

---

**From:** Brock Pierce <[REDACTED]>  
**Sent:** Wednesday, November 4, 2015 6:34 PM  
**To:** [REDACTED]; Jeffrey Epstein  
**Subject:** Fwd: GBTC - Renewed Interest by Large Financial Institutions and Media; Reiterating OUTPERFORM and Raising BTC Price Target to \$600  
**Attachments:** GBTC\_Renewed Interest\_2015.11.04.pdf; {8A8710EA-E286-47F6-B38B-6DFDBA5CECCF}.dat; {216D1986-9891-46C1-B379-090CC1DC0989}.dat; {05B13A4F-6444-46F7-958D-B6C3F4F0C426}.dat

Attached is a recent research report. I brought Gil Luria into the business and he credits me.

----- Forwarded message -----

From: Gil Luria <[REDACTED]> <[REDACTED]>  
Date: Wed, Nov 4, 2015 at 9:47 AM  
Subject: GBTC - Renewed Interest by Large Financial Institutions and Media; Reiterating OUTPERFORM and Raising BTC Price Target to \$600  
To: Gil Luria <[REDACTED]> <[REDACTED]>

Now that I have an official price target for bitcoin I need to update it once in a while (see report attached).<u>

<=>

Bitcoin Investment Trust (GBTC)  
Renewed Interest by Large Financial Institutions and Media; Reiterating OUTPERFORM and Raising BTC Price Target to \$600

\* We believe bitcoin and its associated blockchain technology have the potential to disrupt the existing financial infrastructure over the next several years, and believe the value of the bitcoin currency (BTC) will benefit from this trend. Please see our GBTC initiation report here.

<i class="MsoNormal" style="color:#14213d;margin-bottom:7.5pt"> We believe the value of bitcoin has started moving up recently as broad positive media coverage (page 3) has started to sway sentiment.

\* Large financial institutions continue to invest and investigate uses of bitcoin and its underlying technologies (e.g. Blockchain) at an increasing pace (p4).

\* We believe that Blockchain is to Bitcoin as Intranet is to Internet. We believe there may be some applications that narrowly use a distributed ledger without a valuable native token, but those will end up being a small part of the

solutions the technology creates. We believe the reason financial institutions are insisting on Blockchain not Bitcoin is for internal and regulatory compliance. We expect that even the narrow solutions leveraging only a distributed ledger will end up being anchored on the bitcoin blockchain sooner or later.

\* We continue to observe consistent transaction growth, especially from applications such as remittance and multi-signature (pages 5-6). We are also witnessing an increase in payment fees over time, which should help supplant bitcoin issuing as the revenue source for the transaction processors running the bitcoin network.

\* We detail our valuation framework on pages 7-9 to arrive at our target of \$600/BTC (\$60/GBTC) - we employ a supply/demand methodology based on utilization of future applications. With bitcoin supply mostly predetermined, we estimate bitcoin applications are a large and growing addressable market, anticipate an inflection point of bitcoin application adoption 5-10 years out and apply a high discount rate to account for uncertainty.

\* Reiterate OUTPERFORM rating and raising our GBTC price target to \$60 (equivalent to \$600/BTC) from \$40 based on less conservative supply assumptions. The main change to our model is a higher proportion of dormant or held-for-investment bitcoin.

November 4, 2015

Price

\$52.00

Rating

OUTPERFORM

12-Month Price Target

\$60.00

Gil Luria

< >  
<mailto: >

Aaron Turner

< >  
< >

Company Information

Shares Outst (M)

1,382.0

Market Cap (B)=/span>

\$71.8

52-Wk Range

\$21.22 - \$55.00

Book Value/sh<=span>

\$N/A

Cash/sh=/p> \$N/A

Enterprise Value (M)<=>

\$N/A

LT Debt/Cap %<=span>

N/A

FYE Dec

2014A

2015E

2016E

REV (M)

ACTUAL

CURR.

PREV.

CONS.

CURR.

PREV.

CONS.

Q1 Mar

Q2 Jun

Q3 Sep

Q4 Dec

Year\*

Change

2014A

2015E

2016E

EPS

ACTUAL

CURR.

PREV.

CONS.

CURR.

PREV.

CONS.

Q1 Mar

Q2 Jun

Q3 Sep

Q4 Dec

Year\*

P/E

Ex

Ex

Ex

Change

</=pan>

Consensus estimates are from Thomson First Call.

\* Numbers may not add up due to rounding.

<=p>

Click here to view the full report: Renewed Interest by Large Financial Institutions and Media; Reiterating OUTPERFORM and Raising BTC Price Target to \$600

<<https://equities.wedbush.com/clientsite/Research/ActionAlertFilePreview.asp?UUID=172801F2-62D6-4A4A-9E2A-E68E7D48D546&mp;ViewerID=1CE41D7D-B184-45DA-AF98-1334A2E3030F>>

Wedbush Securities does not and seeks to do business with companies covered in its research reports. Thus, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

#### Analyst Certification

I, Gil Luria, Aaron Turner, certify that the views expressed in this report accurately reflect my personal opinion and that I have not and will not, directly or indirectly, receive compensation or other payments in connection with my specific recommendations or views contained in this report.

Disclosure information regarding historical ratings and price targets is available at <http://www.wedbush.com/ResearchDisclosure/DisclosureQ315.pdf>  
<<http://www.wedbush.com/ResearchDisclosure/DisclosureQ315.pdf>>

Investment Rating System:

Outperform: Expect the total return of the stock to outperform relative to the median total return of the analyst's (or the analyst's team) coverage universe over the next 6-12 months.



Neutral: Expect the total return of the stock to perform in-line with the median total return of the analyst's (or the analyst's team) coverage universe over the next 6-12 months.

Underperform: Expect the total return of the stock to underperform relative to the median total return of the analyst's (or the analyst's team) coverage universe over the next 6-12 months.

The Investment Ratings are based on the expected performance of a stock (based on anticipated total return to price target) relative to the other stocks in the analyst's coverage universe (or the analyst's team coverage).

#### Rating Distribution

#### Investment Banking Relationships

Outperform: 55%

Neutral: 43%

Underperform: 2%

Outperform: 24%

Neutral: 3%

Underperform: 0%

The Distribution of Ratings is required by FINRA rules; however, WS stock ratings of Outperform, Neutral, and Underperform most closely conform to Buy, Hold, and Sell, respectively. Please note, however, the definitions are not the same as WS stock ratings are on a relative basis.

The analysts responsible for preparing research reports do not receive compensation based on specific investment banking activity. The analysts receive compensation that is based upon various factors including WS total revenues, a portion of which are generated by WS investment banking activities.

#### Wedbush Equity Research Disclosures as of November 4, 2015

#### Company Disclosure

#### Bitcoin Investment Trust

1

#### Research Disclosure Legend

1

WS makes a market in the securities of the subject company.

2

WS managed a public offering of securities within the last 12 months.

3

WS co-managed a public offering of securities within the last 12 months.

4

<=p> WS has received compensation=for investment banking services within the last 12 months.</=pan>

5

<=p> WS provided investment banki=g services within the last 12 months.

6

<=p> WS is acting as financial ad=isor.

7

<=p> WS expects to receive compen=ation for investment banking services within the next 3 months.<=u>

8

<=p> WS provided non-investment b=nking securities-related services within the past 12 months.=/span>

9

<=p> WS has received compensation=for products and services other than investment banking services within the past 12 months.

10

<=p> The research analyst, a memb=r of the research analyst's household, any associate of the research a=alyst, or any individual directly involved in the preparation of this report has a long position in the common stocks.

11

<=p> WS or one of its affiliates =eneficially own 1% or more of the common equity securities.<=span>

12

<=p> The analyst maintains Contin=ent Value Rights that enables him/her to receive payments of cash upon the=company's meeting certain clinical and regulatory milestones.

#### Price Charts<=strong>

Wedbush disclosure price cha=ts are updated within the first fifteen days of each new calendar quarter =er FINRA regulations. Price charts for companies initiated upon in the current quarter, and rating and target price changes occurring=in the current quarter, will not be displayed until the following quarter.=Additional information on recommended securities is available on request.<=>

\* WS changed its rating system=from (Strong Buy/Buy/Hold/Sell) to (Outperform/ Neutral/Underperform) on J=ly 14, 2009.

Please access the attached hyp=rlink for WS Coverage Universe: <http://www.wedbush.com/services/cmgequities-division/research/coverage-list> <<http://www.wedbush.com/services/cmgequities-division/research/c=verage-list>>

Applicable disclosure information is also available upon request by contacting Noeth Hing in the Research Department at [REDACTED] <tel:%28212%29%20938-9925> , by email to [REDACTED] <mailto:noeth.hing@wedbush.com> , or the Business Conduct Department at (213) 688-8090 <tel:%28213%29%20688-8090> . You may also submit a written request to the following: Business Conduct Department, 1000 Wilshire Blvd., Los Angeles, CA 90017.</=>

#### OTHER DISCLOSURES

RESEARCH DEPT. \* [REDACTED] <tel:%28212%29%20938-99=5> \* www.wedbush.com <http://www.wedbush.com>  
EQUITY TRADING Los Angeles (213) 688-4470 <tel:%28213%29%20688-4470> / (800) 421-0178  
<tel:%28800%29%20421-0178> \* EQUITY SALES Los Angeles (800) 444-8076 <tel:%28800%29%20444-8076>  
CORPORATE HEADQUARTERS (213) 688-8000 <tel:%28213%29%20688-8000>

The information herein is based on sources that we consider reliable, but its accuracy is not guaranteed. The information contained herein is not a representation by this corporation, nor is any recommendation made herein based on any privileged information. This information is not intended to be nor should it be relied upon as a complete record or analysis; neither is it an offer nor a solicitation of an offer to sell or buy any security mentioned herein. This firm, Wedbush Securities, its officers, employees, and members of their families, or any one or more of them, and its discretionary and advisory accounts, may have a position in any security discussed herein or in related securities and may make, from time to time, purchases or sales thereof in the open market or otherwise. The information and expressions of opinion contained herein are subject to change without further notice. The herein mentioned securities may be sold to or bought from customers on a principal basis by this firm. Additional information with respect to the information contained herein may be obtained upon request.

</=pan>

<<https://m=ilfoogae.appspot.com/t?sender=aYnJvY2tqcGllcmNIQGdtYWlsLmNvbQ%3D%3D&=ype=zerocontent&guid=52623790-c97b-4015-a70c-cd3493801fc4>> .