

POSITION CLARITY · REFERENCE GUIDE

The Crypto ETF *Guide*

How to read crypto ETFs in plain English. The wrapper, the exposure underneath, and the questions worth taking to a qualified professional. Built for document literacy, not product selection.

Wrapper

Exposure

Custody

Costs

Liquidity

Position Clarity

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Educational only. Not investment advice.

POSITION CLARITY

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What a crypto ETF actually is

A crypto ETF is a wrapper. It can make exposure easier to hold in a brokerage or registered account, but the wrapper does not erase the mechanics underneath. The whole skill is learning to see what the wrapper is holding.

The wrapper. The ETF is the thing your brokerage account can hold. It trades on a Canadian or US exchange, has a ticker, publishes a value per unit (its NAV), and discloses fees and risk language.

The exposure. Inside, the exposure can be spot crypto held directly, futures contracts, a basket of assets, a fund holding other funds, a leveraged strategy, an inverse strategy, or another engineered route.

The trade-off. A wrapper can simplify access, reporting, and registered-account eligibility. In exchange it adds wrapper-level costs, tracking differences, and reliance on the service providers behind it.

Where things stand

Canada was first. It launched the world's first spot bitcoin and spot ether ETFs in 2021, and in Canada a crypto ETF is still the only way to hold crypto inside a registered account like a TFSA, RRSP, or FHSA. The United States followed later, approving spot bitcoin ETFs in 2024 and spot ether ETFs the same year. So the wrapper you are reading about may be Canadian-listed or US-listed, and that difference shapes which accounts it fits, what currency it trades in, and how it is taxed.

THE ONE QUESTION

The useful question is not whether the ticker looks simple. It is what the ticker is wrapping.

The shapes a crypto ETF takes

Underneath the wrapper, crypto ETFs come in a handful of shapes. Each is built to do something particular, and each starts to strain when used for the wrong job. The map below is descriptive, not a recommendation.

Spot. Holds the crypto directly. The plainest shape, and the closest to simply owning the asset inside a wrapper.

Futures. Holds contracts that track the price rather than the coin itself. Because those contracts expire, the fund has to roll them, swapping expiring contracts for later ones, which adds cost and small tracking quirks.

Leveraged or inverse. Engineered to amplify or reverse daily moves. Built for short holding periods, and usually punishing over long ones.

Basket. Holds several assets in one wrapper, for diversified exposure in a single ticker.

Synthetic. Recreates the exposure with contracts such as swaps rather than holding the asset. That puts a counterparty in the middle, meaning another party you are relying on to deliver.

A descriptive fit map

This shows what each shape is generally built for. Read it as a starting point for questions, not as a verdict on any specific fund.

| | Spot | Futures | Leveraged | Basket | Synthetic |
|--------------------------|----------------|----------------|---------------|----------------|----------------|
| TFSA OR RRSP EXPOSURE | Strong | Caution | Poor | Strong | Caution |
| SINGLE ASSET, BTC OR ETH | Strong | Workable | Poor | Poor | Workable |
| MULTI-ASSET DIVERSIFIED | Caution | Poor | Poor | Strong | Workable |
| SHORT-TERM TACTICAL | Workable | Strong | Strong | Workable | Workable |
| HEDGE OR INVERSE | Poor | Workable | Strong | Poor | Workable |
| LOWEST-FEE PASSIVE HOLD | Strong | Caution | Poor | Workable | Caution |
| SINGLE ALTCOIN EXPOSURE | Strong | Poor | Poor | Caution | Poor |

Strong structurally aligned with the use case **Workable** possible, but the details matter

Caution the fact sheet deserves extra attention **Poor** the shape usually points away from it

WORTH REMEMBERING This is a general map of what each shape is usually built for, not a judgment on any particular fund and not a recommendation. A fund's own fact sheet and prospectus are always the authority on what it actually does.

Reading a fact sheet without getting lost

Crypto ETF fact sheets look calm on purpose: tidy tables, serious footnotes, and a few reassuring phrases doing quiet work. The useful details are spread across exposure, structure, custody, fees, liquidity, benchmark, and risk language. This is a reading guide, not a selection tool.

A FEW WORDS, DEFINED ONCE

NAV. Net asset value, the worth of one unit based on what the fund actually holds.

MER. Management expense ratio, the yearly cost of running the fund, taken quietly out of returns.

Bid-ask spread. The gap between the price to buy and the price to sell at a given moment.

Premium or discount. When the market price sits above the NAV (premium) or below it (discount).

Creation and redemption. The behind-the-scenes process that adds or removes units to keep the price near NAV.

Cold storage. Crypto keys kept offline, away from the internet.

Cash drag. The small lag caused by cash a fund holds instead of the asset.

The seven things a fact sheet is hiding in plain sight

TICKER

EXPOSURE

STRUCTURE

BENCHMARK

CUSTODY

COSTS

TRADING

| ASK THIS | WHERE TO LOOK | WHAT IT MEANS |
|--|---|---|
| What exposure is the fund describing? | Objective, holdings, index line. | <i>The ticker is the label. Exposure is the thing inside the box.</i> |
| Is the structure plain or engineered? | Strategy, holdings, leverage, hedge, futures, staking notes. | <i>If the structure changes, the experience can change too.</i> |
| What benchmark is it following? | Benchmark, reference rate, performance footnotes. | <i>Tracking only means something once you know what is being tracked.</i> |
| Who are the service providers? | Manager, custodian, auditor, index provider, exchange. | <i>One ticker can depend on several institutions behind the scenes.</i> |
| What does the custody language say? | Custody section, prospectus, insurance and segregation terms. | <i>This is where the brokerage screen meets the vault.</i> |
| What costs and frictions are disclosed? | MER, trading expense ratio, bid-ask, hedge, roll, tax notes. | <i>The posted fee is the headline. The full cost can be quieter.</i> |
| What does the trading data suggest? | Size, volume, currency, premium or discount, exchange. | <i>Liquidity is how cleanly the market handles your order.</i> |

Where the real risks live

| RISK | WHAT TO LOOK FOR | WHY IT MATTERS |
|------------------------|--|--|
| Custody | Who holds the crypto, cold storage, segregation (your assets kept separate from the firm's own), insurance limits. | <i>Operational risk lives outside the price chart.</i> |
| Tracking | Fees, cash drag, futures, trading hours, currency, benchmark mismatch. | <i>Returns can differ from the asset people think they own.</i> |
| Liquidity | Volume, market price versus NAV, premium or discount. | <i>A wrapper can trade differently under stress.</i> |
| Counterparty | Custodians, exchanges, index providers, market makers, staking partners. | <i>One ticker can rely on several specialist parties.</i> |
| Currency | CAD-listed, USD-listed, hedged (currency-protected), unhedged. | <i>Currency can change the reported experience.</i> |
| Tax and records | Income, gains, staking rewards, reporting treatment. | <i>Not advice, but recordkeeping clues belong in the reading pile.</i> |

A fact sheet is not a verdict. It is a translation challenge. If the answer is clear, the document did its job. If it is not clear, you have found the fog.

Direct or wrapped

Before the fund table, there is a simpler fork: hold the crypto yourself, or hold a wrapper. The walk below is descriptive only. It organizes the main choices, it does not make them for you.

START

You want crypto exposure.

CHOICE 1

Hold it yourself in self-custody, meaning you hold the keys directly, or hold an ETF wrapper.

CHOICE 2

A Canadian-listed product for registered-account access, or a US-listed product in a brokerage account.

CHOICE 3

A single asset, a basket, a tactical position, a hedge, or an income and distribution context.

NEXT

Read the fund table, then the fact sheet and prospectus.

WHAT THE CHOICE IS REALLY ABOUT

The wrapper choice is usually about access, administration, account and tax context, custody preference, and how much complexity you are willing to understand. None of those are about which coin will go up.

Reading the fund table

Fund tables should be read as a map, not a scoreboard. The point is to compare structure, jurisdiction, underlying exposure, fees, size, liquidity, custody, and tracking, not to crown a winner.

| WHAT TO COMPARE | WHAT YOU ARE ACTUALLY READING |
|---------------------------------------|---|
| Underlying and tracking | <i>Spot, futures, leveraged, basket, or synthetic, and what the fund actually holds.</i> |
| MER and total friction | <i>Management fee, MER, trading expense ratio, bid-ask spread, roll or hedge cost, and tax and distribution language.</i> |
| Size and liquidity | <i>Assets under management, average volume, market makers, premium or discount, and creation and redemption language.</i> |
| Custodian and jurisdiction | <i>Who holds the crypto, where the assets sit, and which legal and regulatory framework applies.</i> |
| Registered-account eligibility | <i>Canadian-listed products are generally the relevant wrapper for TFSA, RRSP, and FHSA access.</i> |
| Tracking difference | <i>How closely value and market price follow the stated benchmark or underlying over time.</i> |

Because the details change

A guide like this stays useful only if you treat the specifics as perishable. The ideas here are durable. The numbers are not.

Verify the current documents. Fees, tickers, custody arrangements, and holdings change. Check the issuer's latest fact sheet and prospectus before relying on any figure.

Watch the wrapper, not just the price. A fund can change its structure, fees, or custodian. When the wrapper changes, the experience changes with it.

Keep your own record. Note what you hold, where it is listed, and in which account. It makes the conversation with a professional far shorter.

THE LINE WE HOLD

Position Clarity explains, maps, organizes, and translates. It does not recommend. This guide helps you read a crypto ETF clearly and bring sharper questions to the people who advise you.

Educational only. Not investment, tax, legal, accounting, or financial planning advice. Product details can change at any time. Verify current issuer documents, and consult qualified professionals for decisions about your own situation. Position Clarity never asks for seed phrases, private keys, or passwords.