

BITCOIN INVESTMENT TRUST

A Delaware Trust

Sponsored by

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Primary Standard Industrial Code: 6221

QUARTERLY REPORT

For the quarterly period ended September 30, 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 September 30, 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 September 30, 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 November 9, 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:

“Actual Exchange Rate” — With respect to any particular asset, at any time, the price per single unit of such asset (determined net of any associated fees) at which the Trust is able to sell such asset for U.S. Dollars (or other applicable fiat currency) at such time to enable the Trust to timely pay any Additional Trust Expenses, through use of the Sponsor’s commercially reasonable efforts to obtain the highest such price.

“Additional Trust Expenses”—Together, any expenses of the Trust that are not assumed by the Sponsor, taxes and governmental charges, expenses and costs of any extraordinary services performed by the Sponsor (or any other Service Provider) on behalf of the Trust, indemnification expenses of the Custodian, Administrator or other agents, service providers or counterparties of the Trust and extraordinary legal fees and expenses.

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

“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 (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” — On any trade date, the number of Bitcoins as of such trade date for each Creation Basket or Redemption Basket, as determined by dividing (x) the number of Bitcoins owned by the Trust at 4:00 p.m., New York time, on such trade date, after deducting the number of Bitcoins representing the U.S. Dollar value of accrued but unpaid fees and expenses of the Trust (converted using the Bitcoin Index Price at such time, and carried to the eighth decimal place), by (y) the number of Shares outstanding at such time and multiplying the quotient so obtained by 100.0.

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

“Bitcoin Account” — Together, the Wallet Account and Vault Account and any subaccounts associated therewith.

“Bitcoin Cash” — A type of digital currency based on an open source cryptographic protocol existing on the Bitcoin Cash Network, which came into existence following the Bitcoin hard fork on August 1, 2017.

“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 Holdings”—The Bitcoin Index Price-derived U.S. Dollar value of the Trust as calculated by the Administrator for operational purposes. See “Valuation of Bitcoins and Definition of the Trust’s Bitcoin Holdings” 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 Index, calculated at 4:00 p.m., New York time, on each Business Day.

“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.

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

“Custodian” — Xapo Inc., as guaranteed by Xapo Holdings Limited.

“Custodian Fee” — Fee payable to the Custodian for services it provides to the Trust, which the Sponsor shall pay to the Custodian as a Sponsor-paid Expense.

“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.

“DSTA” — The Delaware Statutory Trust Act, as amended.

“DTC” — The Depository Trust Company. DTC is a limited purpose trust company organized under New York law, a member of the U.S. Federal Reserve System and a clearing agency registered with the SEC. DTC will act as the securities depository for the Shares.

“DTC Participant” — A direct participant in DTC, such as a bank, broker, dealer or trust company.

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

“GAAP”—The U.S. generally accepted accounting principles.

“Genesis”—Genesis Global Trading, Inc., which as of the date of this Quarterly Report is the only acting Authorized Participant.

“Grayscale”—Grayscale Investments LLC.

“Incidental Rights” — Rights to acquire, or otherwise establish dominion and control over, any virtual currency or other asset or right, which rights are incident to the Trust’s ownership of Bitcoins and arise without any action of the Trust, or of the Sponsor or Trustee on behalf of the Trust.

“Index” — The TradeBlock XBX Index.

“Index Provider” — TradeBlock, Inc., a Delaware corporation that publishes the Index

“Indirect Participants” — Those banks, brokers, dealers, trust companies and others who maintain, either directly or indirectly, a custodial relationship with a DTC Participant.

“IR Virtual Currency” — Any virtual currency tokens, or other asset or right, acquired by the Trust through the exercise (subject to the applicable provisions of the Trust Agreement) of any Incidental Right.

“Marketer” — Genesis, who is engaged by the Sponsor to assist in the marketing of the Shares.

“Marketing Fee” — Fee payable to the Marketing Agent for services it provides to the Trust, which the Sponsor shall pay to the Marketer as a Sponsor-paid Expense.

“Mt. Gox” — Mt. Gox K.K., a Japan-based Bitcoin Exchange.

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

“Participant Agreement” — An agreement entered into by an Authorized Participant with the Sponsor which provides the procedures for the creation and redemption of Baskets and for the delivery of Bitcoins required for Creation Baskets and the distribution of Bitcoins from the Trust for Redemption Baskets.

“Redemption Basket” — Baskets of Shares redeemed in exchange for Bitcoins in an amount equal to the Basket Bitcoin Amount required for each such Redemption Basket

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

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

“Service Providers” — Collectively, Grayscale Investments, LLC, Continental Stock Transfer Corporation, Genesis, TradeBlock, Inc., Xapo Inc. and Digital Currency Group, Inc.

“Shareholder” — Any beneficial owner of a Share.

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

“Sponsor” — Grayscale Investments, LLC.

“Sponsor-paid Expense(s)” — The Trust’s fees and expenses that the Sponsor is obligated to assume and pay: the Marketing Fee, the Administrator Fee, the Custodian Fee, the Transfer Agent Fee, the Trustee fee, applicable license fees, including the licensing fees related to the Index License Agreement, fees and expenses related to trading of Shares on NYSE Arca (including

marketing, legal and audit fees and expenses), legal expenses, audit fees, regulatory fees, including any fees relating to the registration of the Shares with the SEC, printing and mailing costs and costs of maintaining the Trust's website.

"Sponsor's Fee"—A fee, payable in Bitcoins, which accrues daily in U.S. Dollars at an annual rate of a percentage, to be determined by the Sponsor, of the Bitcoin Holdings of the Trust, calculated at the Bitcoin Index Price as of 4:00 p.m., New York time, on each day, provided that for a day that is not a Business Day, the calculation shall be based on the Bitcoin Index Price from the most recent Business Day.

"Total Basket Bitcoin Amount"—With respect to any creation or redemption order, the applicable Basket Bitcoin Amount multiplied by the number of Baskets being created or redeemed.

"Transfer Agent" — Continental Stock Transfer Corporation, a Delaware corporation.

"Transfer Agent Fee"—Fee payable to the Transfer Agent for services it provides to the Trust, which the Sponsor shall pay to the Transfer Agent as a Sponsor-paid Expense.

"Trust" — The Bitcoin Investment Trust, a Delaware statutory trust, formed on September 13, 2013 under the DSTA and the pursuant to the Trust Agreement.

"Trust Agreement" — The Amended and Restated Declaration of Trust and Trust Services 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 (formerly known as CSC Trust Company of Delaware), a Delaware trust company, is the Delaware trustee of the Trust.

"U.S." — United States.

"U.S. Dollar" or "\$" — United States Dollar or Dollars.

"Vault Account" — One or more cold storage accounts in the name of the Sponsor and of the Trust held for the safekeeping of the Trust's Bitcoins.

"Wallet Account" — One or more wallets in the name of the Sponsor and of the Trust held for the deposit and withdrawal of Bitcoins.

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) 668-1427

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 September 30, 2017, the Trust had unlimited Shares authorized. As of September 30, 2017, there were 1,868,700 Shares issued and outstanding.

The following table shows the number of the Shares outstanding as of September 30, 2017:

	As of Quarter Ended September 30, 2017
(i) Number of shares authorized	Unlimited
(ii) Number of shares outstanding	1,868,700
(iii) Number of shares freely tradable (public float)	1,631,259
(iv) Number of unaffiliated beneficial holders of freely tradable shares ¹	17
(v) Number of holders of record ¹	62

Item 3. Unaudited interim financial statements.

The Trust's unaudited interim financial statements as of and for the quarterly periods ended September 30, 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 investment objective of the Trust is for the Shares to reflect the value of the Bitcoins held by the Trust, determined by reference to the Bitcoin Index Price, less the Trust's expenses and other liabilities. The Shares are intended to constitute a cost-effective and convenient means of gaining investment exposure to Bitcoin. A substantial direct investment in Bitcoins may require expensive and sometimes complicated arrangements in connection with the acquisition, security and safekeeping of the Bitcoins and may involve the payment of substantial fees to acquire such Bitcoins from third-party facilitators through cash payments of U.S. Dollars. Although the Shares will not be the exact equivalent of a direct investment in Bitcoins, they provide investors with an alternative that constitutes a relatively cost-effective way to participate in Bitcoin markets through

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.

the securities market. Because the value of the Shares is tied to the value of the Bitcoins held by the Trust, it is important to understand the investment attributes of, and the market for, Bitcoins.

The activities of the Trust will be limited to (i) issuing Baskets in exchange for Bitcoins transferred to the Trust as consideration in connection with the creations, (ii) transferring or selling Bitcoins, Incidental Rights and IR Virtual Currency as necessary to cover the Sponsor's Fee and/or any Additional Trust Expenses, (iii) transferring Bitcoins in exchange for Baskets surrendered for redemption (subject to obtaining regulatory approval from the SEC), (iv) causing the Sponsor to sell Bitcoins, Incidental Rights and IR Virtual Currency on the termination of the Trust, (v) making distributions of Incidental Rights and/or IR Virtual Currency or cash from the sale thereof, and (vi) engaging in all administrative and security procedures necessary to accomplish such activities in accordance with the provisions of the Trust Agreement. The Trust will not be actively managed. It will not engage in any activities designed to obtain a profit from, or to ameliorate losses caused by, changes in the market prices of Bitcoins.

In addition, the Trust may engage in any lawful activity necessary or desirable in order to facilitate Shareholders' access to Incidental Rights or IR Virtual Currency, provided that such activities do not conflict with the terms of the Trust Agreement. The Trust will not be actively managed. It will not engage in any activities designed to obtain a profit from, or to ameliorate losses caused by, changes in the market prices of Bitcoins.

Incidental Rights and IR Virtual Currency

From time to time, the Trust may come into possession of Incidental Rights and/or IR Virtual Currency by virtue of its ownership of Bitcoins, generally through a fork in the Blockchain or an airdrop offered to holders of Bitcoins. Pursuant to the terms of the Trust Agreement, the Trust may take any lawful action necessary or desirable in connection with the Trust's ownership of Incidental Rights, including the acquisition of IR Virtual Currency, unless such action would adversely affect the status of the Trust as a grantor trust for U.S. federal income tax purposes or otherwise be prohibited by the Trust Agreement. These actions include selling Incidental Rights and/or IR Virtual Currency and distributing the cash proceeds to Shareholders or distributing Incidental Rights and/or IR Virtual Currency in kind to Shareholders, or to an agent acting on behalf of the Shareholders if such distribution would otherwise be infeasible. The Trust may also use Incidental Rights and/or IR Virtual Currency to pay the Sponsor's Fee and Additional Trust Expenses, if any, as discussed below under "—Trust Expenses." However, the Trust does not expect to take any Incidental Rights or IR Virtual Currency it may hold into account for purposes of determining the Trust's Bitcoin Holdings or the Bitcoin Holdings per Share.

Trust Expenses

The Trust's only ordinary recurring expense is expected to be the Sponsor's Fee. The Sponsor's Fee will be determined by applying a 2% annual rate to the Trust's Bitcoin Holdings, as calculated and published by the Sponsor or its delegates, and converting the resulting U.S. Dollar amount into Bitcoins at the Bitcoin Index Price, on a daily basis. Payments of the Sponsor's Fee will occur monthly in arrears. To pay the Sponsor's Fee, the Custodian will, when directed by the Sponsor, (i) withdraw from the Bitcoin Account the number of Bitcoins equal to the accrued but unpaid Sponsor's Fee, determined as described above and (ii) transfer such Bitcoins to an account

maintained by the Custodian for the Sponsor. If the Trust holds any Incidental Rights or IR Virtual Currency at any time, the Trust may also pay the Sponsor's Fee, in whole or in part, with such Incidental Rights and/or IR Virtual Currency by entering into an agreement with the Sponsor and transferring such Incidental Rights to the Sponsor at a value to be determined pursuant to such agreement. However, the Trust may use Incidental Rights and/or IR Virtual Currency to pay the Sponsor's Fee only if such agreement and transfer does not conflict with the terms of the Trust Agreement. The Sponsor, from time to time, may temporarily waive all or a portion of the Sponsor's Fee in its discretion for stated periods of time. Presently, the Sponsor does not intend to waive any of the Sponsor's Fee.

As consideration for its receipt of the Sponsor's Fee, the Sponsor has assumed the obligation to pay the Sponsor-paid Expenses. As consideration for its receipt of the Sponsor's Fee, the Sponsor has assumed the obligation to pay the Sponsor-paid Expenses. The Sponsor has not assumed the obligation to pay Additional Trust Expenses. If Additional Trust Expenses are incurred, the Sponsor will (i) withdraw from the Bitcoin Account (or other applicable account) Bitcoins, Incidental Rights and/or IR Virtual Currency in such quantity as may be necessary to permit payment of such Additional Trust Expenses and (ii) may either (x) cause the Trust (or its delegate) to convert such Bitcoins, Incidental Rights and/or IR Virtual Currency into U.S. Dollars or other fiat currencies at the Actual Exchange Rate or (y) cause the Trust (or its delegate) to deliver such Bitcoins, Incidental Rights and/or IR Virtual Currency in kind, at a value to be determined pursuant to an agreement with the relevant payee, in satisfaction of such Additional Trust Expenses. However, the Trust may use Incidental Rights or IR Virtual Currency to pay Additional Trust Expenses only if doing so does not conflict with the terms of the Trust Agreement. The number of Bitcoins represented by a Share will decline each time the Trust pays the Sponsor's Fee or any Additional Trust Expenses by transferring or selling Bitcoins.

Withdrawal of Registration Statement on Form S-1

On January 19, 2017, prior to the initial public filing of the Trust's registration statement on Form S-1 with the SEC, the Trust stopped issuing Shares, 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.

On October 25, 2017, the Sponsor announced that it had requested withdrawal of its registration statement on Form S-1 (File No. 333-215627) that was initially filed on January 20, 2017 with the SEC for a proposed public offering of its shares. Earlier this year, the SEC rejected two "Rule 19b-4" applications for the exchange listing of digital currency products. In light of those rejections and the Sponsor's belief there had not been enough regulatory developments to prompt the SEC to approve a similar Rule 19b-4 application, the NYSE Arca, Inc. withdrew the Rule 19b-4 application seeking approval to list shares of the Trust on the NYSE Arca on September 27, 2017. Because an exchange listing of the Trust's shares is not currently feasible, the Sponsor has determined that it was in the best interests of the Trust to withdraw the Registration Statement. The Sponsor intends to continue its dialogue with the SEC and to closely monitor regulatory developments in order to be prepared to proceed with a public offering and exchange listing of the

Trust's shares when conditions permit, although the Sponsor cannot predict if or when this may occur.

Withdrawal of the Registration Statement does not impact quotation of the Trust's shares on the OTCQX.

Bitcoin Fork on August 1, 2017

Background and Initial Measurement

There is no official developer or group of developers that formally controls the Bitcoin Network. As a result any individual can download the Bitcoin Network software and make any desired modifications, which are proposed to users and miners on the Bitcoin Network through software downloads and upgrades, typically posted to the Bitcoin development forum on GitHub.com. A substantial majority of miners and Bitcoin users must consent to such software modifications by downloading the altered software or upgrade; otherwise, the modifications do not become a part of the Bitcoin Network. Since the Bitcoin Network's inception, modifications to the Bitcoin Network have been accepted by the vast majority of users and miners, ensuring that the Bitcoin Network remains a coherent economic system.

However, over the last few years, the Bitcoin Network has experienced significant scalability problems. The scalability problems are a consequence of the fact that blocks in the blockchain are limited to one-megabyte in size. The one-megabyte limit created a bottleneck in Bitcoin, resulting in increased transaction fees and delayed processing of transactions that cannot be fit into a block. Since these problems first surfaced, various proposals have been put forth by developers, miners, and business operators on how to scale Bitcoin effectively. This led to a contentious and heated debate about which scalability solution would preserve network security whilst increasing transaction throughput in a cost-effective way.

When a proposed modification to the Bitcoin Network is not accepted by the vast majority of miners and users, but is nonetheless accepted by a substantial population of participants in the network, a "fork" in the blockchain occurs, resulting in two separate Bitcoin Networks. Holders of Bitcoins on the original Bitcoin Network can then also access an identical amount of new tokens on the new network.

In the case of the Bitcoin-Bitcoin Cash fork on August 1, 2017, a quorum of network participants accepted a modification to increase the Bitcoin Network block size to 8 megabytes to resolve the scalability problem. At the same time, many network participants still did not believe that this was a superior scaling solution. Therefore, they continued to support another version of the Bitcoin Network without the block size increase but with a different scaling solution known as Segregated Witness. The version of the Bitcoin Network with the block size increase was rebranded as Bitcoin Cash and the version that activated Segregated Witness maintained the Bitcoin name.

Immediately following the hard fork on August 1, 2017, holders of Bitcoin passively received an Incidental Right to obtain an equal number of Bitcoin Cash tokens. At that time, the Trust held 173,014 Bitcoins and the newly created Bitcoin Cash was inaccessible to the Trust until the

Custodian was able to develop processes to safely and securely obtain access to and permit withdrawal of Bitcoin Cash. On the date of the hard fork, the Incidental Right for Bitcoin Cash was determined to have no value as there were insufficient observable market inputs to determine the fair value of Bitcoin Cash.

Subsequent Measurement

Subsequent to the date of the fork, trading markets for Bitcoin Cash continued to develop. Bitcoin Cash currently trades on multiple exchanges as well as over the counter markets. As of September 30, 2017, the exchanges trading Bitcoin Cash did not meet the Trusts requirements to access the market based upon the market's regulatory compliance with applicable federal and state licensing requirements and practices regarding anti-money laundering procedures.

The Trust determined the fair value per Bitcoin Cash to be \$445.93 on September 30, 2017, using the price provided at 4:00 PM in New York by the Bitcoin Cash exchange with the highest U.S. Dollar-denominated trading volume that has an online platform and publishes transaction price and volume data publicly. The Trust recorded an asset on the statement of assets and liabilities and a corresponding unrealized gain on the statement of operations for Bitcoin Cash based upon its estimated fair value at September 30, 2017 of \$77,152,240.

Bitcoin Cash has been excluded from the value of the Trust's Bitcoin Holdings for purposes of calculation of the Sponsor's Fee through September 30, 2017 as the Sponsor did not collect management fees on the balance and the Trust intends to suspend all creation and redemption activities until Bitcoin Cash has been distributed to shareholders. This is consistent with the investment objective of the Trust, as the Shares seek to reflect the value of the Bitcoins held by the Trust, determined by reference to the Bitcoin Index Price, less the Trust's expenses and other liabilities.

Distribution of Bitcoin Cash

On October 25, 2017, the Trust declared a distribution and established a record date for the distribution of all of the Bitcoin Cash currently held by the Trust to shareholders of record ("Record Date Shareholders") as of the close of business on November 6, 2017 (the "Record Date").

On the Record Date, pursuant to the terms of the Trust Agreement governing the Trust, the Trust appointed Grayscale Investments, LLC as agent (the "Agent") on behalf of the Record Date Shareholders and transferred the Bitcoin Cash held by the Trust to the Agent on behalf of the Record Date Shareholders as a payment in kind distribution. The Agent will thereafter sell the Bitcoin Cash over a period of time and remit the cash proceeds from such sale. The Agent will announce a remittance date for the remittance of such net cash proceeds once established. Notwithstanding the foregoing, the Agent reserves the right to remit any net cash proceeds from such sale prior to the completion thereof, in more than one remittance.

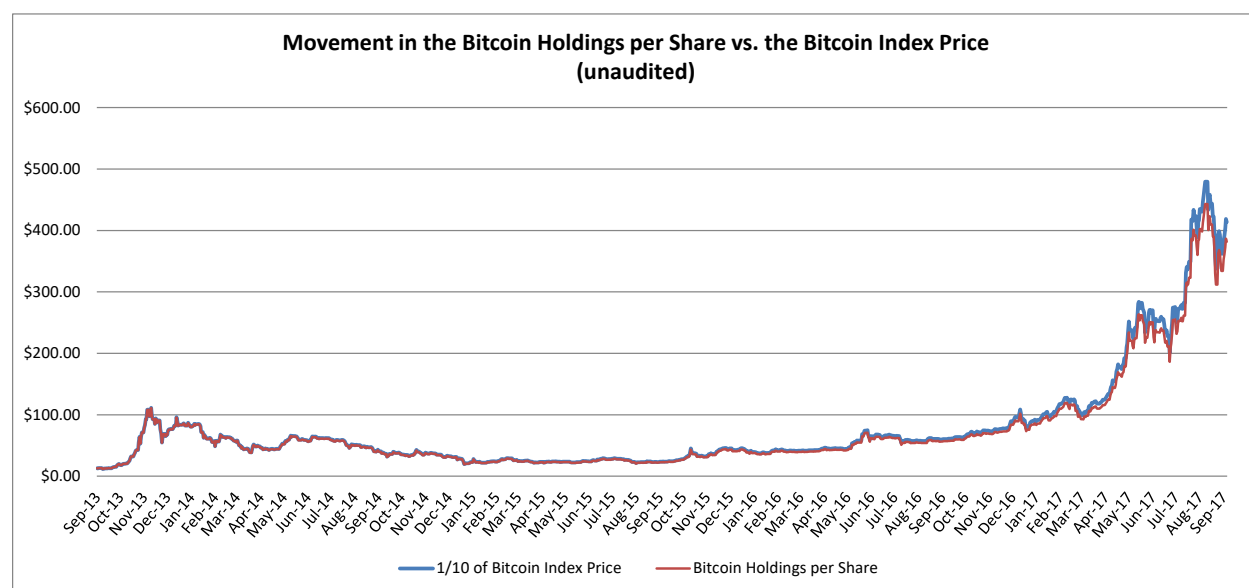
The Trust held approximately 173,014 tokens (or units) of Bitcoin Cash, or approximately 0.09258535 tokens of Bitcoin Cash per share based on 1,868,700 shares of the Trust outstanding as of the Record Date. In lieu of using Bitcoin to pay the Additional Trust Expenses incurred in

connection with the Bitcoin Cash fork, the Trust will transfer a portion of the Bitcoin Cash held by the Trust to the Sponsor to pay such Additional Trust Expenses on the Trust's behalf prior to the distribution to the Record Date Shareholders on the Record Date. As a result, the distribution to the Record Date Shareholders on the Record Date was approximately 0.09231058 tokens of Bitcoin Cash per share. The cash ultimately received by the Record Date Shareholders from the post-distribution sale of the distributed Bitcoin Cash on their behalf will be reduced by any administrative and other reasonable expenses related to the eventual sale of the distributed Bitcoin Cash that are incurred by Grayscale Investments, LLC in its capacity as agent of the Record Date Shareholders and not in its capacity as sponsor of the Trust. The Agent may use an affiliated dealer to facilitate the sale of Bitcoin Cash. Any such affiliated dealer would be expected to earn a customary markup or other customary compensation for its services.

The markets that have developed since the date of the fork have a very limited trading history, are unregulated in nature and are subject to significant volatility. Fluctuations in the value of Bitcoin Cash may be significant. Furthermore, the network participants could stop supporting and using the Bitcoin Cash network at any time which could result in a significant impairment of the value of Bitcoin Cash. There can be no assurances that shareholders will receive any benefit from a distribution of Bitcoin Cash.

Bitcoin

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 September 30, 2017:



For more information about how we determine the Bitcoin Holdings per the Shares, see the section entitled “Description of the Trust —Valuation of Bitcoins and Definition of the Trust’s Bitcoin Holdings” in our Annual Report. As outlined in the Trust Agreement, and restated in this Quarterly Report as of September 30, 2017, in the event of a hard fork of the Bitcoin Network, the Sponsor will, if permitted by the terms of the Trust Agreement, use its discretion to determine, in good

faith, which peer-to-peer network, among a group of incompatible forks of the Bitcoin Network, is generally accepted as Bitcoin and should therefore be considered “Bitcoin” for the Trust’s purposes, which the Sponsor will determine based on a variety of then relevant factors, including (but not limited to) the following: (i) the Sponsor’s beliefs regarding expectations of the core developers of Bitcoin, users, services, businesses, miners and other constituencies and (ii) actual continued acceptance of, mining power on, and community engagement with the Bitcoin Network.

Bitcoin Cash has been excluded from the value of the Trust’s Bitcoin Holdings for purposes of calculation of the Sponsor’s Fee through September 30, 2017 as the Sponsor did not collect management fees on the balance and the Trust intends to suspend all creation and redemption activities until Bitcoin Cash has been distributed to shareholders. This is consistent with the investment objective of the Trust, as the Shares seek to reflect the value of the Bitcoins held by the Trust, determined by reference to the Bitcoin Index Price, less the Trust’s expenses and other liabilities.

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. As of September 30, 2017, the Trust considered its principal market to be Global Digital Asset Exchange (“GDAX”). 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 price calculated across multiple Bitcoin Exchanges and excludes the Bitcoin Cash from the assets of the Trust.

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

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
(All amounts in the following table and the subsequent paragraphs are in 000s of USD)				
Net realized and unrealized gain/(loss) on investment in Bitcoin.....	\$316,980	\$(9,740)	\$583,876	\$25,186
Net unrealized gain on Bitcoin Cash	\$77,152	\$0	\$77,152	\$0
Increase/(decrease) in net assets resulting from operations	\$391,101	\$(10,254)	\$655,453	\$23,995
Net assets.....	\$824,240	\$102,640	\$824,240	\$102,640

Net realized and unrealized gain on investment in Bitcoin for the three months ended September 30, 2017 was \$316,980, which includes a realized gain of \$2,840 on the distribution of Bitcoins to pay expenses. Net assets increased to \$824,240 at September 30, 2017, a 90% increase for the three month period. The increase in net assets resulted from Bitcoin price appreciation and the unrealized gain related to the fair value of Bitcoin Cash.

Net realized and unrealized loss on investment in Bitcoin for the three months ended September 30, 2016 was \$(9,740), which includes a realized gain of \$96 on the distribution of Bitcoins to pay expenses. Net assets decreased to \$102,640 at September 30, 2016, a 4% decrease for the three month period. The decrease in net assets resulted primarily from Bitcoin price depreciation

Net realized and unrealized gain on investment in Bitcoin for the nine months ended September 30, 2017 was \$583,876 which includes a realized gain of \$4,374 on the distribution of Bitcoins to pay expenses. Net assets increased to \$824,240 at September 30, 2017, a 396% increase for the nine month period. The increase in net assets resulted from Bitcoin price appreciation and the unrealized gain related to the fair value of Bitcoin Cash.

Net realized and unrealized gain on investment in Bitcoin for the nine months ended September 30, 2016 was \$25,186 which includes a realized gain of \$149 on the distribution of Bitcoins to pay expenses. Net assets increased to \$102,640 at September 30, 2016, a 68% increase for the nine month period. The increase in net assets resulted from Bitcoin price appreciation.

Off-Balance Sheet Arrangements

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

Cash Resources, Liquidity, Incidental Rights, and IR Virtual Currency

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 based on the Trust's Bitcoin Holdings.

The Trust may incur certain extraordinary, non-recurring expenses and indemnification expenses that are not Sponsor-paid Expenses, including expenses incurred in connection with any Incidental Rights or IR Virtual Currency (as defined herein) (collectively "Additional Trust Expenses"). In such circumstances, the Sponsor will either convert Bitcoins, Incidental Rights or IR Virtual Currency into U.S. Dollars or other fiat currencies at the Actual Exchange Rate (as defined herein) or deliver Bitcoins, Incidental Rights or IR Virtual Currency in kind, in each case, in such quantity as may be necessary to pay such Additional Trust Expenses. The quantity of Bitcoins, Incidental Rights or IR Virtual Currency to be delivered to the Sponsor in payment of the Sponsor's Fee or any Additional Trust Expenses, or sold to permit payment of Additional Trust Expenses, will vary from time to time depending on the level of the Trust's expenses and the value of Bitcoins, Incidental Rights or IR Virtual Currency held by the Trust. Each delivery or sale of Bitcoins, Incidental Rights and IR Virtual Currency by the Trust for the payment of expenses will be a taxable event to Shareholders.

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. From time to time, the Trust may come into possession of Incidental Rights and/or IR Virtual Currency by virtue of its ownership of Bitcoins, generally through a fork in the Blockchain or an airdrop offered to holders of Bitcoins. Pursuant to the terms of the Trust Agreement, the Trust may take any lawful action necessary or desirable in connection with the Trust's ownership of Incidental Rights, including the acquisition of IR Virtual Currency, unless such action would adversely affect the status of the Trust as a grantor trust for U.S. federal income tax purposes or otherwise be prohibited by the Trust Agreement.

Selected Supplemental Data (unaudited)

	For the quarter ended September 30, 2017	For the quarter ended September 30, 2016	Percent Change
Bitcoins:			
Opening balance	173,413	161,784	7.19%
Creations	-	8,751	(100.00%)
Redemptions	-	-	-
Expense Payouts	(976)	(560)	74.29%

Closing balance	<u>172,437</u>	<u>169,975</u>	<u>1.45%</u>
Accrued but unpaid Expenses.....	<u>-</u>	<u>(278)</u>	<u>(100.00%)</u>
Net closing balance	<u>172,437</u>	<u>169,698</u>	<u>1.61%</u>
Bitcoin Index Price (a).....	<u>\$4,136.77</u>	<u>\$605.59</u>	583.10%
Bitcoin Holdings (a)	<u>\$713,331,778</u>	<u>\$102,767,265</u>	594.12%

Number of Shares:

Opening balance	1,868,700	1,709,900	9.29%
Creations	-	92,700	(100.00)%
Redemptions.....	<u>-</u>	<u>-</u>	-
Closing balance	<u>1,868,700</u>	<u>1,802,600</u>	3.67%
Ratio of Bitcoin per Share	0.09227639	0.09414055	(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 comprising the TradeBlock XBX Index and excludes Bitcoin Cash from the assets of the Trust. The net asset value presented in the financial statements excluding Bitcoin Cash was \$747,088,025 & \$102,807,948 as of September 30, 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.

	For the quarter ended September 30, 2017	For the quarter ended September 30, 2016	Percent Change
IR Virtual Currency (Bitcoin Cash):			
Opening Balance	-	-	-
Incidental Right of Bitcoin Cash received	173,014	-	100%
Expense Payouts.....	-	-	-
Closing balance	<u>173,014</u>	<u>-</u>	<u>100%</u>
Bitcoin IR Virtual Currency Price (Bitcoin Cash) (b)	<u>\$445.93</u>	<u>--</u>	100%
Bitcoin IR Virtual Currency Holdings (Bitcoin Cash) (b)	<u>\$77,152,240</u>	<u>--</u>	100%

Number of Shares:

Opening balance	1,868,700	-	100%
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Creations	-	-	-
Redemptions.....	-	-	-
Closing balance	1,868,700	--	100%
Pro Forma Ratio of Bitcoin IR Virtual Currency Holdings (Bitcoin Cash) per Share (b).....	0.09258535	--	100%

(b) In determining which Exchange to use for the purpose of determining the fair value of Bitcoin Cash, the Trust considered using the price provided at 4:00 PM in New York by the Bitcoin Cash market with the highest trading volumes that is U.S. Dollar-denominated, practices regarding anti money laundering procedures, has an online platform and publishes transaction price and volume data publicly.

In the quarter ended September 30, 2017, no new Shares were created or redeemed and 976 Bitcoins were deducted from the Trust's holdings and used by the Sponsor to settle expenses.

In the quarter ended September 30, 2016, an additional 92,700 Shares (927 Baskets), were created in exchange for 8,751 Bitcoins, 0 Shares (0 Baskets) were redeemed in exchange for 0 Bitcoins, and 560 Bitcoins were deducted from the Trust's holdings and used by the Sponsor to settle expenses with 278 Bitcoins accrued but unpaid 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.

Following the fork on August 1, 2017, holders of Bitcoin had an Incidental Right to obtain an equal number of Bitcoin Cash tokens. As of the fork date, the Trust held 173,014 Bitcoins and received an Incidental Right to receive the equal amount of Bitcoin Cash.

As of September 30, 2017, the Trust's net closing balance was 172,437 Bitcoins, with a market value of \$713,331,778, based on the Bitcoin Index Price on September 30, 2017.

As of September 30, 2017, the Trust's net closing balance was 173,014 Bitcoin Cash, with a market value of \$77,152,240 based on the IR Virtual Currency price on September 30, 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 September 30, 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 \$4,871.83 (9/1/2017) and the average was \$766.38. The twelve-month average, high, low and end-of-period Bitcoin prices for the four years through September 2017, 2016, 2015, and 2014, and for the period from the inception of the Trust until September 30, 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	High Date	Low	Low Date	Last business day
Twelve months ended September 30, 2014	\$ 559.77	\$ 1,138.29	11/30/2013	\$ 110.83	10/2/2013	\$ 392.64
Twelve months ended September 30, 2015	\$ 275.62	\$ 424.94	11/12/2014	\$ 184.84	1/14/2015	\$ 237.33
Twelve months ended September 30, 2016	\$ 470.09	\$ 769.07	6/18/2016	\$ 237.68	10/2/2015	\$ 604.84
Twelve months ends September 30, 2017	\$ 1,792.48	\$ 4,871.83	9/1/2017	\$ 607.73	10/4/2016	\$ 4,168.33
September 13, 2013 (the inception of the Trust) to September 30, 2017	\$ 766.38	\$ 4,871.83	9/1/2017	\$ 110.83	10/2/2013	\$ 4,168.33

Historical Bitcoin Cash Prices

During the period from August 1, 2017 through September 30, 2017, the Bitcoin Cash price, using the prices provided at 4:00 PM in New York by the Bitcoin Cash exchange with the highest U.S. Dollar-denominated trading volume that has an online platform and publishes transaction price and volume data publicly traded between \$197.74 per Bitcoin Cash (8/6/2017) and \$802.97 (8/19/2017) and the average was \$480.94. The high, low and end-of-period Bitcoin Cash prices for the same period were:

Period	Average	High	High Date	Low	Low Date	Last business day
August 2, 2017 (Day After Fork) through September 30, 2017	\$ 480.94	\$ 802.97	8/19/2017	\$ 197.74	8/6/2017	\$ 440.98

Item 5. Legal proceedings.

On April 1, 2014, a program was launched pursuant to which Shareholders could request redemptions from Genesis, an affiliate of the Trust and the sole Authorized Participant at that time. On September 23, 2014, Genesis received a letter from the staff of the SEC's Office of Compliance Inspections and Examinations summarizing the staff's findings from an onsite review of Genesis's broker-dealer activities conducted in June 2014. In its exit report, the staff stated that it had concluded that the Trust's redemption program, in which Shareholders were permitted to request the redemption of their Shares through Genesis, appeared to violate Regulation M under the Exchange Act because such redemptions of Shares took place at the same time the Trust was in the process of creating Shares. On July 11, 2016, Genesis and the Trust entered into a settlement agreement with the SEC whereby they agreed to a cease-and-desist order against future violations of Rules 101 and 102 of Regulation M under the Exchange Act. Genesis also agreed to pay disgorgement of \$51,650.11 in redemption fees it collected, plus prejudgment interest of

\$2,105.68, for a total of \$53,755.79. As a result, the Trust is no longer operating a redemption program for the Shares. Although the Trust may seek an exemption from the SEC under Regulation M in order to reinstate its redemption program, it is not required to do so, and even if it does seek an exemption, there can be no assurance that 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 decision.

The security of Bitcoin Exchanges could be compromised leading to the theft of customers' 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.

The acceptance of Bitcoin Network software patches or upgrades by a significant, but not overwhelming, percentage of the users and miners in the Bitcoin Network could result in a “fork” in the Blockchain, resulting in the operation of two separate networks.

There is no official developer or group of developers that formally controls the Bitcoin Network. Any individual can download the Bitcoin Network software and make any desired modifications, which are proposed to users and miners on the Bitcoin Network through software downloads and upgrades, typically posted to the Bitcoin development forum on GitHub.com. A substantial majority of miners and Bitcoin users must consent to such software modifications by downloading the altered software or upgrade; otherwise, the modifications do not become a part of the Bitcoin Network. Since the Bitcoin Network’s inception, modifications to the Bitcoin Network have been accepted by the vast majority of users and miners, ensuring that the Bitcoin Network remains a coherent economic system.

If, however, less than a substantial majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a “hard fork” of the Bitcoin Network, with one prong running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of Bitcoin running in parallel, yet lacking interchangeability. In August 2017, Bitcoin “forked” into Bitcoin and a new digital currency, Bitcoin Cash, as a result of a several-year dispute over how to increase the rate of transactions that the Bitcoin network can process. Bitcoin may be at an increased risk of other contentious hard forks in the future. A further hard fork of Bitcoin could impact demand for Bitcoin or other digital currencies and could adversely impact an investment in the Shares.

Forks may also occur after a significant security breach. For example, in June of 2016, a smart contract developed on the Ethereum network was hacked, which resulted in most participants in the Ethereum ecosystem electing to adopt a “hard fork” that effectively reversed the hack. However, a minority of users continued to develop the old blockchain, now referred to as “Ethereum Classic” with the digital currency on that blockchain now referred to as Ether Classic, or ETC. Ether Classic remains traded on several digital currency exchanges. Additionally, a fork could be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software users run. Such a fork could adversely affect the digital currency’s viability. It is possible, however, that a substantial number of users and miners could adopt an incompatible version of the currency while resisting community-led efforts to merge the two chains, resulting in a permanent fork.

Furthermore, a hard fork can introduce new security risks. For example, when the Ethereum network experienced a hard fork in July 2016, replay attacks, in which transactions from one network were rebroadcast to nefarious effect on the other network, plagued Ethereum exchanges through at least October 2016. An Ethereum exchange announced in July 2016 that it had lost 40,000 Ether Classic, which was worth about \$100,000 at that time, as a result of replay attacks. Another possible result of a hard fork is an inherent decrease in the level of security. After a hard fork, it may become easier for an individual miner or mining pool’s hashing power to exceed 50%

of the processing power of the digital currency network, thereby making digital currencies that rely on proof of work more susceptible to attack.

Shareholders may not always receive the benefits of any forks or “airdrops.”

In addition to forks, a digital currency may become subject to a similar occurrence known as an “air drop.” In an air drop, the promoters of a new digital currency announce to holders of another digital currency that they will be entitled to claim a certain amount of the new digital currency for free. For example, in March 2017 the promoters of Stellar Lumens announced that anyone that owned Bitcoin as of June 26, 2017 could claim, until August 27, 2017, a certain amount of Stellar Lumens. The Trust did not participate in the 2017 Stellar Lumen air drop.

Shareholders may not receive the benefits of any forks or air drops, and the timing of receiving any such benefits is uncertain. We refer to the right to receive any such benefit as an “Incidental Right” and any such virtual currency acquired through an Incidental Right as “IR Virtual Currency.” There may be operational, tax, securities law, regulatory, legal and practical issues that significantly limit, or prevent entirely, Shareholders’ ability to realize a benefit, through their interests in the Trust, from any such Incidental Rights or IR Virtual Currency. For instance, the Custodian may not agree to provide access to the IR Virtual Currency. In addition, the Sponsor may determine that there is no safe or practical way to custody the IR Virtual Currency, or that trying to do so may pose an unacceptable risk to the Trust’s holdings in Bitcoin, or that the costs of taking possession and/or maintaining ownership of the IR Virtual Currency exceed the benefits of owning the IR Virtual Currency. Additionally, laws, regulation or other factors may prevent Shareholders from benefitting from the Incidental Right or IR Virtual Currency even if there is a safe and practical way to custody and secure the IR Virtual Currency. For example, it may be illegal to sell or otherwise dispose of the Incidental Right or IR Virtual Currency, or there may not be a suitable market into which the Incidental Right or IR Virtual Currency can be sold (immediately after the fork or air drop, or ever).

In the event of a hard fork of the Bitcoin Network, the Sponsor will, if permitted by the terms of the Trust Agreement, use its discretion to determine which network should be considered “Bitcoin” for the Trust’s purposes, and in doing so may adversely affect the value of the Shares.

In the event of a hard fork of the Bitcoin Network, the Sponsor will, if permitted by the terms of the Trust Agreement, use its discretion to determine, in good faith, which peer-to-peer network, among a group of incompatible forks of the Bitcoin Network, is generally accepted as Bitcoin and should therefore be considered “Bitcoin” for the Trust’s purposes. The Sponsor will base its determination on a variety of then relevant factors, including, but not limited to, the Sponsor’s beliefs regarding expectations of the core developers of Bitcoin, users, services, businesses, miners and other constituencies, as well as the actual continued acceptance of, mining power on, and community engagement with, the Bitcoin Network. There is no guarantee that the Sponsor will select the currency that is, or ultimately becomes, the more valuable fork, and the Sponsor’s decision may adversely affect the value of the Shares. An imminent hard fork as a result of the New York Agreement may occur in November. There can be no assurance regarding whether or

when Shareholders will receive any benefits with respect to the product of a fork that the Sponsor determines should not be treated as "Bitcoin" for the Trust's purposes.

Item 8. Exhibits.

Exhibit 1 Unaudited Financial Statements for the Three and Nine Months ended September 30, 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 November 9, 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 November 9, 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 and Nine Months ended September 30, 2017

FINANCIAL STATEMENTS

Bitcoin Investment Trust

For the Three and Nine Months Ended September 30, 2017

(Unaudited)

Bitcoin Investment Trust™

Bitcoin Investment Trust
Index to Financial Statements
(Unaudited)

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Bitcoin Investment Trust
Statements of Assets and Liabilities
(Unaudited)

	September 30, 2017	December 31, 2016
(Amounts in U.S. Dollars, except share amounts)		
Assets:		
Investments in bitcoin, at fair value (cost \$79,834,977 and \$78,496,406 as of September 30, 2017, and December 31, 2016 respectively)	\$747,088,025	\$166,246,898
Bitcoin cash, at fair value (cost \$0 as of September 30, 2017 and December 31, 2016)	77,152,240	-
Total assets	\$824,240,265	\$166,246,898
Liabilities:		
Fees payable	\$ -	\$ -
Total liabilities	-	-
Net assets	\$824,240,265	\$166,246,898
Net Assets Consists of:		
Paid-in-Capital	84,047,695	81,506,820
Accumulated net investment loss	(9,327,444)	(3,751,256)
Accumulated net realized gain on investments	5,114,726	740,842
Accumulated net change in unrealized appreciation on bitcoin cash	77,152,240	-
Accumulated net change in unrealized appreciation on bitcoin	667,253,048	87,750,492
	\$824,240,265	\$166,246,898
Shares issued and outstanding, no par value (unlimited shares authorized)	1,868,700	1,837,300
Net asset value per share	\$441.08	\$90.48

See notes to unaudited financial statements.

Bitcoin Investment Trust
Schedules of Investment
(Unaudited)

September 30, 2017

	Quantity	Cost	Fair Value	% of Net Assets
Investment in bitcoin	172,436.89601563	\$79,834,977	\$747,088,025	90.64%
Bitcoin cash	173,014.24059270	-	77,152,240	9.36%
Total investments		<u>\$79,834,977</u>	<u>\$824,240,265</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 notes to unaudited financial statements.

Bitcoin Investment Trust
Statements of Operations
(Unaudited)

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
(Amounts in U.S. Dollars)				
Investment income:				
Investment income	\$ -	\$ -	\$ -	\$ -
Expenses:				
Management fees	3,031,634	514,331	5,576,188	1,191,586
Net investment loss	<u>(3,031,634)</u>	<u>(514,331)</u>	<u>(5,576,188)</u>	<u>(1,191,586)</u>
Net realized and unrealized gain/(loss) on investment in bitcoin and bitcoin cash				
Net realized gain on investment in bitcoin	2,840,928	96,240	4,373,884	149,222
Net change in unrealized appreciation on bitcoin cash	77,152,240	-	77,152,240	-
Net change in unrealized appreciation (depreciation) on investment in bitcoin	314,139,481	(9,836,252)	579,502,556	25,037,421
Net realized and unrealized gain/(loss) on investment in bitcoin and bitcoin cash:	<u>394,132,649</u>	<u>(9,740,012)</u>	<u>661,028,680</u>	<u>25,186,643</u>
Net increase (decrease) in net assets resulting from operations	<u>\$391,101,015</u>	<u>(\$10,254,343)</u>	<u>\$655,452,492</u>	<u>\$23,995,057</u>

See notes to unaudited financial statements.

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

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
(Amounts in U.S. Dollars, except change in shares outstanding)				
Increase/(decrease) in net assets from operations:				
Net investment loss	\$(3,031,634)	\$(514,331)	\$(5,576,188)	\$(1,191,586)
Net realized gain on investment in bitcoin	2,840,928	96,240	4,373,884	149,222
Net change in unrealized appreciation on bitcoin cash	77,152,240	-	77,152,240	-
Net change in unrealized appreciation(depreciation) on investment in bitcoin	314,139,481	(9,836,252)	579,502,556	25,037,421
Net increase (decrease) in net assets resulting from operations	391,101,015	(10,254,343)	655,452,492	23,995,057
Increase in net assets from capital share transactions:				
Shares issued	-	5,467,829	2,540,875	17,706,145
Shares redeemed	-	-	-	-
Net increase in net assets resulting from capital share transactions	-	5,467,829	2,540,875	17,706,145
Net increase (decrease) in net assets	391,101,015	(4,786,514)	657,993,367	41,701,202
Net assets:				
Beginning of period	433,139,250	107,426,506	166,246,898	60,938,790
End of period	<u>\$824,240,265</u>	<u>\$102,639,992</u>	<u>\$824,240,265</u>	<u>\$102,639,992</u>
Change in shares outstanding				
Shares outstanding at beginning of period	1,868,700	1,709,900	1,837,300	1,476,500
Shares issued	-	92,700	31,400	326,100
Shares redeemed	-	-	-	-
Net increase in shares	-	92,700	31,400	326,100
Shares outstanding at end of period	<u>1,868,700</u>	<u>1,802,600</u>	<u>1,868,700</u>	<u>1,802,600</u>

See 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 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. 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 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 a management fee 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. Additional Authorized Participants may be added at any time, subject to the discretion of the Sponsor.

The custodian of the Trust (the “Custodian”) is responsible for safeguarding the bitcoin and bitcoin cash 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.

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.

On October 25, 2017 the Trust has withdrawn its Registration Statement on Form S-1 (File No. 333-215627) that was initially filed on January 20, 2017 with the U.S. Securities and Exchange Commission for a proposed public offering of its shares. The Registration Statement has not been declared effective, and no securities have been sold in connection with the offering described in the Registration Statement.

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

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 and nine months ended September 30, 2017 and 2016 have been made. The results of operations for the three and nine months ended September 30, 2017 are not necessarily indicative of the results of operations expected for the full year. These unaudited financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2016 included in the Company’s Annual Report.

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 bitcoin, including receiving bitcoin for the creation of shares, payment of bitcoin for the redemption of shares, as well as paying its management fees. 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 investment transactions to be the receipt of bitcoins for share creations and the payment of bitcoin for share redemptions or payment of expenses in bitcoin. 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 management 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>September 30, 2017</u>				
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Assets				
Investment in bitcoin	\$ -	\$747,088,025	\$ -	\$747,088,025
Bitcoin Cash	-	77,152,240	-	77,152,240
Total	\$ -	\$824,240,265	\$ -	\$824,240,265
<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. Bitcoin Cash Fork

Background and initial measurement

When a proposed modification to the Bitcoin Network is not accepted by the vast majority of miners and users, but is nonetheless accepted by a substantial population of participants in the network, a “fork” in the blockchain occurs, resulting in two separate bitcoin networks. On August 1, 2017, a fork in the bitcoin blockchain occurred, resulting in the creation of another digital token, bitcoin cash.

Following the fork, holders of bitcoin had an incidental right to obtain an equal number of bitcoin cash tokens. The Trust held approximately 173,014 bitcoins at the time of the fork. On the date of the fork, the newly created bitcoin cash was inaccessible to the Trust until the Custodian was able to develop processes to safely and securely obtain and permit withdrawal of bitcoin cash. At the date of the fork, the incidental right for bitcoin cash was determined to have no value as there was not sufficient observable market inputs to determine the fair value.

Subsequent measurement

Subsequent to the date of the fork, trading markets for bitcoin cash continued to develop. Bitcoin Cash currently trades on multiple exchanges as well as over the counter markets. As of September 30, 2017, the exchanges trading bitcoin cash did not meet the Trusts requirements to access the market based upon the market’s regulatory compliance with applicable federal and state licensing requirements.

The Trust determined the fair value per bitcoin cash to be \$445.93 on September 30, 2017, using the price provided at 4:00 PM in New York by the bitcoin cash market with the highest trading volumes that is U.S. Dollar-denominated, practices regarding anti money laundering procedures, has an online platform and publishes transaction price and volume data publicly. Based on these criteria, the Trust has determined the market for Bitcoin cash to be Bitfinex. The Trust recorded an asset on the statement of assets and liabilities and corresponding unrealized gain on the statement of operations for bitcoin cash based upon its estimated fair value at September 30, 2017 of \$77,152,240.

Distribution of bitcoin cash

On October 25, 2017, the Trust declared a distribution and established a record date for the distribution of all of the Bitcoin Cash currently held by the Trust to shareholders of record ("Record Date Shareholders") as of the close of business on November 6, 2017 (the "Record Date").

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

3. Bitcoin Cash Fork (continued)

On the Record Date, pursuant to the terms of the Trust Agreement governing the Trust, the Trust will appoint Grayscale Investments, LLC as agent (the "Agent") on behalf of the Record Date Shareholders and transfer the Bitcoin Cash held by the Trust to the Agent on behalf of the Record Date Shareholders as a payment in kind distribution. The Agent will thereafter sell the Bitcoin Cash over a period of time and remit the cash proceeds from such sale.

The Trust held approximately 173,014 tokens (or units) of Bitcoin Cash, or approximately 0.09258535 tokens of Bitcoin Cash per share based on 1,868,700 shares of the Trust outstanding as of the Record Date. In lieu of using Bitcoin to pay the extraordinary expenses incurred in connection with the Bitcoin Cash fork, the Trust will transfer a portion of the Bitcoin Cash held by the Trust to the Sponsor to pay such extraordinary expenses on the Trust's behalf prior to the distribution to the Record Date Shareholders on the Record Date. As a result, the distribution to the Record Date Shareholders on the Record Date is expected to be approximately 0.09231058 tokens of Bitcoin Cash per share. The cash ultimately received by the Record Date Shareholders from the post-distribution sale of the distributed Bitcoin Cash on their behalf will be reduced by any administrative and other reasonable expenses related to the eventual sale of the distributed Bitcoin Cash that are incurred by Grayscale Investments, LLC in its capacity as agent of the Record Date Shareholders (the "Agent") and not in its capacity as sponsor of the Trust.

Bitcoin cash is a passive asset that was a result of the Trust's investment in bitcoin. The Trust intends to distribute bitcoin cash to shareholders of the Trust based upon a date of record of November 6, 2017. The markets that have developed since the date of the fork have a very limited trading history, are unregulated in nature and are subject to significant volatility. Fluctuations in the value of bitcoin cash may be significant. Furthermore, the network participants could stop supporting and using the bitcoin cash network at any time which could result in a significant impairment of the value of bitcoin cash. There can be no assurances that shareholders will receive any benefit from a distribution of bitcoin cash.

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

4. Fair Value of Bitcoin

Bitcoins are held by the Custodian on behalf of the Trust and are carried at fair value. As of September 30, 2017, and December 31, 2016 the Trust held 172,436.89601563 and 172,094.67544221 bitcoins, respectively. The Trust determined the fair value per bitcoin to be \$4,332.53 on September 30, 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)

4. 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 September 30, 2017, GDAX remained the principal market and the Trust has valued bitcoin at September 30, 2017 using the GDAX exchange.

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

	Nine Months Ended September 30, 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
Bitcoin contributed	2,939.09867474	2,540,875	34,155.29569721	20,143,532
Bitcoin distributed for expenses	(2,596.87810132)	(5,576,188)	(3,161.82931771)	(1,818,656)
Net change in unrealized appreciation/(depreciation) on investment in bitcoin	-	579,502,556	-	86,553,919
Net realized gain on investment in bitcoin	-	4,373,884	-	429,313
Ending balance	<u>172,436.89601563</u>	<u>\$747,088,025</u>	<u>172,094.67544221</u>	<u>\$166,246,898</u>

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

5. Creations and Redemptions of Shares

At September 30, 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 bitcoin to the Trust or the distribution of bitcoin 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 0.092 and 0.094 of a bitcoin at September 30, 2017 and December 31, 2016, respectively and 0.093 for Bitcoin cash as of September 30, 2017.

The cost basis of investments in bitcoin recorded by the Trust is the fair value of bitcoin, as determined by the Trust, at 4:00 PM New York time on the date of transfer to the Trust by the Authorized Participant. 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, resulting in a settlement reached with the Securities Exchange Commission.

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. On October 25, 2017, the Trust withdrew its registration statement File No. 333-215627) that was initially filed on January 20, 2017 and the Trust intends to resume creations when feasible.

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

6. 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.

However, there can be no assurance that the 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. On September 25, 2017, the Trust received a final decision from the IRS regarding the private letter ruling and the IRS concluded that the Trust qualifies as a grantor trust for U.S. federal income tax purposes. 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 September 30, 2017 or December 31, 2016.

7. Related Parties

The Trust considers the following entities and their directors to be related parties of the Trust: DCG, DCG Holdco, Genesis and Grayscale. As of September 30, 2017 and December 31, 2016, 143,388 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 "Sponsor Fee"). The Sponsor 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. Bitcoin cash has been excluded from the value of the Trust's assets for purposes of calculation of the Sponsor Fee and bitcoin cash has not been distributed in payment of management fees through September 30, 2017.

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

7. Related Parties (continued)

As consideration for its receipt of the Sponsor 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”).

The Trust may pay expenses in addition to the Sponsor 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”). No Extraordinary Fees have been incurred by the Trust since its inception. Management Fees on the Statement of Operations include the Sponsor Fee and would include the Extraordinary Fees to the extent they were incurred.

For the nine months ended September 30, 2017 and September 30, 2016, the Trust incurred management fees of \$5,576,188 and \$1,191,586, respectively, which were paid in bitcoin. For the three months ended September 30, 2017 and September 30, 2016, the Trust incurred management fees of \$3,031,634 and \$514,331, respectively, which were paid in bitcoin. As of September 30, 2017 and December 31, 2016 there were no accrued and unpaid management fees respectively.

8 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 primarily to the value of bitcoin held by the Trust, and fluctuations in the price of bitcoin could materially and adversely affect an investment in the shares of the Trust. The price of bitcoin 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 bitcoin, including, but not limited to, global bitcoin supply and demand, theft of bitcoins from global exchanges or vaults, and competition from other forms of digital currency or payments services.

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

8. Risks and Uncertainties (continued)

The bitcoins held by the Trust are commingled and the Trust's shareholders have no specific rights to any specific bitcoin. 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.

The 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.

Bitcoin cash is a passive asset that was a result of the Trust's investment in bitcoin. The Trust intends to distribute bitcoin cash to shareholders of the Trust based upon a date of record of November 6, 2017. The markets that have developed since the date of the fork have a very limited trading history, are unregulated in nature and are subject to significant volatility. Fluctuations in the value of bitcoin cash may be significant. Furthermore, the network participants could stop supporting and using the bitcoin cash network at any time which could result in a significant impairment of the value of bitcoin cash. There can be no assurances that shareholders will receive any benefit from a distribution of bitcoin cash.

As of the close of business on November 9, 2017 the fair value of bitcoin and bitcoin cash determined in accordance with the Trust's accounting policy was \$7,165.02 per bitcoin and \$632 per bitcoin cash.

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

9. Financial Highlights Per Share Performance

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Per Share Data:				
Net asset value, beginning of period	<u>\$231.79</u>	<u>\$62.83</u>	<u>\$90.48</u>	<u>\$41.27</u>
Net decrease in net assets from investment operations				
Net investment loss	(1.62)	(0.29)	(2.98)	(0.73)
Net realized and unrealized gains/(losses)	<u>210.91</u>	<u>(5.60)</u>	<u>353.58</u>	<u>16.40</u>
Net increase/(decrease) in net assets resulting from operations	209.29	(5.89)	350.60	15.67
Net asset value, end of period	<u><u>\$441.08</u></u>	<u><u>\$56.94</u></u>	<u><u>\$441.08</u></u>	<u><u>\$56.94</u></u>
Total return	<u>90.29%</u>	<u>-9.37%</u>	<u>387.48%</u>	<u>37.97%</u>
<i>Ratios to average net assets:</i>				
Net investment loss	<u>-1.62%</u>	<u>-2.03%</u>	<u>-1.73%</u>	<u>-1.95%</u>
Expenses	<u>-1.62%</u>	<u>-2.03%</u>	<u>-1.73%</u>	<u>-1.95%</u>

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.

Bitcoin Investment Trust
Notes to Unaudited Financial Statements (continued)

10. 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.

11. Subsequent Events

As of October 24, 2017 amendments to the Trust Agreement were made to permit the Trust to hold rights to acquire, or otherwise establish, dominion and control over, other virtual currencies, which rights are incident to the Trust's ownership of Bitcoins and arise without any action of the Trust or of the Sponsor or Trustee on behalf of the Trust ("Incidental Rights") and virtual currency tokens acquired by the Trust through the exercise of Incidental Rights ("IR Virtual Currency") and take any lawful action that is necessary or desirable in connection with the Trust's ownership of Incidental Rights, including the acquisition of IR Virtual Currency, provided that any such action is not otherwise prohibited by the provisions of the Trust Agreement. Furthermore, the amendment enables the Trust generally to make distributions in kind, including in such form as is necessary to facilitate the distribution of Incidental Rights or IR Virtual Currency.

On November 3, Bitcoin Cash in the amount of 513.46645375 was removed from the Trust to reimburse Grayscale for fees incurred as the Sponsor related to Bitcoin Cash. The expenses that Grayscale incurred related to the Bitcoin Cash was \$324,860.

On November 6, the Record date for the distribution of Bitcoin Cash, the Trust distributed approximately 172,500 Bitcoin Cash to the sponsor acting as agent for the shareholders of record on November 6th, 2017. As agent the sponsor has begun selling the Bitcoin Cash on behalf of the shareholders, and will distribute cash to the shareholders of record once all of the sales have been completed.