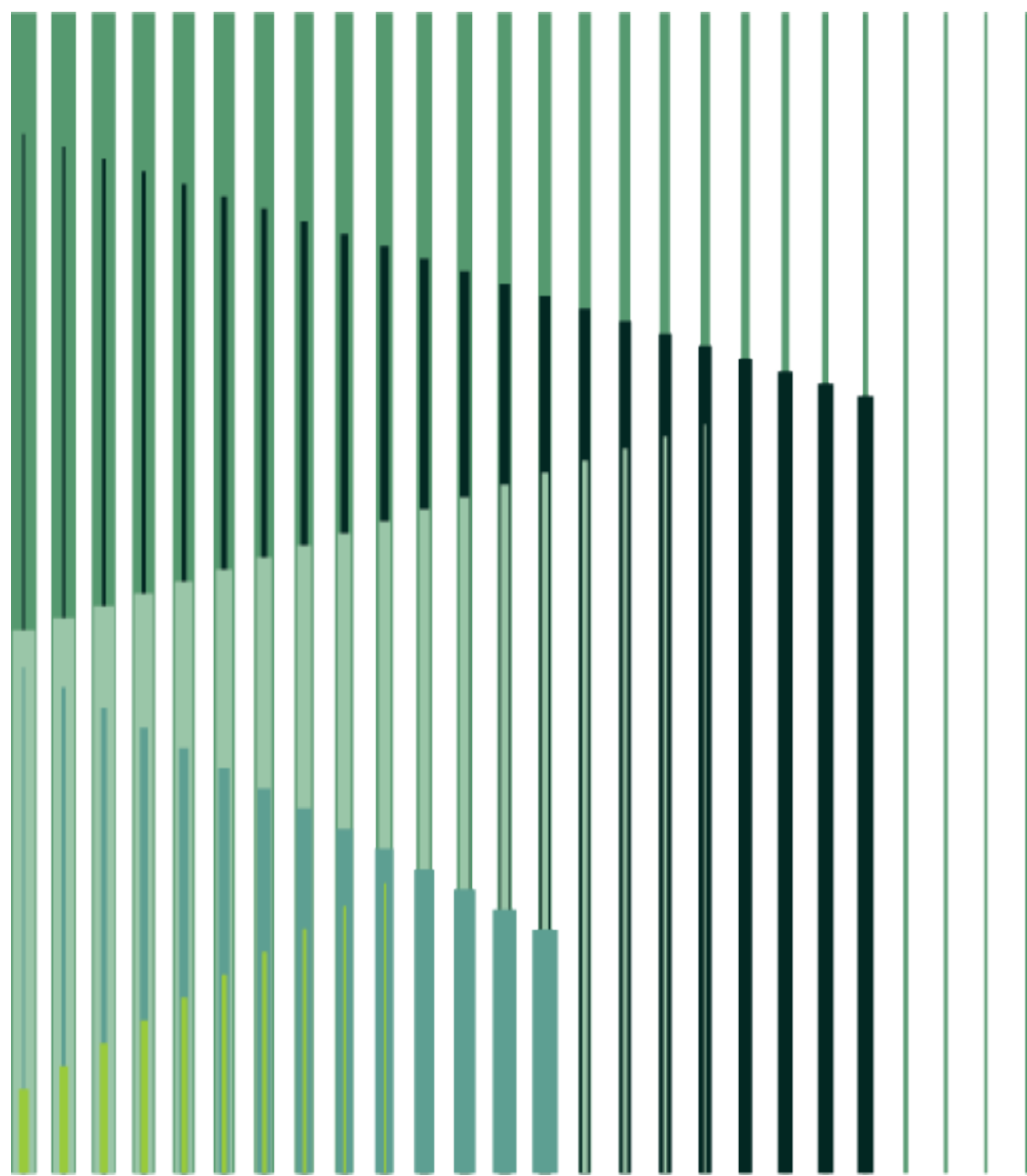


**HODL**

*Hodl Delta Neutral & Market  
Neutral Fund Limited*  
Private Placement Memorandum



## Hodl (Delta Neutral & Market Neutral) Fund Limited

8<sup>th</sup> January 2025

### PRIVATE PLACEMENT MEMORANDUM

HODL Delta Neutral & Market Neutral Fund Limited (the “Fund” or “Company”) is an experienced investor fund and has been established in Gibraltar as private company limited by shares pursuant to the Companies Act of Gibraltar (as amended from time to time). Investors should take note that the shares described in Section 10 of this Private Placement Memorandum have not been qualified for offer or sale to the public under the securities laws of any country or jurisdiction. They are suitable only for those who fall within the definition of an “Experienced Investor” contained in the Financial Services (Experienced Investor Funds) Regulations 2020. The Board of Directors of the Company whose names appear in Section 7 of this Private Placement Memorandum have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in this document. The Board of Directors of the Company accept responsibility accordingly under these regulations

The Directors of the Company (as defined in Section 7 of this Private Placement Memorandum) whose names appear at Section 1 of this Private Placement Memorandum have taken all reasonable care to ensure that the facts stated in this Private Placement Memorandum are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in this Private Placement Memorandum.

Please read this Private Placement Memorandum carefully before you invest and keep it for future reference about your investment. As set out at Section 3 of this Private Placement Memorandum the investment objective of the Fund is to achieve absolute net positive by investing in Digital Assets.

**The Participating Shares offered herein are considered speculative in nature and an investment in Participating Shares involves a high degree of risk. You should subscribe for Participating Shares only if you can afford a complete loss. See ‘Risk Factors’ as set out as per Section 18 of this Private Placement Memorandum.**

Investments held by the Company may be highly illiquid or otherwise difficult to sell making it difficult to acquire or dispose of them at the fair value of the investments in such a way that will allow the Company to make redemptions on request as there may be little or no market for such investments. Accordingly, the Company’s ability to respond to movements in the market may be impaired and settlement of transactions subject to delay. It may not always be possible for the Company to sell investments at the desired price or to liquidate an open position due to market conditions. In some cases, it may be impossible for the Company to liquidate its positions which could expose it to losses. There can be no assurance that an investor will be able to realise his investment before the Company is wound up and the capital is returned to the Participating Shareholders.

Neither the Gibraltar Financial Services Commission nor any other regulatory authority has approved this investment or determined if this Private Placement Memorandum is truthful or complete.

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## INTRODUCTION

The Board of Directors are responsible for the information appearing in this PPM. As at the date of this PPM, to the best of their knowledge the Board of Directors have taken all reasonable steps and due care and attention to ensure that the facts stated in this PPM are true and accurate in all material respects and that there are no other facts, the omission of which, in the Board of Director's opinion, would make misleading any statement in this PPM, whether of facts or of opinion. The Board of Directors accept responsibility accordingly. Statements made in this PPM are based on the law and practice currently in force in Gibraltar and are subject to changes in those laws.

The distribution of this PPM and the offering of the Shares may be restricted in certain jurisdictions. It is the responsibility of any person in possession of this PPM and any persons wishing to make an application for the Shares pursuant to this PPM to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions. Prospective investors in the Shares should inform themselves as to the legal requirements and consequences of applying for, holding and disposing of the Shares and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

This PPM does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so.

The Board of Directors do not provide investment advice with respect to an investment in the Shares, nor do they endorse securities issued by the Company, nor do they accept any responsibility or liability for any use of this PPM by a promoter or any person which is in breach of any local regulatory requirements with regard

to the distribution of this PPM or any applicable rules pertaining to the offering of securities within the context of this private placement or otherwise.

The GFSC does not vouch for the financial soundness of the Company or the Fund, for the correctness of any statements made, or opinions expressed with regards to it.

## GENERAL WARNING

This Company has been established in Gibraltar as an experienced investor fund. It is suitable only for those who fall within the definition of 'experienced investor' contained in the EIF Regulations. Requirements which may be deemed necessary for the protection of retail investors or non-Experienced Investors and such Collective Investment Schemes which provide for the participation of retail investors or non-Experienced Investors do not apply to EIFs and/or Experienced Investors. By acknowledging this statement, you shall be expressly agreeing that you fall within the definition of an Experienced Investor and accordingly that you accept the reduced requirements. Investors are wholly responsible for ensuring that all aspects of the Company and the Fund are acceptable to them. Investment in EIFs may involve special risks which could lead to a loss of all or a substantial proportion of such investment. Unless you fully understand and accept the nature of the Fund and the potential risks inherent in the Fund you should not invest in the Fund. No subscriber for Participating Shares shall be accepted as a participant of the Fund unless s/he has provided written confirmation to the satisfaction of the Fund that s/he is an Experienced Investor and a written acknowledgement that s/he has received and accepted the investment warning required by the EIF Regulations to be contained within this PPM.

Investments in EIFs may involve special risks that could lead to a loss of all or a substantial portion of such investments. A subscriber for

Participating Shares is wholly responsible for ensuring that all aspects of the Company and the Fund are acceptable to them. Unless a subscriber for Participating Shares fully understands and accepts the nature and the potential risks inherent in the Company and the Fund, an investment should not be made in the Fund.

Further information in relation to the regulatory treatment of EIFs in Gibraltar may be obtained from the FSC.

**Investors should subscribe for Participating Shares only if they have sufficient liquid resources to remain invested for medium to long term.**

#### **INVESTMENT MAY BE ILLIQUID**

The investment to be held by the Fund may be illiquid making it difficult to dispose of. There may be little or no market for such investment. Accordingly, the settlement of transactions may be subject to delay. It may not always be possible for the Fund to sell an investment at the desired price. In some cases, it may be impossible for the Fund to liquidate its positions and this may expose it to losses. Substantial risks are involved in the investment in which the Fund will invest.

#### **INVESTMENT WARNING**

The Fund's portfolio may be subject to normal investment risks as well as the risks inherent in the investment described within this PPM and there can be no assurance that appreciation of the Investment Assets or the NAV per Participating Share will occur or that losses will not be realised. Consequently, the value of the Participating Shares may be subject to volatile movements and may fall as well as rise. Investment in the Participating Shares should be considered speculative and suitable only for those persons who can assume the risk of losing their entire investment.

#### **INFORMATION APPEARING IN THIS PPM**

This PPM contains information about the Company and the Fund. It has been approved by the Board of Directors.

**PROSPECTIVE SUBSCRIBERS OF THE PARTICIPATING SHARES SHOULD, HOWEVER, NOT CONSTRUE THE CONTENTS OF THIS PPM, AS LEGAL, TAX, FINANCIAL OR OTHER ADVICE WHICH SHOULD NORMALLY BE SOUGHT BY AN INDIVIDUAL FROM THEIR PROFESSIONAL ADVISORS. PROSPECTIVE SUBSCRIBERS OF PARTICIPATING SHARES SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISORS AS TO (A) THE LEGAL REQUIREMENTS WITHIN THE COUNTRY OF HIS/HER OWN RESIDENCE FOR THE PURCHASE, HOLDING OR DISPOSAL OF PARTICIPATING SHARES, (B) ANY FOREIGN EXCHANGE RESTRICTIONS THAT MAY BE RELEVANT TO HIM OR HER AND (C) OTHER TAX CONSEQUENCES THAT MAY BE RELEVANT TO THE PURCHASE, HOLDING OR DISPOSAL OF PARTICIPATING SHARES.**

#### **RESTRICTIONS ON PROMOTION**

This PPM is intended solely for the person to whom it has been delivered for the purpose of evaluating a possible investment by the recipient in the Participating Shares, and it is not to be reproduced or distributed to any other persons (other than Professional Advisors of the prospective investor receiving this PPM).

No person is authorised to issue any advertisement, give any information or make any representation in connection with the offering, subscription or sale of the Participating Shares if it is not contained in this PPM. Any advertisement so issued or information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Fund. The delivery of this PPM at any time and the allocation of the Participating

Shares do not imply that information contained in this PPM is correct at any time subsequent to its date.

NO ACTION HAS BEEN TAKEN TO PERMIT OR OTHERWISE REGISTER THE DISTRIBUTION OF THIS PPM IN ANY JURISDICTION. ACCORDINGLY, THIS PPM MAY NOT BE USED FOR THE PURPOSE OF, AND DOES NOT CONSTITUTE, AN OFFER OR SOLICITATION BY OR TO ANYONE IN ANY JURISDICTION OR CONSTITUTE AN OFFER IN ANY CIRCUMSTANCES IN WHICH SUCH SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

Additionally, the distribution of this PPM and the offering of the Participating Shares in certain jurisdictions may be restricted. Persons into whose possession this PPM comes are required by the Fund to inform themselves about and to observe any such restrictions. This PPM do not constitute, and may not be used for the purpose of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Participating Shares will not be offered to the general public. This introduction should be read in conjunction with and is qualified in its entirety by reference to the information appearing in the main text of this PPM and the documents described herein.

**SECTION 1**  
**DIRECTORY**

<b>BOARD OF DIRECTORS</b>  HODL Management Limited  Christopher Wawn (EIF Directors)  James Neave (EIF Directors)  <b>ADMINISTRATOR</b>  Abacus Fund Administration Limited  5-9 Main Street  Gibraltar  Tel: 00 350 200 78777  Fax: 00 350 216 28888  E-mail: <a href="mailto:hodlfunds@abacus.gi">hodlfunds@abacus.gi</a>  <b>BANK</b>  Turicum Private Bank Limited and  CtoC UAB  The Fund may open accounts with one or more Banks from time to time in order to accept subscriptions, pay redemptions and undertake banking business on behalf of the Fund.  <b>GIBRALTAR LEGAL ADVISOR</b>  Triay Lawyers Limited  28 Irish Town  Gibraltar	<b>AUDITOR</b>  PKF Canillas Limited  <b>REGISTERED OFFICE</b>  5-9 Main Street  Gibraltar  <b>REGISTRATION NUMBER</b>  124815  <b>DATE OF INCORPORATION</b>  4 October 2024  <b>DOMICILE</b>  Gibraltar  <b>COMPETENT AUTHORITY EMPOWERED BY LAW TO REGULATE THE COMPANY</b>  Financial Services Commission of Gibraltar  Website: <a href="http://www.fsc.gi">www.fsc.gi</a>  <b>LEGAL FORM</b>  Private company limited by shares incorporated in accordance with the Companies Act 2014 and registered under the Financial Services (Experienced
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<p><b>SECRETARY</b></p> <p>Abacus Secretaries (Gibraltar) Limited</p> <p>5-9 Main Street</p> <p>Gibraltar</p> <p><b>CRYPTOCURRENCY EXCHANGES</b></p> <p>The Fund may utilise and open accounts with one or more Cryptocurrency Exchanges at the Director's sole and absolute discretion from time to time in order to execute the Digital Asset transactions when trading Digital Assets on behalf of the Fund.</p> <p><b>CRYPTOCURRENCY WALLET PROVIDERS</b></p> <p>The Fund may utilise and open accounts with one or more Cryptocurrency Wallet Providers at the Director's sole and absolute discretion from time to time in order to store Digital Assets and execute transactions when trading Digital Assets on behalf of the Fund.</p>	<p>Investor Funds) Regulations 2020 as an Experienced Investor Fund</p> <p><b>PERMITTED BUSINESS</b></p> <p>Experienced Investor Fund</p> <p><b>AIFMD STATUS</b></p> <p>Exempt – Dual Regime</p> <p><b>FATCA STATUS</b></p> <p>Non-US Foreign Financial Institution</p> <p><b>GIIN</b></p> <p>8TMIBV.99999.SL.292</p>
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## SECTION 2

### DEFINITIONS AND INTERPRETATION

'Acceptable Accounting Principles'	means general accepted accounting principles which for the avoidance of doubt include GAAP or IFRS.
'Accounting Date'	means the 31 <sup>st</sup> December each year or such other time as determined by the Directors from time to time.
'Administrator'	means Abacus Fund Administration Limited.
'Annual General Meeting'	means the General Meeting held each year pursuant to the Articles.
'Articles'	means the Articles of Association of the Company.
'Bank'	means Turicum Private Bank Limited, CtoC UAB and any bank or banks that the Fund uses.
'Base Currency'	means the currency in which the accounts of the Fund are drawn up and in which Shares in the Fund are denominated which in the case of the Fund is USD.
'Blockchain'	means a digital ledger in which transactions made in Digital Asset are recorded chronologically and publicly.
'Board', the 'Board of Directors' and/or the 'Directors'	means the governing body for the Fund being the Directors of the Fund from time to time.
'Business Day'	means a day other than a Saturday or Sunday or a day which is a public holiday, on which banks are open for general banking business in Gibraltar.
'Commencement of Investment Activity'	means such date as determined by the Board of Directors having regard to the Minimum Trading Amount.

'Companies Act'	means the Companies Act 2014 of Gibraltar and any modifications or re-enactment thereof.
'Company' or 'Fund'	means HODL Delta Neutral & Market Neutral Fund Limited, incorporated on 4 October 2024 with registration number 124815 and having its registered office at 5-9 Main Street, Gibraltar.
'Compulsory Redemption'	means a redemption of Participating Shares that has been determined at the sole and absolute discretion of the Directors.
'Compulsory Redemption Date'	means a date set by the Directors, at which time the Directors will enforce a Compulsory Redemption of any or all Participating Shares held directly or indirectly by one or more holder(s) of Participating Shares.
'Cryptocurrency Exchange'	means one or more marketplaces for the buying and selling of Digital Asset that the Fund may use from time to time as determined by the Director in order to execute Digital Asset transactions when trading Digital Asset on behalf of the Fund.
'Cryptocurrency Wallet Provider'	means one of more providers in the business of providing the service of custody of Digital Asset that the Fund may use from time to time to store Digital Asset and execute transactions when trading Digital Asset on behalf of the Fund as determined by the Director including any Cryptocurrency Exchange that offers secure storage options.
'Digital Asset' or 'Digital Assets'	means digital assets and other cryptographically secured assets in which encryption techniques are used to regulate the generation of units of currency and tokens and verify the transfer of funds, operating independently of a central bank including digital currency that are referred to by the crypto-community as being 'security tokens' and 'utility tokens'.
'EIF' and/or 'Experienced Investor Fund'	means an experienced investor fund established in accordance with the EIF Regulations and the applicable provisions from the FSA.
'EIF Director'	means a person who has received consent to act as an EIF Director of the Company in accordance with Regulation 10 of the EIF Regulations.
'EIF Regulations'	means the Financial Services (Experienced Investor Funds) Regulations 2020 and any modifications or re-enactments thereof.

'EU'	means the European Union.
'€' & "EURO"	means the lawful currency of the participating member states of the European Union which have adopted the single currency in accordance with the EC Treaty of Rome dated 25 March 1957 (as amended by the Maastricht Treaty dated 7 February 1992).
'Experienced Investor'	<p>has the meaning as defined in Part I, 3(1), (a) to (j) of the EIF Regulations:</p> <ul style="list-style-type: none"> <li>(a) a person or partnership whose ordinary business or professional activity includes, or it is reasonable to expect that it includes, acquiring, underwriting, managing, holding or disposing of investments, whether as principal or agent, or the giving of advice concerning investments;</li> <li>(b) a body corporate which has net assets in excess of €1,000,000 or which is part of a group which has net assets in excess of €1,000,000;</li> <li>(c) an unincorporated association which has net assets in excess of €1,000,000;</li> <li>(d) the trustee of a trust where the aggregate value of the cash and investments which form part of the trust's assets is in excess of €1,000,000;</li> <li>(e) an individual whose net worth, or joint net worth with that individual's spouse, is greater than €1,000,000, excluding that individual's pension fund assets and principal place of residence;</li> <li>(f) <i>Omitted</i></li> <li>(g) a participant who invests, or in aggregate has investments of, at least €100,000 in one or more EIFs and-; <ul style="list-style-type: none"> <li>- is a certified high net worth investor, certified sophisticated investor or self-certified sophisticated investor; or</li> <li>- does so on the basis of solicited advice;</li> </ul> </li> <li>(h) a participant who invests a minimum of €50,000 in an EIF where: <ul style="list-style-type: none"> <li>- the participant was advised by a professional adviser to invest in an experienced investor fund; and</li> <li>- the experienced investor fund in which the investment is made receives confirmation of such advice;</li> </ul> </li> <li>(i) a participant who is a professional client, as defined under the Financial Services (Investment Services) Regulations 2020;</li> <li>(j) a participant in a fund that has re-domiciled to Gibraltar where the FSC has permitted the inclusion of such participant either in respect of a specific experienced investor fund or generally in respect of experienced investor funds or a category of such funds from a certain jurisdiction;</li> </ul>

'Extraordinary General Meeting'	means all General Meetings other than Annual General Meetings that may be convened whenever the Directors think fit and such meetings must be held in Gibraltar or online using a video call facility.
'Fiat Currency'	means any money declared by a government to be legal tender. State-issued money which is neither convertible by law to any other thing, nor fixed in value in terms of any objective standard. Intrinsically valueless money used as money because of government decree.
'FSC' and/or the 'Financial Services Commission'	means the Financial Services Commission of Gibraltar.
'Fundamental Change'	means changes in the Fund's investment objective, investment strategy, restrictions or the existing rights of the Participating Shareholders. The Fundamental Change process is provided for in Section 9.11 of this PPM.
'GBP Sterling' and/or '£'	means the lawful currency of the UK.
'General Meeting'	means any meeting of the Shareholders of the Company which can be an Annual General Meeting or an Extraordinary General Meeting.
'Gibraltar Legal Advisor'	means Triay Lawyers Limited.
'High Water Mark'	means the higher of the Offer Price or the highest NAV per Participating Share in respect of which a performance fee has been paid for that Participating Share. For the avoidance of doubt the High Water Mark shall be set after the Performance Fee has been paid.
'International Financial Reporting Standards' and/or 'IFRS'	means the set of accounting standards developed by the International Accounting Standards Board ('IASB') that is becoming the global standard for the preparation of financial statements.
'Investment Assets'	means the assets owned by the Fund that form part of the NAV.
'Investment Director'	means HODL Management Limited.

'Lead Series Shares'	means the Participating Shares designated as Lead Series Shares having been issued on the first Subscription Day or having been consolidated from Subsequent Series Share into the Lead Series.
'Memorandum'	means the Memorandum of Association of the Company, as may be amended from time to time.
'Minimum Subscription Amount'	means an amount at the Investment Director's sole discretion subject to an investor complying with the definition of an Experienced Investor. The Minimum Subscription Amount shall be a USD equivalent of the figures provided for in the definition of an Experienced Investor.
'Minimum Trading Amount'	means \$ 500,000.
'NAV per Participating Share'	means the NAV attributable to a Series Account divided by the number of Lead Series Shares or Subsequent Series Shares, as the case may be, subject to such adjustments, if any, as in the opinion of the Directors may be required to ensure a fair value for each Participating Share.
'Net Asset Value' and/or 'NAV'	means the value of all of the Fund's assets less all of the Fund's liabilities determined in accordance with the Articles on each Valuation Day.
'Nominal Shares'	means the Nominal Shares of the Company with a par value of \$0.01 each.
'Offer'	means the offer of Participating Shares.
'Offer Period'	means the period, commencing on the date of this PPM and ending at such time when the Director may at the sole and absolute discretion determine, when Participating Shares will be available for issue on Subscription Days.
'Offer Price'	means \$1,000 per Participating Share.
'Ordinary Shares'	means the Ordinary Shares of the Company with a par value of \$1.00 each.

'Participating Shares'	means the Participating Shares of the Company with a par value of \$0.01 each.
'Participating Shareholder'	means a holder of one or more Participating Shares.
'Performance Fee'	means a Performance Fee payable to the Investment Director as set out as per Section 8.2.2 of this Private Placement Memorandum.
'Private Placement Memorandum' or 'PPM'	means this private placement memorandum, dated 1 <sup>st</sup> October 2024 relating to the Fund.
'Professional Advisor'	<p>means a lawyer and/or accountant and/or tax specialist and/or investment advisor and/or any other person offering any other professional service and engaged for that purpose.</p> <p>When used in the context of a Professional Advisor advising a person investing a minimum of the USD equivalent of €50,000 in the Fund and solely qualifying as an Experienced Investor by virtue of Regulation 3(1)(h) of the EIF Regulations, a Professional Advisor shall mean person who is authorised or entitled in:</p> <ul style="list-style-type: none"> <li>(a) the European Economic Area to provide investment advice by way of business in respect of collective investment schemes; and</li> <li>(b) such other jurisdiction that is in the opinion of the FSC is regulated under and in accordance with a legislative and regulatory regime that provides at least equivalent protection to that of the legislative and regulatory regime in Gibraltar, to provide investment advice by way of business in respect of collective investment schemes.</li> </ul>
'Redemption Day'	means a day immediately following a Valuation Day when Participating Shares may be redeemed at the Redemption Price following a Redemption Request.
'Redemption Price'	means the NAV per Participating Share at the Valuation Day immediately preceding the Redemption Day and Compulsory Redemption Date (as applicable).
'Redemption Request'	means a request to redeem Participating Shares submitted in the form of Appendix J of this Private Placement Memorandum or such other form as the Directors may at their sole and absolute discretion accept.
'Secretary'	means Abacus Secretaries (Gibraltar) Limited.

'Series Account'	means the accounting for each series of shares that constitute a Series Account to which subscription monies received from the issue of Participating Shares of that series will be allocated, together with investments and income, gains and losses derived therefrom.
'Series Consolidation'	means the consolidation of one of more Subsequent Series Shares into Lead Series Shares.
'Shareholder'	means a holder of Shares in the Fund.
'Shares'	means the Ordinary Shares, the Participating Shares and the Nominal Shares.
"Stablecoins"	means a cryptographic coin or token that is asset backed by or pegged to a currency or commodity and therefore tend to be less volatile to other Digital Assets. However, some Stablecoins utilise algorithms to maintain price stability. It should be noted that not all Stablecoins are 100% asset backed, or they are backed by Digital Assets which can be volatile.
'Subscription Day'	means a day immediately following a Valuation Day when Participating Shares can be issued at the Offer Price.
'Subscription Fee'	means a subscription fee of up to 2% of the Offer Price and is payable to such persons as the Directors, in their sole and absolute discretion, determine.
'Subsequent Series Shares'	means the Participating Shares issued subsequent to the Lead Series Shares that shall be issued as separate series referenced to the month and year of their issue.
'Terminate' and/or 'Termination'	means the method by which the Fund shall be closed and by which any realised profits attributable to the Fund, where applicable, shall be distributed to the Participating Shareholders as further detailed in this PPM.
'Termination Date'	means any day at the sole discretion of the Board of Directors at which time the Fund will be Terminated.
'UK' and/or 'United Kingdom'	means the United Kingdom of Great Britain and Northern Ireland.



'United States' and/or 'U.S.'	means the United States of America.
'\$' and/or "USD"	means the lawful currency of the United States of America, as issued and regulated by the Federal Reserve, and recognized as legal tender for all debts, public and private, in accordance with the Federal Reserve Act of December 23, 1913, and subsequent amendments.
'U.S. Person'	has the meaning given to it in the Securities Act.
'Valuation Day'	means the last Business Day of each calendar month or such other day as the Directors may, at their sole and absolute discretion, determine when the Assets will be valued in accordance with this PPM.

In this Private Placement Memorandum:

- (i) references to a month shall unless otherwise stated be a calendar month;
- (ii) reference to any statutory provision includes a reference to that provision as from time to time may be replaced, amended, extended or re-enacted or as the same is modified by other provisions (whether before or after today's date) from time to time and shall include any provisions of which it is a re-enactment (whether with or without modification). References to statutes include references to order, regulations or other subordinate legislation made under them;
- (iii) words denoting the singular number only shall include the plural and vice versa and the masculine gender shall include the feminine and vice versa;
- (iv) headings are inserted for convenience only and shall not affect its construction;
- (v) reference to the transfer of an interest shall mean the transfer of either or both of the legal and beneficial ownership in such interest and/or the grant of an option to acquire either or both of the legal and beneficial ownership in such interest;
- (vi) reference to a 'company' shall include any form of body corporate formed under the laws of any country or jurisdiction;
- (vii) reference to a time or date shall, unless specified to the contrary, be to a time and date in Gibraltar; and
- (viii) any Gibraltar legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or other legal concept or thing shall, in respect of any jurisdiction other than Gibraltar, be deemed to include what most nearly approximates in that jurisdiction to the Gibraltar legal term.

## SECTION 3

### INVESTMENT OBJECTIVE AND THE INVESTMENT STRATEGY

#### 3.1 INVESTMENT OBJECTIVE

The investment objective of the Fund is to achieve above average capital growth and positive returns by investing in Digital Assets, traditional finance products that hold digital assets (such as Bitcoin ETFs), futures and options, utilising a market neutral and delta neutral strategy.

#### 3.2 INVESTMENT STRATEGY

The market-neutral strategy aims to eliminate directional risk by offsetting long and short positions, generating returns based on the price differential between the two positions rather than on the overall market direction.

The delta-neutral strategy, seeks to hedge against price movements in the underlying asset by balancing positions so that the portfolio's overall delta is zero, making it insensitive to small price fluctuations.

By combining market-neutral and delta-neutral strategies, investors can achieve a more comprehensive risk management approach while benefiting from attractive risk-adjusted returns with limited exposure to directional risk.

The Investment Director may utilise third party algorithms in pursuit of the Investment Objective. When utilising third party algorithms and software the Investment Director shall agree terms with the respective provider. It should be noted that the Fund shall not be limited in the number of algorithms that it chooses to deploy.

The Fund's investment and trading processes uses systematic algorithmic trading with fully automated execution. The Fund will seek to employ a disciplined research process. The primary goal within the market neutral strategy is to capitalize on the price differences between the spot and futures markets, including arbitraging price discrepancies, capturing the funding rate differentials, and exploiting temporary market inefficiencies. The main goal of the delta-neutral strategy is to profit from the asset's volatility, time decay (theta), or other factors, with limited exposure to the asset's price direction using spot positions in combination with option contracts.

The algorithms that the Fund has identified to date have been developed to include many unique and innovative features, taking ideas from many different branches of science and engineering. These include taking account of behavioural scenarios using machine learning, arbitration and other strategies between P2P platforms, decentralised and centralized exchanges.

The Investment Director's risk management framework will seek to constantly monitor various types of risks with a view to preserving capital of primary importance.

The Digital Assets the Fund trades are typically liquid however are still subject to the volatility inherent with the Digital Asset market. The Digital Assets will be selected based on the liquidity, volatility, availability of futures and/or options, alpha-profile (expected returns in excess of market beta).

The Fund may deploy hedging strategies and short selling strategies at the Investment Director's sole and absolute discretion. This may include derivatives such as options and futures that also include leverage.

## IMPORTANT

**Investors should note that the Investment Director may invest into the Fund. Investors must recognise that there are inherent limitations on all trading methods due to the complexity, confidentiality and, in the case of the discretionary features of such approaches, the indefinite nature of such methods. In addition, the description of the trading strategies must be qualified by the fact that trading approaches are continually changing, as are the markets in the underlying investments. Please note the Side Pocket provisions at 12.7 of this PPM.**

**The above is a general description of the investment objective and investment strategy including details as to the principal types of investments in which the Fund may invest, trading techniques that may be employed, the investment criteria that the Fund plans to apply, and the policy that it has established with respect to the composition of the investment portfolio. The description is merely a summary and investors and/or potential investors should not assume that any descriptions of the specific activities in which the Fund may engage are intended in any way to limit the general descriptions of types of investment activities which the Fund may undertake or the allocation of capital among such investments.**

**The Fund intends to invest in potentially highly illiquid assets that may be difficult to sell at short notice or at all. In addition, those assets may be subject to significant attempts of theft and other forms of cybercrime. Assets held with Cryptocurrency Exchanges and Cryptocurrency Wallet Providers and assets held in smart contract wallets may prove difficult to protect from loss or theft of either the assets or the keys to such assets resulting in those assets being irrecoverable.**

**The use of smart contract multi-signature wallets for Digital Asset is highly experimental and could result in a partial or total loss of any Digital Assets of the Fund held in the same. Cryptocurrency Exchanges and Cryptocurrency Wallet Providers may not have suitable security measures in place to protect Fund assets or may be subject to cybercrime or events of default and/or insolvency that trigger a sharing of losses across all customers of the same and this may seriously impact the Fund. In addition to this the Fund may have an FX exposure due to the fact the Base Currency and the underlying investments may be in different currencies and the pairs that the Fund trades may expose it further to FX risk, this may materially impact the NAV.**

**For a non-exhaustive list of the Risk Factors in investing in the Fund see Section 18 of this Private Placement Memorandum.**

## SECTION 4

### RISK MANAGEMENT AND RESTRICTIONS

#### 4.1 RISK MANAGEMENT

Investing in Digital Assets fall into the 'high risk/high return' category. The Investment Director, having regard to its internal policies, is responsible for the risk management of the Fund.

As part of the process of performing the function of the management of the Fund's investments, the Investment Director intends to monitor and review the investments held by the Fund on an on-going basis. The on-going monitoring and review of investments may include, but shall not necessarily be limited to, market comparable analysis, analysis of historical financial information, performance versus respective benchmarks, projected volatility and liquidity.

In particular, the Investment Director is responsible for monitoring the return received from the Fund's investment portfolio and its value. The Investment Director will be required to take such assessment into consideration when making further investment decisions. The Investment Director shall report to the Directors on a quarterly basis or as otherwise agreed.

#### IMPORTANT

**The Investment Director is responsible for using reasonable endeavours to implement industry standard risk management arrangements of the Fund's assets, including but not limited to, the Fund's Investment Assets. Despite these endeavours The Investment Director may not be successful in its risk management efforts.**

**Not all Cryptocurrency Exchanges and Cryptocurrency Wallet Providers have the same level of security as cold storage and some Digital Assets are only available on a limited number of Cryptocurrency Exchanges and for custody with certain Cryptocurrency Wallet Providers. In addition, some smart contract crypto-wallet solutions (i.e. not provided by independent Cryptocurrency Exchanges and Cryptocurrency Wallet Providers) and some crypto cold storage solutions are still very innovative and being developed and may therefore have bugs in their code leaving them vulnerable to attack or loss of functionality. Please see further the risks identified in Section 15 of this Private Placement Memorandum.**

#### 4.2 INVESTMENT RESTRICTIONS

The Fund shall not invest in any asset class that is not provided for in Section 3.

### **4.3 MONITORING AND REPORTING**

The Investment Director will monitor and report to the Board of Directors, on a quarterly basis, in respect of the Fund's investments and will be responsible for ensuring that the restrictions set out above are not breached.

Immediately upon becoming aware of a breach of the Investment Restrictions (the "Breach") a Director shall notify the remainder of the Board of Directors and must call a meeting of the Board of Directors which must be held within 5 Business Days of the discovery of the Breach. During that Board of Directors' meeting the Board of Directors shall consider whether the Breach is material or not on a case-by-case basis having regard to the interests of the individual Shareholders, the general performance of the Fund and the NAV per Participating Share. Should the Board of Directors resolve that the Breach is material, the Fund must notify the FSC and the Shareholders of such Breach within 10 Business Days of the Board of Directors meeting. Such notification to the Shareholders shall be in such manner as the Board of Directors shall deem appropriate. Following the Board of Directors meeting the Board of Directors shall ensure that the Breach is remedied within a reasonable period of time, if such remedy is in the interests of the individual Shareholders, the general performance of the Fund and the NAV per Participating Share.

The Administrator and the Bank are not responsible for monitoring adherence to the Investment and Borrowing Restrictions detailed above.

## **SECTION 5**

### **MANAGEMENT OF INVESTMENT ACTIVITY, EXECUTION AND INVESTMENT DECISIONS**

#### **5.1 MANAGEMENT OF INVESTMENT ACTIVITY**

The Investment Director has been mandated to oversee and manage the investment activities of the Fund in accordance with the terms and conditions of the Directorship Agreement between the Investment Director and the Fund.

The Investment Director will assume the functions of acquisition, management and disposal of the Fund's investments in pursuit of the investment objective as outlined herein.

The Investment Director may call on the services of other persons and/or advisers to make recommendations in relation to the particular markets in which they specialise and to advise upon how the Fund should invest, however, the Investment Director shall at all times remain responsible for overseeing and managing the investment activities of the Fund.

#### **5.2 EXECUTION AND INVESTMENT DECISIONS**

The Investment Director will have the sole, absolute discretion and overall responsibility to make the decision as to which investments should be acquired by the Fund and when they should be acquired provided such investments comply with section 4 of this PPM. Such responsibility includes the discretion to allocate the assets of the Fund to, or withdraw from, any investment of the Fund while observing the investment objective, investment strategy, risk management and restrictions that are contained within this Private Placement Memorandum.

The Investment Director is required to take into account and act in accordance with the requirements of Section 13.2 of this Private Placement Memorandum in those instances when a conflict of interest arises in respect of the investment activity of the Fund.

#### **5.3 OTHER ACTIVITIES**

The Investment Director (and any other Director) is not required to manage the assets of the Fund as their sole activity. The Investment Director (and any other Director) is only required to devote such time and attention to the affairs of the Company as it decides is appropriate, and it may engage in other activities or ventures, including competing ventures and/or unrelated employment, which result in various conflicts of interest between such persons and the Company.

**SECTION 6***FUND LIFE-CYCLE***6.1 LIFE CYCLE**

The Fund has the ability to allow subscriptions and redemptions at all times, subject to the terms contained in Section 11.

The Fund will continue until terminated which for the avoidance of doubt shall be at the sole and absolute discretion of the Investment Director.

**6.2 OFFER PERIOD****6.2.1 Offer Period**

The Offer Period shall commence on the date of this PPM.

**6.2.2 Investment activity during the Offer Period**

The Fund's investment activity in pursuit of the Fund's investment objective will commence once the Minimum Trading Amount has been attained and shall continue until the Fund is terminated. It should be noted that the Minimum Trading Amount only applies to the amount raised by the Fund before it begins deploying capital in accordance with its Investment Objective and Strategy and not to ongoing performance.

**6.2.3 Subscriptions during the Offer Period**

The Participating Shares are available for subscription during the Offer Period as set out in Section 11 of this Private Placement Memorandum. The first Participating Shares issued during the Offer Period shall be issued and designated as the Lead Series Shares. Participating Shares issued thereafter shall be issued as Subsequent Series Shares referenced to the month and year of their issue.

**6.2.4 Redemptions during the Offer Period**

Redemptions during the Offer Period may occur, subject to the restrictions contained at Section 11 of this Private Placement Memorandum, by (i) a Redemption Request made by a Participating Shareholder or (ii) at the sole and absolute discretion of the Directors via a Compulsory Redemption as and when the Directors deem it appropriate.

**SECTION 7****MANAGEMENT, SERVICE PROVIDERS AND AUDITOR****7.1 BOARD OF DIRECTORS**

Each member of the Board of Directors has entered into separate service agreements dated 1<sup>st</sup> October 2024 between the Company and each Director independently which specifies terms whereby each Director agrees to act as a Board of Director. Either party may terminate this agreement without cause by giving not less than 30 days' notice to the other party and the agreement may be terminated by mutual consent at any time. The Company may, terminate this agreement immediately if the Director:

- (a) ceases to be able to provide the Services (as defined therein);
- (b) fails to provide the Services or is guilty of any material breach or non-observance of the provisions of the service agreement on his/her/its part to be performed or observed; or
- (c) is guilty of any conduct or undertakes any activity which is likely to affect prejudicially the reputation and good name of the Company or Fund or that may make the Company or Fund liable in law.

The Director may, without prejudice to any other rights or obligations accrued up to the time of termination, by notice in writing to the Fund, terminate the service agreement forthwith if the Fund:

- (a) is guilty of any material breach or non-observance of any of the provisions of the service agreement on its part to be performed or observed; or
- (b) is guilty of any conduct or undertakes any activity which is likely to affect prejudicially the reputation and good name of the Director or that may make the Director liable in law.

The agreement shall automatically terminate upon insolvency, liquidation or voluntary winding up of the Fund, or upon bankruptcy of the Director (or in the case of the Investment Director, upon its insolvency, liquidation or voluntary winding up).

None of the Board of Directors:

- (i) have any unspent convictions in relation to indictable offences; or
- (ii) have been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director; or
- (iii) have been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary agreement, or had a receiver appointed to any partnership asset; or
- (iv) have had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- (v) have been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

The function of the Board of Directors is to review and be responsible for the activities of the Company and the Fund and to oversee the Fund's activities and ensure that the Investment Strategy and Policy and the Investment and Borrowing Restrictions are adhered to. The Directors



shall be composed of at least two persons authorised by the FSC to act as directors of an EIF. There is no age limit or share qualification for Directors.

The Board of Directors have delegated the promotion of the Fund to the Investment Director and it is the Investment Director's responsibility to ensure that the promotion of the Fund complies with applicable laws and regulations. The Investment Director will report to the EIF Directors on a quarterly basis, or as may be required by the EIF Directors, in respect of the Fund's promotional activities.

The Board of Directors are vested with all powers to perform all acts necessary or useful to manage and control the Fund. The Board of Directors shall determine or cause to be determined (as the case may be) the manner in which rights' pertaining to the Fund's underlying holdings shall be exercised. Nothing shall prevent the Fund from delegating its functions of managing the Fund's investments to a third party who is authorised to act, if so required as an investment and/or Investment Director in the jurisdiction where it provides such investment and/or fund management.

The Fund is controlled by the Ordinary Shareholder. The Ordinary Shares carry an entitlement to vote at General Meetings of the Fund (save with respect to resolutions proposing Fundamental Change). The Ordinary Shareholder in this instance is the Investment Director. Whilst the Board of Directors (not including the Investment Director) have oversight over the Fund's activities, they will not have the authority to manage the Fund's investments.

The Board of Directors shall hold office until they resign or are disqualified in accordance with the Articles. Subject to the provisions of the Articles, the Board of Directors shall have power, at any time, to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Board of Directors. Any director so appointed shall hold office only until the next following annual General Meeting and shall then be eligible for re-election. The majority Ordinary Shareholders for the time being in issue shall have the right by notice in writing to the Fund to appoint additional Directors or to remove the Directors from office.

**Pursuant to the Articles, Directors may be party to or interested in a transaction, contract or arrangement to which the Fund is party to or in which the Fund is interested in. It should be noted that the Directors are required to disclose any interest at a meeting of the Directors. Generally speaking, Directors are not permitted to vote on such matters.**

### 7.1.1 Hodl Management Limited

Hodl Management Limited is the Investment Director of the Fund. In addition to the Investment Director's responsibilities in respect of Fund's investments, as set out in this PPM, the Investment Director has also undertaken the responsibility of promoting the Fund. The Directors of the Investment Director are:

#### **Dirk Jan Schuld (Director)**

Dirk-Jan completed Business Administration at the university of Rotterdam, is specialized in advanced strategy, change management and marketing. He has spent 25 years at Lloyd's Register, leading multi-cultural teams in various global roles to deliver high-end asset management solutions mainly for the Energy sector. After his career, Dirk Jan became involved and interested in blockchain technology for data management challenges. As the COO of Hodl,

Dirk Jan brings people and the financial performance together and make sure the most efficient processes are followed and the ability to deliver the highest quality possible. Secondly, he takes care of the complete business development process, especially outside Europe.

**Axel Macro (Director)**

Axel is a qualified lawyer in the Netherlands and has been practicing since 1990. Axel has been involved in the establishment of several law firms and to date practices at Bailey Parker a firm that he assisted in founding. Axel has worked in-house and/or performed advisory functions to a variety of different businesses including financial services, sports, medical, logistics and employment. Next to being the CLO of Hodl, Axel is also the CLO of Growity, a crypto algorithmic trading firm.

**Maurice Mureau (Director)**

With over 25 years of experience, Maurice is a veteran in wealth, asset and fund management. Maurice started his career at the Amsterdam Stock Exchange as an editor before making a switch to asset management. Maurice has been active in Amsterdam, Antwerp and London where he acted as an Asset Manager, Wealth Manager and later as a Fund Manager of a 5-star rated Morningstar fund. After successfully finishing the Oxford Fintech Programme at Oxford Saïd Business School, Maurice Co-Founded Hodl of which he is the CEO today.

**7.1.2 EIF Directors****Christopher Wawn (EIF Director)**

Christopher Wawn serves as a director of Avalon Management Limited. Concurrently, Chris serves as chief compliance officer for Tap Global Limited which he joined in May 2019. Chris also currently serves the compliance officer for Quedex Bitcoin Derivatives Exchange, which he joined in April 2018. Further, Chris serves as a director at Austin Friars which he joined in 2010. Previously, Chris served as a director from Insight Recruitment Solutions Limited from January 2008 to April 2015. He also served as secretary for Vista Fund Services Limited from January 2010 to September 2012. Chris has similarly served as a director and secretary of Quest Holdings Ltd., an insurance manager and financial services group of companies, from May 2004 to October 2009. Prior to joining Quest Holdings Ltd., Chris served as the manager of private banking for Lloyds TSB from January 1999 to May 2004 and senior relationship manager for ABN AMRO Bank N.V. for April 1997 to January 1999.

Chris holds a Bachelor of Arts degree with honors in History and Geography from Keele University, which he received in 1986. Chris is also licensed by the Gibraltar Financial Services Commission, as an independent Experienced Investor Fund director. He is also a Commissioner for Oaths, a Chartered Manager and holds various financial services benchmark qualifications. Chris has also undertaken a number of international economic development and stabilization assignments. Outside the financial services, Chris is a director of the regional portal for southern Spain and is the joint author of the book 'In Search of Andalucía.'

**James Neave (EIF Director)**

James worked at Citibank between 1990 and 2005. In that time, he was a director of Citibank AG in Frankfurt as well as the Managing Director of Citicorp Funding Inc. James was also formerly a Director (Board member) of Citibank International PLC, the Pan European Bank based in London. This vehicle contained the European Investment, Consumer and Private banking

businesses. James was the head of European Equity Derivatives trading at Citibank between August 2002 and September 2005 having previously been the Warrant Trading head based in Frankfurt since 1995. James is also a Chartered Accountant, having worked at Stoy Hayward from 1986 to 1990. He is a member of the Gibraltar Funds & Investments Association. He has worked on a diverse range of funds including crypto, private equity, commercial property and financial market trading. James is permitted by the GFSC to act as an EIF Director. James has successfully completed a professional Certificate of Competence on the Blockchain and Smart Contracts at the University of Gibraltar.

James holds a general consent under the EIF Regulations to act as one of the two required directors of an EIF.

## **7.2 ADMINISTRATOR**

Abacus Fund Administration Limited has been appointed by the Company to act as the Administrator of the Company. Abacus Fund Administration Limited was incorporated on 27th March 2009 with registered and operating office at 5-9 Main Street, Gibraltar and registered number 102242. Abacus Fund Administration Limited was established in Gibraltar for the purpose of providing administration services exclusively to collective investment schemes. Abacus Fund Administration Limited is licensed by the Financial Services Commission of Gibraltar to provide such services, under permission number 13111.

The Administrator is appointed and may be removed pursuant to an Administration Agreement between the Company and the Administrator. In accordance with the terms of the Administration Agreement, the Administrator will be responsible, among other things, for the following matters, under the general supervision of the Board of Directors:

- Communicating with Shareholders;
- Maintaining the Company's share register;
- Processing subscriptions and redemptions;
- Maintaining the Company's financial and accounting records in accordance with the Accepted Accounting Principles;
- Preparing annual abridged financial statements;
- Dealing with the Company's auditor (when applicable); and
- Arranging for the provision of accounting, clerical and administrative services.

### **7.3.1. CRYPTOCURRENCY EXCHANGES AND CRYPTOCURRENCY WALLET PROVIDERS**

The Investment Director may utilise and open accounts with one or more Cryptocurrency Exchange and/or Cryptocurrency Wallet Providers at their sole and absolute discretion from time to time in order to execute the Cryptocurrency transactions when trading Cryptocurrency on behalf of the Fund. The Fund will pay the Cryptocurrency Exchanges and Cryptocurrency Wallet Providers at their standard commercial rates. The Fund will initially open accounts with the following Cryptocurrency Exchanges: Deribit, Bybit, Gate.io, Binance, OKX, Kraken, Coinbase.

The Fund will use as many different cryptocurrency exchanges and cryptocurrency wallet providers that the Directors believe is necessary.

#### **7.3.2. Exchanges and brokers**

The Investment Director may utilise and open accounts with one or more Derivative Exchanges such as the Chicago Mercantile Exchange (CME) and/or brokers that offer derivatives trading.

#### **7.4 BANK**

The Fund has appointed Turicum Private Bank Limited and CtoC UAB as the Fund's Banks.

Turicum Private Bank will not provide any other services or perform any other functions except as Bankers to the Fund and will have no other duties or responsibilities relating to the Company. The Bank will only be responsible for the assets placed by the Company with the Bank. For example, but without limitation, the Bank will not provide safekeeping and the usual administrative matters relating to the Safe Custody of Assets of the Company, will not provide advisory services or asset management services nor will it monitor investment management activities or investment strategies of the Company. The Bank shall not supervise or control the activities of the Investment Manager, the Trustee (or corresponding hierarchical level) or the Administrator of the Company. Furthermore, the Bank does not validate the contents of the relevant fund-documentation nor will it be involved in the management, administration or Net Asset Value calculation of the Company. The Bank does not act as sponsor or promoter of the Company. Therefore, the Bank does not assume any liability for negligent or wilful misconduct of the Company's Investment Manager, Trustee (or corresponding hierarchical level) or Administrator and potential investors should not rely upon the Bank in deciding whether or not to invest in the Company.

CtoC UAB will provide fiat and digital currency exchange services as well as banking services.

CtoC UAB will not provide any other services or perform any other functions and will have no other duties or responsibilities relating to the Company. The Bank will only be responsible for the (digital) assets placed by the Company with the Bank. For example, but without limitation, the Bank will not provide advisory services or asset management services, nor will it monitor investment management activities or investment strategies of the Company. The Bank shall not supervise or control the activities of the Investment Director, or the Administrator of the Company. Furthermore, the Bank does not validate the contents of the relevant fund-documentation, nor will it be involved in the management, administration or Net Asset Value calculation of the Company. The Bank does not act as sponsor or promoter of the Company. therefore, the Bank does not assume any liability for negligent or wilful misconduct of the Company's Investment Director, Trustee (or corresponding hierarchical level) or Administrator and potential investors should not rely upon the Bank in deciding whether or not to invest in the Company.

The Fund may appoint a Bank to facilitate payments or receipt of subscriptions as it deems fit at its sole and absolute discretion.

The Fund and the Administrator are entitled, with regard to KYC and AML legislation, to share the investor's personal data with Turicum Private Bank Ltd and CtoC UAB or other banks used by the Fund.

#### **7.5 GIBRALTAR LEGAL ADVISOR**

Triay Lawyers Limited is a law firm based in Gibraltar. Triay Lawyers Limited has been appointed as legal advisor to the Fund in respect of Gibraltar laws and have provided no advice in relation

to the laws of any other jurisdiction. It is a requirement of the EIF Regulations that the legal advisors provide a legal opinion confirming that the Company and the Fund comply with the EIF Regulations. Triay Lawyers Limited have satisfied that requirement.

## **7.6 SECRETARY**

Abacus Secretaries (Gibraltar) Limited has been appointed by the Company to act as the Secretary of the Company. Abacus Secretaries (Gibraltar) Limited is operating and has a registered office at 5-9 Main Street, Gibraltar. Abacus Secretaries (Gibraltar) Limited is licensed by the Financial Services Commission of Gibraltar to provide secretarial services, under permission number 5217. The Secretary is appointed and may be replaced pursuant to a Company Secretarial Agreement between the Company and the Secretary.

## **7.7 AUDITOR**

PKF Canillas Limited have been appointed as the Auditor to the Fund and has accepted such appointment. It is a requirement of the EIF Regulations that the Auditor be resident, authorised by the FSC and registered in Gibraltar. The Auditor satisfies these requirements.

In accordance with the Articles, the Fund will at each annual General Meeting replace or re-appoint an auditor to hold office from the conclusion of that meeting until the conclusion of the next annual General Meeting when the Auditor shall be eligible for re-election.

## **7.8 CRYPTOCURRENCY SOFTWARE PROVIDERS**

The Fund may appoint or utilise, directly or via the Fund Administrator, specific cryptocurrency software providers and online platforms for the purposes of tracking and accounting for cryptocurrency trades and transactions; pricing and valuation of Digital Assets; portfolio tracking of other Digital Asset investments such as those pertaining to “decentralised finance” and for any other purpose to assist with the accounting and valuation of Digital Assets.

## SECTION 8

### FEES, CHARGES AND EXPENSES

#### 8.1 INITIAL ORGANISATION COSTS

The Company is responsible for paying its initial organisation expenses including expenses relating to the establishment of the Company in Gibraltar, the negotiation and preparation of the contracts to which it is a party, the fees and expenses of its professional advisers and professional fees in connection with the drafting of the Fund's Private Placement Memorandum and the establishment of the Fund.

The initial organisation costs are anticipated to be in the region of \$50,000. Such organisational costs and expenses may be amortised over a period of time not exceeding 60 months commencing 6 months after the Commencement of Investment Activity. The initial organisation costs that have been paid by the Investment Director will be reimbursed by the Fund to the Investment Director on the Commencement of Investment Activity.

#### 8.2 FEES OF THE DIRECTORS

##### 8.2.1 Director fees

In accordance with the service agreements between the Company and Christopher Wawn and James Neave, respectively, those Directors will each be paid an annual fee of £12,000, by the Company, plus reasonable disbursements. Such fees will be paid quarterly in advance from the launch of the Fund.

A Director may be paid fees or other amounts as the Directors determine, where a Director performs duties or provides services other than acting as a Director. A Director may also be reimbursed for out-of-pocket expenses incurred as a result of providing special duties to the Fund.

The Company has also agreed to pay, on behalf the EIF Directors, the annual fee payable by EIF Directors to the GFSC, set out in Schedule 1 of the Financial Services (Fees) Regulations 2020 and entitled "Additional Incremental Fee" within Fee Block D1 of that schedule. As at the date of this PPM, the fee is set at £428 each and thus this represents a cost of £856 to the Fund. The fee payable is subject to review from time to time.

##### 8.2.2 Management Fee

The Investment Director is entitled to be paid a Management Fee. The Management Fee will be equal to a 2% of the NAV per Participating Share. The Management Fee will be calculated and payable on a monthly basis after each Valuation Day. For the avoidance of doubt the Management Fee may be paid to The Investment Director in Stablecoins. The Investment Director will not charge a Management Fee on any Side Pockets.

##### 8.2.3 Performance Fee

The Investment Director is entitled to be paid a Performance Fee. The Performance Fee will be equal to a performance fee of 20% of any increase in the NAV per Participating Share above the High Water Mark. The Performance Fee, if payable, will be calculated on an accruals basis and will be payable monthly in arrears. For the avoidance of doubt the Performance Fee may be paid to the Investment Director in Stablecoins.

The Investment Director reserves the right to waive in whole or in part the Performance Fee payable. For the sake of clarity Performance Fees will not start to accrue until the investment activity in pursuit of the Fund's investment objective has commenced. The Investment Director will not charge a Management Fee on any Side Pockets.

The Performance Fee is calculated on a share-by-share basis so that each Participating Share is charged a Performance Fee which equates precisely with the Participating Share's performance and as a percentage of investment profits. This method of calculation is intended to ensure as far as possible that (i) any Performance Fee paid to the Investment Director is charged only to those Shares which have appreciated in value, and (ii) all holders of Participating Shares have the same amount per Participating Share at risk in the Company.

The Fund may enter into side letter arrangements with specific Shareholders granting s/he/it/them preferential investment terms by waiving all or some of Management and Performance Fees (as applicable). The waiver of some or all of such fees will not affect the value of the Shares of any Shareholder not having received such preferential investment terms.

The waiving of such Management Fees and/or Performance Fees will result in the NAV being higher than it would be should such Management Fees and/or Performance Fees have been charged.

The Investment Director may, at its sole and absolute discretion, pay fees to introducers from its Management Fee and/or Performance Fee. For the sake of clarity, these fees will not be payable by the Fund and therefore the Fund will not incur any additional fees, charges nor expenses as a result of the Investment Director paying any such fees.

### **8.3 FEES OF THE CRYPTOCURRENCY EXCHANGE AND CRYPTOCURRENCY WALLET PROVIDERS**

The Company will pay commercial rates and charges to its Brokers, Exchanges, Cryptocurrency Exchanges and Cryptocurrency Wallet Providers.

#### 8.4 FEES OF THE ADMINISTRATOR

Pursuant to the Administration Agreement, the Administrator will receive monthly fees based on the NAV of the Fund at each Valuation day, calculated on the following graduated brackets subject to a minimum fee of £22,000 per annum:

NAV Bracket	Fee Applied
Up to GBP 30m	0.25%
GBP 30m to GBP 50m	0.20%
GBP 50m to GBP 100m	0.15
Greater than GBP 100m	0.10%

The Administration Fee will be pro-rata for periods less than a month, and is calculated on an accruals basis and is payable quarterly in arrears.

The Administrator may charge additional fees for accepting and processing subscriptions received in Digital Assets, as determined between the Administrator and the Investment Director from time-to-time.

The Administrator may also charge the Fund for the use, or facilitation, of any third-party software used by the Fund in order to track, record and value Digital Asset trades and investments.

#### 8.5 FEES OF THE BANK

The Company will pay commercial rates and charges to its Bank.

At the Director's discretion, some or all of the Fund's costs in respect of the Bank's fees may be paid and absorbed by the Investment Director on behalf of the Fund for which no repayment will be demanded.

#### 8.6 FEES OF THE GIBRALTAR LEGAL ADVISOR

The Gibraltar legal advisor has been paid a fee in relation to the establishment of the Fund and will be paid fees by the Company on an ad hoc basis in accordance with the Secretary's as and when the Gibraltar legal advisor perform services for the Company post establishment.

#### 8.7 FEES OF THE SECRETARY



The Secretary has been paid by the Investment Director in respect of the incorporation and set up of the Company. The Secretary charges the Fund £1,500 per annum for the provision of the registered office and company secretary and an annual Companies House filing fee. All other company secretarial services will be provided on a time spent basis at in accordance with the Secretary's standard terms and conditions.

## **8.8 FEES OF THE AUDITOR**

The Auditor will be paid a commercial fee in relation to their audit of the Fund. The audit fee charged by the auditor will be agreed upon between the auditor and the Board of Directors of the Company before the commencement of each audit assignment.

## **8.9 TRADING COSTS**

The Company may, at the discretion of the Directors, bear the expense of trading costs. Trading costs shall include data fees, software licenses, research fees and such other fees incidental to the Company's trading operations.

## **8.10 OPERATING EXPENSES**

The Administrator will be responsible for providing all office personnel, office space and office facilities required for the performance of their services.

The Fund will bear all other expenses incidental to its operations and business, which may include but shall not be limited to:

- (a) Algorithmic licensing fees;
- (b) FSC fees (to include EIF Director FSC fees relating to the Fund);
- (c) Insurance expenses (D&O Cover, Asset insurance);
- (d) Gibraltar Companies House fees, charges and expenses;
- (e) Certain costs associated with the investment of assets (to include insurance products offered with custody of certain Digital Assets);
- (f) Fees and expenses of the auditor, tax and legal advisors of the Fund;
- (g) Any income tax, withholding taxes, transfer taxes and other governmental charges and duties occurring for the Fund;
- (h) The costs of printing and distributing any offering documents and reports as well as notices to the Shareholders; and
- (i) Any due diligence fees incurred in sourcing, managing and disposing of the Fund's Assets.

### 8.11 COST CONTROL

The Board of Directors will control all of the Company's costs and they will ensure that any costs incurred in respect of services provided to the Company are reasonable and properly incurred.

The Investment Director has the option, at its sole and absolute discretion, to pay the fees and expenses of the Company, as it sees fit (including but not limited to the administration fees, company secretarial fees and all other fees incurred by the Company).

## SECTION 9

### THE COMPANY

#### 9.1 THE COMPANY

The Company was incorporated on 4 October 2024 under the laws of Gibraltar as a private company limited by shares, with registration number 124815. The registered office of the Fund is 5-9 Main Street, Gibraltar.

The Company is an EIF and is deemed authorised by the FSC as an EIF in accordance with the EIF Regulations. The Company is self-managed for the purposes of AIFMD and has applied to become exempted under the Dual Regime (please see section 16.2 of this PPM).

In due course, the Investment Director may wish to become licensed as a small scheme manager under the FSA or as an external AIFM under AIFMD and the Fund may decide to appoint it an external AIFM or the Board of Directors may consider appointing an AIFM licensed under AIFMD as the Fund's AIFM and retain the Investment Director as a sub-advisor to the appointed AIFM or the Fund may wish to become licensed as a self-managed AIFM under AIFMD. Should any of the above take place, such a change will not be treated as a Fundamental Change and will therefore be at the sole and absolute discretion of the Board of Directors.

Requirements which may be deemed necessary for the protection of retail investors or non-Experienced Investors do not apply to EIFs and/or Experienced Investors. By acknowledging this statement, you are expressly agreeing that you fall within the definition of an Experienced Investor and accept the reduced requirements accordingly.

**You are wholly responsible for ensuring that all aspects of this Fund and Company are acceptable to you. Investment in this Fund may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless you fully understand and accept the nature of this Fund and the potential risks inherent in this Fund you should not invest in this Fund.**

## **SECTION 10**

### **THE SHARES**

#### **10.1 SHARES**

At the date of this PPM, the Company has the following authorised share capital:

- a) 100 Ordinary Shares having a nominal value of \$1.00 per share shall have voting rights but shall not participate in any profit or distribution of the Company;
- b) 1,000,000 Participating shares having a par value of \$0.01 each;
- (c) 1,000,000 Nominal Shares having a par value of \$0.01 each;

The Ordinary Shares have been issued to the Investment Director.

All Shares are, when issued, fully paid up. Shareholders have no personal liability for the debts of the Company beyond the nominal value of the Shares.

#### **10.2 ORDINARY SHARES**

Save for a resolution relating to a Fundamental Change the Ordinary Shares confer the right to vote at the General Meetings. Ordinary Shares carry one vote each on each poll at which they are entitled to vote and on a show of hands each Ordinary Shareholder shall be entitled to one vote. The Ordinary Shares do not carry any right to dividends, they have no rights to participate in the profits of the Company or the Fund and on the winding-up of the Company have no distribution rights except the return of the nominal amount paid on the Ordinary Share after payment of all other amounts due to the Participating Shares and the Nominal Shares. Ordinary Shares are non-redeemable.

**The Ordinary Shares have been issued to the Investment Director. It should be noted that the Investment Director is also responsible for managing the Fund's investments in pursuit of the Fund's Investment Objective (see Section 3 of this PPM for further details). The Investment Director is also responsible for the promotion of the Fund and it is the Investment Director's responsibility to ensure that the promotion of the Fund complies with applicable laws and regulations.**

#### **10.3 PARTICIPATING SHARES**

With the exception of a resolution at a General Meeting relating to a Fundamental Change (pursuant to Section 10.9 of this PPM), Participating Shares have no voting rights but shall have the right to participate in the profits and the surplus of the Fund. Participating Shares have no conversion, exchange or other rights or privileges save as set out in this PPM and the Constitutional Documents. Participating Shares are only redeemable on a Redemption Day

(which is only callable at the Directors sole and absolute discretion) in accordance with the provisions of this PPM.

Dividends may be payable at the sole and absolute discretion of the Board of Directors in accordance with the Companies Act. There will be no fixed date at which dividends will arise and there shall be no time limit on the payment of such a dividend, except as may be determined by the Board of Directors, from time to time.

There is no arrangement under which future dividends are waived or agreed to be waived.

### **10.3.1 Equalisation**

Equalisation is an accounting methodology designed to ensure that; (i) the Investment Director is paid the correct Performance Fee; (ii) each Shareholder shall only pay the Performance Fees based upon his respective gain; and (iii) that the Performance Fees are fairly allocated between the Participating Shareholders.

The equalisation process enables each Participating Shareholder, or group of Participating Shareholders, to be individually assessed for their own Performance Fee liability and charged accordingly.

### **10.3.2 Series Accounting and series subscriptions**

Series Accounting requires the Fund to issue a new series of shares each time there is a subscription. Every Valuation Day, when calculating the NAV per Participating Share, the Performance Fee accruals, if any, are applied to each of the series of share separately corresponding to their respective performance.

Each series will have the same rights attached to them but will have a different issue date and different Net Asset Value. Accordingly, Performance Fees are calculated on a series-by-series basis.

The first Participating Shares issued during the Offer Period will be issued as the Lead Series Shares, and each subsequently issued series during the Offer Period (the Subsequent Series Shares) will be referenced based on the date of issue. For the purposes of series accounting, each series shall constitute a Series Account to which the subscription monies received from the issue of the Participating Shares of that series will be allocated, together with investments and income, gains and losses derived therefrom. Liabilities will generally be allocated among the series proportionately and debited to the various Series Accounts. However, liabilities specifically attributable to a particular series of Participating Shares (including the Performance Fees payable to the Investment Director as to that series) will be debited to the Series Account for that series.

### **10.3.3 Series consolidation**

The Company is permitted to consolidate different series of Participating Shares as applicable, into a single series of the same Participating Share class, on a monthly basis, provided that the

consolidation will have no adverse impact on any Shareholder or affect the calculation of expenses or the Performance Fees payable to the Investment Director.

#### **10.3.4 Series redemptions**

Unless a Shareholder specifies otherwise in writing in his or her Redemption Request, upon a partial redemption by a Shareholder who holds Participating Shares of multiple series of the same share class or different, the redemption will be allocated among those series on a first-in-first-out basis. Due to the separate calculation of the Performance Fee as to each series of Participating Shares, it is possible that, if a Shareholder owns Participating Shares of different series, a redemption of Participating Shares of one series will result in the payment of a Performance Fee to the Investment Director, while redemption of Participating Shares of a different series would not, but would result in the reduction of the losses that must be recovered before the Investment Director may receive a Performance Fee as to that series.

#### **10.4 NOMINAL SHARES**

Nominal Shares shall be issued simultaneously upon the redemption of any Participating Shares in an equal number to the Participating Shares being redeemed and in accordance with Section 124 of the Companies Act for the avoidance of there being a reduction in the share capital of the Fund.

Nominal Shares shall be issued to the Investment Director at \$0.01 per Nominal Shares (as the case may be); this shall be equivalent to the nominal value of each Participating Share being redeemed. No premium shall be payable on Nominal Shares. Nominal Shares have no voting rights. As Nominal Shares have no voting rights there are no procedures for voting in relation to Nominal Shares. Nominal Shares are non-redeemable.

Nominal Shares shall have the right to repayment on liquidation of the nominal amount paid up thereon.

#### **10.5 ALTERATIONS TO THE COMPANY'S SHARE CAPITAL**

Subject to the restrictions contained in the Constitutional Documents, the Company may, by resolution of the Ordinary Shareholders, increase or reduce its share capital. In accordance with the Articles, the Company may from time to time, by ordinary resolution, increase its authorised share capital by such sum to be divided into shares of such amounts and of such description and/or class as the ordinary resolution shall prescribe. All new shares shall be subject to the provisions of the Articles with reference to payment, lien, transfer, transmission and otherwise.

If at any time the authorised share capital of the Company is divided into classes of shares different from those then existing, the rights attached to any then existing class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Fund is being wound up, be varied with the consent in writing of not less than 3/4ths of the Shareholders of that class and of any other class of shares which may be affected by such variation.

## **10.6 GENERAL MEETINGS AND VOTING**

The Ordinary Shareholders have, by special resolution, resolved to dispense with the requirement to hold Annual General Meetings. Extraordinary meetings of the Ordinary Shareholders will be called by the Board of Directors when they see fit and they must be held in Gibraltar. An Ordinary Shareholder shall be entitled to one vote on a show of hands (if present or by proxy), or on a poll (if present or by proxy) to one vote in respect of each Ordinary Share held by him. The number of Ordinary Shareholders entitled to demand a poll shall be the holders of 10% of the issued Ordinary Shares entitled to vote at the meeting.

Notices of every General Meeting shall be given to every Shareholder entitled to vote at the meeting (as applicable) and to:

- each Director and alternate director (if any);
- the Auditor; and
- such other person(s) as the Board of Directors may from time to time determine.

In addition, 10% of the holders of the Ordinary Shares shall be entitled to requisition a General Meeting. In the case of any class meeting, the provisions relating to General Meetings shall apply provided, however, that the numbers referred to above shall be calculated by reference to the issued shares of the class in question and not by reference to the Ordinary Shares or to the holders of issued shares entitled to vote at a General Meeting.

All resolutions will be tabled as ordinary resolutions unless required by the Companies Act or the Articles to be tabled as either Special Resolutions or extraordinary resolutions. An ordinary resolution of the Shareholders (or class thereof) is a resolution passed by a simple majority of the Shareholders (or class thereof) permitted to vote at a meeting in respect of which not less than seven days' prior notice has been given. An extraordinary resolution is a resolution passed by a majority of not less than three-fourths of the Shareholders permitted to vote, voting in person or by proxy, at a General Meeting of which seven days' prior notice has been given. A Special Resolution is a resolution passed by a majority of not less than three-fourths of the Shareholders permitted to vote, at a General Meeting in respect of which not less than twenty-one days' prior notice has been given. A resolution (whether special, ordinary or extraordinary) may be proposed and passed without the relevant notice period stated above provided that all the Shareholders entitled to attend and vote at the meeting so agree.

## **10.7 THE REGISTER OF SHAREHOLDERS**

The register of Shareholders is maintained at the registered office and may be inspected by any Shareholder subject to such timing and costs set out in the Articles.

### **IMPORTANT**

**As part of its implementation of legislation relating to the 4th EU Money Laundering Directive, on 26 June 2017 Gibraltar introduced its Register of Ultimate Beneficial Owners Regulations 2017 under the Proceeds of Crime Act. In accordance with these regulations, Gibraltar companies and other legal entities are required to disclose beneficial ownership details to a privately held central register. The disclosure covers beneficial owners holding over 25% ownership, voting rights or control, whether directly or indirectly. The register is stored within the Finance Centre Department of the Gibraltar Ministry of Financial Services and is disclosed by request to national authorities, licensed financial institutions and persons with a legitimate interest. The Fund is required to comply with these regulations.**

## 10.8 FUNDAMENTAL CHANGE

Where the Fund (following the passing of a resolution of the Board of Directors) wishes to make changes in its investment objective, investment strategy, restrictions (if any), or the existing rights of Participating Shareholders ('Fundamental Change'), the following procedures shall apply:

- (a) Any proposals for a Fundamental Change shall be made solely by the Board of Directors by way of written notice by email to the Participating Shareholders affected by the proposed changes (the "**Fundamental Change Email Notice**"). They shall be notified that they have the right to vote personally or by proxy on the proposed Fundamental Change. For the sake of clarity, it should be noted that Shareholders may not propose Fundamental Changes.
- (b) In relation to a Fundamental Change proposed, each Shareholder materially affected by the proposed changes shall have the right to one vote in respect of each Participating Share held by him. Ordinary and Nominal Shareholders shall hold no right to vote on resolutions that relate to a Fundamental Change.
- (c) The Participating Shareholder shall be required to respond to the Fundamental Change Email Notice approving or rejecting the proposed Fundamental Change. The affected Participating Shareholder shall have 10 Business Days to respond. In order for a Fundamental Change to be approved the Investment Director must receive approval from 66% of such Shareholders entitled to vote.
- (d) The Directors are expressly permitted to compulsorily redeem any Shares belonging to any Shareholder that was not in agreement with any Fundamental Change proposed and approved at a General Meeting.



## SECTION 11

### CAPITAL MOVEMENTS – OPEN ENDED

#### 11.1 SUBSCRIPTIONS

Subject to the Companies Act and as herein provided, any Shares in the Fund for the time being unissued shall be under the control of the Directors who may allot them on Subscription Days during the Offer Period to such persons, on such terms and in such manner as they see fit so long as the persons invest the Minimum Subscription Amount. **The Fund reserves the right to charge a Subscription Fee. The Subscription Fee shall be deducted from the Subscription Amount and the balance remaining shall equate to the number of Participating Shares being issued to the applicable Participating Shareholder.**

The Fund may accept subscriptions in Digital Assets. It should be noted the Fund will determine the Digital Assets that can be used to make an Investment into the Fund. The Digital Assets will be valued in accordance with the Valuation Section of this PPM (subject to the approval of the Directors).

**For the avoidance of doubt the USD value assigned to any subscription made in Digital Assets shall be determined at 16:00 Gibraltar time on the Valuation Day in question. Potential subscribers to the Fund shall be subject to the market volatility and price movements in the period from the Fund receiving the Digital Assets to valuation point (being 16:00 Gibraltar time). The Fund reserves the right to levy additional fees in respect of subscriptions in Digital Assets in certain circumstances.**

Investors will receive the corresponding amount of Participating Shares. The valuation as determined by the Fund will be final and should the potential investor not be happy with the valuation they should not subscribe.

##### 11.1.1 Issue of Participating Shares - Offer Period

The Offer for Participating Shares will occur on Subscription Days at the Offer Price of \$1,000 per share. The first Participating Shares issued during the Offer Period shall be designated as the Lead Series Shares. Participating Shares issued thereafter shall be issued in Subsequent Series Shares referenced to the month and year at the Offer Price of \$1,000 per Participating Share. The Fund may charge a Subscription Fee.

The Offer Period shall run for such time that the Directors, in their sole and absolute discretion, determine.

#### IMPORTANT

**There is no mechanism to compensate nor correct the issue price of the Participating Shares for any difference between the value of the Fund's Investment Assets at the date of the issue of the Participating Shares and/or their future realised value.**

### **11.1.2 Application for subscription of Participating Shares**

This PPM does not constitute a general offer or invitation to the public to subscribe for Shares or securities in this Fund. Participating Shares will only be available to individuals who are Experienced Investors.

The Administrator at its absolute discretion shall not be obliged to accept any person as a participant unless he has provided to the Administrator's satisfaction:

- (a) written confirmation that he is an Experienced Investor; and
- (b) a written acknowledgement that he has received and accepted the investment warning required by the EIF Regulations and contained within this PPM.

No new participant, whether by virtue of subscription or transfer of any interest in the Fund, will be recognised and no such subscription or transfer will be effected unless and until such person has delivered or arranged for the delivery of a signed declaration acknowledging that the new participant or transferee is an Experienced Investor and that s/he/it has read and understood this PPM and the investment warning contained therein.

The Administrator is not required to verify the factual accuracy of a confirmation provided by a subscriber or participant under this section.

The Administrator and/or the Board of Directors may reject a subscription for any reason and are not obliged to disclose the reason, or reasons, for rejecting any Application Forms. In the event of Application Forms being rejected, any paid subscription monies may be returned without payment of any interest by telegraphic transfer (with charges for the account of the recipient) to the applicant's account at the remitting bank/financial institution. All subscriptions are irrevocable. The Board of Directors, at their sole discretion, at any time, may withdraw and terminate the offering of Participating Shares in whole or in part or in respect of any particular jurisdiction.

Subscription monies shall be received into the bank account set out in Appendix I of this PPM.

Subscription money and/or Stablecoins and relevant subscription documentation should be received by the Administrator at least 5 business days prior to the relevant issue day as directed by the Board of Directors. The acceptance of subscriptions is subject to confirmation of the prior receipt of cleared funds credited to the Fund's subscription account or wallet, exchange wallet or custodial address. The Directors reserve the right to vary the notice period for the receipt of subscription money and the relevant subscription document and/or to reject subscription applications at their absolute discretion. For further details on the Company's bank details please see Appendix I.

The Fund may, at the sole and absolute discretion of the Directors, accept subscriptions in a currency other than USD as consideration for Participating Shares. The FX rate for such subscriptions will be determined by the Directors and shall be final and the investors shall either accept the FX rate and therefore accept the number of Participating Shares or decide not to continue with the investment. The cost of any FX shall be borne by the investor.

## **11.2 REDEMPTIONS**

### **11.2.1 Redemption of Participating Shares during the Offer Period**

During the Offer Period, a Participating Shareholder can redeem his Participating Shares on a Redemption Day subject to the restrictions below.

Redemptions shall be based on the value of the NAV per Participating Share being redeemed on the Valuation Day immediately preceding the redemption.

Redemptions are subject to the restrictions detailed below which can be waived at the sole discretion of the Investment Director. Should a Participating Shareholder submit a redemption request during a time when there is no Valuation Day is scheduled, they shall be liable for the full cost of such a Valuation Day. Should there be numerous Participating Shareholders redeeming the cost shall be borne equally.

#### **11.2.1.1 Notice – 30 Days**

Participating Shareholders must, via email, give the Fund at least 15 Days' notice of their wish to redeem. The Board at their sole and absolute discretion may waive the notice requirements.

#### **11.2.1.2 Redemption Gate**

The redemption of Participating Shares on a particular Redemption Day is subject to a redemption gate of 10% of the NAV on that Redemption Day. The Investment Director can at his sole and absolute discretion waive this. If the number of Participating Shares to be redeemed on a Redemption Day exceeds the Redemption Gate, all redemption requests will be reduced pro-rata so that only 10% of the NAV is redeemed on that Redemption Day. Redemptions exceeding the Redemption Gate on that Redemption Day will be rolled over to the following Redemption Day and will take priority over any redemption requests submitted thereafter. Redemptions rolled over to the next Redemption Day will also be subject to the Redemption Gate and will continue to be rolled over to the following Redemption Days and to take priority until such time as they are fully redeemed.

### **11.2.3 Payment for redemption of Participating Shares**

Under normal circumstances the proceeds of a redemption of the Participating Shares shall be paid in the Base Currency of the Fund, within 10 to 15 Business Days of the respective Redemption Day, subject to the corresponding Net Asset Valuation having been approved by the Directors.

The Articles also provide that the Directors may in their absolute discretion redeem any or all of the Participating Shares by payment in money and/or in specie (i.e. Digital Assets) and whether partly in money and/or partly in specie. In the case of an in-specie transfer, the redeeming Participating Shareholder must consent to an in-specie transfer. The Directors will carry out a

valuation of the proposed in-specie transfer. The valuation determined by the Directors shall be final and the investors shall decide whether they accept the valuation and therefore accept the in-specie transfer as consideration for the redemption.

The Board of Directors reserves the right, at its absolute discretion, to delay the payment and/or make stage payments in relation to a redemption to correspond with the time when liquid funds are available to fund the redemption.

### **11.3 COMPULSORY REDEMPTIONS**

The Directors reserve the right, subject to the provisions of the Companies Act, at any time, by giving a 14-day prior written notice to a Participating Shareholder, to compulsorily redeem all or any of that Shareholder's Participating Shares following the expiry of the 14-day period, the Compulsory Redemption Date.

Compulsory redemption is a mechanism that the Directors may use to protect the interests of the Fund. The Directors, at their sole and absolute discretion, may seek to compulsorily redeem all or any of Shareholder's Participating Shares if for example, a Shareholder:

- (i) is no longer eligible;
- (ii) becomes a politically exposed person;
- (iii) is convicted of a money laundering or terrorist crime;
- (iv) becomes listed on an OECD money laundering or terrorism 'Watch List'; or
- (v) any other reason that, in the opinion of the Directors, would have an adverse effect on the interests of the other Shareholders of the Fund, or on the Fund itself.

This is not an exhaustive list and the Directors may in their sole absolute discretion compulsorily redeem a shareholder for any other reason.

The price at which any Participating Share shall be compulsorily redeemed shall be the NAV per Participating Share of that Participating Share as of the close of business on the Valuation Day prior to the Compulsory Redemption Date, and:

- (a) shall be payable on the Compulsory Redemption Date;
- (b) shall be paid in the Base Currency of the Participating Shares being redeemed or, at the option of the Directors, in any other currency;
- (c) the Directors reserve the right, at their absolute discretion, to delay the payment and/or make stage payments in relation to a compulsory redemption to correspond with the time when liquid funds are available to fund the redemption.

No interest shall accrue during the period from the Compulsory Redemption Date to the payment date.

All costs incurred in a compulsory redemption of the Participating Shares shall be for the account of the redeeming Shareholder thereof and may be withheld from the proceeds of the redemption.

The Company and the Fund shall have no responsibility in effecting a compulsory redemption of the Participating Shares other than to act in good faith and in a commercially reasonable manner.

Normally redemptions shall be paid in the Base Currency of the Fund, within 10 to 15 Business Days of the respective Compulsory Redemption Day. The Board of Directors reserves the right, at its absolute discretion, to delay the payment and/or make stage payments in relation to a redemption to correspond with the time when liquid funds are available to fund the redemption. The Articles also provide that the Directors may in their absolute discretion redeem any or all of the Participating Shares by payment in money and/or *in specie* and whether partly in money and/or partly *in specie*. In the case of an *in-specie* transfer, the redeeming Participating Shareholder must consent to an *in-specie* transfer. The Directors will carry out a valuation of the proposed *in-specie* transfer. The valuation determined by the Directors shall be final and the investors shall decide whether they accept the valuation and therefore accept the *in-specie* transfer as consideration for the redemption.

Subject to the Articles, the procedure for determining which Participating Shares will be compulsorily redeemed in any particular case is subject to change at the discretion of the Directors. In exercising discretion and in making determinations as to whether to compulsorily redeem the Participating Shares, and in determining which Participating Shareholders shall be subject to compulsory redemption, the Directors may act upon the basis of such information as may be known to them, without any obligation to make special inquiries, and may rely upon the advice of counsel. In no event shall the Company, the Fund or the Investment Director be liable to any Shareholder for any consequence of exercising any discretion or making any determination with respect to such compulsory redemption.

#### **11.4 SUBSCRIPTIONS, REDEMPTIONS AND TRANSFERS DURING A PERIOD OF SUSPENSION OF THE DETERMINATION OF THE NET ASSET VALUE**

As per Section 10.6 of this Private Placement Memorandum, the Directors may, in their sole discretion, suspend the calculation of the NAV per Participating Share.

No Participating Shares may be issued during any period when the determination of the NAV per Participating Share is suspended pursuant to the terms hereof. During any period of suspension an applicant may revoke an application for Participating Shares at any time prior to the termination of the period of suspension. Any withdrawal of an Application shall be made in writing and shall be effective only if actually received by the Company before termination of the period of suspension. If any Application is not so withdrawn the Participating Shares the subject of the Application shall be issued on the Subscription Day following the next Valuation Day after the termination of the period of suspension.

If the determination of the NAV per Participating Share is suspended beyond the day on which it would normally occur, the right of the Member to have his Participating Shares redeemed shall be similarly suspended, and during the period of suspension he may withdraw his Redemption Request. Any withdrawal of a Redemption Request shall be made in writing and shall be effective only if actually received by the Company before termination of the period of suspension. If the Redemption Request is not so withdrawn, the Participating Shares which are the subject of the Redemption Request shall be redeemed on the Redemption Day next following the termination of the suspension.

If the determination of the NAV per Participating Share is suspended beyond the day on which it would normally occur, the right of the Member to have his Participating Shares transferred may, at the discretion of the Directors, be similarly suspended and during the period of suspension he may withdraw his transfer request. Any withdrawal of a transfer request shall be made in writing and shall be effective only if actually received by the Company before termination of the period of suspension. If the transfer request is not so withdrawn the Participating Shares which are the subject of the transfer request shall be transferred following the termination of the suspension.

### 11.5 REGISTRATION AND TRANSFER OF SHARES

Except as the Directors may permit, the Company shall not issue certificated Shares and Shares will be issued in registered form. The Company maintains a current list of the registered names and addresses of the Company's Shareholders at the registered office of the Company in Gibraltar.

Transfers of shares require the approval of the Board of Directors. Furthermore, the transferee must satisfy the qualifying status of an Experienced Investor; the transferee shall furnish the Administrator with any due diligence information or documentation that would have been required of a subscriber under this PPM and the instrument of transfer must be accompanied by the signed declaration as set out in the Application Forms.

In the event that any share certificates have been issued in respect of the Shares which are transferred, those share certificates must be returned to the Company prior to the transfer. Any transferee will be required to provide the same information which would be required in connection with a direct subscription in order for a transfer application to be considered by the Directors. Violation of applicable ownership and transfer restrictions may, at the discretion of the Directors, result in compulsory redemption of the relevant Participating Shares.

The Participating Shares are not listed on any securities exchange. As of the date of this Private Placement Memorandum, there is not any secondary market for trading in the Participating Shares of the Fund.

#### **IMPORTANT**

**As part of its implementation of legislation relating to the 4<sup>th</sup> EU Money Laundering Directive, on 26 June 2017 Gibraltar introduced its Register of Ultimate Beneficial Owners Regulations 2017 under the Proceeds of Crime Act. In accordance with these regulations, Gibraltar companies and other legal entities are required to disclose beneficial ownership details to a privately held central register. The disclosure covers beneficial owners holding over 25% ownership, voting rights or control, whether directly or indirectly. The register is stored within the Finance Centre Department of the Gibraltar Ministry of Financial Services and is disclosed by request to national authorities, licensed financial institutions and persons with a legitimate interest. The Fund is required to comply with these regulations.**

### 11.6 INVESTOR SUITABILITY

Only Experienced Investors who subscribe for the Minimum Subscription Amount as defined in this Private Placement Memorandum are able to invest into the Fund.

### 11.7 GIBRALTAR LEGAL REQUIREMENTS AND AML

As part of the Company's responsibility for the prevention of the financial system from being used for money laundering or terrorist financing activities, the Company will require verification of an investor's identity and economic activity. An individual shall be required to produce a copy



of a passport or national identity card with a photograph, together with one form of proof of residence, and copies of these shall be certified as true copies by a lawyer, accountant, banker or other such responsible individual. The Company may require that such documents be certified by a Notary Public and/or affixed with an Apostille. In addition, all individual subscribers must include plausible and verifiable source of wealth/income and source of funds.

In the case of corporate applicants, they may be required to produce a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the names, occupations, dates of birth and residential and/or business addresses of all directors, shareholders and/or beneficial owners (as applicable), along with a certified copy of a passport or national identity card with a photograph together with one form of proof of residence for each of those individuals, and these shall be certified by a lawyer, accountant or banker or other such responsible individual, and in the case of an individual, the Company may require that such documents be certified by a Notary Public and/or affixed with an Apostille. The Company may require that the directors, shareholders and/or beneficial owners (as applicable) be required to provide details of their name and address of the employer or business, their position with the employer or business, origin of assets, estimated total income and assets.

The Company reserves the right to request such information as is necessary to verify the identity and economic activity of an applicant. In the event of a delay or failure by the applicant to produce any information required for verification purposes, the Company may refuse to accept the application and the subscription moneys relating thereto.

#### 11.8 DIVIDEND POLICY

The Company may, at the discretion of the Board of Directors, declare dividends, in cash or in kind, in respect of any shares in the Company out of distributable profits as per the Companies Act. Where dividends are not declared, it will result in the profits of the Company being retained and reinvested in the Company. Ordinary Shareholder are not entitled to receipt of dividends.

## SECTION 12

## VALUATIONS OF INVESTMENT ASSETS AND NAVS

**12.1 VALUATION OF DIGITAL ASSETS**

There is no specific guidance in IFRS on accounting for Digital Assets despite accelerating use. There are differing views within the accountancy profession as to how they should be valued. **Participating Shareholders should be aware that Digital Assets are not Fiat Currencies and that the Digital Assets investment market is not supported by any central Governmental organisations. There are also no official Governmental central databases available to value the Fund's investments.**

As there is no official guidance on accounting for Digital Assets, consideration is needed as to what is appropriate in the context of the Fund. Some commentators refer to Digital Assets as a form of cash or cash equivalent. Such treatment, however, has objectors as although some Digital Assets are more or less readily convertible to cash they are not fiat currency, they are not issued or supported by a central government, they are generally not considered legal tender and are considered too volatile to represent cash or a cash equivalent and currently not capable of setting prices for goods and services directly. Digital Assets could be deemed to be financial assets, however, as holding a unit of a Digital Asset typically does not give the holder a contractual right to receive cash or another financial asset, nor does the Digital Asset come into existence as a result of a contractual relationship, it will not meet the definition of a financial asset. Digital Assets do not fall into the scope of "Property, Plant or Equipment" because they are not tangible items. Some commentators surmise that Digital Assets are more like gold or another commodity than cash or a financial asset. In which case, holdings of Digital Assets could be treated as either inventory or intangible assets depending on the business model of the entity that holds them.

**12.1.1 Background**

During December 2016 the Australian Accounting Standards Board ('AASB') issued a paper entitled 'Digital currency – A case for standard setting activity'.<sup>1</sup> In the opinion of the AASB Digital Assets should be measured at fair value with changes in fair value recognised in profit or loss. Furthermore, the AASB is of the view that the accounting for Digital Assets highlights a broader issue with IFRSs in that there is no accounting standard that deals with investments in intangible assets or other commodity type assets that are not financial instruments or inventory. Consequently, the AASB has recommended that the IASB develop a standard that would address the accounting for investments in intangible assets and commodities. A weblog post on the Institute of Chartered Accountants in England and Wales ('ICAEW') entitled 'Accounting for Bitcoin'<sup>2</sup> comments that Digital Assets could be initially measured at either the purchase price

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<sup>1</sup> [http://www.aasb.gov.au/admin/file/content102/c3/AASB\\_ASAF\\_DigitalCurrency.pdf](http://www.aasb.gov.au/admin/file/content102/c3/AASB_ASAF_DigitalCurrency.pdf)

<sup>2</sup> <https://ion.icaew.com/talkaccountancy/b/weblog/posts/accounting-for-bitcoin>

<sup>3</sup> <https://www.pwc.com/gx/en/audit-services/ifrs/publications/ifrs-16/cryptographic-assets-related-transactions-accounting-considerations-ifrs-pwc-in-depth.pdf>

or at the fair value of goods or services provided at the time of the transaction and that it would make sense for an entity that was a Digital Assets trader to subsequently measure its Digital Assets at fair value through profit or loss.

In December 2019, PricewaterhouseCoopers issued an “In Depth” article looking at the financial reporting issues surrounding the accounting considerations of cryptographic assets and related transactions.<sup>3</sup> The topic of digital currencies was identified as a potential new project for the International Accounting Standards Board (“IASB”) in 2015 through the Board’s Agenda Consultation process. However, the Board decided not to act immediately but to continue to monitor developments. As part of that process, the Accounting Standards Advisory Forum (‘ASAF’), an IFRS Foundation advisory forum consisting of representatives from national and supra-national accounting standard setters, discussed digital currencies at a meeting in December 2016. The debate was focused on the classification of a cryptographic asset from the holder’s perspective. Conversations have continued in various accounting standards boards, but no formal guidance has been issued by the IASB at this point. At the July 2018 Board meeting, the IASB reached an agreement to ask the IFRS Interpretations Committee (‘IFRS IC’) to consider guidance for the accounting of transactions involving Digital Assets, possibly in the form of an agenda decision on how an entity might walk through the existing IFRS requirements. In June 2019, the IFRS IC published its agenda decision on ‘Holdings of Cryptocurrencies’, and it considered a subset of cryptographic assets with the following characteristics:

- a digital or virtual currency recorded on a distributed ledger that uses cryptography for security;

- not issued by a jurisdictional authority or other party; and

- does not give rise to a contract between the holder and another party.

The IFRS IC concluded that IAS 2, ‘Inventories’, applies to such assets where they are held for sale in the ordinary course of business. If IAS 2 is not applicable, an entity applies IAS 38, ‘Intangible Assets’, to holdings of Digital Assets.

Inventory accounting might be appropriate if an entity holds Digital Assets for sale in the ordinary course of business and in particular, an entity that actively trades the Digital Assets, purchasing them with a view to their resale in the near future and generating a profit from fluctuations in the price or traders’ margin, might consider whether the guidance in IAS 2 for commodity broker-traders should be applied.

If a Digital Asset does not meet the definition of inventory, it will likely meet the definition of an intangible asset under IAS 38. This classification may be more appropriate if the entity holds Digital Assets for investment purposes (that is capital appreciation) over extended periods of time.

### **12.1.2 Classification**

Given the Fund is a Digital Asset investment vehicle which will be actively trading Digital Assets, acquiring them with a view to resale in the near future and doing so in order to generate profit

from fluctuations in price, and taking into consideration the views of the AASB, ICAEW, IASB and IFRS IC, the Fund will, where possible, account for Digital Assets as inventory, applying the broker-trader exception under IAS 2. Should this classification fail, the Fund will account for Digital Assets as an intangible asset under IAS 38. It is likely that any investments into illiquid tokens or non-traditional “VC” investments denominated in Digital Assets will be classified as intangible assets.

### 12.1.3 Measurement Considerations:

Standard	Initial Measurement	Subsequent Measurement	Movements in Value
Inventory (Commodity broker-trader exception)	Cost	Fair value less costs to sell	Profit and loss
Inventory (Other)	Cost	Lower of cost and net realisable value	Above cost - n/a Below cost - profit and loss
Intangible (Cost Model)	Cost	Cost less accumulated amortisation and impairment	Above cost - n/a Below cost - profit and loss
Intangible (Revaluation Model)	Cost	Fair value less accumulated amortisation and impairment	Above cost - other comprehensive income Below cost - profit and loss

Initially, the Fund will measure Digital Assets at cost.

Subsequent to initial measurement, the Fund will measure Digital Assets at fair value with any changes in fair value recognised through profit and loss.

Other crypto-related assets or derivatives (futures, swaps and other derivative instruments) will be classified as financial assets or liabilities and measured at fair value through profit and loss.

### 12.1.4 Obtaining of Fair Value

Fair value will be determined as follows:

The Fund's total Digital Assets portfolio (and for the avoidance of doubt, this will include any holding in Stablecoins) will be valued in USD at the applicable rate of exchange between each Digital Asset and USD as obtained via [www.coinmarketcap.com](http://www.coinmarketcap.com), at 16:00 Gibraltar time on each Valuation Day, or as close to this time as possible, subject to the availability of information at this time, as provided by the exchanges, brokers, custodians and wallet providers utilised by the Fund. Where prices/valuation data is not available via the above, the Fund may obtain such prices from a secondary source, such as [www.coingecko.com](http://www.coingecko.com), [www.binance.com](http://www.binance.com) or [www.coinbase.com](http://www.coinbase.com).

Where applicable, the Fund may utilise the market values (also commonly referred to as "open trade equity", "Profit or Loss" or "P&L" balances by Digital Asset exchanges) as provided by the relevant Digital Asset exchange or platform, as a representation of fair value of any derivative financial assets or liabilities. Any profit or loss on open contract positions denominated in a Digital Asset, including short positions, created as a result of futures or margin trading on Digital Asset exchanges, or as a result of over-the-counter transactions, will be included in the valuation of the Fund's assets and liabilities and will be valued using the same method detailed above.

Any Digital Assets held in a Digital Asset wallet, with a Digital Asset exchange or on any other platform where prices in BTC and/or BTC to USD are not available, will be valued by the Directors at a rate that they, at their sole and absolute discretion, determines is fair and equitable.

Any Fiat Currency held on account at a Digital Asset exchange, wallet or platform that cannot be withdrawn directly in Fiat Currency may not be considered to be cash and cash equivalents. Such Fiat Currency may, at the Director's discretion, be valued by expressing the Fiat Currency in BTC (or other relevant Digital Asset) at the price quoted by each respective Digital Asset exchange at 16:00 Gibraltar time on each Valuation Day, or as close to this time as possible. The respective BTC (or other Digital Asset) equivalent will thereafter be valued in USD at rate of BTC (or other Digital Asset) to USD calculated for the conversion to USD set out in the section above.

The above notwithstanding, the Directors (in consultation with the Administrator and/or Auditor) may use methods of valuing Digital Assets and their derivatives other than those set forth herein if they believe the alternate method is preferable in determining the fair value of such instruments. In particular, the Directors (in consultation with the Administrator and/or Auditor) may take account of certain significant events, if, in the judgment of the Directors (in consultation with the Administrator), they have materially altered such valuation.

Where prices for Digital Assets and their derivatives are not readily available from an exchange (such as Digital Assets whose prices are observable but are thinly traded (illiquid)) or VC Investments, the valuation may include the cost price of the instrument/investment or the deemed price at acquisition of the instrument/investment. The valuation may be stated at a cost value on an ongoing basis until the instrument is listed on an exchange, has a sufficient level of trading volume to establish a reliable fair value, or an alternative and reliable valuation basis is established. VC Investments may be valued by reference to their latest funding round. Convertible notes and other debt instruments will be valued at the Director's sole discretion having regard to Acceptable Accounting Principles. These positions may also be valued by other factors as may be determined by the Directors (in consultation with the Administrator), such as recent trading activity for the same or substantially similar instruments. Notwithstanding

anything to the contrary herein, this valuation procedure is subject to change and may be revised by the Directors (in consultation with the Administrator and/or Auditor) from time-to-time.

If the Fund were to receive equity in an underlying entity it shall be valued as per the Investment Director's instructions having regard to best practices.

## 12.2 NET ASSET VALUE

Net asset valuations will be determined by the Administrator on the Valuation Day or such other day as the Board of Directors may from time to time determine.

<b><u>Prospective Valuation Days</u></b>
31 <sup>st</sup> October 2024
29 <sup>th</sup> November 2024
31 <sup>st</sup> December 2024
31 <sup>st</sup> January 2025
28 <sup>th</sup> February 2025
28 <sup>th</sup> March 2025
30 <sup>th</sup> April 2025
30 <sup>st</sup> May 2025
30 <sup>th</sup> June 2025
31 <sup>st</sup> July 2025
29 <sup>th</sup> August 2025
30 <sup>th</sup> September 2025

31 <sup>st</sup> October 2025
28 <sup>th</sup> November 2025
31 <sup>st</sup> December 2025
30 <sup>st</sup> January 2026
27 <sup>th</sup> February 2026
31 <sup>th</sup> March 2026
30 <sup>th</sup> April 2026
29 <sup>st</sup> May 2026
30 <sup>th</sup> June 2026
31 <sup>st</sup> July 2026
31 <sup>th</sup> August 2026
30 <sup>th</sup> September 2026

It should be noted that additional Valuation Days can be held at the Directors sole and absolute discretion.

Net Asset Value calculations are determined in the following manner:

The Net Asset Value will be calculated on each Valuation Day. The Net Asset Value is calculated by the Administrator on an accruals basis of accounting by subtracting from the total value of the assets attributable to the Fund an amount equal to all liabilities attributable to the Fund.

### **12.3 NET ASSET VALUE PER PARTICIPATING SHARE**

The Net Asset Value will be calculated on each Valuation Day and under normal circumstances is determined within 10 to 15 Business Days of the Valuation Day by the Administrator, or sooner where possible. The NAV per Participating Share is determined by dividing the NAV attributable to a Series Account by the number of issued Participating Shares in that Series.

In accordance with the Company's Memorandum and Articles of Association, the Company's Net Asset Value shall be calculated by the Administrator of the Company on an accruals basis of

accounting as at the close of business on each Valuation Day or at other such times as the Board of Directors may determine. In determining the Net Asset Value, the Administrator may rely on prices and/or other valuation data provided to it by third parties. The value of the assets and liabilities attributable to the Company and the method of valuation of such assets and liabilities shall be determined by the Board of Directors (which may consult with and rely on the advice of the Administrator).

The Company will prepare its accounts in accordance with the Accepted Accounting Principles.

The NAV per Participating Share of the Company shall be calculated by:

- a) Ascertaining the NAV of the Company as at each Valuation Day or at other such time as the Board of Directors may determine;
- b) Dividing the resulting NAV attributable to the Series Account by the number of issued Participating Shares in that Series (including the Participating Shares (if any) being redeemed on the Redemption Day following such Valuation Day and the effect of Nominal Shares) and;
- c) Rounding the resulting NAV per Participating Share to the nearest whole cent and in the case of fractions of 0.005 and more, rounding up.

The determination of the NAV per Participating Share shall be examined and reported thereon by the Company's auditor or auditors, if appointed, as part of the audit of the Company's affairs for that financial reporting period and as of the Company's Accounting Date, if the Company is subject to audit.

The Company's financial statements, presenting all assets, liabilities, income and expenses of the Company, shall be made available at the registered office of the Administrator as soon as possible after each Accounting Date. In the event that there is a disagreement between the Board of Directors and the auditor or auditors, if appointed, regarding any such determination, and the Board of Directors and the auditor or auditors, if appointed, are unable to reach an agreement, the final determination shall be made by the Board of Directors. In such a case, the auditor or auditors may express any differing opinion in their report.

## **12.4 VALUATION OF ASSETS AND LIABILITIES OF THE COMPANY**

The value of the assets and liabilities attributable to the Company and the method of valuation of such assets and liabilities shall be determined by the Board of Directors (which may consult with and rely on the advice of the Administrator).

The assets of the Company shall be deemed to include the following:

- a) all investments (including Digital Assets, Digital Asset derivatives (long and short) and other digital assets), all cash on hand, on deposit, including any interest accrued thereon;
- b) all bills and demand notes and accounts receivable (including proceeds of financial instruments sold but not delivered);
- c) all interest accrued on any interest-bearing financial instruments owned by the Company, except to the extent that the same is included or reflected in the principal amount of such financial instruments;
- d) the start-up and operating expenses of the Company insofar as the same have not been amortised; and



- e) all other assets of every kind and nature, including, without limitation, prepaid expenses.

The liabilities of the Company shall be deemed to include the following:

- a) all loans (if any), bills and accounts payable;
- b) all accrued or payable expenses (including all fees payable to the Administrator, or any other service provider and any of their agents, as well as any allowance for estimated annual audit fees, directors' fees, legal fees and other fees);
- c) all known liabilities, present and future, including, without limitation, all matured contractual obligations for payments of money or property;
- d) an appropriate provision for taxes due and future taxes to be assessed on the basis of the current year's results and year-end NAV calculation; and
- e) all other liabilities of the Company of whatsoever kind and nature for which reserves are determined to be required by the Board of Directors.

In determining the amount of liabilities of the Company (of a regular or recurring nature or an estimated figure for annual or other periods in advance), the Board of Directors may at its absolute discretion accrue the same in equal proportions over any such period. The Board of Directors, in consultation with the Administrator, shall be entitled to adopt an alternative method of valuation in relation to any particular asset or liability if the Board of Directors considers, on the advice of the Administrator, that the method of valuation otherwise provided for in the Memorandum and Articles of Association does not provide a fair valuation of that asset or liability.

## **12.5 ACCOUNTING FOR FOREIGN EXCHANGE RATES**

The Company's financial statements are maintained in USD. Assets and liabilities denominated in other currencies are translated at the rate of exchange in effect at the relevant Valuation Day and translation adjustments are reflected in the results of operations. Portfolio transactions and income and expenses are translated at the rates of exchange in effect at the time of each transaction.

## **12.6 VALUATION PROCESS**

The Administrator will prepare the NAV using the best information available to it on the Valuation Day. The Administrator shall then send the NAV to the Board of Directors for approval. Only after the NAV has been approved in this manner will this be reported to Participating Shareholders.

It is possible that a NAV after being reported to the Participating Shareholders may need to be amended due to a material valuation error. The Board of Directors consider 'valuation errors' to be errors that are based on omission from, and misstatements in, the NAVs arising from error, failure to use, or misuse of, reliable information that was available when the NAV was authorised for issue. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of fact, fraud and/or incorrect reporting or accounting of an objective price, fee, and or charge or any other asset or liability.

Any valuation error may not be considered to be material if it is less than 50 basis points (0.5%) of the current NAV. If the valuation error is more than 50 basis points (0.5%) of the current NAV the Board of Directors will decide whether it should be considered a 'material valuation error' on a case-by-case basis. Only in cases where the valuation error is considered material will Participating Shareholders (or a particular Participating Shareholders) that are materially affected by the error be notified and corrective action taken. In determining whether a valuation error should be considered material, the Board of Directors will consider such factors as magnitude of the valuation error, whether the valuation error has had a material financial impact on the Participating Shareholders (or any particular Participating Shareholders) and also the costs and complexities involved with rectifying the valuation error.

Where the Board of Directors consider a valuation error to be material, corrective action to rectify the situation will be taken and Participating Shareholders who have been affected by such material valuation error will be notified in writing as soon as reasonably practical.

The Board of Directors shall compile an error report in the event of a material valuation error occurring which shall be provided to the auditor of the Fund.

## **12.7 SIDE POCKETS**

The Investment Director may, at any time, that an investment either lacks a readily assessable market value or should be held or accounted for separately until the resolution of a special event or circumstances create and issue a new Participation Share class and attribute the aforementioned asset solely for the benefit of that newly issued Participation Share class (a "Side Pocket"). Such Side Pocket shall also be apportioned additional resources (in the form of cash or other liquid resources) to be able to fund the costs associated with such a Side Pocket. A separate bookkeeping account shall be established for each Side Pocket (each a "Side Pocket

Account"). Notwithstanding any other provision to the contrary in this Private Placement Memorandum, each Side Pocket Account shall be valued by the Investment Director in his sole and absolute discretion. A Side Pocket Account will, in almost all circumstances, be established because the Investment Director cannot determine the valuation of the underlying and as a consequence may be valued at zero. The Investment Director shall monitor the underlying asset and keep the Participation Shareholders updated. The Investment Director shall issue a new class of Participation Share class to each affected Participation Shareholder in an amount which equates to their original holding of the affected Participation Shares. Redemptions of Participation Shares which relate to the Side Pocket shall be restricted and shall only be permitted at the sole and absolute discretion of the Investment Director. A redemption of the Side Pocket shall be linked to the realisation of the previously illiquid asset. The Redemption Price shall be calculated by dividing the realisation amount by the number of Participation Shares in issue in respect of that Side Pocket. Participation Shares not forming part of the Side Pocket shall cease to have any recourse whatsoever to the asset attributable to the Side Pocket, including the fact that the asset shall cease to form part of the NAV of those Participation Shares.

## **12.8 SUSPENSION OF THE DETERMINATION OF THE NET ASSET VALUE**

The Directors may, in their sole and absolute discretion, suspend the calculation of the NAV per Participating Share of each Series of Share in relation to the Participating Shares of the Company:

- a) when as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Company, disposal of assets or liabilities would not be reasonably practicable or would be seriously prejudicial to the Participating Shareholders; or
- b) during any breakdown in the means of communication normally employed in determining the price or value of any of the assets or liabilities or when for any other reason the prices or values of the assets or liabilities cannot reasonably be promptly and accurately ascertained; or
- c) during any period when the transfer of funds involved in the realisation or acquisition of any assets or disposal of any liabilities cannot, in the opinion of the Directors, be effected at normal rates of exchange; or
- d) upon the decision to liquidate and dissolve the Company; or
- e) when the Directors are of the view that a suspension is necessary; or
- f) when the Directors are of the opinion that such a suspension is in the best interests of the Company.

Any such suspension shall take effect at such time as the Directors shall declare but not later than the close of business on the Business Day next following the declaration and thereafter there shall be no determination of the NAV per Participating Share of each Series of Share until the Directors shall, in their sole discretion, declare the suspension to be at an end except that the suspension shall terminate in any event on the first Business Day on which:

- a) the condition giving rise to the suspension shall have ceased to exist; and
- b) no other condition under which suspension is authorised shall exist.

Any suspension of the determination of the NAV per Participating Share of each Series of Share will be notified to the Participating Shareholders by the Administrator.

SECTION 13  
**MATERIAL CONTRACTS AND CONFLICTS OF INTEREST**

**13.1 MATERIAL CONTRACTS***Director Service Agreements*

The Directors have entered into separate service agreements between the Company and each Director independently which specifies terms whereby each Director agrees to act as a Director of the Company. Either party may terminate the agreement without cause by giving not less than 30-days' notice to the other party and the agreement may be terminated by mutual consent at any time. The Company may, terminate the agreement immediately if the Director in question; ceases to be able to provide the services (as defined therein); fails to provide the services or is guilty of any material breach or non-observance of the provisions of the agreement on his/her/its part to be performed or observed; or is guilty of any conduct or undertakes any activity which is likely to affect prejudicially the reputation and good name of the Company or that may make the Company liable in law. The Director may, without prejudice to any other rights or obligations accrued up to the time of termination, by notice in writing to the Company, terminate the agreement forthwith if the Company; is guilty of any material breach or non-observance of any of the provisions of the agreement on its part to be performed or observed; or is guilty of any conduct or undertakes any activity which is likely to affect prejudicially the reputation and good name of the Director or that may make the Director liable in law. The agreements shall automatically terminate upon insolvency, liquidation or voluntary winding up of the Company, or upon bankruptcy of the Director.

*Administration Agreement*

Administration Agreement between the Company and the Administrator specifies the terms whereby the Administrator agrees to act as administrator for the Company. This agreement shall continue in effect until terminated at any time by either party without the payment of any penalty, upon not less than 30 days written notice to the other party, which in the case of notice from the Company to the Administrator must expire on or after the first anniversary of the date of commencement of the period of the agreement, except that this agreement may be terminated immediately by either party if the other shall commit any breach of its obligations under it, or appoint a liquidator or receiver or become insolvent and unable to pay its debts as they fall due. Additionally, either party may immediately terminate the agreement if the other party does any act which is likely to prejudicially affect the reputation or good name of the other party or that may make the other party liable at law. The agreement contains an indemnity from the Administrator to the Company in respect of all liabilities, losses, damages, actions, proceedings and claims which may be brought against, suffered or incurred by the Company to the extent that they are attributable to the gross negligence or wilful default on the part of the Administrator in the performance of its duties.

*Bank's Terms and Conditions*

The relationship between the Company and the Bank is governed by the account opening forms and the terms and conditions applicable to such account. These documents are available for inspection at the offices of the Administrator.

### *Company Management Agreement*

Company Management Agreement between the Company and the Company Secretary specifies the terms whereby the Company Secretary agrees to act as secretary for the Company. The agreement shall continue in effect until terminated at any time by either party without the payment of any penalty, upon not less than 30 days' written notice to the other party. The agreement may also be terminated on the occurrence of certain insolvency events or if one party breaches the terms of the agreement and fails to remedy such breach within a 30-day notice period. The agreement limits the Company Secretary's aggregate liability to £10,000 for any losses whatsoever and howsoever caused, arising from or in any way connected with the agreement.

### *No benefits upon termination*

Save to the extent disclosed above, there are no contracts with the Company that provide for benefits upon termination, other than any fees or expenses accrued up until the date of termination.

## **13.2 CONFLICTS OF INTEREST**

Prospective investors should be aware that there may be situations in which each and all of the counterparties/service providers could encounter a conflict of interest in connection with the Company and/or the Fund. Should a conflict of interest actually arise, the Board of Directors will endeavour to ensure that it is resolved fairly, providing that any such party who may have such a direct or indirect conflict of interest declares such an interest in resolving such conflict. Irrespective of the aforementioned, nothing in this PPM shall be construed as preventing any of the Board of Directors, the Investment Director, the Administrator, the Gibraltar Legal Advisor, the Company Secretary and the Auditor from holding similar positions for other companies or investment funds, with or without similar investment objective and investment strategy that may be in conflict with the Company and/or the Fund.

The Board of Directors and persons connected thereto may hold commercial interests in the success of the Company and/or the Fund.

### **13.2.1 Potential Conflicts of Interest**

The Board of Directors may be engaged in other substantial activities apart from the activities with respect to the Company and may devote to the Fund only as much time as is reasonably necessary, in their judgement, for its management.

The EIF Directors provide directorship services to other funds and experienced investor funds and will be remunerated for the provision of such services. It is therefore possible that the EIF Directors may, in providing their services, be subject to potential conflicts of interest with the Fund. The EIF Directors will, however, have regard to their obligations under their director service agreements with the Company and, in particular, to their obligations to act in the best interests of the Company so far as practicable, having regard to their obligations to other funds where potential conflicts of interest may arise.

The Investment Director may also invest into the Fund. The Investment Director is entitled to Management Fees and Performance Fees. The Investment Director is also the sole holder of Ordinary Shares.

The Investment Director may introduce potential investments to the Fund. The Investment Director may be paid a commission/introducers fee by such investments for introducing them to the Fund. The Investment Director will be required to notify the Directors of any potential investments introduced to the Fund by them. The Fund may consider investments in entities or projects in which the Investment Director have an interest or in which they hold shares. If the Fund proceeds to make such investments, such transactions will be on an arm's length basis. The Investment Director may therefore hold shares or an interest in a company in which the Fund invests.

The Fund may invest in investments where the Investment Director and/or persons associated with the Investment Director, may have an interest and/or may be a shareholder (major or otherwise). When such an investment occurs the Investment Director will present the investment opportunity to the Directors who will decide, at their sole and absolute discretion, as to whether or not to invest in an Investment Asset. Post-acquisition the Investment Director will manage the Investment Asset in the normal way save for, however, the Investment Director will keep the Directors apprised as to any changes in the holding of the persons associated with the Investment Director in the Investment Asset.

Introducers and/or distributors may include entities and/or individuals that may be connected to the Investment Director.

The Investment Director may, at its sole and absolute discretion, pay fees to promoters and/or introducers from the Management Fees and/or Performance Fees that it receives from the Fund.

The Administrator and Company Secretary provide administration and company secretarial to other funds and experienced investor funds and will be remunerated in respect of such services. The Administrator and Company Secretary will, however, have regard to their obligations under their respective agreements with the Fund and, in particular, to their obligations to act in the best interests of the Fund so far as practicable, having regard to their obligations to other clients where potential conflicts of interest may arise.

## SECTION 14

### TAXATION

The following summary is based on the law and practice currently in force in Gibraltar and is subject to changes therein. The statements on taxation below are intended to be a general summary of certain Gibraltar tax consequences that may be relevant to the Fund and the Participating Shareholders. The statements relate to Participating Shares as an investment (as

opposed to an acquisition by a dealer) and are based on the law and practice in force in Gibraltar at the date of this PPM. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time of investment in this Fund will endure indefinitely. Taxation law and practice and the levels and bases of and relief from taxation relating to the Fund and to Shareholders may change from time to time.

**Prospective investors in the Fund should familiarise themselves with and, where appropriate, take advice from their Professional Advisor/s on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for, and the holding and realisation of, Participating Shares in the places of their citizenship, residence and domicile. The tax consequences for each prospective investor in the Fund of acquiring, holding, redeeming or disposing of Participating Shares will depend upon the relevant laws of any jurisdiction to which the prospective investor in the Fund is subject. Investors and prospective investors in the Fund should seek their own professional advice from their Professional Advisor/s as to this, as well as to any relevant exchange control or other laws and regulations.**

Gibraltar has no capital gains tax and therefore no tax is payable on the redemption of Participating Shares to Gibraltar resident investors. In addition, there is no taxation on dividends and interest paid by a Gibraltar fund to a non-resident recipient (this includes a Participating Shareholder). There is no requirement to withhold tax from dividends and the Fund is not required to report interest income paid to Participating Shareholders. Gibraltar does not levy taxes on capital inheritances, stamp duty on the issue or transfer of Participating Shares in a fund or VAT and there are currently no exchange control restrictions. Gibraltar has a limited number of double taxation agreements: one with the UK and one with Spain. Amounts payable to the Fund in respect of its underlying investments may be subject to the withholding and other taxes of the jurisdictions where these investments are made which are not recoverable. The Fund will aim to minimise taxation on its income and gains to the extent that the Board of Directors consider reasonable.

**This does not mean that each Shareholder shall be exempt from tax in Gibraltar or any other relevant jurisdiction and each Shareholder should therefore consult his/her own Professional Advisor as to his/her own personal taxation position. There can be no assurance, that in the future the Company and/or the Fund will not be liable to taxation in Gibraltar. Should the income of the Company and/or the Fund be deemed to accrue in or derive from Gibraltar, and such income be assessable income in accordance with Tables A to C inclusive of Schedule 1 of the IT Act, the income of the Company and/or the Fund will be taxable in Gibraltar under the IT Act. In particular, there can be no guarantee that the Government of Gibraltar may not in the future be required to change the tax system in Gibraltar to the detriment of companies such as the Fund. No warranty is given or implied regarding the applicability or interpretation of the tax laws in any jurisdiction.**

SECTION 15  
**FATCA AND THE COMMON REPORTING STANDARD**

### *15.1 FATCA*

The Foreign Account Tax Compliance Act ('FATCA') is a US federal law requiring U.S. Persons to report their non-US financial accounts annually to the Internal Revenue Services ('IRS'). The law also requires non-U.S. Foreign Financial Institutions ('FFIs') to assess and report all accounts held by U.S. Persons. FATCA came into effect on 1 July 2014. The Board of Directors have determined that the Company is a FFI and has registered with the Internal Revenue Services and has obtained a Global Intermediary Identification Number ('GIIN'). On 21 August 2015 the International Co-operation (Improvement of International Tax Compliance) (United States) Regulations 2015 (the 'US FATCA Regulations') came into operation in Gibraltar. Under the rules and requirements of the US FATCA Regulations FFIs are required to complete the following steps (a) performance of due diligence on financial accounts; and (b) report any U.S. reportable accounts. The Board of Directors understand that the information that an FFI would be required to obtain from Shareholders pursuant to the US FATCA Regulations generally will consist of the following: name, address and taxpayer identification number (if any) of each Shareholder (as applicable); a certification that such Shareholders are not U.S. Persons or citizens; in the case of non-natural shareholders, its classification for U.S. tax purposes (e.g. partnership, corporation, etc); and the Shareholder's classification under FATCA. Under the terms of the US FATCA Regulations the IRS would have the right to inspect the information collected and analysed by an FFI for the purposes of an audit type process. This may include inspecting information on all Shareholders, i.e. including non-U.S. Persons. The Company will act in accordance with the FATCA US Regulations and perform the required assessment of due diligence on financial accounts and report any reportable accounts (as and when applicable to do so).

### *15.2 THE COMMON REPORTING STANDARD*

On 1 January 2016 the International Co-Operation (Improvement of International Tax Compliance) Regulations 2015 ('CRS Regulations') came into force in Gibraltar. The Common Reporting Standard ('CRS') is an information standard for the automatic exchange of information developed in response to the G20 request and approved by the OECD Council on 15 July 2014. CRS requires jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis. The CRS sets out the financial account information to be exchanged, the financial institutions required to report, the different types of accounts and taxpayers covered, as well as common due diligence procedures to be followed by financial institutions. The Board of Directors understand that the CRS Regulations and the US FATCA Regulations impose similar obligations on the Fund albeit the beneficiary in respect of reporting in relation to the CRS Regulations will be to the multiple tax authorities (as opposed to the IRS). The Company will act in accordance with the CRS Regulations and perform the required assessment of due diligence on financial accounts and report any reportable accounts (as and when applicable to do so).



### *15.3 FATCA AND CRS – DATA PROTECTION*

As set out above the Company may have to disclose or make available to the IRS, the UK taxation authorities or other relevant tax authorities' certain information which would otherwise be subject to the data protection provisions under Gibraltar's Data Protection Act 2004. By subscribing for Participating Shares all Shareholders should note that they are agreeing to any transfer of data carried out for any of the reasons given above, or for any reason that the Board of Directors or Administrator deem necessary to comply with legislation in force at the time.

## SECTION 16

### AIFMD

#### 16.1 AIFMD

On 8 June 2011 the Alternative Investment Fund Managers Directive ('AIFMD') was adopted by the EU. AIFMD introduced harmonised requirements for entities involved in the management of alternative investment funds ('AIFs') that are managed and/or marketed to professional investors in the EU.

In terms of scope, AIFMD encompasses all EU AIFs and their managers ('AIFMs') as well as all non-EU AIFMs (irrespective of whether or not they manage EU AIFs or non-EU AIFs) that market to investors in the EU. AIFMD is wide reaching covering all possible strategies and legal forms and, as such, encompasses conventional 'trading' funds (trading equity, options, derivatives and such like) to alternative assets classes.

AIFMD recognises external AIFMs (those funds that are managed by an external manager) and internal AIFMs whereby when the legal form of the AIF permits its internal management and where the AIFs governing body chooses not to appoint an external AIFM, the AIF itself, shall be the considered to be the AIFM.

There are several exemptions to the scope of the AIFMD, the main of which being the *de-minimus* test of an AIFM with aggregate total assets of (a) less than €100 million (including leverage); or (b) less than €500 million (unleveraged) and that does not have redemption rights during a period of 5 years following the date of initial investment in the AIF. Such AIFMs are referred to as being a 'Small AIFM'.

Gibraltar transposed AIFMD into Gibraltar Law and the relevant provisions can be found in the FSA and the Financial Services (Alternative Investment Fund Managers) Regulations 2020 (the 'AIFM Regulations'). They continue to apply despite Brexit save for provisions of the Dual Regime detailed Section 16.2 below.

#### 16.2 DUAL REGIME

Having regard to Brexit, HM Government of Gibraltar has sought to position Gibraltar as an international funds jurisdiction and has created legislation that enables AIFs that are approaching the *de-minimus test* to opt out of the provisions of AIFMD. This enables funds to continue to operate as originally structured irrespective of their AUM. The Fund has applied to the GFSC to take advantage of the Dual Regime provisions (details of which can be found in the EIF Regs and the AIFM Regs). The Fund, once approved by the GFSC, will therefore continue to be able to be self managed fund irrespective of its AUM subject to the aforementioned provisions.

In due course, the Fund may wish to become licensed as an external in-scope AIFM under AIFMD or the Directors may consider appointing an AIFM licensed under AIFMD as the Fund's AIFM or the Fund may wish to become licensed as a self-managed AIFM under AIFMD. Should any of the above take place, such a change will not be treated as a Fundamental Change and will therefore be at the sole and absolute discretion of the Directors.

**SECTION 17**

## ADDITIONAL INFORMATION

**17.1 REPORTING****17.1.1 Annual Reporting**

The Company will prepare annual financial statements within six (6) months of the end of each Accounting Date.

While the Board of Directors of the Fund will endeavour to prepare the financial statements within the time deadlines stated, the Board of Directors and/the Company shall not be held liable for any delays in providing the relevant reports and/or publishing the relevant information which result from unexpected contingencies, such as delays in receiving necessary information from which to prepare such reports or information; equipment failure; fire or other physical damage to office or equipment; power failures or acts of God.

A copy of the Company's latest financial statements can be obtained by the Shareholders free of charge at the offices of the Administrator.

All notices to the shareholders will be sent by the Administrator to the registered shareholders of the Fund.

**17.1.2 Reporting of Net Asset Value**

NAVs will be reported to the Participating Shareholders within 10 to 15 Business Days of the NAVs having been approved by the Board of Directors.

**17.2 RELEVANT DOCUMENTATION**

This PPM is not intended to provide a complete description of the Memorandum and Articles or the agreements with the Board of Directors and other service providers. Copies of all such documents are available for inspection by shareholders during normal business hours at the office of the Administrator. Shareholders may inspect copies of the annual financial statements, when available, and the register of shareholders of the Fund at the offices of the Administrator. The Memorandum and Articles of Association of the Fund are available for inspection at the office of the Administrator during normal business hours and Companies House (Gibraltar) Limited, 1<sup>st</sup> Floor, The Arcade, 30-38 Main Street, Gibraltar.

**17.3 ENQUIRIES**

Enquiries concerning the Fund and its shares (including information concerning subscription and valuation of the Participating Shares) should be directed to:

HODL Delta Neutral & Market Neutral Fund Limited  
c/o Abacus Fund Administration Limited  
5-9 Main Street  
Gibraltar

Tel: 00 350 200 78777

Fax: 00 350 200 76689

E-mail: [hodlfunds@abacus.gi](mailto:hodlfunds@abacus.gi)

#### **17.4 GOVERNING LAW**

The Fund is governed by the law of Gibraltar and any dispute relating to the Fund shall be submitted in first instance to the competent court of Gibraltar.

#### **17.5 VOTING OF THE INVESTMENT ASSETS**

Any options or rights including voting rights in underlying Investment Assets will be exercised by the Investment Director in, what in their opinion is, the best interests of the Fund.

#### **17.6 LEGAL PROCEEDINGS**

As at the date of this PPM, there are no legal nor arbitration proceedings (including no proceedings which are pending or threatened of which the Board of Directors or the Fund are aware) which may or have had a significant effect on the Fund or the Fund's financial position.

#### **17.7 DATA PROTECTION**

The Company is a Data Controller for the purposes of the Data Protection Act 2004. The Company shall send personal data, where collected, to the following sets of data processors in order to perform its services: (i) the Administrator; (ii) fraud prevention agencies – this is in order to verify a Subscriber's identity, protect against fraud, comply with anti-money laundering laws and to confirm eligibility to subscribe under the terms of this Offer Document and Listing Particulars; (iii) banking and financial services partners – financial services providers that help the Company provide its services including the Bank, banking intermediaries and international payments services providers; (iv) companies and individuals identified in this Offer Document and Listing Particulars required to conduct services for and on behalf of the fund such as the EIF Directors and Investment Director (v) or to such other data processors as required by law or regulation. The Company shall process this data in accordance with our privacy notice and for the purposes of providing the services as further particularised in this PPM.

**SECTION 18****RISK FACTORS**

**THIS SECTION ON RISK FACTORS IS NOT AND DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED WITH AN INVESTMENT IN THIS FUND. THERE MAY BE ADDITIONAL MATERIAL RISKS THAT THE BOARD OF DIRECTORS DO NOT CURRENTLY CONSIDER TO BE MATERIAL OR OF WHICH THE BOARD OF DIRECTORS ARE NOT AWARE. THE FOLLOWING THEREFORE HIGHLIGHTS CERTAIN PARTICULAR RISKS TO WHICH THIS FUND IS SUBJECT AND WHICH THIS FUND WISHES TO ENCOURAGE INVESTORS TO DISCUSS WITH THEIR PROFESSIONAL ADVISORS.**

**The prospective investors in Participating Shares should conduct such independent investigation and analysis regarding this Fund, its investments and all other relevant market and economic factors as they deem appropriate to fully evaluate the merits and risk of their proposed investment.**

**The Fund, its Board of Directors, the Administrator and the Fund's Professional Advisors, disclaim any responsibility to advise purchasers of Participating Shares of the risk and investment considerations associated with the purchase of Participating Shares as they exist at the date hereof or from time to time hereinafter.**

**Each prospective purchaser of any Participating Share/s must determine, based on his/her own independent review and such professional advice (including, without limitation, tax, accounting, credit, legal and regulatory advice) as it deems appropriate, that an investment in the Participating Share/s is an appropriate and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Participating Shares.**

**You should consult with your own legal, regulatory, tax, business, investment, financial and accounting Professional Advisors to the extent that you deem it necessary, and make your own investment decisions including decisions regarding the suitability of this investment based upon your own judgement and upon advice from such Professional Advisors as you deem necessary and not upon any view expressed by any party or any other agent or service provider mentioned in this PPM.**

An investment in the Fund is restricted to Experienced Investors and is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may be equal to the whole amount invested) that may result from such an investment. Such an investment should be seen as complementary to existing investments in a wide spread of other financial assets and should not form a major part of an investment portfolio. Prospective investors should be aware that the value of Participating Shares and the income from them may go down as well as up and that they may not realise their initial investment. Due to the nature of the investment and the investment risks involved, there can be no assurance that the investment objective will be achieved.

## Forward Looking Statements

Certain statements in this PPM constitute 'forward looking statements' that are used on the beliefs of the Directors and reflect their current expectations. When used in this PPM or in any marketing material, the words 'estimate', 'project', 'believe', 'anticipate', 'intend', 'expect', 'plan', 'predict', 'may', 'should', 'would', 'will', the negative of these words or such other variations thereon or comparable terminology are intended to identify forward-looking statements. Such statements reflect the views of the Directors at the time the statements are made with respect to future events based on information available at that time, and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in those forward-looking statements. The Directors assume no obligation to update or revise these statements to reflect current information, events, or circumstances, including changes in any risks or uncertainties that may impact them.

## Business Risk

There can be no assurance that the Fund will achieve its investment objective. The investment results of the Fund will be reliant upon the success of the Investment Director. The value of investments and the amount of income derived from them may go down as well as up. All investments can be affected by a variety of factors.

The Directors may fail to address all the risks that the Fund faces as a developing business, which could adversely affect the implementation of the investment objective. Investors will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Fund and, accordingly, will be dependent upon the judgement and ability of the Investment Director.

## Lack of Operating History

While the Fund has no operating history against which investors may consider the appropriateness of making an investment, Investment Director have experience of investments similar to the Fund's investment strategy. Where appropriate, the Investment Director, will instruct such Professional Advisors as may be required which will be paid by the Fund.

## Risk of Recession

If the global economy and/or emerging market economies experience a recession this could negatively impact on the future value of the Investment Assets.

## Market Crisis and Governmental Intervention

During the second half of 2008, losses at banks, brokers and other financial sector

companies as well as extreme volatility led to extensive and unprecedented governmental intervention in worldwide financial markets. Such intervention was in certain cases implemented on an 'emergency' basis, subjecting market participants without notice to a set of regulations which were in some cases unclear in scope and in application. The Directors believe that it is possible that emergency intervention may take place again in the future. The Directors also believe that the regulation of financial markets is likely to be increased in the future. It is impossible to predict the impact of any such intervention and/or increased regulation on the performance of Fund or the fulfilment of the investment objective.

### **Commencement of Investment Activity**

The Fund shall commence its investment activity once it has attained the Minimum Trading Amount. This means that the Fund may start trading with a relatively low Net Asset Value. The Fund's fees, charges and expenses will impact its performance. The impact of this will be even greater where the subscription amounts received for the Fund are low. This risk will only be ameliorated if the Fund is able to raise subscriptions in a timely manner which will result in the total expense ratio of the Fund being reduced and therefore reducing the drag on performance.

### **Trade errors**

Errors (human and computer) may be made when implementing the investment strategy. Such errors may negatively impact the Fund's

performance and as such result in significant losses to the Fund.

### **Risks of Investing in Digital Assets**

Though Bitcoin was not designed as a normal equity investment (no shares have been issued), some speculative investors were drawn to it after it appreciated rapidly in May 2011 and again in November 2013. Thus, many people purchase Bitcoin for its investment value rather than as a medium of exchange. But their lack of guaranteed value and digital nature means the purchase and use of Bitcoins carries several inherent risks. Many investor alerts have been issued by the Securities and Exchange Commission ('SEC'), the Financial Industry Regulatory Authority ('FINRA'), the Consumer Financial Protection Bureau ('CFPB'), and other agencies. This principal is true for other Digital Assets.

The concept of a virtual currency is still novel and, compared to traditional investments, Digital Assets do not have a long-term track record or history of credibility to back it. With their increasing use, Digital Assets are becoming less experimental everyday after eight years, they (like all digital currencies) remain in a development phase, still evolving. "It is pretty much the highest-risk, highest-return investment that you can possibly make," says Barry Silbert, CEO of Digital Currency Group, which builds and invests in Bitcoin and Blockchain companies.

Investment in the assets proposed to be invested in by the Fund are subject to a very high degree of operational difficulty in

accessing and evaluating such opportunities and in making and managing such investments including relating to the lack of ready convertibility between Fiat Currency, Digital Assets, coin and tokens and the difficulty in being able to deal with such assets via traditional market counterparties and intermediaries.

The acquisition and management of Digital Assets, coins and tokens by the Fund is subject to the risk of cybercrime that is difficult to manage and mitigate. This may result in concerted attempts and even successful attempts to defraud the Fund by way of theft of some of its Digital Asset, coin and token assets and it may also not be possible to insure the Fund against the same at a reasonable price or at all or recover for claims under insurance policies for the same in part or whole. The Fund is not required to insure the assets of the Fund and does not expect to insure the same.

It may prove difficult for the Fund to realise any gains or value from the sale of its Digital Assets, coins, tokens and other assets due to liquidity issues, market volatility or adverse regulatory conditions.

Many of the Fund assets will, at least initially, be based on the Bitcoin and the Ethereum protocols as well as other technology protocols. Any malfunction, breakdown, Forking or abandonment of any Digital Asset, coin or token based protocols may have a material adverse effect on the Fund's assets. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present

fundamental risks to the value of such protocols and the Fund's assets.

Cyber security threats are present within the realms of Digital Assets. There is a risk of loss of funds, including a total loss, should an unauthorised intrusion or theft occur.

Whilst the Fund has considered its cyber security, risks related to software weakness, human error, external attacks and others, continue to exist and pose a material risk to the Fund and the value of a Participating Share.

Advances in cryptography, or technical advances such as the development of quantum computers, may present risks for crypto-currencies and may result in the theft or loss of the Fund's Assets.

Hackers or other malicious or criminal groups or organisations may attempt to interfere with the Company's accounts, in several ways including, but not limited to, denial of service attacks, Sybil attacks, mystification, phishing, attacks, smurfing, malware attacks, or consensus-based attacks.

There may be problems which relate to the Bitcoin or Ethereum networks which may affect the normal functionality of the Digital Assets that the Fund has invested in. This could lead to a significant devaluation of the Fund's Investment Assets. Any malfunction, unplanned function or unexpected operation of



these networks may cause Digital Assets to lose value.

Digital Assets that operate as a medium of exchange are not issued or guaranteed by any central bank or a national, supra-national or quasi-national organisation, and there is no guarantee that such Digital Assets may operate as a legal medium of exchange in any jurisdiction. In fact, certain jurisdictions have completely prohibited the usage of certain Digital Assets in such jurisdiction.

Digital Assets are not regulated by a third party. Therefore, there is no end user that the Fund can pursue in the event of loss. This could negatively impact the NAV.

Due to the nature of electronic communication processes, Cryptocurrency Exchanges typically do not guarantee or warrant their websites or electronic platforms will be uninterrupted, without delay, error-free, omission-free, or free of viruses. Therefore, information and services provided by Cryptocurrency Exchanges are typically provided "as is" without warranties of any kind, express or implied, including accuracy, timeliness and completeness.

When trading Digital Assets, investors are generally not protected by any exchange rights. When investing in and holding Digital Assets issued by an entity or organisation, investors generally do not possess any Shareholder or similar rights with respect to that issuing entity or

organisation.

Digital Assets and cryptographic tokens are a cutting-edge, untested technology. In addition to the risks stipulated above, there are other risks that Investment Director cannot predict. Risks may also occur as unanticipated combinations or as changes in the risks stipulated herein.

## Digital Assets Generally

Risks associated with Blockchain Protocols. As Digital Assets are based on blockchain protocols, any malfunction, breakdown or abandonment of the protocol or other technological difficulties may have a material adverse effect on or prevent access to or use of Digital Assets. These include, but are not limited, to the non-exhaustive list set out below:

ineffectiveness of the informal groups of developers contributing to the protocols;

ineffectiveness of the network validators ("miners" or "block producers") and/or of the consensus mechanisms to secure a blockchain network against confirmation of invalid transactions;

disputes among the developers or validators;

changes in the consensus or validation schemes that underlie a blockchain network, including but not limited to shifts between so-called “proof of work” and “proof of stake” schemes which negatively affects the blockchain network;

the failure of cybersecurity controls or security breaches of a blockchain network;

undiscovered technical flaws in a blockchain network;

the development of new or existing hardware or software tools or mechanisms that could negatively impact the functionality of the systems;

decrease in value of digital assets associated with a blockchain network; and

infringement of intellectual property rights by a blockchain network’s participants.

Further, advances in cryptography or technical advances such as the development of quantum computing, could present risks to the Digital Assets and blockchain networks.

Immutable Digital Asset Transactions. A blockchain is, typically, a chronologically ordered, ledger of all validated transactions across certain crypto networks. It is shared among users for each applicable crypto network. Each “block” in the “chain” contains

a confirmed transaction. Just as the blockchain creates a public record of certain crypto network transactions, it also creates an immutable one. Transactions that have been verified, and thus recorded as a block on the blockchain, generally cannot be undone. Even if the transaction turns out to have been in error, or due to theft of a user’s Digital Assets, the transaction is not reversible.

The blockchain may be susceptible to hacking or other attacks that seek to manipulate the ledger. Blockchains that are less established or not as widely used are typically more susceptible to these types of attacks. In the event of one of these attacks the holding of the Fund may lose assets which they may not be able to restore through corrective action and such losses would negatively affect the Fund.

Third-Party Wallet Providers. The Fund may use third-party Cryptocurrency Exchanges and/or Cryptocurrency Wallet providers to hold Digital Assets. The Fund may have a high concentration of its Digital Assets in one location or with one third-party wallet provider, which may be prone to losses arising out of hacking, loss of passwords, compromised access credentials, malware, or cyber-attacks. The Fund may, however, employ other systems to safeguard Digital Assets holdings, such as “cold storage” or “deep storage,” which will increase the time required to access certain cryptocurrency, and may, therefore, delay liquidation of the Fund’s Digital Assets or payment of withdrawal proceeds, which could have a material, adverse effect on the net asset value of the Fund. The systems in place to secure the Digital Assets may not prevent the improper

access to, or damage or theft of the Digital Assets.

Adoption of Blockchain Technology. The growth of blockchain and of the digital assets industry is subject to a high degree of uncertainty. If any of the events set out below occur, it may hinder the further development of the industry, the blockchain networks underlying the Digital Assets/tokens and decrease their popularity or level of acceptance, which would adversely affect the Digital Assets/tokens and indirectly any investments in such assets:

- (a) if the growth in the adoption and use of blockchain technologies worldwide slows down or stops;
- (b) if there is government and quasi-government imposes regulation on native blockchain assets and other blockchain assets and their use, or imposes restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- (c) if there is decreased maintenance and development of the open-source software protocol of the blockchain network;
- (d) changes in consumer demographics, public tastes and preferences which may result in a decrease in the popularity of the blockchain networks and associated Digital Assets; and

- (e) the availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using fiat currencies or existing networks may reduce the effectiveness of blockchain networks.

Failure of Blockchain Projects. Blockchain technologies, Digital Assets, tokens and token sales are rapidly evolving areas from a regulatory, technology and utility perspective. Due to the technically complex nature of the blockchain networks and platforms created by new projects and companies, they may from time to time face unforeseeable and/or unresolvable difficulties. Accordingly, the development of the blockchain networks/platforms could fail, terminate or be delayed at any time for any reason (including, but not limited to, the lack of funds). Such development failure or termination may render the Digital Assets untransferable, or reduced or with no utility and/or obsolete.

Risks Related to Open-Source Networks. Open-source blockchain networks use a cryptographic protocol to govern the peer-to-peer interactions between computers. The code that sets forth the protocol is typically informally managed by a development team known as the core developers. Some of the inherent risks include:

- (a) the core developers may propose amendments to a network's source code through software upgrades that alter the protocols and software of the network and the properties of the underlying Digital Asset. To the extent that a

significant majority of the users on a network install such software upgrade, the network would be subject to new protocols and software that may adversely affect its value;

- (b) the open-source structure of a network protocol means that the core developers and other contributors are generally not directly compensated for their contributions in maintaining and developing the network protocol. A failure to properly monitor and upgrade the network protocol could damage a network. A network operates based on an open-source protocol maintained by the core developers and other contributors. As the network protocol is not sold and its use does not generate revenues for its development team, the core developers are generally not compensated for maintaining and updating the network protocol. Consequently, there is a lack of financial incentive for developers to maintain or develop the blockchain network and the core developers may lack the resources to adequately address emerging issues with the network protocol. Although the network is currently supported by the core developers, there can be no guarantee that such support will continue or be sufficient in the future. To the extent that material issues arise with the network protocol and the core developers and open-source contributors are unable to address the issues adequately or in a timely manner, this may adversely affect the value of the network and

therefore the Digital Assets or tokens issued; and

- (c) the source codes may contain bugs, defects, inconsistencies, flaws or errors which may disable some functionality, create vulnerabilities or cause instability in the network. Such flaws may adversely affect the predictability, usability, stability and/or security of Digital Assets.

Risk Associated with Markets for Digital Assets. If trading of Digital Assets is facilitated by Cryptocurrency Exchanges, such Cryptocurrency Exchanges may be relatively new and subject to little or no regulatory oversight, making them susceptible to fraud or manipulation. Digital Assets are not legal tender and are not backed by any government, and to the extent that third parties do ascribe to a Cryptocurrency Exchange to value Digital Assets (for example, as denominated in a fiat or other cryptocurrency), such value may be extremely volatile and may diminish to zero. Cryptocurrency Exchanges means an electronic marketplace where exchange participants may trade, buy and sell Digital Assets, based on bid-ask trading. Cryptocurrency Exchanges (e.g., Coinbase, Kraken, Gemini, Bitfinex, Gate.io, Bybit, Binance, Bitstamp, Huobi, OKX) are online and generally trade on a twenty-four (24) hour basis, publishing transaction price and volume data. This can be highlighted by the 2022 downfall of FTX which is currently subject to bankruptcy proceedings. FTX have purportedly misappropriated customer assets for their own gain.

#### Stablecoins and Legislative Developments.

Stablecoins have characteristics similar to “fiat” currency but can be distinguished from “fiat” currency, which is issued and backed by a sovereign government. Stablecoins are not issued by any government, bank or central organization but are supported in various ways. Stablecoins may be backed by “fiat” currencies, backed by Digital Assets, backed by collateral other than “fiat” currencies and Digital Assets, or backed by no assets but rather stabilized pursuant to an algorithm. Each type of stablecoin has different risks associated with it, whether it be trust in a third party or trust in code that ensures price stability. Whilst Stablecoins seek to stabilise the volatility of the Digital Asset market the value of a Stablecoin remains susceptible to operational risk and can be affected by possible misbehaviour by its issuer especially if the regulatory framework is not clear. Stablecoins are typically not regulated. The issuer may be affected by new legislation requiring it to become licensed. This could impact on the stability of the Stablecoins. Stablecoins typically rely on counterparties to hold and store the asset backed nature of their Stablecoin. Should any of these counterparties fail and the Fund be holding that Stablecoin it will significantly affect the Fund. Whilst the Fund will endeavour only to utilise Stablecoins that are 100% asset backed there is a risk that the Stablecoins that the Fund utilises are not 100% asset backed. This could have significant negative impact on the NAV should the Fund not be able to liquidate these positions in the event that this materialises. Furthermore, there is a risk that Stablecoins that the Fund utilises that are pegged to FIAT currency or a commodity fail to correctly track the 1:1 ratio. This could also negatively impact the NAV.

Market Risk. The Fund’s performance may be volatile. A principal risk in investing in Digital Assets is the rapid fluctuation of its market price. High price volatility undermines the Digital Assets role as a medium of commercial exchange as retailers are much less likely to accept it as a form of payment. The value of the Fund relates directly to the value of the Digital Assets held in the Fund, and fluctuations in the price of Digital Assets could adversely affect the net asset value.

Buying or Selling Digital Assets. The Fund may transact with private buyers or sellers or virtual Cryptocurrency Exchanges. The Fund will take on credit risk every time it purchases or sells Digital Assets, and its contractual rights with respect to such transactions may be limited. Although transfers of Digital Assets or cash by the Fund will be made to or from a counterparty which the Investment Director believes is trustworthy, it is possible, that through computer or human error or through theft or criminal action, the Fund’s Digital Assets or cash could be transferred in incorrect amounts or to unauthorized third parties. To the extent that the Fund is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received the Fund’s Digital Assets or cash through error or theft, the Fund will be unable to recover incorrectly transferred Digital Assets or cash, and such losses will negatively impact the Fund.

Incentivisation of Miners. In respect of any mined cryptocurrency, if the award of Digital Asset for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivize miners, miners may cease expending processing power to solve blocks and confirmations of transactions on the

blockchain could be slowed temporarily. A reduction in the processing power expended by miners on a blockchain network could increase the likelihood of a malicious actor or botnet obtaining control. If the award of new bitcoins for solving blocks declines and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce the collective processing power on the network, which would adversely affect the confirmation process for transactions (i.e., temporarily decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions) and make the network more vulnerable to a malicious actor or botnet obtaining control in excess of fifty percent (50%) of the processing power on the network - this would allow such actor or botnet to manipulate the blockchain and hinder transactions. Any reduction in confidence in the confirmation process or processing power of the network may adversely affect the value of the Digital Assets. The extent to which the value of a Digital Asset mined by a professional mining operation exceeds the allocable capital and operating costs determines the profit margin of such operation, it may be more likely to sell a higher percentage of its newly mined Digital Asset rapidly if it is operating at a low profit margin, and it may partially or completely cease operations if its profit margin is negative. In a low profit margin environment, a higher percentage of the new Digital Asset mined each day will be sold more rapidly, thereby reducing Digital Asset prices. Lower Digital Asset prices will result in further tightening of profit margins, particularly for professional mining operations with higher costs and more limited capital reserves, creating a net effect that may further reduce the price of Digital

Asset until mining operations with higher operating costs become unprofitable and remove mining power from the network. The net effect of reduced profit margins resulting in greater sales of newly mined Digital Asset could result in a reduction in the price of Digital Asset.

Increase in Recording Fees. If fees increase for recording transactions in the blockchain, demand for Digital Asset may be reduced and prevent the expansion of the network to retail merchants and commercial businesses.

Development of Forks. The acceptance of network software patches or upgrades by a significant percentage of the users and miners in the network could result in a "fork" in the blockchain, resulting in the operation of two separate networks. Any individual can download a network software and make any desired modifications, which are proposed to users and miners on the network through software downloads and upgrade. A substantial majority of users must consent to such software modifications by downloading the altered software or upgrade; otherwise, the modifications do not become a part of the network. If, however, a proposed modification is not accepted by a vast majority of miners and users, but is nonetheless accepted by a substantial population of participants in the network, a "fork" could develop, resulting in two separate networks. If a permanent fork were to occur, there is a possibility that the Digital Asset would evolve into two slightly different versions. For example, in 2016 Ethereum experienced a permanent fork in its blockchain that resulted in two slightly different versions of the digital currency. Community-led efforts to merge were not successful and this led to the development of



two versions of Ethereum: Ethereum and Ethereum Classic. A permanent fork may materially and adversely affect investors.

#### Intellectual Property Rights Claims.

Intellectual property rights claims may adversely affect the operation of a network. Third parties may assert intellectual property rights claims relating to the operation of digital assets and their source code relating to the holding and transfer of such assets. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the network's long-term viability or the ability of end-users to hold and transfer the Digital Asset may adversely affect an investment in the Interests.

Price Manipulation. The number of Digital Assets traded for a given network and the number of venues available for trading may be very low, making the market price of the Digital Assets more easily manipulated. While the risk of market manipulation exists in connection with the trading of any security, the risk may be greater for Digital Assets because in some cases so few Digital Assets are available for trading. Likewise, the venues available for trading Digital Assets i.e., Cryptocurrency Exchanges may be limited and become unavailable due to legal, technological or business requirements.

Liquidity Risk. Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing the Fund from selling out of these illiquid investments at an advantageous price. To the extent the public demand for Digital Assets were to decrease, or

the Fund was unable to find a willing buyer, the price of Digital Assets could fluctuate rapidly and the Fund may be unable to sell the Digital Assets in its possession or custody. Participating Shareholders awaiting a redemption will remain subject to the risk of price fluctuations of Digital Assets until they are fully redeemed from the Fund.

Further, if the supply of Digital Assets available to the public were to increase or decrease suddenly due to, for example, a change in a blockchain network's source code, the dissolution of a virtual currency exchange, or seizure of Digital Assets by government authorities, the price of Digital Assets could fluctuate rapidly. Such changes in demand and supply could adversely affect an investment in the Fund. In addition, governments may intervene, directly and by regulation, in the Digital Asset market, with the specific effect, or intention, of influencing Digital Asset prices and valuation (e.g. releasing seized Digital Assets).

#### Risk Associated with Smart Contracts and Decentralized Finance ("DeFi").

The Fund may invest and engage in automated protocols that function via Smart Contracts. A Smart Contract is a self-executing contract with the terms of the agreement between buyer and seller being directly written into lines of code. The code and the agreements contained therein exist across a distributed, decentralized blockchain network. The code controls the execution, and transactions are trackable and irreversible. Smart Contracts allow buyers and sellers to exchange money, property, shares, or anything of value in a transparent way while avoiding the services of a middleman. The Fund may particularly engage in DeFi protocols. DeFi protocols

promote the use of decentralized networks and open-source software to create multiple types of financial services and products such as peer-to-peer lending, borrowing, automated asset management, derivatives, synthetic assets creation, staking certificates, decentralized exchanges and prediction markets. Each DeFi application and protocol holds its specific risks. Risks include:

- Liquidity risks.
- Risks related to the malfunctioning of the algorithm that automated some of the protocols.
- Technical Risk: the Smart Contracts not behaving as intended by the developers. It is very difficult to code error free so there is always some level of technical risk that exists, even after the code has been audited.
- Risk related to external information influencing how the smart contracts operate to the detriment of other users (for example, an oracle could provide malicious data, and an administrator could change a system parameter or governance procedures could be co-opted).
- Economic Incentive Failure Risk: many Smart Contract protocols, especially in the DeFi space rely on economic incentives to encourage network participants to perform certain actions. These incentives could fail to encourage the right behaviour or not be adequate enough leading to other users being adversely impacted.

Valuation considerations. The NAV per Participating Share is expected to fluctuate over time with the performance of the Investment Assets. Participating Shareholders may not fully recover their initial investment

when they redeem their Participating Shares or upon Compulsory Redemption if the NAV per Participating Share at the time of such redemption is less than the issue price of the Participating Shares in question. Given the nature of the underlying investments an accurate valuation is more challenging than is the case where all the investments are in quoted securities with readily available valuation.

There is a risk that the valuation policy as detailed in this PPM becomes obsolete due to changes or updates in accounting standards or subsequent changes in methods to ascertain fair values of Digital Assets and digital assets. This could significantly impact on the value of the Fund's assets.

Fluctuation in Prices. The price of Digital Assets have fluctuated widely over the past few years and is likely to continue to experience significant price fluctuations. Digital Asset markets have historically experienced extended periods of flat or declining prices, in addition to sharp fluctuations. The global market for Digital Assets is characterized by supply and demand constraints that generally are not present in the markets for commodities or other assets such as gold and silver. There is no assurance that Digital Assets will maintain their long-term value in terms of future purchasing power or that the acceptance of Digital Assets payments by mainstream retail merchants and commercial businesses will continue to grow. In the event that the price of a cryptocurrency declines, this may adversely affect the Fund's investments and consequently an investment in the Interests.



The price of Digital Assets on public Cryptocurrency Exchanges may also be impacted by policies on or interruptions in the deposit or withdrawal of fiat currency into or out of larger Cryptocurrency Exchanges. On large Cryptocurrency Exchanges, users may buy or sell Digital Assets for fiat currency or transfer Digital Assets to other wallets. Operational limits (including regulatory, exchange policy or technical or operational limits) on the size or settlement speed of (i) fiat currency deposits by users into Cryptocurrency Exchanges may reduce demand on such Cryptocurrency Exchanges, resulting in a reduction in the Digital Asset price on such Cryptocurrency Exchange and (ii) fiat currency withdrawals by users into Cryptocurrency Exchanges may reduce supply on such Cryptocurrency Exchanges, resulting in an increase in the Digital Asset price on such Cryptocurrency Exchange. To the extent that fees for the transfer of Digital Assets either directly or indirectly occur between Cryptocurrency Exchanges, the impact on Digital Asset prices of operation limits on fiat currency deposits and withdrawals may be reduced by “exchange shopping” among Cryptocurrency Exchange users. For example, a delay in USD withdrawals on one site may temporarily increase the price on such site by reducing supply (i.e., sellers transferring Digital Asset to another Cryptocurrency Exchange without operational limits in order to settle sales more rapidly), but the resulting increase in price will also reduce demand because bidders on Digital Asset will follow increased supply on other Cryptocurrency Exchanges not experiencing operational limits. To the extent that users are able or willing to utilize or arbitrage prices between more than one Cryptocurrency Exchange, exchange shopping may mitigate the short-term impact on and volatility of bitcoin prices due to operational limits on the deposit or withdrawal

of fiat currency into or out of larger Cryptocurrency Exchanges.

Lack of Transparency. Due to the largely unregulated nature and lack of transparency surrounding the operations of Cryptocurrency Exchanges, the marketplace may lose confidence in Cryptocurrency Exchanges. The Cryptocurrency Exchanges on which the Digital Assets trade are relatively new and, in most cases, largely unregulated. Furthermore, while many prominent Cryptocurrency Exchanges provide the public with significant information regarding their ownership structure, management teams, corporate practices and regulatory compliance, many Cryptocurrency Exchanges do not provide this information. As a result, the marketplace may lose confidence in Cryptocurrency Exchanges, including prominent Cryptocurrency Exchanges that handle a significant volume of trading.

Airdropped Currencies. Digital Assets issuers may give away their currencies for free (“air drops”) in order to promote their digital asset and create inclusivity. Typically, the currency is air dropped into random wallets or to specific wallets that meet certain requirements. The Fund may receive additional units of digital assets from time to time as a result of air drops. Such air drops may dilute the value of the existing outstanding units. Additionally, on a monthly basis, the Investment Director reviews the listing of air dropped tokens for material positions that should be included in the Fund’s investment balance. To the extent the value is de minimis, air drops are excluded.

Cybersecurity. Over the past few years, many Cryptocurrency Exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers were not compensated or made whole for the partial or complete losses of their account balances in such Cryptocurrency Exchanges. While smaller Cryptocurrency Exchanges are less likely to have the infrastructure and capitalization that make larger Cryptocurrency Exchanges more stable, larger Cryptocurrency Exchanges are more likely to be appealing targets for hackers and malware and may be more likely to be the target of regulatory enforcement action. Due to the recent nature of these regulatory changes, the long-term impact on the marketplace is uncertain this time. The closure or temporary shutdown of Cryptocurrency Exchanges due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in the industry and result in greater volatility. These potential consequences of a Cryptocurrency Exchange's failure could adversely affect the Fund's investments and consequently an investment in Interests.

Trading platforms and third-party service providers may be vulnerable to hacking or other malicious activities. Also, if one or more malicious actor(s) obtain control of sufficient consensus nodes on the network or other means of alteration, then a Blockchain may be altered. While the network is decentralized, there is increasing evidence of concentration by creating of "mining pools" and other techniques, which may increase the risk that one or several actors could control the network or other similar Blockchain. Such scenario could significantly impact on the NAV.

Peer to peer transactions. Digital currencies can be traded on numerous online platforms, through third party service providers and as peer-to-peer transactions between parties. Many marketplaces simply bring together counterparties without providing any clearing or intermediary services and without being regulated. In such a case, all risks (such as double-selling) remain between the parties directly involved in the transaction. Such a scenario could significantly impact on the NAV.

As a relatively new product and technology, Digital Assets (such as Bitcoin) are not yet widely adopted as a means of payment for goods and services. Banks and other established financial institutions may refuse to process funds for Digital Asset transactions, process wire transfers to or from Digital Asset exchanges, blockchain-related companies or service providers, or maintain accounts for persons or entities transacting in Digital Assets.

Loss of confidence in digital currencies. Digital Assets are part of a new and rapidly evolving "digital assets industry", which itself is subject to a high degree of uncertainty. For a relatively small use of digital currencies in the retail and commercial marketplace, online platforms have generated a large trading activity by speculators seeking to profit from the short-term or long-term holding of digital currencies. Most Digital Assets are not backed by a central bank, a national or international organization, or assets or other credit, and their value is strictly determined by the value that market participants place on them through their transactions, which means that loss of confidence may bring about a collapse of trading activities and an abrupt drop in value. This would significantly impact on the Fund.

Loss of Private Keys. A private key, or a combination of private keys, is necessary to control and dispose of Digital Assets stored in digital wallets or vaults. Accordingly, loss of requisite private key(s) associated with these digital wallets or vaults will result in loss of such Digital Assets and the private key will not be capable of being restored by the network. Any loss of private keys relating to digital wallets used to store the Fund's Digital Assets and tokens could adversely affect the Fund's investments and consequently an investment in the Interests. Further, any third party that gains access to such private key(s) i.e., a custodian, including by gaining access to login credentials of a hosted wallet services, may be able to misappropriate Digital Assets.

Custody. Investors should be aware that while the Fund and the Investment Director will open accounts with different Cryptocurrency Exchanges to try their best to reduce the risks of theft, loss, damage, destruction, malware, hackers or cyber-attacks, a lack of stability in the Cryptocurrency Exchange and the closure or temporary shutdown of a Cryptocurrency Exchange due to fraud, business failure, hackers or malware, or government-mandated regulation could significantly hinder these efforts by the Fund and the Investment Director and may reduce confidence in the Digital Asset market and result in greater volatility. These potential consequences will adversely affect the Fund's investments and consequently an investment in Interests by investors.

Malicious Actor or Botnets. If a malicious actor or botnet obtains control of more than fifty percent (50%) of the processing power on a

network, such actor or botnet could manipulate the network. If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on a network, it may be able to alter the blockchain on which the network and most transactions rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions. The malicious actor could "double-spend" its own Digital Asset and prevent the confirmation of other users' transactions. To the extent that such malicious actor or botnet did not yield its control of the processing power on the network or the community did not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible.

Cryptographic Protection. Cryptography is evolving and there can be no guarantee of security at all times. Advancement in cryptography technologies and techniques, including but not limited to code cracking, hacking, the development of artificial intelligence and/or quantum computers, could be identified as risks to all cryptography-based systems including Digital Assets. When such technologies and/or techniques are applied, adverse outcomes such as theft, loss, disappearance, destruction, devaluation or other compromises of Digital Assets may result. Hackers or other malicious groups or organizations may attempt to interfere with the Digital Assets in a variety of ways, including but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Further, many networks rely on open-source

software and un-permissioned distributed ledgers. Accordingly, anyone may intentionally or unintentionally compromise the core infrastructural elements of a network and its underlying technologies. Consequently, this may result in the loss of Digital Assets. Therefore, the security of Digital Assets cannot be guaranteed due to the unpredictability of cryptography or security innovations or interference by hackers or other malicious groups or organizations.

Security threats could result in the halting of the Fund's operations and a loss of assets. It is not uncommon for businesses in the Digital Asset space to experience large losses due to fraud and breaches of their security systems. Security breaches, computer malware and computer hacking attacks have been a prevalent concern in the industry. Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment and the inadvertent transmission of computer viruses, could harm the Fund's operations or result in loss of the assets. Transactions are irrevocable and stolen or incorrectly transferred Digital Assets may be irretrievable. As a result, any incorrectly executed bitcoin transactions could adversely affect an investment in the Interests.

To the extent that the Fund is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received the Fund's Digital Assets through error or theft, the Fund will be unable to revert or otherwise recover incorrectly transferred Digital Assets. the Fund will also be unable to convert or recover Digital Assets

transferred to uncontrolled accounts. To the extent that the Fund is unable to seek redress for such error or theft, such loss could adversely affect the Fund's investments and consequently an investment in the Interests.

Cryptocurrency Exchanges & Cryptocurrency Wallet Providers are entirely digital and, as with any virtual system, are at risk from hackers, malware and operational glitches. If a thief gains access to a Digital Asset owner's computer hard drive and steals his private encryption key, he could transfer the stolen Digital Asset to another account. Users can prevent this only if Digital Asset is stored on a computer which is not connected to the internet, or else by choosing to use a paper wallet – printing out the Digital Asset private keys and addresses, and not keeping them on a computer at all. Hackers can also target Cryptocurrency Exchanges and Cryptocurrency Wallet Providers, gaining access to thousands of accounts and digital wallets where Digital Asset is stored. One especially notorious hacking incident took place during 2014, when Mt. Gox, a Bitcoin exchange in Japan, was forced to close down after millions of US Dollars' worth of Bitcoins were stolen.

This is particularly problematic given that all Digital Asset transactions are permanent and irreversible. It's like dealing with cash: Any transaction carried out with Digital Asset can only be reversed if the person who has received them refunds them. There is no third party or a payment processor, as in the case of a debit or credit card hence, no source of protection or appeal if there is a problem.

**Storage risk.** Storing any significant amount of wealth in Digital Assets comes with important technical and security challenges. Storing Digital Assets on your computer or smartphone is vulnerable to both theft and data loss. Keeping them in an exchange account carries counterparty risk. A method of mitigating this risk is to store Digital Assets in multiple secure physical locations. Keeping coins offline dramatically reduces the risk of loss. It may not be possible for the Fund to do this given that the intention is to trade Digital Assets. Should you lose your 'wallet' there is no way to recover Bitcoins. Once lost, they are out of circulation forever.

**Irrevocable Digital Asset Transactions.** Just as the blockchain (or similar technologies) creates a permanent, public record of Digital Asset transactions, it also creates an irrevocable one. Transactions that have been verified, and thus recorded as a block on the blockchain (or similar technologies), generally cannot be undone. Even if the transaction turns out to have been in error, or due to theft of a user's Digital Assets, the transaction is not reversible. Further, at this time, there is no U.S. or foreign governmental, regulatory, investigative, or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen Digital Assets. Consequently, the Fund may be unable to replace missing Digital Assets or seek reimbursement for any erroneous transfer or theft of Digital Assets. To the extent that the Fund is unable to seek redress for such action, error or theft, such loss could adversely affect an investment in the Fund.

**Public Perception of Digital Assets.** As a relatively new technology, Digital Assets are not yet widely adopted as a means of payment

for goods and services. Banks and other established financial institutions may refuse to process funds for Digital Asset transactions, process wire transfers to or from Cryptocurrency Exchanges, Digital Asset-related companies or service providers, or maintain accounts for persons or entities transacting in Digital Assets. Market capitalization for Digital Assets as a medium of exchange and payment method may always be low. Further, a Digital Asset's use as an international currency may be hindered by the fact that it may not be considered as a legitimate means of payment or legal tender in some jurisdictions. To date, speculators and investors seeking to profit from either short- or long-term holding of Digital Assets drive much of the demand for it, and competitive products may develop which compete for market share. Further, certain virtual currencies or payment systems may be the subject of a U.S. or foreign patent application (*i.e.*, JP Morgan Chase Bank's patent application for "Alt-Coin" with the United States Patent & Trademark Office), successfully patented, or, alternatively, mathematical Digital Asset network source codes and protocols may be patented or owned or controlled by a public or private entity. The Fund could be adversely impacted if Digital Assets fail to expand into retail and commercial markets.

**Uninsured Losses.** The investments of the Fund could suffer damage and losses that are not insured or are under-insured. There are types of losses, generally of a catastrophic nature such as losses due to war, earthquakes or force majeure, which often are either uninsurable or not economically insurable. None of such risks are intended to be insured by the Fund. If such a catastrophic, uninsured event were to occur in relation the Investment

Assets, the Fund could lose both its investment capital and anticipated profits from such an investment.

Uncertainty of Taxation. The tax characterization of Digital Assets and tokens is uncertain. New tax rulings may result in adverse tax consequences, including but not limited to, withholding taxes, income taxes and tax reporting requirements.

Unanticipated Risks. Digital Assets are a new and untested technology. In addition, there are other risks associated with and/or related to Digital Assets including, but not limited to, any type of technology risks and those that we are unable to anticipate.

Regulatory Status of Digital Assets and other Digital Assets. Digital Assets are a rival to government currency and may be used for black market transactions, money laundering, illegal activities or tax evasion. As a result, governments may seek to regulate, restrict or ban the use and sale of Digital Asset, and some already have. Others are coming up with various rules. There are significant inconsistencies among various regulators across the world, with respect to the legal status of digital currencies. Regulators are also concerned that Digital Assets may be used by criminals and terrorist organisations. In the future, certain countries may restrict the right to acquire, own, hold, sell or use digital currencies. The Fund could inadvertently receive Digital Assets that have come from illicit means. Such event could lead to the Fund's Investment Assets being frozen.

For example, in 2015, the New York State Department of Financial Services finalised regulations that would require companies dealing with the buy, sell, transfer or storage of Bitcoins to record the identity of customers, have a compliance officer and maintain capital reserves. The transactions worth US\$10,000 or more will have to be recorded and reported.

Although more agencies are likely to follow suit, issuing rules and guidelines, the lack of uniform regulations about Bitcoins (and other Digital Asset) raises questions over their longevity, liquidity and universality.

Substantial additional regulation on the crypto markets may be imposed at any time in the future. Although it is not possible to predict what, if any, regulatory changes will in fact be imposed, any such regulations could significantly impair the liquidity of the market or restrict the Fund's access to such markets.

The Fund believes that various legislative and executive bodies are currently considering, or may in the future consider, laws, regulations, guidance, or other actions, which may severely impact the Fund's ability to invest, or the Fund's ability to gain market share. Failure by the Fund or Investment Director to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in adverse consequences, including civil penalties and fines. It is possible that any jurisdiction may, in the near or distant future, adopt laws, regulations, policies or rules directly or indirectly affecting the Bitcoin network, generally, or restricting the right to acquire, own, hold, sell, convert,



trade, or use Digital Assets, or to exchange Digital Assets for either fiat currency or other Digital Assets. Developments in regulation may alter the nature of the Fund's business or restrict the use of blockchain assets or the operation of a blockchain network upon which the Fund relies in a manner that adversely affects the Fund. Any additional regulatory obligations may cause the Fund to incur extraordinary, non-recurring expenses, and/or ongoing compliance expense, possibly affecting an investment in the Fund in an adverse manner. If the Fund determines not to comply with such regulatory requirements, the Fund may be liquidated at a time that is disadvantageous to an investor in the Fund. The Fund and its investments will not be monitored or supervised by any regulatory body. However, the Company's Administrator, Secretary and Auditor are subject to the authority of the Financial Services Commission of Gibraltar. The GFSC may deem that the Fund falls within the Financial Services (Distributed Ledger Technology) Regulations 2020.

Foreign Government Regulations on Digital Assets. Various foreign jurisdictions are considering or have considered how to manage the use and exchange of Digital Assets. It is possible that any jurisdiction may, in the near or distant future, adopt laws, regulations, or policies directly or indirectly affecting digital assets generally, or restricting the right to acquire, own, hold, sell, convert, trade, or use Digital Assets, or to exchange Digital Assets for either fiat currency or other virtual currency. It is also possible that government authorities may claim ownership over various digital assets, including their source codes and protocols. Law enforcement agencies may take direct or indirect investigative or prosecutorial action related to,

among other things, the use, ownership or transfer of Digital Assets. Such action may affect the NAV.

Banking Services to the Fund. While the Fund has established a relationship with a bank to open an account, several investment funds and other companies dealing in Digital Assets have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such entities have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to digital asset related companies for multiple reasons, such as perceived compliance risks or costs. Such actions by banks may harm public perception of digital assets, and therefore impact the price of the assets, adversely affecting the fund performance. Further, there is no guarantee that the Fund's bank will maintain its current policy on digital asset-related services, which could have a materially negative effect on the Fund.

Lending Digital Assets. The Fund may participate in Digital Assets lending programs offered by certain Cryptocurrency Exchanges to investors seeking to short such Digital Assets. Interest will accrue to the Fund until such Digital Assets are replaced. While the Cryptocurrency Exchanges on which the Fund lends its Digital Assets requires borrowers to post collateral and provides for forced liquidation procedures, there is no assurance that such procedures will prevent the Fund from losing capital in connection with its lending practices.

For any particular loan, and thus for all loans, there are many risks that some or all of the principal and interest may fail to be repaid, including but not limited to:

- the value of the borrower's leveraged position declines so quickly that forced liquidation does not occur quickly enough to preserve some or all of the principal and interest;
- a "flash crash" causes a forced liquidation at a price insufficient to recover some or all of the principal and interest;
- the software systems enforcing forced liquidation do not function correctly or at all;
- the software systems enforcing forced liquidation function correctly but are too slow to preserve some or all of the principal and interest;
- the software systems enforcing forced liquidation are compromised due to an attack or "hack;"
- the Cryptocurrency Exchange purported to enforce liquidation does not do so, for any reason or for no reason at all; and
- the Cryptocurrency Exchange purported to enforce liquidation experiences a disruption of service, is halted by an investigation, regulatory enforcement, or litigation, or otherwise becomes non-operational.

Staking. The Fund may engage in staking inventory with a view to generating excess returns. Staking, which generally refers to locking up (not trading) a cryptocurrency for a period of time in exchange for a return that is similar to an interest rate but may be paid in Digital Assets or in some other form than fiat

currency, is subject to various risks, including that the Fund may fail to dispose of the staked cryptocurrency at an optimal time. Further, participating in the blockchain consensus mechanism known as Proof of Stake (Staking) has a number of associated risks. These include:

- Liquidity Risk: Since often Digital Assets may be required to be locked by the network for a certain period of time, should the price of these assets move significantly during the lock up time period, the Fund would be unable to trade these assets and may incur losses as a result.
- Slashing Events: Participants in the Proof of Stake consensus mechanism are required to pledge some assets to the blockchain network for the duration of their participation in the consensus protocol. The purpose of this is to ensure a participant behaves in a manner which supports the network. Should a participant fail to act in a manner supportive of the network, either through malicious action, error or hardware or software failure, the participant may be subject to penalty and lose part or all of their pledged stake. The Fund may participate in staking activities either through the use of our own hardware or via a third party in the case of a Delegated Proof of Stake consensus mechanism or similar. In the case of use of a third party, an additional risk is incurred as the Fund is reliant on proper behaviour and competence of the delegate.



**Illiquidity of Some Investments.** Some of the Digital Assets in which the Fund invests may be or become relatively illiquid, either because they are thinly traded or no longer trade on a Cryptocurrency Exchange. The Fund may not be able promptly to liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected. The prices realized on the resale of illiquid investments could be less than those originally paid by the Fund. In addition, the value assigned to such Digital Assets for purposes of valuing Interests and determining net profits and net losses may differ from the value the Fund is ultimately able to realize.

**Programmatic Trading.** The Investment Director reserves the right to determine and confirm quote prices, bids, asks, volume, PnL, margin, and balances via API, place edit and cancel orders programmatically, in bulk and individually. To move capital from positions, wallets and Cryptocurrency Exchanges programmatically. To make orders of various types including but not limited to limit orders, at-market orders, stop-triggered market and limit orders, fill-or-kill orders, post only orders, block orders. Execute materially significant trades and actions without human involvement or human review. Execute swaps, staking, OTC trades, vault locking and unlocking, programmatically. Execute the described actions above and throughout the PPM immediately upon the satisfaction of non-static triggers which are managed and articulated programmatically. Send API keys, wallet addresses, ID tokens over the internet to execute programmatic trades and action.

**Smart Contract Risks:** As part of the investment strategy, the Fund may deploy capital into audited and un-audited smart contracts; a smart contract is an open-source autonomous computerized algorithm capable of executing code to implement the terms of an agreement. Smart contracts create a variety of new risks to the users with no legal recourse, including but not limited to, Coding Errors (where an error in the implementation of the contract causes financial loss to the users), "Rug Pulls" (where the smart contract developers intentionally create backdoors in the code to withdraw funds or cause other losses), Governance Issues (where the holders of the governance tokens vote to take a decision which negatively affects the value of the funds in the smart contract), high "Gas Fees" (where the transaction fees to execute the smart contract climb to high levels due to demand), etc. There is no guarantee the Fund will be protected in the event of any such issues with a smart contract into which it enters, which may result in the Fund's total loss of funds invested.

**Digital Assets involving Participation.** In the event of any benefit voting right or Participating being able to accrue or being derived from holding any Digital Asset on any protocol, the Fund assumes no responsibility whatsoever in respect of claiming and receiving any such benefit or voting ability on behalf of Investors on the respective protocol. The Fund will not be liable for any loss of interest due to any delay outside of the Fund's control in deciding to obtain, claim or vote on any matter on Investors' behalf. The Fund may, in its sole discretion, decide whether or not to claim or obtain any benefit in any Digital Asset held by the Fund.

Foreign Exchange Risk. The Fund's Base Currency is USD. To the extent that the Fund acquires Investment Assets in Digital Assets (predominantly valued in USD) or other currency that are not Base Currency denominated investments, the value of and any proceeds received from the Investment Assets may be affected favourably or unfavourably by fluctuations in currency rates. The Fund may have an FX exposure due to the fact the Base Currency and the underlying investments may be in different currencies, this may materially impact the NAV should the exchange rate change dramatically. Investments denominated in foreign currencies open up additional risks related to the relevant exchange rate. Movements in exchange rates may cause the value of an investment to fluctuate either in a favourable or unfavourable manner.

Similarly, investors should consider their own FX exposure given that they will be subscribing to the Fund in USD.

Long-Term Focus. The Fund's investment strategy includes investing in Digital Assets as well as entering into pre-sale/ICO positions which have a long-time horizon for maturity and may be potentially illiquid in the short term. In pursuing such long-term strategies, the Fund may forego value in the short-term which may be disadvantageous, for example, for Participating Shareholders who redeem all or a portion of their Interests before such long-term value may be realized by the Fund.

Diversification and Concentration. The Fund will not diversify.

In-Kind Distributions. A withdrawing Participating Shareholder may, in the sole discretion of the Investment Director, receive financial instruments owned by the Fund in lieu of, or in combination with, Digital Assets. The value of financial instruments distributed may increase or decrease before such financial instruments can be sold and the Participating Shareholder will incur transaction costs in connection with the sale of such financial instruments. Additionally, financial instruments distributed with respect to a withdrawal by a Participating Shareholder may not be readily marketable. The risk of loss and delay in liquidating such financial instruments will be borne by the Participating Shareholder, with the result that such Participating Shareholder may receive less cash than it would have received on the date of withdrawal.

Leverage and Margin Transactions. In order to raise additional cash for investment, the Fund may borrow money from banks and other sources and will pay interest thereon. Any investment gains made with the additional monies in excess of interest paid will cause the Net Asset Value of the Fund to rise faster than would otherwise be the case. On the other hand, if the investment performance of the additional investments purchased fails to cover their cost (including any interest paid on the money borrowed) to the Fund, the Net Asset Value of the Fund will decrease faster than would otherwise be the case. This is the speculative factor known as "leverage." The amount of money the Fund may borrow is determined by risk-based parameters set by the prime broker as well as applicable margin guidelines imposed by regulations adopted by the Federal Reserve Board. The Fund may also

purchase securities in uncovered margin transactions. In the event of adverse market movements or other factors, the Fund may have to meet calls for substantial additional margin which may limit the Fund's assets available for other investments at an inopportune time.

**Short Selling.** The Fund may engage in short selling as part of its general investment strategy. Short selling involves selling instruments that are not owned and borrowing the same instruments for delivery to the purchaser, with an obligation to replace the borrowed instruments at a later date. Short selling allows the Fund to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the instruments. However, because the borrowed instruments must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed instruments would result in a loss upon such repurchase. The Fund's obligations under its short sales will be marked to market daily and collateralized by the Fund's assets held at the broker, including its cash balance and its long instruments positions. Because short sales must be marked to market daily, there may be periods when short sales must be settled prematurely, and a substantial loss would occur. Purchasing instruments to close out the short position can itself cause the price of the instruments to rise further, thereby exacerbating the loss. Short-selling exposes the Fund to unlimited risk with respect to that instrument due to the lack of an upper limit on the price to which an instrument can rise. Short sales may be utilized to enhance returns and hedge the portfolio. The Fund anticipates that the frequency of short sales will vary substantially in different periods. There are no prescribed

limits to the amount of Fund assets that may be subject to short sales.

## **Conventional Investment Instruments**

**Option Transactions.** The purchase or sale of an option by the Fund involves the payment or receipt of a premium payment and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying investment for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying investment does not change in price in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying investment in excess of the premium payment received.

**Derivatives Generally.** The Fund may trade in derivative instruments, or "derivatives," including options and futures and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying Digital Asset, securities, financial benchmark, financial asset, currency or index. Derivatives allow an investor to hedge or speculate upon the price movements of a particular Digital Asset, security, financial benchmark, financial asset, currency or index at a fraction of the cost of investing in the underlying asset. The Fund may seek to acquire derivatives for these or other reasons, however, there is no assurance that derivatives that the Fund wishes to acquire will be available at any particular times upon

satisfactory terms or at all.

The value of a derivative is frequently difficult to determine and depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Fund to the possibility of a loss exceeding the original amount invested. Over-the-counter (“**OTC**”) derivatives generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The OTC market for derivatives is relatively illiquid. In the case of OTC derivatives contracts, the Fund is subject to the credit risk of the counterparty.

The Fund may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Fund and legally permissible. Special risks may apply to instruments that are invested in by the Fund in the future that cannot be determined at this time or until such instruments are developed or invested in by the Fund.

## Strategy Risks

Cryptocurrency Exchanges. The Cryptocurrency Exchange on which Digital Assets trade are relatively new and largely unregulated and may therefore be more exposed to theft, fraud and failure than established, regulated exchanges for other products. In general, Cryptocurrency Exchange are currently start-up businesses with no institutional backing, limited operating history and publicly available financial information. Additionally, upon sale of Digital Assets, cash proceeds may not be received from the exchange for several business days. The participation in exchanges requires users to take on credit risk by transferring Digital Assets from a personal account to a third-party's account.

Cryptocurrency Exchanges may impose daily, weekly, monthly or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of Digital Asset for fiat currency difficult or impossible. Additionally, Digital Asset prices and valuations on Cryptocurrency Exchanges have been volatile and subject to influence by many factors including the levels of liquidity on exchanges and operational interruptions and disruptions. The prices and valuation of Digital Assets remain subject to any volatility experienced by Cryptocurrency Exchanges, and any such volatility can adversely affect an investment in the Fund.

Cryptocurrency Exchanges are targets for cybercrime, hackers and malware. It is possible that while engaging in transactions with various Cryptocurrency Exchanges

located throughout the world, any such exchange may cease operations due to theft, fraud, security breach, liquidity issues, or government investigation. In addition, banks may refuse to process wire transfers to or from exchanges. Over the past several years, many exchanges have, indeed, closed due to fraud, theft (e.g., Mt. Gox voluntarily shutting down because it was unable to account for over 850,000 Bitcoin), government or regulatory involvement, failure or security breaches (e.g., the voluntary temporary suspensions by Mt. Gox of cash withdrawals due to distributed denial of service attacks by malware and/or hackers), or banking issues (e.g., the loss of Tradehill's banking privileges at Internet Archive Federal Credit Union).

Any financial, security or operational difficulties experienced by such exchanges may result in an inability of the Fund to recover money or Digital Assets being held by the exchange, or to pay investors upon withdrawal. Further, the Fund may be unable to recover Digital Assets awaiting transmission into or out of the Fund, all of which could adversely affect an investment in the Fund. Additionally, to the extent that the Cryptocurrency Exchanges representing a substantial portion of the volume in Digital Asset trading are involved in fraud or experience security failures or other operational issues, such Cryptocurrency Exchanges' failures may result in loss or less favorable prices of Digital Assets, or may adversely affect the Fund, its operations and investments, or the Participating Shareholders.

Exchanges on which the Fund trade may operate outside of the United States. The Fund may have difficulty in successfully pursuing

claims in the courts of such countries or enforcing in the courts of such countries a judgment obtained by the Fund in another country. In general, certain less developed countries lack fully developed legal systems and bodies of commercial law and practices normally found in countries with more developed market economies. These legal and regulatory risks may adversely affect the Fund and its operations and investments.

Currently, there is relatively modest use of Digital Assets in the retail and commercial marketplace compared to its use by speculators, thus contributing to price volatility that could adversely affect an investment in the Fund. If future regulatory actions or policies limit the ability to own or exchange Digital Assets in the retail and commercial marketplace, or use them for payments, or own them generally, the price and demand for Digital Assets may decrease. Such decrease in demand may result in the termination and liquidation of the Fund at a time that may be disadvantageous to the Participating Shareholders, or may adversely affect the Fund's net asset value.

The Fund will compete with direct investments in Digital Assets and other potential financial vehicles backed or linked to Digital Assets. Any change in market and financial conditions, or other conditions beyond the Fund's control, may make investment and speculation in Digital Assets more attractive, which could limit the supply of Digital Assets and increase or decrease liquidity.

The Investment Methodology. Trading decisions are on a discretionary basis using

fundamental and technical analysis, as well as automated artificial intelligence systems and no assurance can be given that such trading strategies used by the Investment Director will be successful, or that losses could not occur. In entering orders into the Fund's accounts, the Investment Director will use market, limit, stop, and other qualified orders, if in its judgment, that appears appropriate under given market conditions. In addition, when liquidating a position, the Investment Director may place a reversal order, *i.e.*, the current position is liquidated and an opposite one is established.

**OTC Transactions.** It is possible that the Fund may engage in transactions involving instruments traded on "over the counter" ("**OTC**") markets. In general, there is less governmental regulation and supervision in the OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. This exposes the Fund to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. Therefore, to the extent that the Fund engages in trading on OTC markets, the Fund could be exposed to greater risk of loss through default than if it confined its trading to regulated exchanges.

## Management Risks

**Reliance on the Investment Director and no Authority by Participating Shareholders.** All decisions regarding the management and affairs of the Fund will be made exclusively by the Investment Director. Accordingly, no person should invest in the Fund unless such person is willing to entrust all aspects of management of the Fund to the Investment Director. Participating Shareholders will have no right or power to take part in the management of the Fund. As a result, the success of the Fund for the foreseeable future depends solely on the abilities of the Investment Director.

**Dependence on Key Personnel.** The Investment Director is dependent on the services of the Principal and there can be no assurance that it will be able to retain the Principal, whose credentials are described under the heading "*Management of the Fund.*" The departure or incapacity of the Principal could have a material adverse effect on the Investment Director's management of the investment operations of the Fund.

**Changes in Investment Strategies.** The Fund's investment strategies may be altered from time to time with the approval of a majority-in-interest of Participating Shareholders. In such event, a Participating Shareholder who does not consent to such change may nevertheless be out-voted by other Participating Shareholders in which case the opposing Participating Shareholder may only withdraw from the Fund pursuant to the terms of the Fund Agreement and subject to the limitations described therein.



Trade Errors. Errors (human and computer) may be made when implementing the investment strategy. Such errors may negatively impact the Fund's performance and as such result in significant losses to the Fund.

Proprietary Nature of Investment Strategy. All documents and other information concerning the Fund's portfolio of investments will be made available to the Fund's auditors (if any), accountants, attorneys and other agents in connection with the duties and services performed by them on behalf of the Fund. However, because the Investment Director's investment techniques may be proprietary, the Fund Agreement will provide that neither the Fund nor any of its auditors (if any), accountants, attorneys or other agents will disclose to any person, including investors in the Fund, any of the investment techniques employed by the Investment Director in managing the Fund's investments or the identity of specific investments held by the Fund at any particular time.

Limitations on Liability and Indemnification. The agreements between the Fund and the Board of Directors indemnify the Board of Directors against all claims by any parties which may be made against them in connection with the director services provided so long as any loss or liability arose from acts performed in good faith and not involving gross negligence or willful misconduct.

Limited Reporting; No Audit. The Fund's books and records will not be audited by an independent certified public accountant, and

will generally only provide quarterly unaudited reports of Fund activity.

Cyber Security Breaches and Identity Theft. The technology systems used by the Investment Director may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Investment Director has implemented certain measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Investment Director and/or the Fund may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Fund and/or the Investment Director and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including private keys, and personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Investment Director's and/or the Fund's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Abort Costs. The Fund may incur costs on undertaking due diligence in relation to potential investments that do not proceed. In addition, conditions precedent may not be satisfied and transactions may be aborted after material expense has been incurred. All

such expenses will be payable by the Fund and may reduce the returns that would otherwise be received by a Participating Shareholder.

## **Other Risks**

### **Abort Costs**

The Fund may incur costs on undertaking due diligence in relation to potential investments that do not proceed. In addition, conditions precedent may not be satisfied and transactions may be aborted after material expense has been incurred. All such expenses will be payable by the Fund and may reduce the returns that would otherwise be received by a Shareholder.

### **Counterparty Risk**

Certain assets of the Fund will be exposed to the credit risk of the counterparties with which, or the dealers, Cryptocurrency Exchanges and Cryptocurrency Wallet Providers through which, the Fund deals, whether they engage in exchange-traded or off-exchange transactions. The Fund may be subject to risk of loss of its assets on deposit with a Digital Asset exchange in the event of a Digital Asset exchange's bankruptcy, the bankruptcy of any Digital Asset exchange through which the Digital Asset exchange executes and clears transactions on behalf of the Fund, or the bankruptcy of a Digital Asset exchange clearing house. Similarly, the Fund may be subject to risk of loss of its assets held by the Bank in the event of the bankruptcy of

the Bank. In the case of any such bankruptcy, the Fund might recover, even in respect of property specifically traceable to the Fund, only a pro rata share of all property available for distribution to all of the Digital Asset exchange's or Bank's customers. Such an amount may be less than the amounts owed to the Fund. Such events would have an adverse effect on the Net Asset Value per Participating Share.

When the Fund trades in Digital Asset and other assets as set out as per Section 3 of this PPM it will be subject to the risk that the principals with whom it trades, will be unable or refuse to perform any such transactions. Any such failure or refusal, whether due to insolvency, bankruptcy or other causes, could subject the Fund to substantial losses.

The Fund may have credit exposure to one or more counterparties by virtue of its investment positions. To the extent that a counterparty defaults on its obligation and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Such risks will increase where the Fund uses only a limited number of counterparties. The Fund may, in certain circumstances, be fully subject to the default of a counterparty.

In the event of the Fund's Digital Asset being concentrated with one or more Cryptocurrency Exchange and/or Cryptocurrency Wallet Provider, should any one or more of those providers encounter financial difficulties that may impair their operational capabilities or



should they be subjected to a hack or other coding issues, there is a higher risk that the Fund may encounter a higher level of loss than if the assets/Digital Asset had been diversified over a large number of Cryptocurrency Exchanges and/or Cryptocurrency Wallet Providers.

### **Insolvency of Investment Assets**

Should an entity in which the Fund invests in or any other counterparty detailed within this PPM becomes insolvent, this may lead to losses for the Fund. In certain circumstances, the Fund may not be able to recover some or all of its investment/s.

### **Sale of Investment Assets**

Whilst Investment Director intends to sell all the investments that it has acquired in an orderly manner at the highest price there may be instances when Investment Director will be required to sell a large number of investments at one time that may cause a reduction in price of the investments or simply that the demand for such a number of investments is not there. Thereby forcing Investment Director to lower the selling price. Likewise, the Fund may be required to sell some of its investments to prevent a breach of the restrictions set out in this PPM. In order to be able to sell such investments in a timely manner, the Fund may have to lower the selling price. Furthermore, there simply may not be a demand for such investments at the point of sale which could also force a price reduction. The Fund may be obliged to be a forced seller and unable to achieve a fair price for the asset.

Whilst Investment Director intends to maximise the potential return for the Fund from its investments, there is no guarantee that the Fund will be able to sell its Investment Assets for the highest offer available and it may not always be possible to achieve full potential value for such investments.

### **Safekeeping Arrangements**

The Directors have the overall responsibility for safekeeping arrangements. The Fund's cash will be held with the Banks. Digital Asset will be held with Cryptocurrency Exchanges and/or Cryptocurrency Wallet Providers. The Fund will take credit risk against any party which is holding its assets. The Fund will therefore rank as a general creditor in the event of the insolvency or failure of the providers with which deposits or Digital Asset have been placed. Investment Director will make arrangements to keep the Investment Assets safe during the time between acquisition and sale. There is a risk that Investment Director does not make sufficient and/or appropriate arrangements in respect of the safekeeping of the Investment Assets and loss is suffered by the Fund as a result.

### **Investment Director Control**

Potential investors should not place undue reliance on the EIF Directors to protect their interests and should carefully consider the following factors. The Fund is controlled by the Ordinary Shareholders. The Ordinary Shares carry an entitlement to vote at General

Meetings of the Fund (save with respect to resolutions proposing Fundamental Change). The Ordinary Shares are held by the Investment Director.

The Ordinary Shareholders retain the sole power to remove the EIF Directors. In the event of an unresolved disagreement between the EIF Directors and the Ordinary Shareholders, the EIF Directors may have little alternative action other than to resign. Should one or more EIF Directors resign or be removed from office, he may be prevented from communicating the reasons for ceasing to act to the Participating Shareholders. Although an EIF Director would normally be expected to explain his reasons for resigning or the background to his dismissal to the FSC, there can be no assurance that the FSC will either take any further action or enlighten Participating Shareholders as to the nature of the dispute.

### **No Obligation of Full-Time Service**

The Board of Directors and all other service providers have no obligation to devote their full time or substantial time to the business of the Fund. They are only required to devote such time and attention to the affairs of the Fund as they decide is appropriate and it may engage in other activities or ventures, including competing ventures and/or unrelated employment, which result in various conflicts of interest between such persons and the Fund.

### **Limitation of Liability and Indemnification**

The agreements between the Fund and the Board of Directors indemnify the Board of Directors against all claims by any parties which may be made against them in connection with the director services provided so long as any loss or liability arose from acts performed in good faith and not involving gross negligence or willful misconduct.

### **Remuneration Arrangements with Investment Director**

Investment Director will receive remuneration based on the performance of the Fund's investments. Such remuneration arrangements may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because performance-based compensation is calculated on a basis which includes unrealised appreciation of the Fund's assets, it may be greater than if such allocation were based solely on realised gains.

### **No Participating in Management**

The overall management of the Fund's operations is vested solely in the Board of Directors. The Participating Shareholders have no right to take part in the conduct or control of the business of the Fund. In connection with the management of the Fund's business, the Board of Directors will devote only such time to Fund matters as it in their sole discretion, deem appropriate.

## **Investment Director Key Man Risk**

If any of the directors or officers of Investment Director cease to participate in the operation of the Fund to the extent they relate to the operations of the Fund for any reason, the operations, objectives and activities of the Fund may be adversely affected.

## **Banking Arrangements**

The Fund's cash will be held on account at the Fund's Banks. Certain assets may also be held by the Exchange. Deposits or instruments placed with the Banks and Exchange will be subject to the terms and conditions imposed by the Banks and Exchange applicable law and regulation. The Fund acknowledges that any such deposits or instruments are not guaranteed by the Banks and that the Fund is exposed to losses incurred in the event of the insolvency or failure of the Banks or Exchange (where they are responsible for the private key). The Fund will take credit risk against any party which is holding its cash or investments. The Fund would therefore rank as a general creditor in the event of the insolvency or failure of the Banks or Exchange with which deposits or instruments have been placed. A similar risk would be experienced by the Fund in respect of any cash and/or Digital Asset held at any Exchange appointed to act for the Fund. In the event of the assets being concentrated with one or more financial institutions, should any one or more of those entities encounter financial difficulties that may impair their operational capabilities, there is a higher risk that the Fund may encounter a higher level of

loss than if the assets had been diversified over a large number of financial institutions.

## **Indemnification of Directors and Service Providers**

The Directors and the Fund's service providers and their respective affiliates, are entitled to be indemnified in certain circumstances, excluding case of fraud or willful default. As a result, there is a risk that the Investment Assets will be used to indemnify such persons, companies or their employees or satisfy their liabilities as a result of their activities in relation to the Fund.

## **Financial Failure of the Service Providers**

It is possible that the service providers that the Fund does business with may encounter financial difficulties that may impair their operational capabilities or result in losses to the Fund. During the last financial crisis a number of major investment institutions failed and many funds incurred losses as a result. Should there be another financial crisis the risks of failure of service providers will increase.

## **Audit risk**

Whilst the Fund has decided not to appoint an auditor initially if at a future date it chooses to the audit of the Fund may be complicated due to the nature of the Fund's future investments. Furthermore,

Should the fund get audited in future, there is a risk that the auditor's interpretation of the valuation policies mentioned in this PPM and the application of accounting and auditing standards against these policies differs to those used for purposes of preparation of the NAV or financial statements, which may result in adjustments being required in the audited financial statements.

### Potential Conflict of Interest

The Directors will use their best efforts in connection with the purposes and objectives of the Fund and will devote so much of their time and effort to the affairs of the Fund as may, in their respective judgments, be necessary to accomplish the purposes of the Fund. The Directors are not required to manage the Fund as their sole and exclusive function and they have other business interests and may engage in other activities in addition to those relating to the Fund, including the rendering of advice or services of any kind to other investors and the making or management of other investments. Neither the Fund nor any Participating Shareholder has or will have any right in or to such other ventures or activities or to the income or proceeds derived therefrom, and the pursuit of such ventures, even if competitive with the business of the Fund will not be deemed wrongful or improper.

Investment Director, their affiliates, officers, members and employees may invest for themselves, and on behalf of others, in securities held by the Fund and transactions in

such securities will be allocated as the Directors consider appropriate and equitable.

Introducers who may be remunerated by trail fees from the Investment Director may face conflicts of interest when advising clients to consider an investment in the Fund. Introducers who promote investment opportunities to the Investment Director for consideration as potential investments for the Fund may have conflicts of interest which they fail to disclose to Investment Director. Whilst the Investment Director is responsible for all due diligence on such investments there can be no guarantee that it will always be aware of, or will be able to identify, such conflicts.

### Participating Shares

Participating Shares are not traded on a regular basis and there is no active secondary market for the Participating Shares and it is not expected that such a market will develop. Participating Shareholders will, however, be able to realise their investment by redeeming their Participating Shares in accordance with this PPM.

Prospective investors should be aware that investment in the Fund should be viewed as a medium to long-term investment. Investors must note that the Participating Shares carry limited rights of redemption.

Prospective investors should have the financial ability and willingness to accept the risks associated with investing in Digital Assets. As

set out this PPM, most of the Fund's assets are expected to be relatively illiquid and in consequence there are several restrictions on the redemption rights as set out as per Section 9.5 of this PPM. Potential Investors should only consider an investment in the Fund as appropriate for their long term investment funds which are not expected to be required at short notice. If significant redemptions of Participating Shares are requested it may not be possible for the Fund to liquidate its investments at the time the request for redemption is received at the fair value of the investments resulting in a decreased value of the investments.

Investors have sole responsibility for the management of their tax and legal affairs including making any applicable filings and payments and complying with any applicable laws and regulations. The Fund has not and will not provide investors with tax or legal advice and recommends that investors obtain their own independent tax and legal advice tailored to their individual circumstances. The tax treatment of investment products can be complex, and the level and basis of taxation may alter during the term of any product. Prospective investors should therefore obtain professional tax advice appropriate to their own circumstances before investing.

### **Issue of Participating Shares**

Participating Shares issued during the Offer Period at the pre-determined price of \$1,000 per share. The issue price does not consider if there is a change in the value, downwards as well as upwards, of the Participating Shares during the Offer Period.

Redemptions are restricted via a withdrawal fees, gates and notice periods. Investors should subscribe only if they have the liquid resources to remain invested despite these provisions.

### **Expenses**

The Fund may be subject to increases in its fees, charges and expenses at the level of the Fund and/or the level of the Investment Assets. The Fund's fees, charges and expenses could increase without a corresponding increase in income. Factors which could increase fees, charges and expenses include: increases in taxes and other statutory charges; and changes in laws, regulations or government policies which increase the costs of compliance with such laws, and regulations or policies. The Fund may incur fees, charges and expenses regardless of whether or not its investments prove profitable. The impact of expenses on the profitability of any investment can be material especially on small funds and cells where the fixed costs are more burdensome.

### **Performance Fee**

The fees payable to the Investment Director may create an incentive for the to recommend/make investments that are riskier or more speculative than would be the case in the absence of a Performance Fee. However, Investment Director, when identifying investments will have a degree of economic interest with the Shareholders.

## Distribution Policy

The articles empower the Board of Directors to declare dividends in respect of any shares in the fund out of net income (including dividend and interest income) and the excess of realised and unrealised capital gains over realised and unrealised losses in respect of investments of the fund. Accordingly, while it is the current intention of the Directors not to declare dividends and to reinvest in the fund any amounts available for distribution, dividends in cash or in kind may be declared by the board of directors at its discretion.

## Taxation

Although the Fund will attempt to structure its investments in a manner that is generally tax efficient, there is no assurance that the structure of such investments will be tax efficient for any Participating Shareholder or that any particular tax result will be achieved.

The tax consequences to the Fund and Participating Shareholders, the ability of the Fund as a foreign investor to invest in the markets, the ability of the Fund to repatriate its assets including any income and profit earned on those assets and other operations of the Fund are based on existing regulations, which are subject to change through legislative, judicial or administrative action in the various jurisdictions in which the Fund operates.

Prospective investors must consult their own Professional Advisors with respect to the tax consequences to them of an investment in the Fund under the laws of the jurisdictions in which they are subject to taxation.

The shareholders could include taxable and tax-exempt entities and persons or entities resident of or organised in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by the Board of Directors that may be more beneficial for one type of shareholder. In making such decisions, the Board of Directors intend to consider the investment objective of the Fund as a whole, not the investment objective of any shareholder individually.

## Changes in Applicable Law and Regulation

The Company and/or the Fund must comply with various legal and regulatory requirements, including requirements imposed by the laws of Gibraltar and the FSC. Should any relevant laws or regulations change over the life of the Company and/or the Fund and/or MFL, the legal requirements to which the Company and/or the Fund and/or Investment Director and/or the Participating Shareholders may be subject could differ materially from current requirements.

## No Separate Legal Advisor

Triay Lawyers Limited will act as Gibraltar Legal Advisor to the Fund and have not represented

nor will represent investors in the Fund. No independent legal advisor has been retained to represent holders of Participating Shares in the Fund.

### **Enforcement of Legal Rights**

The Fund is organised under the laws of Gibraltar. As a result, it may not be possible for investors to effect service of process within their jurisdiction upon the Fund or certain of the other persons named herein. All or a substantial portion of the assets of the foregoing persons may be located outside of the jurisdiction of the investor and, as a result, it may not be possible to satisfy a judgment against any of such persons in the investor's jurisdiction or to enforce a judgment obtained in the investor's jurisdiction against such persons.

### **Regulatory Supervision**

The Fund is an EIF and as such is authorised by the GFSC. However, the GFSC does not vouch for the financial soundness of the Fund, for the correctness of any statements made, or opinions expressed with regards to it.

### **Gibraltar Investor Compensation Scheme**

Investors in EIFs are not protected under the Gibraltar Investor Compensation Scheme.

### **Gibraltar Tax and Economy**

On 1 January 2011 the IT Act came into force. The IT Act ended the distinction between offshore and onshore business. On 24 June 2013 it was announced that the European Council of Economic and Finance Ministers of the 27 EU member states ('ECOFIN') endorsed Gibraltar's IT Act as being compliant with the EU Code of Conduct for business taxation. This is the first time that Gibraltar's tax system has been fully endorsed by both ECOFIN and the Code of Conduct Group (which is a group formed of the tax authorities of the 27 EU member states and chaired by the EU Commission). Whilst these approvals mark a major milestone in the transformation of Gibraltar as a mainstream and compliant tax jurisdiction, there can be no assurance or certainty that Gibraltar's tax system will not come under scrutiny or that Gibraltar will not alter its taxation system or vary the levels of taxation currently charged. This could significantly impact upon the Fund's activities undertaken from within Gibraltar.

Whilst, by virtue of its size, Gibraltar as an economy has the ability to adapt to the global economic climate, there is no guarantee that this will be the case in the future. A downturn in the economic climate in Gibraltar could lead to the Government of Gibraltar having to intervene. This could include Gibraltar altering its taxation system or varying the levels of taxation currently charged. This could significantly impact upon the Fund's activities undertaken from within Gibraltar.

### **EU Risk and Risk of Leaving the EU**

Gibraltar is a British Overseas Territory. On the 31st January 2020 the UK and Gibraltar



left the EU on the basis of an agreement to govern the transition period up until 31st December 2020. The UK (including on behalf of Gibraltar) concluded negotiations with the EU for its (and Gibraltar's) long term relationship with the EU. On the 31<sup>st</sup> December 2020 an in-principle agreement was announced between the United Kingdom and the Kingdom of Spain in respect of Gibraltar. This agreement paves the way for a treaty between the European Union and the United Kingdom in respect of Gibraltar and is intended to incapsulate areas such as the free movement of persons and goods within Gibraltar and the European Union. As at the date of this PPM there is no information as to whether said Treaty will include financial services and passporting within the European Union. It is also unclear what exactly the remit of the final Treaty will be.

**The Fund may be subject to all or any of the above stated risks. Investment**

**Assets which normally trade within a fairly narrow range may become subject to sudden bouts of illiquidity and may experience unusually high levels of volatility. Losses in such circumstances can be severe. Foreign exchange rates and bond prices can experience sharp price changes.**

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING. POTENTIAL INVESTORS MUST READ THIS PPM IN THEIR ENTIREITY INCLUDING ALL ATTACHMENTS AND MUST CONSULT THEIR OWN PROFESSIONAL ADVISORS, BEFORE DECIDING TO INVEST IN THE FUND.**



## Appendix A – Subscription Check List

For a subscription to be accepted by the Company the following documents or such additional or other documents as the Board of Directors may at its absolute discretion require, must be sent to the Administrator (contact details as per Appendix F).

### All investors

- ☐ completed and signed Subscription Agreement (Appendix B).
- ☐ completed and signed Subscription Information Form (Appendix C).
- ☐ completed Self-certification Form (Appendix D, Appendix E or Appendix F)

If KYC onboarding is conducted through Sum & Substance (the Administrators online AML & KYC verification system) certified copies will not be required. This will apply to all mentions of certified documentation in this Appendix A.

### Individual investors

- ☐ certified copy of a passport or identification card.
- ☐ original utility bill or a certified copy of proof of address dated less than 3 months old (not a mobile telephone bill or satellite bill)
- ☐ verifiable confirmation of Source of Wealth/Income
- ☐ verifiable confirmation of Source of Funds for the subscription

### Corporate investors (except for companies listed on a recognized exchange and regulated entities approved by the Fund)

- ☐ certified copy of a passport or identification card for each director
- ☐ original utility bill or a certified copy of proof of address dated less than 3 months old (not a mobile telephone bill or satellite bill)) for each director

- ☐ all of the items listed under the Individual heading (above) for each shareholder (if their shareholding is in excess of 25% + 1 share) and beneficial owners (if their shareholding is in excess of 25% + 1 share).
- ☐ certified copy of certificate of incorporation.
- ☐ certified copy of memorandum and articles of association (or equivalent).
- ☐ certified copy of the register of directors and shareholders (or equivalent).
- ☐ details of the activity of the Fund
- ☐ copy of the latest audited financial statements, if available

#### Trusts (except for registered charities)

- ☐ written confirmation of the nature and purpose of Trust, e.g., discretionary, testamentary, bare
- ☐ certified copy of extracts of the trust deed (and any subsequent deed) confirming the identity of the Settlor and Protector (if applicable), evidencing the appointment of the current trustees and confirming the beneficiaries or the beneficiary class
- ☐ certified copy of a passport or identification card in respect of any individual who is trustee, protector, named beneficiary/object or settlor.
- ☐ original utility bill or a certified copy of proof of address dated less than 3 months old (not a mobile telephone bill or satellite bill) in respect of any individual who is trustee, named beneficiary/object or settlor.
- ☐ *(any Fund that is trustee, named beneficiary/object or settlor except for companies listed on a recognized exchange) - documents required of a corporate investor.*

## Appendix B – Subscription Agreement

The Board of Directors  
HODL (Gib) Fund Limited  
5-9 Main Street  
Gibraltar

Dear Sir or Madam,

The undersigned (the “Subscriber”) acknowledges having received this private Placement Memorandum dated 27th September 2023 (the “PPM”) for HODL (Gib) Fund Limited (the “Company” and/or the “Fund”) for the offering of Participating Shares (the “Participating Shares”) on the terms of the PPM and subject to the provisions of the Memorandum and Articles of Association of the Company.

The Subscriber further acknowledges that it has received and accepted the investment warning required by the Financial Services (Experienced Investor Funds) Regulations 2020 (the “Regulations”) as contained within the PPM.

The Subscriber represents and warrants that:

- 1) She/he/it has received and reviewed the PPM and hereby agrees to be bound by its terms and conditions and understands and acknowledges that a portion of the Fund’s NAV shall be deployed into HODL Algorithmic Fund Limited; The Subscriber hereby confirms that he understands and acknowledges the risks associated with the investment into HODL Algorithmic Fund Limited and accepts them;
- 2) The Participating Shares are not being purchased with a view to immediate resale or active trading;
- 3) All consents required to be obtained and all legal requirements necessary to be complied with or observed in order for this Agreement or the issuance of the Participating Shares to be lawful and valid under the laws of any jurisdiction to which the Subscriber is subject have been obtained, complied with or observed;

- 4) None of the Participating Shares (nor any interest therein) are being acquired or will at any time be held, directly or indirectly, for the account or benefit of a Politically Exposed Person (“PEP”) such as a senior political figure or the spouse or associate of a senior political figure;
- 5) None of the Participating Shares (nor any interest therein) are being acquired or will at any time be held, directly or indirectly, for the account or benefit of a person on any OECD money laundering or terrorism “Watch List”;
- 6) The Subscriber has not relied on any representations or other information purported to be given on behalf of the Company except as set forth in the PPM, any documents referred to therein or the published financial statements of the Company and has consulted his/her/its own legal adviser, tax adviser, accountant and/or investment manager with respect to the investment contemplated hereby and its suitability for the Company;
- 7) The Company has made available to the Subscriber, during the course of this transaction and prior to the acquisition of the Participating Shares, the opportunity to ask questions of and receive answers from the Company concerning the terms and conditions of the offering described in the PPM and in any documents referred to therein, and to obtain any additional information necessary to verify the information contained therein or otherwise relative to the financial data and business of the Company, to the extent that such parties possess such information or can acquire it without unreasonable effort or expense, and all such questions, if asked, have been answered satisfactorily and all such documents, if examined, have been found to be fully satisfactory;
- 8) None of the Participating Shares (nor any interest therein) are being acquired or will at any time be held, directly or indirectly, for the account or benefit of a U.S. Person and none of the Participating Shares will be transferred to any person who has failed to supply a similar representation. “U.S. Person” means:
  - i. Any natural person resident in the United States of America, its territories and possessions, any State of the United States, and the District of Columbia (the “United States”);

- ii. Any partnership or corporation organized or incorporated under the laws of the United States;
  - iii. Any estate of which any executor or administrator is a U.S. Person;
  - iv. Any trust of which any trustee is a U.S. Person;
  - v. Any agency or branch of a foreign entity located in the United States;
  - vi. Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person;
  - vii. Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
  - viii. Any partnership or corporation if:
    - a) Organized or incorporated under the laws of any foreign jurisdiction; and
    - b) Formed by a U.S. person principally for the purpose of investing in securities not registered under the United States Securities Act of 1933, as amended, (the "Securities Act"), unless it is organized or incorporated, and owned, by accredited investors (as defined in [Rule 501\(a\)](#) of the Securities Act) who are not natural persons, estates or trusts.
- 9) The Subscriber confirms that he is an experienced investor within the meaning of the Gibraltar Financial Services (Experienced Investor Funds) Regulations 2020 and that therefore, is a person or body who, at the time of investment falls into one of the following categories\*:
- (a) a person or partnership whose ordinary business or professional activity includes, or it is reasonable to expect that it includes, acquiring, ☐

underwriting, managing, holding or disposing of investments, whether as principal or agent, or the giving of advice concerning investments;

- (b) a body corporate which has net assets of more than €1,000,000 or which is part of a group which has net assets of more than €1,000,000; ☐
- (c) an unincorporated association which has net assets of more than €1,000,000; ☐
- (d) the trustee of a trust where the aggregate value of the cash and investments which form part of the trust's assets of more than €1,000,000; ☐
- (e) an individual whose net worth, or joint net worth with that individual's spouse, is more than €1,000,000, excluding that individual's pension fund assets and principal place of residence; or ☐
- (f) *omitted* ☐
- (g) a participant who invests, or in aggregate has investments of, at least €100,000 in one or more experienced investor fund and ☐
  - is a certified high net worth investor, certified sophisticated investor or self-certified sophisticated investor; or
  - does so on the basis of solicited advice;
- (h) a participant who invests at least €50,000 in the Company and who has been advised by a professional adviser to invest in the Company and the Company's administrator has received confirmation of such advice (see note below); or ☐
- (i) a participant who is a professional client, as defined under the Financial Services (Investment Services) Regulations 2020. ☐
- (j) a participant in a fund that has re-domiciled to Gibraltar where the GFSC has permitted the inclusion of such participant either in respect of a ☐

specific experienced investor fund or generally in respect of experienced investor funds or a category of such funds from a certain jurisdiction.

*\* Please select the relevant box/boxes under which you expect to qualify as an Experienced Investor. Please note that further information may be requested from you in respect of this qualification as a matter of record. In relation to an application for Participating Shares, it is a legal requirement that you qualify under one of the categories (a)-(f) or (h) above. If you qualify under category (h) then you must also supply documentary evidence that contains both the regulatory status of the professional adviser, and a copy of the advice referring specifically to the recommendation to invest in Company. If you are in any doubt as to whether you qualify under one of these categories, please contact the Administrator or the Company.*

- 10) the Subscriber has provided the relevant, necessary statements where they confirming they are an experienced investor under 9 (g) above. These statements include the 'High Net Worth Investor Statement', 'Sophisticated Investor Statement', or 'Self-Certified Sophisticated Investor Statement' of which templates can be found in Appendices C, D and E of the PPM;
- 11) the Subscriber has received and accepted the investment warning contained in the PPM required by the Regulations;
- 12) the Subscriber will promptly inform the Company of any changes to the information disclosed, or to any of the above representations;
- 13) the Subscriber will do all such acts and things and execute such deeds and documents as may be necessary fully and effectively to give effect to this Agreement;
- 14) the Subscriber has read and understood Section 17 of PPM and hereby unambiguously consents to the disclosure of any information which would otherwise be restricted under the Data Protection Act 2004 to the relevant U.S. and to any other relevant authorities for the purposes of 'FATCA-Type' Legislation and/or to the relevant U.S. authorities, UK authorities or Gibraltar authorities (pursuant to the intergovernmental agreements between Gibraltar and the US and

Gibraltar and the UK as detailed in the Fund's Private Placement Memorandum) and warrants that it will not hold the Company liable for the potential future disclosure and any losses made by the Subscriber as a result of any claims initiated against the Subscriber.

The Subscriber agrees to indemnify and hold harmless the Company, its Board of Directors and officers and each other person or entity, if any, who controls it, against any and all loss, liability, claim, damage, costs and expense whatsoever (including but not limited to any and all expenses whatsoever reasonably incurred in investigating preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the Subscriber to comply with the covenant or agreement made by the Subscriber herein or in any other document in connection with this transaction.

The Subscriber has evaluated the risks of acquiring the Participating Shares, and has determined that the Participating Shares are a suitable investment for the Subscriber. The Subscriber acknowledges that there can be no assurance that appreciation of the Company's assets will occur or that losses will not be realised and that the value of Participating Shares may be subject to volatile movements and may fall as well as rise. Accordingly, the Subscriber can bear the economic risk of this investment and can afford a complete loss of the Subscriber's investment. Subscriber agrees that any information supplied to the Company will be made available by the Company to the Administrator and the Bank of the Company.



This Agreement (and any non-contractual obligations arising out of or in connection with it) shall be governed by and construed in all respects in accordance with Gibraltar law and any dispute relating to this Agreement shall be submitted to a Gibraltar court.

Name/For and on behalf of:\_\_\_\_\_

Date:\_\_\_\_\_

Signature:\_\_\_\_\_

## Appendix C – Subscription Information Form

For the avoidance of doubt the EURO value assigned to any subscription made in Digital Assets shall be determined at 16:00 Gibraltar time on the Valuation Day in question. Potential subscribers to the Fund shall be subject to the market volatility and price movements in the period from the Fund receiving the Digital Assets to valuation point (being 16:00 Gibraltar time). The Fund reserves the right to levy additional fees in respect of subscriptions in Digital Assets in certain circumstances.

### Share registration details:

Date of form completion:	
Proposed dealing date:	
Series of Participating Shares being subscribed (if known/applicable):	
Name/Company Name for Share Registration:	
Address for Share Registration:	

Postal address: (if different to above)	
Telephone:	
Fax:	
Email for Share Registration:	
Additional email addresses (CC's):	
Physical share certificate required?  (note if a physical share if a physical share certificate is issued it will have to be returned to the Company on redemption of shareholding)	<p>Yes</p> <p>No (recommended)</p>

Is the subscriber the exclusive beneficial owner of the assets?	<p>Yes</p> <p>No</p>
If above no, please provide full details of beneficial owner:	

## Subscription in fiat:

Currency subscribing in:	
Amount of subscription: (numeric)	
Amount of subscription: (text)	
<b>Bank Details</b>	
Bank name:	
Bank address:	

Account name:	
Account number:	
Swift code:	
IBAN:	
BIC:	

## Subscription in digital assets:

<b>Currency/Token subscribing in:</b>	
<b>Amount of subscription:</b> (numeric)	
<b>Amount of subscription:</b> (text)	
<b>Address/Wallet Details</b>	
<b>Digital assets address used for subscription ("Subscription Address"):</b>  (Please ensure that you replicate the wallet address exactly)	
<b>Is the Subscription Address owned/controlled by you, by virtue of ownership of the private keys:</b>	<p>Yes</p> <p>No</p>

<p>If above is "No" please provide:</p> <p>Name of wallet/address provider:</p>	
<p>Address of wallet/address provider:</p>	
<p>Details of an originating address ("Originating Address"*) or Bank Account</p> <p>*As owned/controlled by you by virtue of ownership of the private keys, used to transfer digital assets to the Subscription Address (if applicable)</p>	
<p><b>Note: if applicable, the Fund or Administrator may request supporting evidence of flow of transactions from Originating Address or Bank Account to the Subscription Address</b></p>	





## Subscription in other assets:

Provide full details of other assets used for subscription purposes:	
Valuation of other assets used for subscription purposes:	

## Additional information:

Is the subscriber a politically exposed person?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Is the subscriber a U.S. Person?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Source of wealth:	

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*Name:*

*Entity (if corporate investor):*

*Title/Position of signatory:*

*Signature:*

*Date:*

## Appendix D – Statement by Certified High Net Worth Investor

I make this statement so that, in accordance with regulation 3(1)(g)(i) of the Financial Services (Experienced Investor Funds) Regulations 2020, I can invest in an experienced investor fund.

I declare that I am a certified high-net-worth investor and qualify as such because at least one of the following applies to me:

- (a) I had, throughout the financial year immediately preceding the date below, an annual income to the value of £100,000 or more, excluding money withdrawn from my pension savings (other than withdrawals used directly for income in retirement);
- (b) I held, throughout the financial year immediately preceding the date below, net assets to the value of £250,000 or more, excluding all of the following–
  - (i) the property which is my primary residence or any money raised through a loan secured on that property;
  - (ii) any rights of mine under a contract of life insurance falling within a class listed in paragraph 23 of Schedule 2 to the Financial Services Act 2019;
  - (iii) any benefits (in the form of pensions or otherwise) which are payable on the termination of my service or on my death or retirement and to which I am (or my dependants are), or may be, entitled; and
  - (iv) any withdrawals from my pension savings (other than withdrawals used directly for income in retirement).

I accept that investing in an experienced investor fund may expose me to a significant risk of losing all of the money or other property invested.

I am aware that it is open to me to seek advice from an authorised person who specialises in advising on experienced investor funds.

Name/For and on behalf of: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

## Appendix E – Statement by Certified Sophisticated Investor

I make this statement so that, in accordance with regulation 3(1)(g)(i) of the Financial Services (Experienced Investor Funds) Regulations 2020, I can invest in an experienced investor fund.

I declare that I am a certified sophisticated investor.

I accept that investing in an experienced investor fund may expose me to a significant risk of losing all of the money or other property invested.

I am aware that it is open to me to seek advice from an authorised person who specialises in advising on experienced investor funds.

Name/For and on behalf of: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

## Appendix F – Statement by Self-Certified Sophisticated Investor

I make this statement so that, in accordance with regulation 3(1)(g)(i) of the Financial Services (Experienced Investor Funds) Regulations 2020, I can invest in an experienced investor fund.

I declare that I am a self-certified sophisticated investor and qualify as such because at least one of the following applies to me:

- (a) I am a member of a network or syndicate of business angels and have been so for at least the last six months prior to the date below;
- (b) I have made more than one investment in an unlisted company in the two years prior to the date below;
- (c) I am working, or have worked in the two years prior to the date below, in a professional capacity in the private equity sector, or in the provision of finance for small and medium enterprises;
- (d) I am currently, or have been in the two years prior to the date below, a director of a company with an annual turnover of at least £1 million.

I accept that investing in an experienced investor fund may expose me to a significant risk of losing all of the money or other property invested.

I am aware that it is open to me to seek advice from someone who specialises in advising on experienced investor funds.

Name/For and on behalf of: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

## Appendix G – Entity Tax Residency Self-Certification form

*If you have any questions about how to complete this form, please contact your tax advisor.*

*Please read these instructions before completing this form*

The Company which term shall be defined as Abacus Fund Administration Limited and their parent, subsidiary, associated and affiliated companies that form part of the Abacus Group, is obliged to follow legislation including international regulations requiring the collection of certain information in respect of clients' tax residence and/or tax arrangements, including the Common Reporting Standard ("CRS") and the Foreign Account Tax Compliance Act ("FATCA") which both require the automatic exchange of information for tax matters.

*Please complete each section as directed and provide any additional information that is requested. Please note that in certain circumstances (including if we do not receive a valid self-certification from you) the Company may be obliged to share information that you provided us on this form with the relevant competent authority.*

*This form will remain valid unless there is a change in circumstances relating to the information provided. Terms referenced in this form shall have the same meaning as applicable under FATCA or CRS and/or implementing legislation. Please also refer to the definitions contained in the Appendix and if you have any questions about how to complete this form, please contact your tax advisor.*

*If any of the information below about your tax residence or FATCA or CRS classification changes in the future, please ensure you advise the Company of these changes promptly as an updated self-certification form will be required to be completed.*

## PART I: GENERAL

### Section 1: Client Identification

Name	
Amount of subscription: (text)	
Date of Incorporation/Organisation (dd/mm/yyyy):	
Country of Incorporation/Organisation:	
Registered address:	
Post code/ZIP code:	
Country:	
Mailing address (if different from above):	

## PART II: US Intergovernmental Agreement (IGA)

### Section 2: United States of America ("US") Persons

Please tick either (a) or (b) and complete as appropriate.

- (a) ☐ The entity **is a** Specified US Person and the entity's US federal taxpayer identifying number ("**US TIN**") is as follows:
- (b) ☐ The entity is a US Person that **is not a** Specified US Person.



State the exemption<sup>3</sup>:

### Section 3: US FATCA classification for all non-US entities

(Please complete this section if the entity is not a US Tax Resident)

3.1 If the entity is a Registered Financial Institution, please tick one of the below categories (a) or (b) or (c), and provide your Global Intermediary Identification number ("**GIIN**").

- (a) ☐ IGA Partner Jurisdiction Financial Institution
- (b) ☐ Registered Deemed Compliant Foreign Financial Institution
- (c) ☐ Participating Foreign Financial Institution

Please provide your GIIN:

(if registration is in progress, please state here also):

3.2 If the entity is a Financial Institution but unable to provide a GIIN, please tick one of the below reasons:

- (a) ☐ The entity is a Sponsored Financial Institution and has not yet obtained a GIIN but is sponsored by another entity that has registered as a Sponsoring Entity. *Please provide the Sponsoring Entity's name and GIIN.*

Sponsoring Entity's Name:

Sponsoring Entity's GIIN:

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<sup>3</sup> Under the US IGA and in the US Internal Revenue Code, **Specified US Person** does not include: An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37); The United States or any of its agencies or instrumentalities; A state, the District of Columbia, a possession of the United States, or any of their political subdivisions, or instrumentalities; A corporation the stock of which is regularly traded on one or more established securities markets, as described in Reg. section 1.1472-1(c)(1)(i); A corporation that is a member of the same expanded affiliated group as a corporation described in Reg. section 1.1472-1(c)(1)(i); A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state; A real estate investment trust; A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940; A common trust fund as defined in section 584(a); A bank as defined in section 581; A broker; A trust exempt from tax under section 664 or described in section 4947; or A tax-exempt trust under a section 403(b) plan or section 457(g) plan.

- (b) ☐ The entity is a Trustee Documented Trust. Please provide the Trustee's name and GIIN.

Trustee's Name:

Trustee's GIIN:

- (c) ☐ The entity is a Certified Deemed Compliant, or otherwise Non-Reporting, Foreign Financial Institution (including a Foreign Financial Institution deemed compliant under Annex II of an IGA, except for a Trustee Documented Trust or Sponsored Financial Institution).

State the exemption:

- (d) ☐ The entity is a Non-Participating Foreign Financial Institution.

3.3 If the entity **is not a** Foreign Financial Institution, please confirm the entity's FATCA status below:

- (a) ☐ The entity is an Exempt Beneficial Owner.

Indicate status:

- (b) ☐ The entity is an Active Non-Financial Foreign Entity (including an Excepted NFFE).

- (i) If the entity is a Direct Reporting NFFE, please provide the Entity's GIIN:

- (ii) If the entity is a Sponsored Direct Reporting NFFE, please provide the Sponsoring Entity's name and GIIN.

Sponsoring Entity's Name:

Sponsoring Entity's GIIN:

- (c) ☐ The entity is a Passive Non-Financial Foreign Entity:

If you have ticked (c) (Passive Non-Financial Foreign Entity), please provide the full name(s) of any Controlling Person(s) *(This must not be left blank)*:

*Please complete Part IV below providing details of any ultimate Controlling Person(s) who is/are natural person(s).*

## PART III: Common Reporting Standard ("CRS")

### Section 4: Declaration of all Tax Residencies

*(repeat any residencies stated in Part II, Section 2)*

Please state the entity's place of tax residence (if resident in more than one country please detail all countries and associated tax reference number type and number).

	Country/Countries of tax residency	Tax reference number type	Tax reference number (e.g. US TIN)*
1			
2			
3			

\* Please state 'not applicable' if the jurisdiction does not issue, or you are unable to procure, a tax reference number or functional equivalent. If applicable, please specify the reason(s) for non-availability of the tax reference number:

### Section 5: CRS Classification

Please provide the entity's CRS classification by ticking the corresponding box(es).

Note that CRS classification does not necessarily coincide with the classification for US FATCA purposes.

5.1 ☐ If the entity is a **Financial Institution**, please tick this box and specify the type of Financial Institution below:

- i) ☐ Reporting Financial Institution under CRS.
- ii) ☐ Non-Reporting Financial Institution under CRS. Specify the type of Non-Reporting Financial Institution below:

- ☐ Governmental Entity
  - ☐ International Organization
  - ☐ Central Bank
  - ☐ Broad Participation Retirement Fund
  - ☐ Narrow Participation Retirement Fund
  - ☐ Pension Fund of a Governmental Entity, International Organization, or Central Bank
  - ☐ Exempt Collective Investment Vehicle
  - ☐ Trust whose trustee reports all required information with respect to all CRS Reportable Accounts
  - ☐ Qualified Credit Card Issuer
  - ☐ Other Entity defined under the entity's domestic law as low risk of being used to evade tax. Please i) specify the type provided in the entity's domestic law and ii) detail the title of the relevant domestic law:
- iii) ☐ If the entity is a Financial Institution resident in a Non-Participating Jurisdiction under CRS, please tick this box and specify the type of Financial Institution resident in a Non-Participating Jurisdiction below:
- (a) ☐ Investment Entity and managed by another Financial Institution.
- If you have ticked this box please provide the full name(s) of any Controlling Person(s) (***this must not be left blank***). Please refer to the definition of Controlling Person in the Appendix:
- (b) ☐ Other Investment Entity
- Please specify:

(c) ☐ Other Financial Institution, including a Depositary Financial Institution, Custodial Institution, or Specified Insurance Company.

Please specify:

5.2 ☐ If the entity is an **Active Non-Financial Entity** ("**NFE**"), please tick this box and specify the type of Active NFE below:

☐ Corporation that is regularly traded or a related entity of a regularly traded corporation.

Name of the stock exchange where traded:

If the entity is a related entity of a regularly traded corporation, provide the name of the regularly traded corporation:

☐ Governmental Entity, International Organization, a Central Bank, or an Entity wholly owned by one or more of the foregoing.

☐ Other Active Non-Financial Foreign Entity.

Please specify:

5.3 ☐ If the entity is a **Passive NFE**, please tick this box.

If you have ticked this box please provide the full name(s) of the Controlling Person(s) (***this must not be left blank***).

Please refer to the definition of Controlling Person in the Appendix:

*Please complete Part IV below providing further details of any ultimate Controlling Person(s) who is/are natural person(s).*

## Section 6: Declaration and Undertakings

I/We declare (as (an) authorised signator(y/ies) of the entity) that the information provided in this form, including, if applicable, as to the Controlling Person(s), is, to the best of my/our knowledge and belief, accurate and complete.

I/We undertake to advise the Company promptly and provide an updated Self-Certification form within thirty (30) days where any change in circumstances occurs which causes any of the information contained in this form to be inaccurate or incomplete.

I/We hereby consent to the Company sharing this information with the relevant tax information authorities where legally obliged to do so.

	Signatory 1	Signatory 2
Print name:		
Position / Title:		
Date:		
Signature:		

## PART IV: Controlling Persons

(Please complete for each Controlling Person)

## Section 7: Identification of a Controlling Person

First Name:	
Middle Name (if any):	

Surname/Family Name:	
Date of Birth (dd/mm/yyyy):	
Country of Birth:	
Permanent residential address:	
Post code/ZIP code:	
Country:	
Mailing address (if different from above):	
Please enter the legal name of the relevant entity(ies) of which you are a Controlling Person:	
Legal name of entity 1:	
Legal name of entity 2:	
Legal name of entity 3:	



## Section 8: Country of residence for tax purposes and related taxpayer reference number or functional equivalent

Please complete the following table indicating:

- (i) where the Controlling Person is tax resident; and
- (ii) the Controlling Person's taxpayer reference number for each country stated.

If the Controlling Person is tax resident in more than three countries please use a separate sheet. If the Controlling Person is a tax resident in a country that is a Reportable Jurisdiction, please also complete Section 9 'Type of Controlling Person'.

	Country/Countries of tax residency	Tax reference number type	Tax reference number (e.g. US TIN)*
1			
2			
3			

\* Please state 'not applicable' if the jurisdiction does not issue, or you are unable to procure, a tax reference number or functional equivalent. If applicable, please specify the reason(s) for non-availability of the tax reference number:

**Section 9: Type of Controlling Person (Please only complete this section if you are tax resident in one or more Reportable Jurisdictions)**

Provide the Controlling Person's Status by ticking the appropriate box below.	Entity 1	Entity 2	Entity 3
Controlling Person of a legal person – <b>control by ownership</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Controlling Person of a legal person – <b>control by other means</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Controlling Person of a legal person – <b>senior managing official</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Controlling Person of a trust – <b>settlor</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Controlling Person of a trust – <b>trustee</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Controlling Person of a trust – <b>protector</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Controlling Person of a trust – <b>beneficiary</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Controlling Person of a trust – <b>other</b> Please specify:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Controlling Person of a legal arrangement (non-trust) – <b>settlor-equivalent</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Controlling Person of a legal arrangement (non-trust) – <b>trustee-equivalent</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Controlling Person of a legal arrangement (non-trust) – <b>protector-equivalent</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Controlling Person of a legal arrangement (non-trust) – <b>beneficiary-equivalent</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Controlling Person of a legal arrangement (non-trust) – <b>other-equivalent</b> Please specify:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Section 10: Controlling Person Declaration and Undertakings

I certify that I am the Controlling Person, or am authorised to sign for the Controlling Person, of all the account(s) held or to be held by the subscribing entit(y/ies) to which this form relates.

I declare that the information provided in this form and all statements made in this declaration are, to the best of my knowledge and belief, accurate and complete.

I undertake to advise the Company promptly and provide an updated form within thirty (30) days where any change in circumstances occurs which causes the information contained in this form to be inaccurate or incomplete.

I acknowledge that the information contained in this form and information regarding the Controlling Person and any Reportable Account(s) may be reported to the tax authorities of the country in which this account(s) is/are maintained and exchanged with tax authorities of another country or countries in which I/the Controlling Person may be tax resident pursuant to international agreements to exchange financial account information.

Signature:

Print name:

Date (dd/mm/yyyy):

Note: If you are not the Controlling Person please state the capacity in which you are signing the form. If signing under a power of attorney please also attach a certified copy of the power of attorney.

Capacity:

**Please return your completed form to [hodlfunds@abacus.gi](mailto:hodlfunds@abacus.gi) or by fax on +350 21628888 within thirty (30) days of receipt. Non receipt by the Company means that**

the Company is required to treat the information already held as potentially reportable to the relevant competent authority.

For the purposes of carrying out our business and providing our services The Company may hold personal data on individuals. At all times Abacus Group follows the relevant data legislation including GDPR, our data protection policy can be found on our website [www.abacus.gi](http://www.abacus.gi)

## Appendix

### Definitions

#### A. General

**Controlling Person** means the natural persons who exercise direct or indirect control over an entity. In the case of a trust, such term means the settlor(s), the trustees(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural person(s) exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term 'Controlling Persons' shall be interpreted in a manner consistent with the Financial Action Task Force Recommendations ("**FATF**").

FATF Recommendations on Controlling Persons:

Identify the beneficial owners of the customer and take reasonable measures to verify the identity of such persons, through the following information. For legal persons\*:

- (a) The identity of the natural persons (if any – as ownership interests can be so diversified that there are no natural persons (whether acting alone or together) exercising control of the legal person or arrangement through ownership) who ultimately have a controlling ownership interest\*\* in a legal person; and
- (b) to the extent that there is doubt under (a) as to whether the person(s) with the controlling ownership interest are the beneficial owner(s) or where no natural person

exerts control through ownership interests, the identity of the natural persons (if any) exercising control of the legal person or arrangement through other means.

(c) Where no natural person is identified under (a) or (b) above, financial institutions should identify and take reasonable measures to verify the identity of the relevant natural person who holds the position of senior managing official.

\* Measures (a) to (b) are not alternative options, but are cascading measures, with each to be used where the previous measure has been applied and has not identified a beneficial owner.

\*\* A controlling ownership interest depends on the ownership structure of the company. It may be based on a threshold, e.g. any person owning more than a certain percentage of the company (e.g. 25%).

#### **B. Applicable to the US IGA (See PART II of the Entity Self-Certification Form)**

**Account Holder** means the person listed or identified as the holder of a Financial Account by the Financial Institution that maintains the account. A person, other than a Financial Institution, holding a Financial Account for the benefit or account of another person as agent, custodian, nominee, signatory, investment advisor, or intermediary, is not treated as holding the account for purposes of this Agreement, and such other person is treated as holding the account. For purposes of the immediately preceding sentence, the term "Financial Institution" does not include a Financial Institution organized or incorporated in a US Territory. In the case of a Cash Value Insurance Contract or an Annuity Contract, the Account Holder is any person entitled to access the Cash Value or change the beneficiary of the contract. If no person can access the Cash Value or change the beneficiary, the Account Holder is any person named as the owner in the contract and any person with a vested entitlement to payment under the terms of the contract. Upon the maturity of a Cash Value Insurance Contract or an Annuity Contract, each person entitled to receive a payment under the contract is treated as an Account Holder.

**Active Non-Financial Foreign Entity** means any NFFE which is a Non US entity that meets any of the following criteria:

- (a) Less than 50 per cent of the NFFE's gross income for the preceding calendar year or other appropriate reporting period is passive income and less than 50 per cent of the assets held by the NFFE during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of passive income;
- (b) The stock of the NFFE is regularly traded on an established securities market or the NFFE is a Related Entity of an Entity the stock of which is traded on an established securities market;
- (c) The NFFE is organized in a US Territory and all of the owners of the payee are bona fide residents of that US Territory;
- (d) The NFFE is a non-US government, a government of a US Territory, an international organization, a non-US central bank of issue, or an Entity wholly owned by one or more of the foregoing;
- (e) substantially all of the activities of the NFFE consist of holding (in whole or in part) the outstanding stock of, and providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a Financial Institution, except that an NFFE shall not qualify for this status if the NFFE functions (or holds itself out) as an investment fund, such as a private equity fund, venture capital fund, leveraged buyout fund or any investment vehicle whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes;
- (f) The NFFE is not yet operating a business and has no prior operating history, but is investing capital into assets with the intent to operate a business other than that of a Financial Institution; provided, that the NFFE shall not qualify for this exception after the date that is 24 months after the date of the initial organization of the NFFE;
- (g) The NFFE was not a Financial Institution in the past five years, and is in the process of liquidating its assets or is reorganizing with the intent to continue or recommence operations in a business other than that of a Financial Institution;

- (h) The NFFE primarily engages in financing and hedging transactions with or for Related Entities that are not Financial Institutions, and does not provide financing or hedging services to any Entity that is not a Related Entity, provided that the group of any such Related Entities is primarily engaged in a business other than that of a Financial Institution; or
- (i) The NFFE is an “excepted NFFE” as described in relevant US Treasury Regulations; or
- (j) The NFFE meets all of the following requirements:
  - (i) It is established and maintained in its country of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic or educational purposes; or it is established and operated in its jurisdiction of residence and it is a professional organization, business league, chamber of commerce, labour organization, agricultural or horticultural organization, civic league or an organization operated exclusively for the promotion of social welfare;
  - (ii) It is exempt from income tax in its country of residence;
  - (iii) It has no shareholders or members who have a proprietary or beneficial interest in its income or assets;
  - (iv) The applicable laws of the Entity’s country of residence or the Entity’s formation documents do not permit any income or assets of the Entity to be distributed to, or applied for the benefit of, a private person or non-charitable Entity other than pursuant to the conduct of the Entity’s charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the Entity has purchased; and
  - (v) The applicable laws of the Entity’s country of residence or the Entity’s formation documents require that, upon the Entity’s liquidation or dissolution, all of its assets be distributed to a governmental entity or other non-profit organization, or escheat to the government of the Entity’s jurisdiction of residence or any political subdivision thereof.

**Code** means the U.S Internal Revenue Code of 1986, as amended.

**Entity** means a legal person or a legal arrangement such as a trust.

**Exempt Beneficial Owners** under the US IGA include Government entities, International Organisations, Central Bank, Broad Participation Retirement Funds, Narrow Participation Retirement Funds, Pension Funds of an Exempt Beneficial Owner, and Investment Entities wholly owned by Exempt Beneficial Owners. Please refer to the IGA for detailed definitions.

**Financial Institution** means a Custodial Institution, a Depository Institution, an Investment Entity, or a Specified Insurance Company, where:

- (a) **Custodial Institution** means any entity that holds, as a substantial portion of its business, financial assets for the account of others. An entity holds financial assets for the account of others as a substantial portion of its business if the entity's gross income attributable to the holding of financial assets and related financial services equals or exceeds 20 per cent of the Entity's gross income during the shorter of: (i) the three-year period that ends on 31 December (or the final day of a non-calendar year accounting period) prior to the year in which the determination is being made; or (ii) the period during which the entity has been in existence;
- (b) **Depository Institution** means any entity that accepts deposits in the ordinary course of a banking or similar business;
- (c) **Investment Entity** means any entity that conducts as a business (or is managed by an entity that conducts as a business) one or more of the following activities or operations for or on behalf of a customer: (1) trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.); foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading; (2) individual and collective portfolio management; or (3) otherwise investing, administering, or managing funds or money on behalf of other persons. The term Investment entity shall be interpreted in a manner consistent with similar language set forth in the definition of "financial institution" in the Financial Action Task Force Recommendations; and



(d) **Specified Insurance Company** means any entity that is an insurance company (or the holding company of an insurance company) that issues, or is obligated to make payments with respect to, a Cash Value Insurance Contract or an Annuity Contract.

**NFFE** means any Non-US Entity that is not a Financial Institution as defined in US FATCA.

**Non-US Entity** means an Entity that is not a US Person.

**Passive Non-Financial Foreign Entity** means any NFFE that is not an Active Non-Financial Foreign Entity.

**Related Entity** An entity is a Related Entity of another entity if either entity controls the other entity, or the two entities are under common control. For this purpose, control includes direct or indirect ownership of more than 50 per cent of the vote or value in an entity. Notwithstanding the foregoing, either party may treat an entity as not a related entity if the two entities are not members of the same affiliated group, as defined in Section 1471(e)(2) of the Code.

**Specified US Person** means a US Person other than:

- (a) a corporation the stock of which is regularly traded on established securities markets;
- (b) any corporation that is a member of the same expanded affiliated group;
- (c) the United States or any wholly owned agency or instrumentality thereof;
- (d) any State of the United States, any US Territory, any political subdivision or wholly owned agency or instrumentality of any one or more of the foregoing;
- (e) any organization exempt from taxation under section 501 (a) of the Internal Revenue Code (the “**Code**”) or certain individual retirement plans defined in section 7701(a)(37) of the Code ;
- (f) any bank as defined in section 581 of the Code;
- (g) any real estate investment trust as defined in section 856 of the Code;

- (h) any regulated investment company defined in section 851 of the Code or any entity registered with the US Securities and Exchange Commission under the Investment Company Act of 1940;
- (i) any common trust fund as defined in section 584(a) of the Code;
- (j) any trust that is exempt from tax under section 664(c) of the Code or that is described in 4947(a)(1) of the Code;
- (k) a dealer in securities, commodities, or derivative financial instruments that is registered as such under the laws of the United States or any State;
- (l) a broker as defined in section 6045(c) of the Code; or
- (m) any tax-exempt trust under a plan that is described in section 403(b) or section 457(g) of the Code

**US Person** means a US citizen or resident individual, a partnership or corporation organized in the United States or under the laws of the United States or any State thereof, a trust if (i) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (ii) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States. Refer to the US Internal Revenue Code for further interpretation.

### **C. Applicable to Common Reporting Standards (See PART III of the Entity Self-Certification Form)**

**Account Holder** means the person listed or identified as the holder of a Financial Account by the Financial Institution that maintains the account. A person, other than a Financial Institution, holding a Financial Account for the benefit or account of another person as agent, custodian, nominee, signatory, investment advisor, or intermediary, is not treated as holding the account for purposes of the Common Reporting Standard, and such other person is treated as holding the account. In the case of a Cash Value

Insurance Contract or an Annuity Contract, the Account Holder is any person entitled to access the Cash Value or change the beneficiary of the contract. If no person can access the Cash Value or change the beneficiary, the Account Holder is any person named as the owner in the contract and any person with a vested entitlement to payment under the terms of the contract. Upon the maturity of a Cash Value Insurance Contract or an Annuity Contract, each person entitled to receive a payment under the contract is treated as an Account Holder.

**Active Non-Financial Entity** means any NFE that meets any of the following criteria:

- (a) less than 50% of the NFE's gross income for the preceding calendar year or other appropriate reporting period is passive income and less than 50% of the assets held by the NFE during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of passive income;
- (b) the stock of the NFE is regularly traded on an established securities market or the NFE is a Related Entity of an Entity the stock of which is regularly traded on an established securities market;
- (c) the NFE is a Governmental Entity, an International Organisation, a Central Bank, or an Entity wholly owned by one or more of the foregoing;
- (d) substantially all of the activities of the NFE consist of holding (in whole or in part) the outstanding stock of, or providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a Financial Institution, except that an Entity does not qualify for this status if the Entity functions (or holds itself out) as an investment fund, such as a private equity fund, venture capital fund, leveraged buyout fund, or any investment vehicle whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes;
- (e) the NFE is not yet operating a business and has no prior operating history, but is investing capital into assets with the intent to operate a business other than that of a Financial Institution, provided that the NFE does not qualify for this exception after the date that is 24 months after the date of the initial organisation of the NFE;

- (f) the NFE was not a Financial Institution in the past five years, and is in the process of liquidating its assets or is reorganising with the intent to continue or recommence operations in a business other than that of a Financial Institution;
- (g) the NFE primarily engages in financing and hedging transactions with, or for, Related Entities that are not Financial Institutions, and does not provide financing or hedging services to any Entity that is not a Related Entity, provided that the group of any such Related Entities is primarily engaged in a business other than that of a Financial Institution; or
- (h) the NFE meets all of the following requirements:
  - (i) it is established and operated in its jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes; or it is established and operated in its jurisdiction of residence and it is a professional organisation, business league, chamber of commerce, labour organisation, agricultural or horticultural organisation, civic league or an organisation operated exclusively for the promotion of social welfare;
  - (ii) it is exempt from income tax in its jurisdiction of residence;
  - (iii) it has no shareholders or members who have a proprietary or beneficial interest in its income or assets;
  - (iv) the applicable laws of the NFE's jurisdiction of residence or the NFE's formation documents do not permit any income or assets of the NFE to be distributed to, or applied for the benefit of, a private person or non-charitable Entity other than pursuant to the conduct of the NFE's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the NFE has purchased; and
  - (v) the applicable laws of the NFE's jurisdiction of residence or the NFE's formation documents require that, upon the NFE's liquidation or dissolution, all of its assets be distributed to a Governmental Entity or other non-profit organisation, or escheat to the government of the NFE's jurisdiction of residence or any political subdivision thereof.

**Financial Institution** means a Custodial Institution, a Depository Institution, an Investment Entity, or a Specified Insurance Company, where:

(a) **Custodial Institution** means any entity that holds, as a substantial portion of its business, financial assets for the account of others. An entity holds financial assets for the account of others as a substantial portion of its business if the entity's gross income attributable to the holding of financial assets and related financial services equals or exceeds 20 per cent of the Entity's gross income during the shorter of: (i) the three-year period that ends on 31 December (or the final day of a non-calendar year accounting period) prior to the year in which the determination is being made; or (ii) the period during which the entity has been in existence;

(b) **Depository Institution** means any entity that accepts deposits in the ordinary course of a banking or similar business;

(c) **Investment Entity** means any entity:

(A) that primarily conducts as a business one or more of the following activities or operations for or on behalf of a customer:

(i) trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.); foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading;

(ii) individual and collective portfolio management; or

(iii) otherwise investing, administering, or managing Financial Assets or money on behalf of other persons; or

(B) the gross income of which is primarily attributable to investing, reinvesting, or trading in Financial Assets, if the entity is managed by another entity that is a Depository Institution, a Custodial Institution, a Specified Insurance Company, or an Investment Entity described in limb (A) of this definition.

An entity is treated as primarily conducting as a business one or more of the activities described in limb (A), or an entity's gross income is primarily attributable to investing, reinvesting, or trading in Financial Assets for purposes of limb (B) if the entity's gross

income attributable to the relevant activities equals or exceeds 50% of the entity's gross income during the shorter of: (i) the three-year period ending on 31 December of the year preceding the year in which the determination is made; or (ii) the period during which the entity has been in existence. The term "Investment Entity" does not include an entity that is an Active Non-Financial Foreign Entity because it meets any of the criteria in subparagraphs d) through (g) of the definition of Active NFE.

The preceding paragraph shall be interpreted in a manner consistent with similar language set forth in the definition of "financial institution" in the Financial Action Task Force Recommendations; and

(d) ***Specified Insurance Company*** means any entity that is an insurance company (or the holding company of an insurance company) that issues, or is obligated to make payments with respect to, a Cash Value Insurance Contract or an Annuity Contract.

***Non-Financial Entity*** or ***NFE*** means any Entity that is not a Financial Institution.

***Non-Participating Jurisdiction*** means a jurisdiction that is not a Participating Jurisdiction.

***Non-Reporting Financial Institution*** means any Financial Institution that is:

- (a) a Governmental Entity, International Organisation or Central Bank, other than with respect to a payment that is derived from an obligation held in connection with a commercial financial activity of a type engaged in by a Specified Insurance Company, Custodial Institution, or Depository Institution;
- (b) a Broad Participation Retirement Fund; a Narrow Participation Retirement Fund; a Pension Fund of a Governmental Entity, International Organisation or Central Bank; or a Qualified Credit Card Issuer;
- (c) any other Entity that presents a low risk of being used to evade tax, has substantially similar characteristics to any of the Entities described in subparagraphs B(1)(a) and (b), and is defined in domestic law as a Non-Reporting Financial Institution, provided that the status of such Entity as a Non-Reporting Financial Institution does not frustrate the purposes of the Common Reporting Standard;

- (d) an Exempt Collective Investment Vehicle; or
- (e) a trust to the extent that the trustee of the trust is a Reporting Financial Institution and reports all information required to be reported pursuant to Section I with respect to all Reportable Accounts of the trust.

***Participating Jurisdiction*** means a jurisdiction (i) with which an agreement is in place pursuant to which it will provide the information specified in Section I (of the CRS), and (ii) which is identified in a published list.

***Participating Jurisdiction Financial Institution*** means (i) any Financial Institution that is resident in a Participating Jurisdiction, but excludes any branch of that Financial Institution that is located outside such Participating Jurisdiction, and (ii) any branch of a Financial Institution that is not resident in a Participating Jurisdiction, if that branch is located in such Participating Jurisdiction.

***Passive Non-Financial Entity*** means any: (i) Non-Financial Entity that is not an Active Non-Financial Entity; or (ii) an Investment Entity described in limb B (or subparagraph A(6)(b) of the Standard) of the definition of Investment Entity that is not a Participating Jurisdiction Financial Institution.

***Related Entity*** means an entity related to another entity because (i) either entity controls the other entity; (ii) the two entities are under common control; or (iii) the two entities are Investment Entities described limb B of the definition of Investment Entity, are under common management, and such management fulfils the due diligence obligations of such Investment Entities. For this purpose, control includes direct or indirect ownership of more than 50% of the vote.

## Appendix H – Individual Tax Residency Self-Certification form

*If you have any questions about how to complete this form or on your tax residence, please contact your tax advisor.*

***Please read these instructions before completing this form***

The Company, which term shall be defined as Abacus Fund Administration Limited and their parent, subsidiary, associated and affiliated companies that form part of the Abacus Group, is obliged to follow legislation including international regulations requiring the collection of certain information in respect of clients' tax residence and/or tax arrangements, including the Common Reporting Standard ("CRS") and the Foreign Account Tax Compliance Act ("FATCA") which both require the automatic exchange of information for tax matters.

*Please complete each section as directed and provide any additional information that is requested. Please note that in certain circumstances (including if we do not receive a valid self-certification form from you) the Company may be obliged to share certain information that you have provided to us during the business relationship with the relevant competent authority.*

*Terms referenced in this form shall have the same meaning as applicable under FATCA and/or CRS. If you have any questions about how to complete this form, please contact your tax advisor.*

*This form will remain valid unless there is a change in circumstances relating to the information provided. If any of the information below about your tax residence or FATCA or CRS classification change in the future, please ensure you advise the Company of these changes promptly as an updated self-certification form will be required to be completed.*

***Please note that where there are joint clients each client is required to complete a separate Tax Residency Self-Certification form.***



## Section 1: Client's Identification

Full Name:	
Date of Birth (dd/mm/yyyy):	
Country of Birth:	
Permanent residential address:	
Post code/ZIP code:	
Country:	

## Section 2: Declaration of United States of America ("US") Citizenship or US Residence for Tax purposes

Please tick either (a) or (b) or (c) and complete as appropriate.

- (a) ☐ I confirm that **I am** a US citizen and/or resident in the US for tax purposes (green card holder or resident under the substantial presence test) and my US federal taxpayer identifying number ("US TIN") is as follows:
- (b) ☐ I confirm that I was born in the US (or a US territory) but am no longer a US citizen as I have voluntarily surrendered my citizenship as evidenced by the attached documents.
- (c) ☐ I confirm that **I am not** a US citizen or resident in the US for tax purposes.

**Complete Section 3 if you have non-US tax residencies.**

### Section 3: Declaration of Tax Residency (other than US)

*Complete this section if you have non-US tax residencies.*

I hereby confirm that I am, for the purposes of that country's tax system, resident in the following countries (state your tax reference number type and number applicable in each country).

	Country/Countries of tax residency	Tax reference number type	Tax reference number*
1			
2			
3			

\* Please state 'not applicable' if the jurisdiction does not issue, or you are unable to procure, a tax reference number or functional equivalent. If applicable, please specify the reason(s) for non-availability of the tax reference number:

### Section 4: Declaration and Undertakings

I declare that the information provided in this form is, to the best of my knowledge and belief, accurate and complete.

I undertake to advise the Company promptly and provide an updated Self-Certification form within thirty (30) days where any change in circumstances occurs which causes any of the information contained in this form to be inaccurate or incomplete.

I hereby consent to the Company sharing this information with the relevant tax information authorities where legally obliged to do so.

Signature:

Print name:

Date (dd/mm/yyyy):

Please return your completed form to [hodlfunds@abacus.gi](mailto:hodlfunds@abacus.gi) or by fax on +350 21628888 within thirty (30) days of receipt. Non receipt by the Company means that the Company is required to treat the information already held as potentially reportable to the relevant competent authority.

For the purposes of carrying out our business and providing our services Abacus Group may hold personal data on individuals. At all times Abacus Group follows the relevant data legislation including GDPR. Our data protection policy can be found on our website [www.abacus.gi](http://www.abacus.gi).

## Appendix I – Payment Instructions

Successful subscriptions should be routed using the following information:

For non-crypto payments:

- **Beneficiary:** HODL Delta Neutral & Market Neutral Fund Ltd
- **IBAN:** GI11TURC009780001142438
- **Bank:** Turicum Private Bank Ltd, 315 Main Street, Gibraltar GX111AA
- **SWIFT/BIC:** TURCGIGI
- **ADDRESSABLE IN:** SWIFT

For crypto payments:

- **TRANSFER TO:** Equals Money UK, Floor 3, Vintners Place 68 Upper Thames Street, London, UK
- **SWIFT/BIC:** SPPVGB2L
- **ACCOUNT NAME:** HODL Delta Neutral & Market Neutral Fund Ltd
- **IBAN:** GB68SPPV23188438437191
- **SORT CODE:** 23 18 84
- **ACCOUNT NUMBER:** 38437191
- **ADDRESSABLE IN:** SWIFT, SEPA, FPS, CHAPS

Please contact the Administrator for any further details:

Abacus Fund Administration Limited

5-9 Main Street

Gibraltar

Tel: 00 350 200 78777

Fax: 00 350 216 28888

E-mail: [hodlfunds@abacus.gi](mailto:hodlfunds@abacus.gi)



## Appendix J – Redemption Requests

Shareholders wishing to redeem all or any of their shareholding must serve a Redemption Request to the Administrator of the Company at the following address:

**Abacus Fund Administration Limited**  
**5-9 Main Street**  
**Gibraltar**  
**Tel: 00 350 200 78777**  
**Fax: 00 350 216 28888**  
**E-mail: [hodlfunds@abacus.gi](mailto:hodlfunds@abacus.gi)**

A Redemption Request so given shall be in writing signed by the shareholder or an authorised signatory thereof and shall include full details of the shareholding including the name(s) and address(es) of the shareholder, the number of shares held and the number of shares being redeemed.

The Redemption Request should be sent to the Administrator in the form of a letter (including the following information).

**For a Redemption Request to be effective, it must be sent to the Administrator in an original form bearing an original signature of the shareholder or an authorised signatory thereof.**

<b>Details of Redemption Request</b>	
<b>Subscriber's Name:</b> (Individual or entity)	
<b>Is this Redemption Request for a full redemption?</b>	

<p>If "No" above, please specify either:</p> <p>Number of shares being requested to be redeemed:</p> <p>Or</p> <p>Amount being requested to be redeemed (if known*):</p> <p>*May be subject to change depending on applicable NAV used for purposes of redemption.</p>	
<p>Are redemption proceeds to be paid in fiat currency or digital assets (if applicable):</p>	
<p>Will proceeds be paid to the same bank account (if fiat) or address/wallet (if in digital assets) as per Appendix C of the subscription application?</p> <p>If "No", please provide payment details below. Please note that additional KYC/DD documentation may be requested.</p>	

*Payment Details (if different to Appendix C):*

**Fiat redemptions:**

<b>Bank Details</b>	
<b>Bank name:</b>	
<b>Bank address:</b>	
<b>Account name:</b>	
<b>Account number:</b>	
<b>Swift code:</b>	
<b>IBAN:</b>	
<b>BIC:</b>	

**Digital asset redemptions:**

<b>Counterparty Details</b>	
<b>Wallet address:</b>	



Currency / token of redemption:	

*Name:*

*Entity (if corporate investor):*

*Title/Position of signatory:*

*Signature:*

*Date:*