<u>174,174.73532752</u>	<u>\$188,927,335</u>	<u>172,094.67544221</u>	<u>\$166,246,898</u>

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

4. Creations and Redemptions of Shares

At March 31, 2017 and December 31, 2016, there was an unlimited number of Shares authorized by the Trust. The Trust creates and redeems Shares from time to time, but only in one or more Baskets. The creation and redemption of Baskets on behalf of investors are made by the Authorized Participant in exchange for the delivery of bitcoins to the Trust or the distribution of bitcoins by the Trust. The number of bitcoins required for each creation basket or redemption basket is determined by dividing the number of bitcoins owned by the Trust at such time by the number of Shares outstanding at such time and multiplying the quotient obtained by 100. Each share represented approximately 0.093 and 0.094 of a bitcoin at March 31, 2017 and December 31, 2016, respectively.

The cost basis of investments in bitcoin recorded by the Trust is the fair value of bitcoin at 4:00 PM New York time on the date of transfer to the Trust by the Authorized Participant, as determined by the Trust's principal market. The cost basis recorded by the Trust may differ from proceeds collected by the Authorized Participant from the sale of each Share to investors. The Authorized Participant may realize significant profits buying, selling, creating and redeeming Shares as a result of changes in the value of Shares or bitcoins.

Effective October 28, 2014 the Trust suspended its redemption program, in which Shareholders were permitted to request the redemption of their Shares through the Authorized Participant out of concern that the redemption program was in violation of Regulation M under the Securities Exchange Act. The Authorized Participant/Distributor and the Trust's sponsor are in discussions with the staff of the Securities Exchange Commission in order to resolve the concern, although the Distributor/Authorized Participant and the Trust cannot at this time predict whether the Trust will be permitted to reinstate the Share redemption program for the benefit of Shareholders or the impact such a resolution may have on their respective activities.

On January 19, 2017, prior to the initial filing of the registration statement on Form S-1 with the SEC, the Trust stopped issuing shares under the creation program, which had been taking place through private placement transactions.

5. Income Taxes

The Trust is treated as a grantor trust and the shareholders will be treated as owning proportionate interests in the Trust for U.S. federal income tax purposes. The Trust, therefore, will not be subject to U.S. federal income tax.

Instead, each Shareholder will be deemed to acquire and hold a proportionate interest in the Trust's assets and will be required to report its proportionate share of the Trust's gains, income, losses and expenses on its U.S. federal income tax returns in accordance with the shareholder's method of accounting.

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

5. Income Taxes (continued)

However, there can be no assurance that the U.S. Internal Revenue Service (“IRS”) will agree with this conclusion and it is possible that the IRS could assert a position to the contrary to one or all of those conclusions and that a court could sustain that contrary conclusion.

As of January 1, 2016, an amendment to the Trust Agreement was made regarding certain tax provisions. On February 9, 2017, the Court of Chancery of the State of Delaware ordered that the Original Trust Agreement be reformed so that the amendments made shall be retroactive to the original date of execution of the agreement. The Trust is seeking a private letter ruling (“PLR”) from the IRS regarding certainty for its tax position through a PLR request sent to the IRS in the first quarter of 2017. The Trust is unable to predict a timeline of when a ruling will occur or whether a favorable outcome will be received. The Sponsor of the Trust has evaluated whether or not there are uncertain tax positions that require financial statement recognition and has determined that no reserves for uncertain tax positions are required as of March 31, 2017 or December 31, 2016.

6. Related Parties

The Trust considers the following entities and their directors to be related parties of the Trust: DCG, DCG Holdco Inc. (“DCG Holdco”), Genesis and Grayscale. As of March 31, 2017 and December 31, 2016, 199,297 and 217,512 shares of the Trust were held by related parties of the Trust, respectively.

In accordance with the Trust agreement, the Trust pays a Management Fee to the Sponsor, calculated as 2% of aggregate value of the Trust’s assets, less liabilities (which includes any accrued but unpaid expenses), as calculated and published by the Sponsor or its delegates (the “Combined Fee”). The Combined Fee accrues daily in bitcoins and will be payable in bitcoins at the Sponsor’s sole discretion, which is expected to occur monthly in arrears. As consideration for its receipt of the Combined Fee, the Sponsor is obligated under the trust agreement to assume and pay the following fees and expenses of the Trust: marketing fees, custodian fees, administrator fees and sponsor fees (the “Constituent Fees”), the shareholder communications hub fee, transfer agent fee, trustee fee, expenses related to public trading on OTCQX in an amount up to \$600,000 annually (including legal and audit fees and expenses), any other legal and accounting fees, regulatory fees, printing and mailing costs, and applicable license fees (along with the Constituent Fees, the “Assumed Fees”). Subject to adoption of an updated Trust agreement, upon effectiveness of the registration statement on Form S-1, the Trust anticipates eliminating or increasing the current \$600,000 limit for expenses related to public trading that will be assumed by the Sponsor on behalf of the Trust as part of the assumed fees, among other modifications of defined terms.

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

6. Related Parties (continued)

The Trust may pay expenses in addition to the Combined Fee and the Assumed Fees, such as, but not limited to, taxes and governmental charges, expenses and costs of any services performed by the Sponsor (or any other service provider) on behalf of the Trust to protect the Trust or the interests of Shareholders, indemnification expenses, fees and expenses related to public trading on OTCQX in excess of \$600,000 annually, and legal fees and expenses (collectively, “Extraordinary Fees”). As of March 31, 2017, no Extraordinary Fees have been incurred by the Trust since its inception. Management Fees on the Statement of Operations include the Combined Fee and would include the Extraordinary Fees to the extent they were incurred.

For the three months ended March 31, 2017 and March 31, 2016, the Trust incurred Management Fees of \$891,281 and \$292,325, respectively, which were paid in bitcoins. As of March 31, 2017 and December 31, 2016 there were no accrued or unpaid management fees.

7. Risks and Uncertainties

The Trust is subject to various risks including market risk, liquidity risk, and other risks related to its concentration in a single asset, bitcoin. Investing in bitcoin is currently unregulated, highly speculative, and volatile.

The net asset value of the Trust relates directly to the value of the bitcoins held by the Trust, and fluctuations in the price of bitcoins could materially and adversely affect an investment in the shares of the Trust. The price of bitcoins has a limited history. During such history, bitcoin prices have been volatile and subject to influence by many factors including the levels of liquidity. If bitcoin markets continue to experience significant price fluctuations, the Trust may experience losses. Several factors may affect the price of bitcoins, including, but not limited to, global bitcoin supply and demand, and competition from other forms of digital currency or payments services.

The bitcoins held by the Trust are commingled and the Trust’s shareholders have no specific rights to any specific bitcoins. In the event of the insolvency of the Trust, its assets may be inadequate to satisfy a claim by its shareholders.

There is currently no clearing house for bitcoins, nor is there a central or major depository for the custody of bitcoins. There is a risk that some or all of the Trust’s bitcoins could be lost or stolen. The Trust does not have insurance protection on its bitcoins which exposes the Trust and its shareholders to the risk of loss of the Trust’s bitcoins. Further, bitcoin transactions are irrevocable. Stolen or incorrectly transferred bitcoin may be irretrievable. As a result, any incorrectly executed bitcoin transactions could adversely affect an investment in the Trust. DCG Holdco no longer serves as a custodian of the Trust in any capacity. The

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

7. Risks and Uncertainties (continued)

Sponsor's parent, an affiliate of the Trust, holds a minority interest in Xapo that represents less than 1% of Xapo's ownership.

To the extent private keys for bitcoin addresses are lost, destroyed or otherwise compromised and no backup of the private keys are accessible, the Trust may be unable to access the bitcoin held in the associated address and the private key will not be capable of being restored by the bitcoin network.

The processes by which bitcoin transactions are settled are dependent on the bitcoin peer-to-peer network, and as such, the Trust is subject to operational risk. A risk also exists with respect to previously unknown technical vulnerabilities, which may adversely affect the value of bitcoin.

As of the close of business on April 28, 2017 the fair value of bitcoin determined in accordance with the Trust's accounting policy was \$1,318.98 per bitcoin.

8. Financial Highlights Per Share Performance

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Per Share Data:		
Net asset value, beginning of period	\$90.48	\$41.27
Net increase/(decrease) in net assets from investment operations		
Net investment loss	(0.48)	(0.19)
Net realized and unrealized gain/(loss)	11.10	(1.48)
Net increase/(decrease) in net assets resulting from operations	10.62	(1.67)
Net asset value, end of period	\$101.10	\$39.60
Total return	11.74%	-4.05%
<i>Ratios to average net assets:</i>		
Net investment loss	-1.93%	-2.00%
Expenses	-1.93%	-2.00%

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

8. Financial Highlights Per Share Performance (continued)

Ratios of net investment loss and expenses to average net assets have been annualized.

An individual shareholder's return, ratios, and per share performance may vary from those presented above based on the timing of share transactions.

Total return is calculated assuming an initial investment made at the net asset value at the beginning of the period and redemption on the last day of the period.

9. Indemnifications

In the normal course of business, the Trust enters into certain contracts that provide a variety of indemnities, including contracts with the Sponsor and affiliates of the Sponsor, DCG Holdco and its officers, directors, employees, subsidiaries and affiliates, and Xapo as well as others relating to services provided to the Trust.

The Trust's maximum exposure under these and its other indemnities is unknown. However, no liabilities have arisen under these indemnities in the past and, while there can be no assurances in this regard, there is no expectation that any will occur in the future. Therefore, the Sponsor does not consider it necessary to record a liability in this regard.