



Approved by Resolution of the Management Board of Fonte Capital Ltd # 12 dated March 6, 2025

## **OFFERING MATERIALS OF THE NON-EXEMPT FUND "Fonte Bitcoin Exchange Traded Fund OEIC PLC"**

The Astana Financial Services Authority has no responsibility for reviewing or verifying any offering materials, particulars, or other documents in connection with this Fund. Accordingly, the Astana Financial Services Authority has not reviewed or taken any steps to verify this document, the information it contains, or any other document relating to the Fund, and has no responsibility for it. The securities to which this document relate may be illiquid or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence. If you do not understand the contents of this document, you should consult an authorized financial adviser (AIFC CIS, 5.3(h)).

Astana International Exchange Ltd (the «AIX») and its related companies and their respective directors, officers and employees do not accept responsibility for the content of this Offering Materials (as defined below), including the accuracy or completeness of any information or statements included in it. Liability for the Offering Materials lies with the issuer of the Offering Materials (as defined below). Nor has AIX, its directors, officers or employees assessed the suitability of the securities to which the Offering Materials relates to any particular investor or type of investor. If you do not understand the contents of this document or are unsure whether the securities are suitable for your individual circumstances, you should consult an authorized financial adviser.

Astana International Financial Centre

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## DISCLAIMERS

The Fonte Bitcoin Exchange Traded Fund OEIC PLC (hereinafter – Fund) is a Non-Exempt investment Fund registered under the AIFC Collective Investment Scheme Rules (the “CIS Rules”), organized as an Open-Ended Investment Company and in a form of Exchange Traded Fund and reserved for [Professional Investors](#) and [Retail Investors](#) that have made their own assessment of participation conditions on the basis of the Constitution and these Offering Materials.

It is the responsibility of participating investors to determine whether their rights and obligations under the Fund’s Units (hereinafter – **Units**) are suitable for them. Only those representations and warranties expressly set out in the Constitution and Offering Materials shall have legal effect.

Prospective investors who receive these Offering Materials must conduct their own analysis of the Fund, its business nature and data herein and must observe all regulatory requirements and restrictions applicable to acquiring and disposing of Units. Investors are strongly encouraged to consult qualified legal, regulatory, tax, accounting and financial advisers before signing a subscription agreement and to review all Fund documents available on request.

Investment in the Fund involves a high degree of risk. Investors should assume that digital assets provide no guaranteed profit. Accordingly, each Investor must be able to bear the economic risk of investment for the entire holding period and to withstand a total loss of the investment. Units should be purchased only by persons, who can sustain such risk. Units may be traded on the public market of Astana International Exchange (AIX) or in over-the-counter transactions.

This Offering Material relates to the Fund, incorporated and acting under AIFC law (the Issuer, the Fund or we), and has been prepared pursuant to CIS Rules No. FR0009-2017 and AIFC Market Rules No. FR0003-2017 (MAR Rules) in connection with registration and the application for admission to the Official List of AIX and for trading on AIX (collectively, the Admission).

Access to and control over underlying digital assets relies on systems, interfaces, internet connectivity and applications. Any technological failure – hardware, software or network – may prevent such access or control. There is no guarantee that a digital asset will continue to be accepted for payment, traded or supported by exchanges or service providers; a digital asset may lose all utility and become worthless.

Where digital-asset activities are conducted outside the Astana International Financial Centre (AIFC), they may not be regulated by the Astana Financial Services Authority (AFSA), which may increase Counterparty, legal, and regulatory risk.

Investors are strongly advised to conduct their own due diligence and consult with professional advisors (legal, tax, financial) before making any investment decisions related to the Fund.

No person is authorized to give information about the Fund other than the information contained in the Constitution and Offering Materials, nor to make any representation in connection with the Units other than those contained in the aforementioned documents. Any unauthorized information or representation must not be relied upon.

The Constitution, these Offering Materials and other Unitholder documents are provided for information purposes and are made publicly available in accordance with AIFC Law and AIX Rules. No part of these documents may be reproduced for commercial purposes or presented in an altered or misleading form without the prior written consent of the Fund Manager. Nothing contained herein constitutes a promise or representation regarding future performance or a public offer outside the scope permitted by applicable law.

The Fund intends to apply for Admission to AIX after registration by AFSA and receipt of AFSA’s written approval. For Units to be admitted to the Official List and to trading, these Offering Materials will be delivered to AIX for approval before the admission date. Neither the Issuer, the Fund Manager nor AIX guarantees that Units will be admitted. AIX may grant admission only if it is satisfied that such admission complies with AIFC

law and the AIX Business Rules. The Issuer has not sought independent legal advice regarding Admission. By purchasing Units, each Unitholder acknowledges and consents to the proposed Admission. Completion or non-completion of Admission shall not be deemed a modification of these Offering Materials, or an event triggering repurchase of Units.

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| ! | THE CONSTITUTION AND THESE OFFERING MATERIALS ARE THE COMPLETE TERMS AND CONDITIONS GOVERNING THE FUND. ALL SUPPORTING MATERIALS PROVIDED TO CLIENTS MUST COMPLY WITH THE CONSTITUTION AND OFFERING MATERIALS. IN THE EVENT OF ANY INCONSISTENCY, THE CONSTITUTION AND OFFERING MATERIALS SHALL PREVAIL.  |
| ! | Investors should be aware that the value of investments and the income from them can fall as well as rise and that they may not recover the amount invested. Past performance is not indicative of future results. Neither the Fund, the Fund Manager nor the AIFC guarantees returns. Investors must read and understand the Constitution, Offering Materials, investment declaration and risk factors before investing. |
| ! | This Fund is a Non-Exempt Fund organized as an Exchange Trade Fund for the purposes of the AIFC Collective Investment Scheme Rules (AIFC CIS).  |
| ! | The Fund and Fund Manager will disclose information through the AIX Regulatory Announcement Service at <a href="https://www.aix.kz">https://www.aix.kz</a> in accordance with the AIX Business Rules. Disclosed information will also be available on the Fund Manager's website ( <a href="http://www.fonte.kz">www.fonte.kz</a> ) and on the AIX website.   |
| ! | These Offering Materials are available for the public at AIX website and Fund Manager's website.  |
| ! | Fonte Capital Ltd, as the Fund Manager, is responsible for the information in this document and, having taken due care, believes it is accurate and free of material omission. These Offering Materials have been prepared solely in the capacity of Fund Manager.  |

## DEFINITIONS AND INTERPRETATIONS

*The following terms have the meaning specified below in this Offering Materials unless the context otherwise requires:*

<b>“AFSA”</b>	means Astana Financial Services Authority, the independent regulator of the AIFC.
<b>“AIFC”</b>	means the Astana International Financial Centre.
<b>“AIFC Court”</b>	means the court established in the AIFC, having exclusive jurisdiction over disputes arising out of the activities and operations of the AIFC participants as indicated in Article 13 of the Constitutional Statute of the Republic of Kazakhstan “On the Astana International Financial Centre”.
<b>“AIX”</b>	means Astana International Exchange Ltd.
<b>“AIX Registrar”</b>	means Astana International Exchange Registrar Limited which maintains the Fund’s Unitholders register.
<b>“AIX CSD”</b>	Astana International Exchange Central Securities Depository Limited, a private company incorporated under the Acting Law of the AIFC within the AIFC and licensed by the Astana Financial Services Authority for securities settlement and depositary activities holding License No. 092018-001 dated 25 September 2018.
<b>“AIX Trading Members”</b>	Means legal entities that have been admitted by the Astana International Exchange (AIX) as members authorized to trade on the AIX platform in accordance with the rules and regulations of AIX. Trading Members may act on their own behalf or on behalf of clients in conducting transactions with listed securities, including Units of the Fund.
<b>“Authorized Participant”</b>	means an organization that has the right to instruct the Fund, through the Fund Manager, to create and redeem Creation Units. The Fund is authorized to work with multiple Authorized Participants. Authorized Participants have the status of the Fund's counterparties and act as intermediaries between the Fund and Investors. The list of Authorized Participants is published by the Fund Manager on its website.
<b>“Client of the Authorized Participant”</b>	A legal entity or individual who has entered into an agreement with the Authorized Participant to submit orders through it.
<b>“Counterparty”</b>	means a Person that interacts directly with the Fund in connection with the creation and redemption of Units. A Counterparty of the Fund may be either an Authorized Participant or a Professional Investor.
<b>“Base Asset”</b>	The underlying asset of the Fund, currently Bitcoin (BTC).
<b>“Order”</b>	A request for creation (Purchase Order) or redemption (Redemption Order) of Units, or an order submitted to AIX Trading Members for the purchase or sale of Units on the secondary market.
<b>“Order Cut-Off Time”</b>	12:00 p.m. (Astana time, GMT+5) on a Business Day.
<b>“Benchmark”</b>	means CF Benchmarks Index which is designed based on the IOSCO Principles for Financial Benchmarks and is a Registered Benchmark under UK BMR. The CF Benchmarks Index was created to facilitate financial products based on bitcoin. It serves as a once-a-day benchmark rate of the U.S. dollar price of bitcoin (USD/BTC), calculated as of 4:00 p.m. ET.
<b>“Business Day”</b>	means any business day in the Republic of Kazakhstan.
<b>“Custodian of digital assets”</b>	BitGo Trust Company, Inc., a South Dakota trust company duly organized and chartered under § 51A-6A-1(12A) of the South Dakota Banking Law and licensed to act

	as custodian of Client's Digital Assets on Client's behalf. Pinnacle Place, Suite 101 Sioux Falls SD 57108. [license TC.128-2] website <a href="http://www.bitgo.com">www.bitgo.com</a> , support@bitgo.com.
<b>"CIS Rules" or "Collective Investment Scheme Rules"</b>	means the AIFC Collective Investment Scheme Rules.
<b>"Retail Investor"</b>	means a person that is treated as a Retail Investor according to the AFSA Code of Business Rules and who buys Fund's Units on the secondary market (on organized exchange or OTC).
<b>"Professional Investor"</b>	means a person that is treated as Professional Investor according to AFSA Code of Business Rules and who buys Fund's Units on the secondary market (on organized exchange or OTC) or directly from the Fund.
<b>"Creation Unit"</b>	The minimum lot size for creation/redemption by the Fund in kind; consists of 5,000 Units. Creation and redemption of Units are carried out in volumes that are multiples of the Creation Unit.
<b>"In Cash"</b>	Settlement method where the Authorized Participant or Professional Investor pays or receives USD for Units.
<b>"In Kind"</b>	Settlement method where the Authorized Participant or Professional Investor delivers or receives Base Asset and the associated cash component for Units
<b>"BTC per Unit"</b>	Amount of BTC per Unit, calculated daily based on Fund's NAV report
<b>"BTC per Creation Unit"</b>	Calculated as BTC per Unit $\times$ 5,000
<b>"Basket Cash Component"</b>	USD amount corresponding to a Creation Unit
<b>"Settlement Bitcoin Quantity"</b>	Total BTC to be delivered or received, calculated as BTC per Creation Unit $\times$ number of Creation Units
<b>"Transaction Cash Component"</b>	Cash portion of the transaction, calculated as Basket Cash Component $\times$ number of Creation Units
<b>"Subscription amount"</b>	means the cash amount that an Authorized Participant or Professional Investor is required to deposit into the Fund's bank account during In Cash Creation procedure. It is calculated as the product of the current iNAV (determined after receipt of the Subscription Order by Fund Manager) and the number of Units specified in the Subscription Order.
<b>"Subscription Reserve"</b>	means an amount determined by the Fund Manager to account for potential intraday price fluctuations. It is calculated based on the average daily trading range (i.e., the difference between the day's high and low prices, in percents) over the past 14 trading sessions, applied to the Subscription amount. The Fund Manager reserves the right to set a higher or lower Subscription Reserve than the amount derived from historical trading data.
<b>"DATF"</b>	Digital Asset Trading Facility. Means a mechanism for trading digital assets through external exchanges such as ATAIX, Binance, and Bybit, used by the Fund for asset transactions and liquidity management.
<b>"Fund"</b>	means FONTE BITCOIN EXCHANGE-TRADED FUND OEIC PLC, a Non-Exempt Fund created in the form of a Public Investment Company.
<b>"Fund Manager"</b>	means Fonte Capital Ltd., holding license to conduct the regulated activity: "Managing collective investment scheme in respect of exempt funds", number AFSA-ALA-2022-0004 which is active since January 27, 2022; "Managing Investments, Providing Fund Administration, Advising on Investments, Arranging Deals in Investments, Managing a Collective Investment Scheme in respect of Non-Exempt

	Funds with a scope of authorization restricted to the specified Investments as Units in a CIS" – active since June 25, 2024 Republic of Kazakhstan, Z05T6A9, Astana, Esil district 60/4, Syganak, office 506, info@fonte.kz, www.fonte.kz
<b>"Fund Property"</b>	means property held for or within the Fund.
<b>"Bank"</b>	means bank used by the Fund
<b>"Management Share"</b>	means a voting non-participating Share in the capital of the Fund designated as a Management Share that has specific rights as outlined in the Articles of Association and the Offering Materials of the Fund.
<b>"Market maker"</b>	means regulated financial institutions that have contractual obligations with Fund Manager and/or AIX for quoting (providing bid and asking prices for Units) under agreed-upon conditions. These conditions include the timing of the bid and ask quotes, minimum volumes, as well as the maximum spread between the bid and ask prices.
<b>"Net Asset Value (NAV)"</b>	means the difference between Assets Value and all liabilities of the Fund calculated in accordance with these Offering Materials.
<b>"NAV per Unit"</b>	means NAV divided by the number of Units outstanding.
<b>"iNAV"</b>	means indicative Net Asset Value per Unit. A real-time estimate of the Fund's NAV per Unit, calculated throughout the trading day to reflect intraday market movements of Base Asset.
<b>"Astana time"</b>	means the time of Astana city (UTC +5).
<b>"Offering Materials"</b>	mean these offering materials of the Fund.
<b>"Person"</b>	means any natural person, body corporate or body unincorporated, including a legal person, company, partnership, unincorporated association, government, or state.
<b>"Unitholder"</b>	means any Person who owns the Units of the Fund, excluding holder of the Management Share
<b>"IFRS"</b>	means the International Financial Reporting Standards.
<b>"Valuation Date"</b>	means each Business Day of the year.
<b>"Vault"</b>	means a highly secure storage system for cryptocurrencies, designed with advanced security measures such as cold storage, multi-signature authorization, time-delayed withdrawals, and multi-level approval processes.
<b>"Unit"</b>	means participating redeemable share in the NAV of the Fund and having the rights provided for in the Articles of Association, Fund Constitution and these Offering Materials.



# DIRECTORY

Registrar/Depository	Registered Office	Fund Manager/
<p><a href="#">AIX REGISTRAR</a> (Republic of Kazakhstan, Astana city, Yesil District Avenue, Mangilik El Avenue, 55/19)</p> <p><a href="#">AIX CENTRAL SECURITIES DEPOSITORY</a> (Republic of Kazakhstan, Astana city, Yesil District Avenue, Mangilik El Avenue, 55/19)</p>	Z05T6A9, Astana, Esil district, 60/4, Syganak, office 506	Private Company Fonte Capital Ltd
Prime Broker	Secretary	DATFs
<p><a href="#">SKYBRIDGE DIGITAL FINANCE LTD</a>, Z05T3E5, Astana, Esil district, 55/21, Mangilik El Avenue, office 146. The activities of SkyBridge Digital Finance Ltd. as the AIFC participant are regulated by AFSA.</p>	Pavel Afanasyev	<p><a href="#">BN KZ Technology limited</a> Z05H9K3, Republic Kazakhstan, Astana, Esil district, Dostyk street 16, office 12;</p> <p><a href="#">ATAIX Eurasia Ltd.</a> 22 office, 21 Kabanbay Batyr, Esil district, Astana, Kazakhstan, Z05H0C9, +7(727)3561170, helpdesk@ataix.kz, <a href="http://www.ataix.kz">www.ataix.kz</a>.</p> <p><a href="#">BYBIT LIMITED</a> Astana, Mangilik El Avenue, 55/17, Pavilion C3.2</p>
Market Maker	Custodian	
<p><a href="#">FREEDOM FINANCE GLOBAL PLC</a> Republic of Kazakhstan, Astana, Yessil district, Dostyk street, 16, integral non-residential facility No.2, (Talan Towers Offices).</p>	<p><a href="#">BITGO TRUST COMPANY, INC.</a> a South Dakota trust company duly organized and chartered under § 51A-6A-1(12A) of the South Dakota Banking Law and licensed to act as custodian of Client's Digital Assets on Client's behalf. Pinnacle Place, Suite 101 Sioux Falls SD 57108</p>	
Auditors	Board of Directors Management Company	
<p><a href="#">BDO QAZAQSTAN LLP</a>. Republic of Kazakhstan, A15H4E3, Almaty, Gabdullin St. 6, +7(727)3313134, <a href="mailto:info@bdoqz.com">info@bdoqz.com</a></p>	Yerzhan Mussin Xeniya Kibitkina	

## 1. INFORMATION ON THE FUND

*Part of the Fund's Offering Materials that contains a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, on the applicable law and on the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the Fund is established (AIFC CIS, 5.3, b: iii).*

### 1.1. Information on jurisdiction and applicable law

1. Activity of the Fund is regulated by the law of the [Astana International Financial Center](#) (AIFC), including [AIFC Collective Investment Scheme Rules](#) (AIFC CIS), [AIFC Market Rules](#) (AIFC MAR), AIFC Conduct of Business Rules (AIFC COB) and AIX Business Rules.
2. These Offering Materials are governed by the laws of the AIFC.
3. The Constitution of the Fund is the primary legal document that binds the Fund, the Fund Manager, each present or future Unitholder and any Person claiming through them, in accordance with its terms as if each were a party to it.
4. The Offering Materials is a more detailed official document of the Fund content of which is defined in accordance with the requirements and provisions of AIFC CIS (clause 5.3), AIFC MAR and other related rules and regulations implemented by the CIS, as well as AIX Business Rules.
5. The basic terms used in this Offering Materials are defined:
  - 1) by the applicable legislation ([Glossary](#)) of the AIFC;
  - 2) explicitly in its content and in the Constitution of the Fund;
  - 3) explicitly in its content and in the Offering Materials of the Fund.
6. The following apply in the interpretation of this Offering Materials unless the context requires otherwise:
  - 1) a reference to any law, act, regulation, rule, or similar instrument includes any consolidations, amendments or reenactments of it, any replacements of it, and any regulation or other statutory instrument issued under it;
  - 2) a reference to the singular includes the plural number and vice versa;
  - 3) a reference to a gender includes a reference to each gender;
  - 4) a Person includes any natural person, body Corporate, or body unincorporated, including a legal person, company, partnership, unincorporated association, government or state.
7. This document is a part of a financial promotion of the Fund. The full package of the Fund's financial promotion includes:
  - 1) Constitution and Articles of Association;
  - 2) Offering Materials.
8. These documents can be found at the registered address of the Fund.

### Reliance on Offering Materials

In accordance with the CIS Rules, these Offering Materials will expire on a date at which date the Fund Manager replaces this with an updated version. No Units in the Fund will be issued on the basis of these Offering Materials after such expiry date.

As of the date of preparation of Offering Materials, there are no annual financial statements of the Fund. The annual financial statements of the Fund will be prepared after the end of the financial year and copies of which may be obtained free of charge from Z05T6A9, Astana, Esil district, 60/4, Syganak, office 506. Additionally, the

Offering Materials will be available on the AIX website at <https://www.aix.kz> before the admission and trading of the Units to the Official List on AIX.

Recipients of these Offering Materials should not interpret any financial information contained herein as a promise of the performance of the Fund. The Fund and the Fund Manager cannot (and do not) guarantee the performance or success of the Fund. Each prospective investor should carefully review the risks associated with an investment in the Fund, which are summarised in the section of these Offering Materials headed “Risk Factors”.

#### **Restrictions on Distribution, Promotion and Subscription**

The distribution of these Offering Materials and the offering of Units in certain jurisdictions may be restricted and accordingly, persons into whose possession these Offering Materials may come are required by the Fund and the Fund Manager to inform themselves of and to observe any such restrictions.

These Offering Materials do not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

It is the responsibility of any person or persons in possession of these Offering Materials and wishing to make an application for Units to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective subscribers for Units should inform themselves as to all legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

#### **Investment Considerations**

Investment in the Fund carries substantial risk. There can be no assurance that the Fund’s investment objective will be achieved, and investment results may vary substantially over time. Investment in the Fund is not intended to be a complete investment programme for any investor. Prospective subscribers should carefully consider whether an investment in Units is suitable for them in light of their circumstances and financial resources (see further under “Risk Factors” below).

\* \* \* \* \*

## **1.2. Recognition and enforcement of judgments**

1. All disputes, both contractual and non-contractual, arising from the activities of the Fund and the Fund Manager, including issues related to the existence, validity or termination of the Fund's activities, are subject to the exclusive jurisdiction of the AIFC Court.
2. The language of the court proceedings is English.

## **1.3. Description of the Fund**

1. The Fund is established:
  - 1) by the private company [Fonte Capital Ltd](#) with license given by the AFSA to conduct the following regulated activities: "Managing a Collective Investment Scheme in respect of Exempt Funds" – active since January 27, 2022; "Managing Investments, Providing Fund Administration, Advising on Investments, Arranging Deals in Investments, Managing a Collective Investment Scheme in respect of Non-Exempt Funds with a scope of authorization restricted to the specified Investments as Units in a CIS" – active since June 25, 2024;
  - 2) in a form of a public Open-Ended Investment Company (OEIC), Non-Exempt Fund and Exchange Traded Fund;
  - 3) which issues Units of the Fund (hereinafter referred to as "Units") representing the participating Units of undivided beneficiaries' interests in its net assets. The Fund's assets mainly consisted of Bitcoins held by the Custodian of digital assets on behalf of the Fund. The Fund aims to generally reflect the price dynamics of the Bitcoin. The Fund strives to reflect such dynamics before paying the Fund's expenses and liabilities.
2. The Fund intends to issue Units on an ongoing basis. The initial issuance will consist of 40,000 Units at a nominal price of 25 USD each. AIX Registrar is responsible for providing registrar and transfer agent services in connection with the issuance, transfer and redemption of Units and for keeping records of Unit-holders. Daily cash settlement and depositary activities on AIX will be facilitated on the AIX CSD in accordance with the applicable AIX Business Rules and AIX CSD Business Rules and Procedures. The Fund will make its Units available to Professional and Retail Investors through listing and trading on the AIX.
3. Investor classification is carried out by AIX Trading Members that provide their clients with access to trading on AIX and OTC markets. In addition, the Investor may carry out creation and redemption directly with the Fund; in such case, the Investor must be classified by the Fund Manager as a Professional Investor in accordance with the AFSA Code of Business Rules. Authorized Participants (which are registered broker-dealers) and Professional Investors (who have entered into written agreements with the Fund) can place Orders to create and redeem Units.
4. Settlements between the Fund and Authorized Participants or Professional Investors for the creation or redemption of Units may be affected In Cash (USD) or In Kind (Bitcoin plus the associated USD cash component), in accordance with the AIX Business Rules, AIX CSD Business Rules and Procedures, and AIX Registrar Rules and Procedures. A block of 5 000 Units constitutes a "Creation Unit", and issuance or redemption is permitted only in Creation Units or multiples thereof.
5. The Authorized Participants and Professional Investors, who deal directly with the Fund will deliver cash or Base Asset with Cash Component of the transaction to receive Units from the Fund and will receive cash or Base Asset with Cash Component of the transaction when redeeming Units.
6. The Fund will issue Units by receiving Bitcoins and/or cash from Authorized Participants or Professional Investors. When conducting Units repurchase, the Fund transfers Bitcoins and/or cash to Authorized participants or Professional Investors.

7. The Units of the Fund are issued by the Fund, registered in the AIFC, and are governed by the Rules for Managing Collective Investment Schemes in the AIFC (AIFC RULES No. FR0009 of 2017) and AIFC Market Rules (MAR Rules).
8. The base currency of the Fund is USD and the nominal value of the Units shall be expressed in USD. The nominal value of one Unit calculated at the date of this Offering Materials is equal to 25 USD. This nominal value is not a principal amount and, accordingly, does not provide the Unitholder with the right to claim this amount from the Fund upon redemption.
9. The Fund has an unlimited maximum size of the NAV. The minimum issued share capital is set at 10 000 USD, following a waiver granted by AFSA under § 43(3)(a) of the AIFC Companies Regulations (treasury shares excluded).
10. The Fund does not guarantee a return on your investment and does not pay coupon income. The Fund does not provide for dividends or any other payments to Investors. Any distribution received by the Fund will be applied to expenses and/or reinvested in Bitcoin, so Unitholders will not receive regular payments or interest. Unitholders may realise the value of their investments by selling Units on AIX through an AIX Trading Member or on the over the counter (OTC) market.
11. The Fund intends to list and trade its Unit on AIX under the symbol "BETF". The Fund Manager is committed to maintaining the listing of its Units on AIX;
  - 1) Private company Fonte Capital Ltd owns 100% Management Shares (one hundred percent) of the Fund;
  - 2) Management Shares are used to maintain control over the Fund's operations.
  - 3) The Fund has indefinite duration;
  - 4) The Fund is located at its registered official address: Z05T6A9, Republic of Kazakhstan, Astana city, Esil district, 60/4, Syganak, office 506.
12. The principal place of business of the Fund is AIFC.
13. Units are offered to external investors and represent their economic interest in the Fund's NAV. Unitholders are entitled to returns generated by the Fund's investments and have no control over the Fund Manager decisions and are non-voting.
14. Units of the Fund with the following features:
  - 1) Units are available through the creation procedure for Authorized Participants and Professional Investors and through organized and OTC trading facilities for both Professional and Retail Investors;
  - 2) Units are issued in Creation Units (block of 5 000 Units) or multiples thereof, which must be collectively subscribed before the Fund issues them;
  - 3) The nominal value of each Unit is 25 USD applicable only until the first investment of the Fund's assets is settled or otherwise determined by its Net Asset Value (NAV).
15. The Unitholder does not have day-to-day control over the management of the property of the Fund and does not have the right to vote, as well announcing, gathering, attending, and voting at any general meeting of Unitholders.
16. Unitholders are not liable:
  - 1) for the debts of the Fund, unless the applicable legislation prescribes otherwise and, if so, in those circumstances only;
  - 2) to make any further payment after they have paid the total issue (purchase) price of the Units and that no further liability can be imposed on them in respect of the Units they hold.

17. The Fund Manager has the right to impose restrictions and demand guarantees that it deems necessary or acceptable to ensure that there are no cases of holding Units by a person who:
- 1) violates the law or the requirements of any country or governmental authority;
  - 2) made a false statement when submitting a purchase form, or who gave a statement that subsequently lost its validity; or
  - 3) is in circumstances (directly and indirectly affecting such a person, individually or jointly with another person, related or not, or in other circumstances that the Fund Manager deems significant) in which the Fund Manager concludes that a permanent ownership of Units by such a person may lead to an unjustified risk of adverse tax or other significant consequences for the Fund.

## 2. INVESTMENT POLICY OF THE FUND

*Part of the Fund's Offering Materials that contains the following information (AIFC CIS, 5.3, b: i, ii, xv; AIFC CIS 6.16; AIFC CIS Schedule 5):*

- 1. A description of the investment objective, policy of the Fund, the types of assets in which the Fund may invest, and a description of the procedures by which the Fund may change its investment policy.*
- 2. A description of an index or benchmark tracked by the Fund prepared in accordance with the by IOSCO Principles. The Fund tracks the performance of an index or benchmark that complies with IOSCO Principles. Details about the index, including methodology, components, and performance, are disclosed to investors in accordance with the requirements of AIFC CIS 6.16 and Schedule 5.*
- 3. Applicable investment restrictions and techniques the Fund may employ and associate risks. The Fund adheres to applicable investment restrictions and employs risk management techniques, including portfolio diversification and tracking error minimization, to ensure compliance with AIFC regulations.*

*The Fund does not guarantee a return on your investment and does not pay coupon income. The Fund does not provide for the payment of any dividends or other payments to its investors. Any distribution received by the Fund is capitalized or used to pay its expenses. Unitholders will not receive regular payments or any interest. Unitholders will be able to realize the value of their investments only by selling the Units through a broker who is a trading member of AIX, a stock exchange that is part of the AIFC. The Units' performance is directly tied to the tracked index or benchmark, and no guarantees are provided regarding returns or income generation.*

### 2.1. Investment Declaration of the Fund

1. The Fund invests the majority of its assets in Bitcoin. The Fund can buy, sell or own and hold Bitcoin.
2. The Fund seeks to reflect the performance of the price of Bitcoin before deduction of the Fund's expenses and liabilities. The Fund seeks to reflect such performance before payment of the Fund's expenses and liabilities. The Units are intended to constitute a simple means of making an investment similar to an investment in Bitcoin without the operational complexities of acquiring, holding or trading the asset directly. As the Fund intends to list its Units on AIX, it will comply with the disclosure, risk-management and operational requirements set out in the CIS Rules, the MAR Rules and the AIX Business Rules.
3. The Units have been designed to remove the obstacles represented by the complexities and operational burdens involved in a direct investment in Bitcoin, while at the same time having an intrinsic value that reflects, at any given time, the investment exposure to Bitcoin owned by the Fund at such time, less the Fund's expenses and liabilities.
4. The Units are backed by the assets of the Fund. The Custodian of digital assets, as an authorized entity, safeguards all of the Fund's Bitcoin assets, with the Fund Manager ensuring that such custody is maintained in compliance with AIFC regulations. Assets not required for immediate trading are maintained in 'cold storage,' providing enhanced security against unauthorized access. Additionally, all custodial arrangements are disclosed in the Fund's annual report to ensure transparency.
5. The Fund's Bitcoin holdings, cash holdings and stablecoins holding from time to time may be held with the Prime Broker or DATF in the trading balance in connection with issue and redemptions of Creation Units, and the sale of Bitcoin to pay the Fund's Management Fee and any other Fund expenses not assumed by the Fund Manager, to the extent applicable, and in extraordinary circumstances, in connection with the liquidation of the Fund.
6. To achieve the Fund's investment objectives, its assets should be properly diversified across the investment declaration. Significant input should come from the Fund Manager's Investment Committee to assess the Fund's status and long-term liability projections, which will assist in determining the appropriate level of risk for the Fund. The Fund Manager ensures that all investments and portfolio adjustments align with the declared objectives and comply with the diversification requirements and in-

vestment limits prescribed for publicly listed funds. The Investment Committee is responsible for continuous monitoring and periodic adjustments to maintain compliance with regulatory standards and market dynamics.

7. For the purposes of efficient portfolio management, the Fund invests in:
  - 1) Bitcoin;
  - 2) stablecoins (USDT, USDC etc.);
  - 3) cash (USD).
8. The Fund acknowledges the risks associated with holding digital assets, including market volatility, liquidity risks, and Counterparty risks. To mitigate these risks, the Fund employs a diversified portfolio strategy and partners with reputable service providers who meet AIFC regulatory standards.
9. The portfolio structure/composition should proportionally reflect the value of Bitcoin in accordance with the Investment Declaration during the entire period of the Fund's validity. The Fund's asset allocation strategy is designed to ensure proportional alignment with its investment objectives. The allocation between digital assets, stablecoins, and cash is periodically reviewed to reflect market conditions and minimize risks associated with asset volatility.
10. The asset allocation operating ranges established in the Table 1 below represent a long-term perspective.

Table 1. Target Asset Allocation and Operating Ranges

target assets	maximum asset allocation	target asset allocation
<b>1. Digital assets</b>	<b>100%</b>	<b>95%</b>
BTC (Bitcoin)	100%	95%
<b>2. Stablecoins</b>	<b>100%</b>	<b>0%</b>
USDT, USDC etc.	100%	0%
<b>3. Cash (USD)</b>	<b>50%</b>	<b>5%</b>
USD	50%	5%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

## 2.2. Use of proceed

Proceeds received by the Fund from the issuance and sale of Creation Units consist of Base Asset an cash component in case of In-Kind settlement method and cash deposits in case of In cash settlement Such cash deposits and Base Asset are held by the Bank, Prime Broker. Custodian of digital assets or DATF on behalf of the Fund until:

- 1) transferred in connection with the purchase of Bitcoin;
- 2) delivered to Authorized Participant or Professional Investor in connection with a redemption of Creation Units; or
- 3) transferred to pay the Management Fee and/or Fund expenses or liabilities not assumed by the Fund Manager.

The use of proceeds is fully aligned with applicable AIFC regulations and the Fund's operational policies.

## 2.3. Overview of the Bitcoin industry

1. Bitcoin is a digital asset that is created and transmitted through the operations of the peer-to-peer Bitcoin network, a decentralized network of computers that operates on cryptographic protocols. No single entity owns or operates the Bitcoin network, the infrastructure of which is collectively maintained by its user base. The Bitcoin network allows people to exchange tokens of value - the Bitcoin, which are recorded on a public transaction ledger known as the Bitcoin blockchain. Bitcoin can be used to pay for goods and services, or it can be converted to fiat currencies, such as the U.S. dollar,



at rates determined on Bitcoin platforms that enable trading in Bitcoin or in individual end-user-to-end-user transactions under a barter system. Bitcoin is a highly volatile digital asset, and its value is subject to significant fluctuations influenced by market dynamics, regulatory changes, and technological developments. Investors should consider these factors when evaluating investments tied to Bitcoin.

2. The Bitcoin network is commonly understood to be decentralized and does not require governmental authorities or financial institution intermediaries to create, transmit or determine the value of Bitcoin. Rather, Bitcoin is created and allocated by the Bitcoin network protocol through a “mining” process. The value of Bitcoin is determined by the supply and demand dynamics on trading platforms and end-user transactions, alongside market activity on regulated exchanges.
3. New Bitcoins are created and rewarded to the miners of a block in the Bitcoin blockchain for verifying transactions. The Bitcoin blockchain is a shared database that includes all blocks that have been solved by miners, and it is updated to include new blocks as they are solved. Each Bitcoin transaction is broadcast to the Bitcoin network and, when included in a block, recorded in the Bitcoin blockchain. As each new block records outstanding bitcoin transactions, and outstanding transactions are settled and validated through such recording, the Bitcoin blockchain represents a complete, transparent and unbroken history of all transactions of the Bitcoin network.
4. Bitcoin mining is the process of adding new blocks to the blockchain and issuing rewards to miners. The network, supported by computers worldwide, relies on complex mathematical computations to validate transactions and generate blocks. The miner who successfully creates a block currently receives 3.125 bitcoins along with transaction fees for the included transactions. To participate, users run specialized software that turns their computers into nodes in the network. Each block records the recent transactions and the miner’s reward. Mining is competitive and influenced by computational power, with only one miner able to add each block. As computational power increases, the network adjusts the difficulty to maintain block creation intervals of approximately 10 minutes. Once validated by the majority of nodes, the block is added to the blockchain, and the system ensures a steady introduction of new Bitcoins into circulation. The profitability of Bitcoin mining is directly influenced by market price fluctuations, transaction fees, and changes in mining difficulty.
5. Under the source code that governs the Bitcoin network, the supply of new Bitcoin is mathematically controlled so that the number of bitcoins grows at a limited rate pursuant to a pre-set schedule. The number of Bitcoin awarded for solving a new block is automatically halved after every 210,000 blocks are added to the Bitcoin blockchain, approximately every four years. Currently, the fixed reward for solving a new block is 3.125 bitcoin per block. This deliberately controlled rate of Bitcoin creation means that the number of Bitcoin in existence will increase at a controlled rate until the number of Bitcoin in existence reaches the pre-determined 21 million bitcoin.
6. The Bitcoin network is designed in such a way that the reward for adding new blocks to the Bitcoin blockchain decreases over time. Once new Bitcoin tokens are no longer awarded for adding a new block, miners will only have transaction fees to incentivize them, and as a result, it is expected that miners will need to be better compensated with higher transaction fees to ensure that there is an adequate incentive for them to continue mining.
7. The process by which bitcoin is “mined” results in new blocks being added to the Bitcoin blockchain and new Bitcoin tokens being issued to the miners. Computers on the Bitcoin network engage in a set of prescribed complex mathematical calculations to add a block to the Bitcoin blockchain and thereby confirm Bitcoin transactions included in that block’s data.

#### **2.4. Business of the Fund**

1. The activities of the Fund are limited to:
  - 1) issuing Creation Units in exchange for Base Asset and/or the cash deposited with the Custodian of Digital Assets or DATF and Bank

- 2) selling or delivering Bitcoin as necessary to cover the Management Fee, Fund expenses not assumed by the Fund Manager and other liabilities; and
  - 3) buying and selling Bitcoin through the Prime Broker or DATF platform, as applicable, in exchange for USD or USDT in connection with creation and redemption. The Fund will exclusively use Prime Brokers and DATF platforms that are members of the AIFC to purchase Bitcoins or stablecoins. The choice between Prime Broker and DATF platform will depend on the size of the Creation Units and the available liquidity from each.
2. The Fund's operations comply with AIFC regulations and are limited to managing assets and liabilities transparently, ensuring alignment with its investment objectives and protecting investors' interests.
  3. An investment in Units is backed by Bitcoin held by the Custodian of digital assets on behalf of the Fund.
  4. The Units are backed by the assets of the Fund. The Custodian of digital assets keeps custody of all the Fund's Bitcoins in the Vault balance, other than that which is maintained in the trading balance at DATF. The Custodian of digital assets keeps all of the private keys associated with the Fund's Bitcoin in the Vault balance. The hardware, software, systems, and procedures of the Custodian of digital assets may not be available or cost-effective for many investors to access directly. The Fund's bitcoin holdings from time to time may be held at DATF, an affiliate of the Custodian of digital assets, in the trading balance, in connection with creations and redemptions of Creation Units, and the sale of bitcoin to pay the Manager's Fee and any other Fund expenses not assumed by the Fund Manager, to the extent applicable, and in extraordinary circumstances, in connection with the liquidation of the Fund's bitcoin.
  5. The Fund and the Fund Manager face competition with respect to the creation of competing exchange-traded Bitcoin instruments. There can be no assurance that the Fund will achieve market acceptance and scale due to competition.
  6. The expected tracking error of the Fund is estimated at 5% (five percent). The expected tracking error is continuously monitored by the Fund Manager. If the error approaches or exceeds 5%, corrective measures will be implemented to minimize deviations, in line with AIFC regulatory requirements.
  7. If the expected tracking error exceeds the value of 5% and the Benchmark administrator registers a malfunction on the Calculation Day, the Fund Manager will use the BTC-USD closing price from the Bloomberg information system for Fund valuation. For Net Asset Value (NAV) evaluation, the Fund Manager will primarily use the Benchmark, which adheres to IOSCO standards. However, if the Benchmark experiences a performance error exceeding 5%, the Fund Manager will utilize the BTC-USD closing price from Bloomberg as a contingency measure with respective notification to its Unitholders via AIX RAS.

### 3. IDENTITIES AND DUTIES OF THE FUND MANAGER AND OTHER SERVICE PROVIDERS

*Part of the Fund's Offering Materials that contains information regarding (AIFC CIS, 5.3, b: iv, v, xiv, xvii):*

- 1) the identity of the Fund Manager, custodian or depositary, auditor and any other service providers for the Fund, a description of their duties and Unitholder's rights in respect of those persons;*
- 2) the identity of prime broker for the Fund and a description of any material arrangements with that prime broker and the way the conflicts of interest in relation thereto are managed, information about the possibility of transfer and reuse of the Fund's assets by the prime broker, and information about any transfer of liability to the prime broker that may exist; and*
- 3) a description of the arrangements in place for the safekeeping of cash held by or on behalf of the Fund pending investment or distribution to Unitholders;*
- 4) a description of any functions that have been delegated by the Fund Manager; and any other of the Fund's service providers, the identification of each such delegate and any conflicts of interest that may arise from such delegations.*

#### 3.1. Fund Manager

1. The Fund Manager's name and its principal place of business:

[Fonte Capital Ltd](#) – private company with a license number AFSA-A-LA-2022-0004 given by the AFSA to conduct the following regulated activities: "Managing a Collective Investment Scheme in respect of Exempt Funds" – active since January 27, 2022; "Managing Investments, Providing Fund Administration, Advising on Investments, Arranging Deals in Investments, Managing a Collective Investment Scheme in respect of Non-Exempt Funds with a scope of authorization restricted to the specified Investments as Units in a CIS" – active since June 25, 2024.

Republic of Kazakhstan, Z05T6A9, Astana, Esil district, Syganak 60/4, office 506, [info@fonte.kz](mailto:info@fonte.kz), [www.fonte.kz](http://www.fonte.kz).

2. The Fund Manager:

- 1) manages the Fund Property in accordance with the Fund's Constitution and Offering Materials;
- 2) performs the functions conferred on it by the Fund's Constitution and by or under AIFC CIS;
- 3) complies with any conditions or restrictions imposed by the AFSA including those on its license or in respect of the Fund;
- 4) complies with any requirements or limitations imposed by AFSA including any limits relating to financial interests it or any of its associates may hold in a Fund, for which it acts as the appointed Fund Manager.

3. In exercising its powers and carrying out its duties, a Fund Manager:

- 1) acts honestly;
- 2) exercises the degree of care and diligence that a reasonable person would exercise if they were in the Fund Manager's position;
- 3) acts in the best interests of the Unitholders and, if there is a conflict between the Unitholders' interests and its own interests, give priority to the Unitholders' interests; and
- 4) treats the Unitholders interests of Fund equally and fairly;
- 5) does not improperly make use of information acquired through being the Fund Manager in order to gain an advantage for itself or another person; or cause detriment to the Unitholders in the Fund;
- 6) ensures that the Fund's property is clearly identified as Fund Property and held separately from the property of the Fund Manager and the property of any other fund it manages;
- 7) complies with any other duty or obligation as may be prescribed by or under AIFC CIS or any other law administered by the AFSA;

- 8) carries out or comply with any other duty, not inconsistent with any enactment or rule of law in the AIFC, that is conferred on the Fund Manager by the Fund's Constitution.
4. Every officer, employee or agent of the Fund Manager:
  - 1) does not make improper use of information acquired through being such an officer, employee or agent of the Fund Manager to gain an advantage for himself or another person; or cause detriment to Unitholders in the Fund;
  - 2) does not make improper use of his position as such an officer, employee or agent to gain, directly or indirectly, an advantage for himself or for any other person or to cause detriment to the Unitholders in the Fund;
  - 3) comply with any other duty or obligation as may be prescribed by or under AIFC CIS or any other law administered by the AFSA; and
  - 4) carries out or comply with any other duty, not inconsistent with any enactment or rule of law in the AIFC that is conferred on him or her by the Fund's Constitution.
5. The Fund Manager takes reasonable steps to ensure that its officers, employees and agents comply with the obligations referred to above.
6. The Fund Manager duties in relation to Fund Property are:
  - 1) making decisions as to the constituents of the Fund's property that are in accordance with the Fund's Constitution and investment objectives and policy stated in this Offering Materials;
  - 2) taking all steps and execute, or procure the execution of, all documents to ensure that transactions relating to the Fund's property are properly entered into account of the relevant Fund;
  - 3) responsibility to the Unitholders for ensuring the safekeeping of the Fund's property in accordance with AIFC CIS.
7. The Fund Manager, as the sole holder of all Fund's Management Shares, has an absolute discretion as to the manner, mode, and time of exercise of the powers, authorities, discretions, rights and duties conferred on it under the Fund's Constitution, this Offering Materials or the AIFC rules.
8. Any decision of the Fund Manager regarding the Fund, its assets, any issue, deal, transaction, operation, document or amendments to them could be made with obligatory consideration and resolution of the Investment Committee of the Fund Manager.

### **3.2. Fund Registrar**

1. The Fund Registrar functions are performed by [AIX Registrar](#).
2. The Fund Registrar is the authorized firm that maintains Fund's Unitholders register in relation to Fund and related books complete and up to date, and which contain at least actual data about the:
  - 1) Name of the nominee holder (the legal entity in whose name the Units are registered);
  - 2) Issuer of the Units and its ISIN;
  - 3) Quantity of Units held;
  - 4) Settlement date and time.

### **3.3. Fund's Bank's**

1. The Fund's Bank is a licensed and regulated. The Bank accounts are opened in the name of the Fund for:
  - 1) further receipt of cash from Authorized Participants and Professional Investors for the Units purchased;
  - 2) cash transfers with DATFs and Prime broker;

- 3) providing the operational activities of the Fund itself;
- 4) delivery of cash to Authorized Participants and Professional Investors in exchange for Units upon redemption.
2. Banks that maintain special separate accounts for the accounting and storage of the Fund's money:
  - 1) Join Stock Commercial Bank "NOOSFERA", Shchyolkovo, +7 (38822) 5-11-77, 141109, Moscow Oblast, Shchyokovo Urban Okrug, Shchyolkovo, Talsinskaya St., 59, Building 3a; info@noo.gorny.ru;
  - 2) Kazpost JCS Beibitshilik Street 37, 010000 Astana, Republic of Kazakhstan, +7 (7172) 611 699, kazpost@kazpost.kz.
  - 3) Bank Freedom Finance Kazakhstan JSC, 050000, Almaty, Almalinsky district, Kurmangazy str., house 61a, +7 (776) 159 59 59, salem@freedombank.kz
  - 4) Bereke Bank JSC, 3/1, Al-Farabi Avenue, Almaty, Almaty (KZ-75), 050059, Kazakhstan, +7 (7272) 50 50 30, post@berekebank.kz
  - 5) Alatau Citi Bank, A26F8T9, 242 Nazarbayev Ave., Almaty, Republic of Kazakhstan, +7 (717) 258 77 11, info@alataucitybank.kz
  - 6) Nurbank JSC, Abay Avenue 10v Almaty 050010 Almaty Kazakhstan, +7 (727) 244 77 88, +7 (7172) 50 05 44, cc\_nur@nurbank.kz
3. The Fund Manager is a single responsible entity for the management of the Fund's Bank accounts and prompt distribution of the cash from Fund's Bank accounts.

#### **3.4. Fund's Prime Broker**

1. In order to implement the Fund Investment declaration, to invest effectively the Fund's assets into Bitcoin, the Fund Manager determines the Prime Broker as a regulated licensed organization not affiliated with the Fund Manager.
2. The Prime Broker and its principal place of business: [SkyBridge Digital Finance Ltd](#), Z05T3E5, Astana, Esil district, 55/21, Mangilik El Avenue, office 146. The activities of SkyBridge Digital Finance **Ltd.** as the AIFC participant are regulated by AFSA.
3. The Prime Broker executes buy and sell transaction due to orders received from the Fund Manager or Custodian of digital assets. In placing orders, it is the Fund Manager's policy to obtain the best price and execution for its transactions.
4. The Prime Broker holds the assets of the Fund as the nominee holder on personal accounts opened in the name of the Fund.
5. The primary function of the Prime Broker is to execute agency transactions for the Fund involving USDT.

#### **3.5. Digital Assets Trading Facility platform:**

1. In order to implement the Fund investment declaration, to invest effectively the Fund's assets into Bitcoin, the Fund Manager determines the DATF platform as a regulated licensed organization not affiliated with the Fund Manager.
2. The primary function of the DATF: The Fund Manager executes Bitcoin purchase and sale transactions via DATF. Upon the issuance of Units, the Fund Manager uses the acquired USDT through the DATF platform to purchase Bitcoin, which is then transferred for custody to the Custodian of digital assets. Upon the redemption of Units, the Fund Manager transfers the Bitcoins from the Custodian of digital assets to the DATF for sale in exchange for USDT. The USDT is then converted into USD, and the proceeds are used to settle with Authorized Participants.
3. The DATF and its principal place of business:

- 1) [BN KZ Technology limited](#) Z05H9K3, Republic Kazakhstan, Astana, Esil district, Dostyk street 16, office 12. The activities of BN KZ Technology limited as the AIFC participant are regulated by AFSA;
- 2) [ATAIX Eurasia Ltd.](#) 22 office, 21 Kabanbay Batyr, Esil district, Astana, Kazakhstan, Z05H0C9, +7(727)3561170, [helpdesk@ataix.kz](mailto:helpdesk@ataix.kz), [www.ataix.kz](http://www.ataix.kz). The activities of ATAIX Eurasia Ltd. as the AIFC participant are regulated by AFSA;
- 3) [BYBIT LIMITED](#), Astana, Mangilik El Avenue, 55/17, Pavilion C3.2, [www.bybit.kz](http://www.bybit.kz).

### 3.6. Fund Custodian of digital assets

1. In order to securely manage, safekeep and utilize digital assets, the Fund Manager appoints the Custodian of digital assets as a regulated licensed organization not affiliated with the Fund Manager.
2. The Custodian and its principal place of business: [BitGo Trust Company, Inc., a South Dakota trust company duly organized and chartered under § 51A-6A-1(12A) of the South Dakota Banking Law and licensed to act as custodian of Client's Digital Assets on Client's behalf. Pinnacle Place, Suite 101 Sioux Falls SD 57108
3. The Custodian of digital assets executes settlement of transaction due to orders received from the Fund Manager, Fund Prime Broker or DATF and provides a service such as safekeeping of Bitcoin.
4. The Custodian of digital assets holds the assets of the Fund on personal accounts opened in the name of the Fund.

### 3.7. Fund Accountant

1. The Accountant of the Fund is
  - 1) the Fund Manager itself as the sole or unified administrator of the Fund;
  - 2) other eligible (authorized, licensed) accountant due to agreements with the Fund Manager, and with preliminary notifications of Unitholders.
2. The Fund Manager ensures preparing the Fund's financial statements and Annual Report for each financial year in accordance with IFRS. The Fund's financials and Annual Report undergo an audit, following which the audited Annual Report is published.
3. The Fund Manager ensures preparing an interim report for Fund.
4. Fund Manager ensures keeping Fund's accounting records that are:
  - 1) sufficient to show and explain transactions undertaken by the Fund; and
  - 2) capable of determining the financial position of the Fund on an ongoing basis; and
  - 3) calculating the Net Asset Value (NAV) of the Fund and the price of its Units;
  - 4) record the financial position of the Fund as at its financial year end;
  - 5) retained by the Fund Manager or Fund for at least six years from the date to which they relate;
  - 6) at all reasonable times, open to inspection by the AFSA and the Auditor of the Fund; and
  - 7) capable of reproduction, within a reasonable period not exceeding 3 (three) Business Days, in hard copy and available in English.
5. The Fund Manager carries out separate accounting of the Fund's assets and presents financial and other statements on them separately from own assets and assets of other investment funds.

### 3.8. Fund Auditor

1. The Auditor and its principal place of business: [BDO Qazaqstan LLP](#). Republic of Kazakhstan, A15H4E3, Almaty, Gabdullin St. 6, +7(727)3313134, [info@bdoqz.com](mailto:info@bdoqz.com);

2. The appointed external, independent Audit organization conducts audits of the Fund's and Fund Manager's annual financial statements in accordance with the requirements of the relevant standards published by the International Auditing and Assurance Standards Board (IAASB) and produces auditor's reports on those audited financial statements.

### **3.9. Fund Market maker**

1. During the market creation period, the Market maker must create markets on an ongoing basis. Creating a market on an ongoing basis with respect to a market instrument means that the Market maker provides supply and demand quotes continuously during the market creation period. It is recognized that the Market maker is not obligated to offer a new or updated quotation if the corresponding existing quotation of supply and demand remains inconsistent. The Market maker may update its supply and demand quotes at any time during the market creation period, provided that these quotes are made in accordance with the obligations of the Market maker.
2. The Market maker and its principal place of business: Freedom Finance Global PLC, Republic of Kazakhstan, Astana, Yessil district, Dostyk street, 16, integral non-residential facility No.2, (Talan Towers Offices).

### **3.10. Fund's Benchmark Provider**

The valuation of the Fund's assets is carried out by the Fund Manager based on data provided by CF Benchmarks Ltd ("CF Benchmarks"), a company incorporated in England and Wales with company number 11654816, and authorised and regulated by the Financial Conduct Authority (FCA) under registration number 847100 as a Benchmark Administrator. Registered office: 6th Floor, One London Wall, London, United Kingdom, EC2Y 5EB. <http://www.cfbenchmarks.com>, [info@cfbenchmarks.com](mailto:info@cfbenchmarks.com)

### **3.11. Delegation by Fund Service Providers**

*Part of the Fund's Offering Materials that contains a description of a description of any functions that could be delegated by the Fund Manager and any other of the Fund's service providers, the identification of each such delegate and any conflicts of interest that may arise from such delegations (AIFC CIS 5.3.b.v).*

#### Ability to delegate or outsource

1. The Fund Manager is responsible for all operations concerning the Fund and may from time-to-time delegate activities or outsource functions to any appropriate Person, but not the responsibility for conducting those activities and functions, to another Person in accordance with AIFC rules and regulations.
2. Delegation or outsourcing by a Fund Manager does not relieve the Fund Manager from any of its obligations in respect of a Fund.
3. A Fund Manager may only delegate or outsource a Regulated Activity on prior written notification to the AFSA at least 30 (thirty) days before the outsourcing or delegation is scheduled to take effect (the "specified date"). The outsourcing or delegation may only proceed if the Fund Manager does not receive an objection by the AFSA to the delegation or outsourcing prior to the specified date.
4. When delegating or outsourcing, a Fund Manager carries out due diligence on a proposed service provider prior to effecting a delegation or outsourcing and conclude on reasonable grounds that proposed service provider is suitable to perform the relevant functions.

#### Requirements for delegation or outsourcing

1. Any delegation or outsourcing by the Fund Manager is made on the basis of a written agreement with the relevant service provider.
2. If the Fund Manager delegates any activity or outsources any function to a service provider, it takes reasonable steps to ensure that it implements and maintains systems and controls to monitor the relevant service provider.

3. The Fund Manager in the cases of delegation or outsourcing any functions, reviews at least every six months the carrying out of the relevant activities or functions by the relevant service provider.
4. If the Fund Manager discovers any non-compliance in respect of a delegation or outsourcing agreement, the Fund Manager takes immediate action to remedy the matter and, where the non-compliance is material, notify the AFSA promptly.

Contents of delegation or outsourcing agreement

1. The Fund Manager ensures that any delegation or outsourcing agreement:
  - 1) sets out the functions or activities and service standards that will be applied to the carrying out of such functions or activities;
  - 2) provides that the service provider cannot in turn delegate any activities delegated to it, or outsource any functions outsourced to it;
  - 3) requires the service provider to maintain records to show and explain transactions in relation to each activity or function performed in relation to the Fund and to enable the Fund to prepare accounts in compliance with AIFC CIS and any other applicable law; and
  - 4) requires the service provider to:
    - a) retain the records for at least six years from the date to which they relate; and
    - b) keep the records, at all reasonable times, open to inspection by the Fund Manager, the Fund's auditor and the AFSA; and
    - c) ensure that the records are, if requested by the AFSA, capable of reproduction within a reasonable period not exceeding 3 (three) days in hard copy and in English.
2. The Fund Manager ensures that a delegation or outsourcing agreement contains an undertaking by the relevant service provider to comply with any rules applicable to the activity and to disclose to the AFSA and to the Fund Manager any material information that it would disclose to its Financial Services Regulator, if relevant, in relation to the conduct of the delegated or outsourced activity.
3. The Fund Manager maintains records of all agreements, and any instructions given to a service provider under the terms of a delegation or outsourcing agreement, for at least six years.

**3.12. Conflict of interest**

1. The Fund Manager takes reasonable steps to ensure that any dealing in relation to a Fund does not give rise to a [conflict of interest](#).
2. Where a conflict of interest arises, whether in dealings with associates or otherwise, the Fund Manager discloses to Unitholders the nature of the conflict and how the conflict will be managed. Such information will be made available through the Fund Manager's website as well as the AIX website.
3. The Fund Manager is not a Market maker for the Fund's Units on AIX.

**3.13. Data protection**

1. The Fund's and Fund Manager's privacy or information security policy requires the Fund, Fund Manager and each Fund's Service Provider to maintain administrative, technical, and physical safeguards to protect information regarding Fund Investors.
2. All Fund Service Providers act on the Fund's behalf and are obligated to keep the information about Investors provided to them confidential, and to use the information only to provide the services that they are attracted to perform.



3. The Fund Manager is obligated to disclose any material changes affecting the Units' trading price promptly, ensuring transparency in accordance with AIFC CIS Rules 10.5-1(l). Such material changes include:
  - 1) significant changes in management strategy;
  - 2) changes in fees or expenses;
  - 3) major corporate events;
  - 4) changes in Management or the Managing Strategy.

#### 4. FUND'S VALUATION PROCEDURE AND PRICING METHODOLOGY

*Part of the Fund's Offering Materials that contains a description of the Fund's valuation procedure and of the pricing methodology for valuing assets (AIFC CIS, 5.3, b: vi).*

##### 4.1. Valuation of Fund Property

1. The Fund has comprehensive valuation procedures in place to ensure the production of timely and accurate valuation of the Fund.
2. The Net Asset Value (NAV) of the Fund equals to the total assets of the Fund, which consists solely of Bitcoin, cash and stablecoins, less total liabilities of the Fund, each determined by the Fund Manager pursuant to policies established from time to time by the Fund Manager or otherwise described herein. The methodology used to calculate the Bitcoin value in determining the Net Asset Value (NAV) of the Fund may not be deemed consistent with IFRS.
3. The Fund Manager calculates the NAV of the Fund once each Business Day. The NAV for a normal trading day will be released on AIX website (<https://market.aix.kz/etf>) before 11:00 Astana time (04:00 p.m. ET). Trading during the core trading session on the AIX closes according to the AIX's trading schedule. However, NAVs are not officially released until after the completion of a comprehensive review of the NAV and prices utilized to determine the NAV of the Fund by the Fund Manager. Upon the completion of the end of day reviews by the Fund Manager the NAV shall be published before 11:00 am Astana time. In the event that, after the publication of the NAV, the Fund Manager identifies any inaccuracies in the report, such inaccuracies must be corrected as soon as reasonably practicable, and the updated and corrected report must be published. Any such correction could adversely affect the value of the Units.
4. The Fund expects to transact in a DATF platform or Prime-broker, when necessary, to buy and sell Bitcoin in association with cash creations and redemptions and to sell Bitcoin to satisfy the Fund's operating liabilities. As such, the Fund expects to use digital assets markets (as defined by AIFC) as the principal market.
5. The CME CF Bitcoin Reference Rate (BRR) is a once-a-day Benchmark index price for Bitcoin, calculated by CF Benchmarks. It aggregates trade data from multiple Bitcoin-USD markets operated by major cryptocurrency exchanges. The Fund Manager uses the BRR for calculating the Fund's Net Asset Value (NAV) at the close of each Business Day and for preparing the Fund's daily NAV report.
6. The CME CF Bitcoin Reference Rate (BRR) is solely calculated from spot Bitcoin-USD transactions conducted on constituent exchanges within the observation window of 3:00 p.m. to 4:00 p.m. London time. The criteria for eligibility for which as well as actual list (CME CF Constituent Exchange Criteria, CME CF Constituent Exchanges) are available at <https://www.cfbenchmarks.com>. Although the CME CF Bitcoin Reference Rate is intended to accurately capture the market price of bitcoin, third parties may be able to purchase and sell bitcoin on public or private markets and such transactions may take place at prices materially higher or lower than the CME CF Bitcoin Reference Rate. Information about the Benchmarks Index methodology, its calculation process, and observation window is publicly available at <https://www.cfbenchmarks.com/>, to ensure transparency and accessibility for investors. The Fund Manager is committed to providing timely updates regarding any material changes in the index methodology or constituent platforms.

Table 2. Reference Rate Parameters

	CME CF Bitcoin Reference Rate
<b>Ticker Symbol</b>	BRR ( <a href="https://www.cfbenchmarks.com/data/indices/BRR">https://www.cfbenchmarks.com/data/indices/BRR</a> )
<b>Relevant Pair</b>	Bitcoin vs. U.S. Dollars
<b>Effective Time</b>	04:00 p.m. London Time
<b>TWAP Period Length</b>	60 minutes

<b>TWAP Period</b>	03:00 pm to 04:00 pm London Time
<b>Partition Length</b>	5 minutes
<b>Numbers of Partitions</b>	12
<b>Potentially Erroneous Data</b>	5%

7. The CME CF Bitcoin Real Time Index (BRTI) is a once-per-second benchmark index price for Bitcoin that aggregates order data from Bitcoin-USD markets operated by major cryptocurrency exchanges. The BRTI is recommended by the Fund Manager to Authorized Participants and Market makers for real-time calculations of the indicative Net Asset Value (iNAV).
8. The Fund Manager has the right to use other benchmarks for the purposes of calculating NAV that have standards IOSCO. Should the Fund Manager opt to use alternative benchmarks, these will also adhere to IOSCO Principles and meet the requirements outlined in AIFC CIS Schedule 5, ensuring consistency and reliability in tracking the performance of Bitcoin. The benchmark index is subject to change if it will no longer meet IOSCO principals. Investors will be informed if the benchmark changes through a disclosure posted through AIX RAS at <https://aix.kz/>.
9. The Benchmarks meets the requirements of AIFC CIS 6.16;
10. Key risks associated with Fund, including those related to its reliance on the Benchmarks Index, the inherent volatility of Bitcoin, and operational constraints, are detailed in the 'Risk Disclosures' section of this Offering Materials.
11. For purposes of the Fund's periodic financial statements, the same benchmark values used for the daily NAV calculation are applied on the Fund's financial statement measurement date
12. The website for the Fund Manager, which will be publicly accessible at no charge, will contain the following information:
  - 1) the prior Business Day's NAV;
  - 2) the prior Business Day's AIX official closing price of the Unit;
  - 3) calculation of the premium or discount of such AIX official Unit's closing price against such NAV per 1 Unit;
  - 4) data in chart form displaying the frequency distribution of discounts and premiums of the AIX official closing price against the NAV, within appropriate ranges for each of the four previous calendar quarters (or for the life of the Fund, if shorter);
  - 5) the Offering Materials and
  - 6) other applicable quantitative information.
13. Units of the Fund will be traded on AIX, trading information will be available on AIX website - Market Data (<https://market.aix.kz/etf>).
14. The Fund Manager determines (value) the Fund's investment portfolio or NAV of the Fund:
  - 1) every day after the closing of the trading (business) day;
  - 2) regularly at the end of last trading (business) day of each calendar month;
  - 3) for the purposes of Units creation or redemption – during trading (business) day.
15. All valuations of the Fund's NAV, its Assets and Liabilities:
  - 1) are made in USD;
  - 2) is generally determined on the accrual basis of accounting using the IFRS as a guideline;
  - 3) is determined using The CME CF Bitcoin Reference Rate (BRR) benchmark index price for Bitcoin.

16. The valuation principles to be used in valuing the Fund's property that may be:

- 1) an Investment quoted, listed, or normally dealt in on a regulated market, shall be based on the last traded price where the Investment in question is a digital asset or a stablecoin;
- 2) if an investment is quoted, listed, or normally dealt with in on more than one regulated market, the Fund Manager may, in its absolute discretion, subject to compliance with the provisions of clause 4.1.5, select any one of such markets for the foregoing purposes;
- 3) once selected a market shall be used for future calculations of the NAV with respect to Bitcoins unless the Fund Manager otherwise determines;
- 4) in the case of any Investment which is quoted, listed, or normally dealt in on a regulated market but in respect of which for any reason, prices on that market may not be available at any relevant time, or, in the opinion of the Fund Manager, may not be representative, the value therefore shall be the probable realization value thereof estimated with care and in good faith by a competent Fund Manager, Service Provider(s) or another qualified Person;
- 5) when a Bitcoin is not traded on any exchanges on a particular valuation day, the value at which it was traded on the selected exchanges or any other exchanges on the earliest previous day may be used provided such date is not more than thirty days prior to the Valuation Date;
- 6) for valuation purposes the valuer shall select appropriate exchanges or regulated market for any investment object;
- 7) for valuation purposes value of 1 USDT (stablecoin, tether) will be equal to CF Techer-Dollar Spot Rate calculated by Benchmarks;
- 8) notwithstanding any of the foregoing sub-paragraphs, the Fund Manager together with (or with consent of) appropriate Fund's Service Provider (Depository/Custody, Nominee holder, Broker or Auditor, another competent third-party valuer) may adjust the value of any Investment if, having regard to currency, applicable rates of interest, maturity, marketability or such other considerations as they may deem relevant, they consider that such adjustment is required to reflect the fair value thereof, and may in order to comply with any applicable accounting standards, present the value of any assets of the Fund in financial statements to Unitholders in a manner different to that set out in this section.

**4.2. Accounting**

1. The Fund Manager performs all accounting services with respect to the Fund:
  - 1) to maintain books and records with respect to the Fund's investments transactions and calculation the Fund's NAV;
  - 2) all transactions with the Fund's assets and periodical evaluations of assets are reflected on the Fund Manager's (off-balance) accounting system which will provide the underlying records for the preparation of the accounts and the NAV calculation;
  - 3) to undertake daily reconciliations of all (Bank) accounts, cash and investments balances with the Brokers, Banks and Depositories (appropriate nominee holders or custodians);
  - 4) to monitor and calculate applicable contractual fees and expenses to be accrued within the calculation of the Fund's NAV.
2. The Fund Manager ensures that as soon as practicable after each valuation point the Fund could inform any interested Unitholder of the value per Unit of the Fund.
3. Where required by AIFC CIS the Fund Manager appoints an independent third-party valuer which specializes in valuing the type of investments held by the Fund to value the Fund's investments.

4. None of the Fund, Fund Manager or its Director has any liability in the event that any price or valuation, used in good faith in connection with the above procedures, proves to be an incorrect or an inaccurate estimate or calculation of the price or value of any part of the Fund Property.

#### **4.3. Financials and Reporting**

1. The Reporting Period of the Fund will end on 31<sup>st</sup> December of each year, provided however, the first financial year of the Fund starts on the day it is incorporated and lasts for a period not exceeding 18 (eighteen) months.
2. The Fund Manager shall procure the preparation of an annual report, audited annual accounts for the Fund.
3. The accounting standards that shall be used for reporting shall be the International Financial Reporting Standards.
4. The annual report and audited annual accounts will be disclosed on Fund Manager's and AIX web sites within 4 (four) months from the end of the relevant Reporting Period. Interim quarterly reports are prepared within one month after the end of each accounting period and disclosed on Fund Manager's and AIX web sites.

#### **4.4. Pricing of Fund Investor's Units**

1. While the Fund seeks to reflect generally the performance of the Bitcoin before the payment of the Fund's expenses and liabilities, Units may trade at, above or below their NAV. The NAV will fluctuate with changes in the market value of the Fund's assets. The trading prices of Units will fluctuate in accordance with changes in their NAV as well as market supply and demand. The amount of the discount or premium in the trading price relative to the NAV may be influenced by non-concurrent trading hours between the major bitcoin markets and AIX. While the Units will trade on AIX until close of trading session, liquidity in the market for bitcoin may be reduced, negatively affecting the trading volume; alternatively, developments in Bitcoin markets (which operate around the clock), including the price volatility, declines in trading volumes, and the closing of DATF platforms due to fraud, failures, security breaches or otherwise that occur outside of AIX trading hours will not be reflected in trading prices of the Units until trading on the AIX opens. As a result, during this time, trading spreads, and the resulting premium or discount, on Units may widen. However, given that Creation Units can be created and redeemed in exchange for the underlying amount of bitcoin or cash, and that the Fund will utilize an Creation Unit of 5000 Units, the Fund Manager believes that the Creation Unit size of 5000 Units will enable Authorized Participants and Market makers to manage inventory and facilitate an effective arbitrage mechanism for the Fund. The Fund Manager believes that the arbitrage opportunities may provide a mechanism to mitigate the effect of such a premium or discount.
2. Prior to the first investment of the Fund's assets, the price of a Unit is equal to its nominal value – 25.00 USD.
3. The Fund Manager periodically, but not less than once a month, informs the Unitholders about the common composition of the Fund and its NAV, as well as the estimated value (price) of the Unit. This information is provided through Fund Manager's and AIX web sites.
4. The Fund Manager will take immediate action to rectify any incorrect pricing of Units. Unless the incorrect pricing is of minimal significance, the Fund Manager promptly informs the AFSA of such a rectification.

## 5. CREATION AND REDEMPTION OF FUND'S UNITS

*Part of the Fund's Offering Materials that contains:*

- information about procedures and conditions for the issue of Units (AIFC CIS, 5.3, b: xi);*
- a description of the Fund's redemption rights both in normal and in exceptional circumstances, and the existing redemption arrangements with Unitholders (AIFC CIS, 5.3, b: vii).*

### 5.1. General terms of creation and redemption procedures

1. The Units are securities form registered in AIX Registrar. The Fund Manager receives an ISIN for the Units from the Central Securities Depository JSC and then conducts the pre-listing procedure on AIX. The Authorized Participant or Professional Investor initiates the creation of new Units by applying to the Fund Manager for the preliminarily agreed-upon volume of the initial offering. The Fund Manager accepts the application from the Authorized Participant or Professional Investor and then registers the Units issuance with the AIX Registrar. The Units may be held by the relevant holders in their accounts established either with AIX Registrar/AIX CSD or with a participant of AIX CSD. Participants in AIX CSD include trading members of AIX (brokerage firms) and the custodians who have account(s) with AIX CSD. Only persons that are registered as the owners of the Units in the accounts with AIX Registrar/AIX CSD or with a participant of AIX CSD will be recognized as the Unitholders.
2. According to the AIFC CIS requirements the Fund shall offer its Units only:
  - 1) by way of Creation and Redemption procedures for Authorized Participants and Professional Investors only;
  - 2) through AIX Trading Members in the secondary market for Professional and Retail Investors.
3. The Fund expects to create and redeem Units on a continuous basis. Only Professional Investors and Authorized Participants which are registered broker-dealers who have entered into written agreements with the Fund can place Orders to create and redeem Units.
4. Authorized Participants may act in creation and redemption transactions with the Fund either as principals or as agents on behalf of the Client of the Authorized Participant.
5. Settlements between the Fund and Authorized Participants or Professional Investors in connection with the creation and redemption of the Fund's Units may be conducted in two ways: In Cash or In Kind. Subscription and redemption Orders submitted by an Authorized Participant or Professional Investor must specify the number of Creation Units and settlement method.
6. Creation and redemption applications are subject to the terms of these Offering Materials and must be submitted by Authorized Participants or Professional Investors in the form provided by the Fund Manager to the contacts specified by the Fund Manager.
7. The initial creation of the Fund's Units is carried out on an in-cash basis at the nominal price of USD 25 per Unit.
8. The Authorized Participant or Professional Investor may submit a Subscription or Redemption Order on any Business Day. The Order must be submitted before the Order Cut-Off Time to be processed on the same day.
9. Orders may be submitted by the Counterparty through the following methods:
  - 1) Via an electronic order submission system approved by the Fund and the Counterparty;
  - 2) By e-mail (in this case the parties exchange scanned copies of signed Orders in the form provided by the Fund Manager);
  - 3) By exchanging hard copies signed by the parties in the form provided by the Fund Manager.

10. The Fund reserves the right to reject any Subscription Order and must notify the Authorized Participant or Professional Investor within one hour of receipt.
11. Redemption Orders are binding on the Fund, except in cases of force majeure.
12. In case an Order is accepted, the Fund Manager shall notify the Counterparty using one of the three aforementioned methods, with priority given to the method by which the Order was originally received.
13. The Fund undertakes to make its best efforts to settle a Redemption Order in accordance with the method (In Cash or In Kind) specified by the Authorized Participant or Professional Investor in the Redemption request. If settlement by the specified method proves impossible or would result in significant transaction costs, the Fund reserves the right to propose an alternative method of settlement to the Authorized Participant or Professional Investor.

## **5.2. In Cash Creation Procedures**

1. Upon receipt of a Subscription Order from the Authorized Participant or Professional Investor, the Fund Manager shall calculate the Subscription amount required to be deposited into the Fund's Bank account for the issuance of the corresponding number of Creation Units. This calculation is based on the current iNAV to best reflect the prevailing value of the Base Asset.
2. Within one hour of receiving the Subscription Order, the Fund Manager shall send a response to the Authorized Participant or Professional Investor specifying the total cash amount to be deposited into the Fund's Bank account. This amount is equal to the Subscription amount plus the Subscription Reserve.
3. Within one hour of receiving the Fund Manager's notification of the cash amount required to be deposited into the Fund's Bank account, the Authorized Participant or Professional Investor must either confirm acceptance of the amount or withdraw their Subscription Order.
4. In the event the cash amount calculated by the Fund Manager is accepted, the Authorized Participant or Professional Investor must initiate payment instruction for the full cash amount (USD) to the Fund's Bank account within two hours of Order acceptance by the Fund.
5. After the Fund Manager confirms that the cash has been credited to the Bank account, the received cash is transferred to the account of the Prime Broker or the DATF for the purchase of Tether (USDT) or directly of the Base Asset (Bitcoin).
6. If the received from the Authorized Participant or Professional Investor cash amount exceeds the amount required to acquire the Settlement BTC Quantity at the current market price of the Base Asset, the Fund Manager shall proceed with the purchase of the Settlement BTC Quantity. If the received cash amount further exceeds the actual amount used for the purchase of the Settlement BTC Quantity plus the Transaction Cash Component, the remaining balance, after deducting applicable Bank fees, shall be returned to the Bank account of the Authorized Participant or Professional Investor.
7. If the cash amount received from the Authorized Participant or Professional Investor is insufficient to acquire the Settlement BTC Quantity at the current market price of the Base Asset, the Fund Manager shall notify the Authorized Participant or Professional Investor that the current market price of the Base Asset is outside the acceptable range for Unit creation. The Authorized Participant or Professional Investor will then be given the opportunity to transfer an additional cash amount equal to the difference between the current Subscription Amount plus the Subscription Reserve and the cash amount already received. If the Counterparty accepts this condition and agrees to transfer the additional amount, the procedure shall resume from Step 4. If not, the Fund Manager shall, within two Business Days, initiate a payment instruction to return the cash received amount to the Bank account of the Authorized Participant or Professional Investor.
8. After Settlement SOL Quantity was acquired the Fund Manager submits an instruction to the AIX Registrar via e-mail or by another method agreed between the Fund Manager and the AIX Registrar to issue the number of Units corresponding to Subscription Order. Upon registration of the newly issued Units, they

are transferred to the Fund's account opened with the AIX CSD under the nominee holder, for subsequent transfer to the AIX CSD account of the Authorized Participant or Professional Investor.

9. The Fund shall credit the Units to the Authorized Participant's or Professional Investor account at AIX CSD no later than the next Business Day after the day Units were issued by the Fund.

### **5.3. In Kind Creation Procedures**

1. Upon receipt of the Fund's confirmation of acceptance of the In Cash Creation Order the Authorized Participant or Professional Investor must transfer the Settlement Bitcoin Quantity which is calculated as BTC per Creation Unit multiplied by the number of Creation Units and make payment instructions for the Bank transfer of the Transaction Cash Component which is calculated as Basket Cash Component multiplied by the number of Creation Units to the Fund's Custodian of digital assets and Bank account respectively within two hours after Order acceptance by the Fund. All transfer details will be specified in Subscription/Redemption Orders to be provided by the Fund Manager.
2. Upon receipt of the Settlement Bitcoin Quantity and the Transaction Cash Component the Fund Manager submits an instruction to the AIX Registrar via e-mail or by another method agreed between the Fund Manager and the AIX Registrar to issue the corresponding number of Units. Upon registration of the newly issued Units, they are transferred to the Fund's account opened with the AIX CSD under the nominee holder, for subsequent transfer to the AIX CSD account of the Authorized Participant or Professional Investor.
3. The Fund shall credit the Units to the Authorized Participant's or Professional Investor account at AIX CSD no later than the next Business Day after the day Units were issued by the Fund.

### **5.4. In Cash Redemption procedures**

1. Upon receipt of the Fund's confirmation of acceptance of the In Cash Redemption Order, the Authorized Participant or Professional Investor must initiate the transfer of Units to the Fund's account at AIX CSD within two hours.
2. Upon crediting Units to the Fund's account at AIX CSD, the Fund shall proceed the settlement of cash to the Authorized Participant or Professional Investor. The Fund Manager sells corresponding Settlement BTC Quantity via DATF or Prime Broker for the base currency (USD) or Tether (USDT).
3. If BTC is sold for USD, the entire amount of cash received plus the Transaction Cash Component is transferred to the Fund's Bank account for subsequent transfer to the Bank account of the Authorized Participant or Professional Investor. If BTC is sold for USDT, the USDT is subsequently transferred to the Prime Broker's account for conversion into the Base Currency (USD), followed by a transfer of this amount plus the Transaction Cash Component to the Fund's Bank account, and then to the Bank account of the Authorized Participant or Professional Investor. After the cash has been transferred to the Bank account of the Authorized Participant or Professional Investor, the Fund Manager submits an instruction to the AIX CSD and AIX Registrar for the redemption of corresponding number of Units.

### **5.5. In Kind Redemption procedures**

1. Upon receipt of the Fund's confirmation of acceptance of the In Kind Redemption Order, the Authorized Participant or Professional Investor must initiate the transfer of Units to the Fund's account at AIX CSD within two hours.
2. Upon crediting Units to the Fund's account at AIX CSD, the Fund shall proceed by the next Business Day transfer of the Settlement BTC Quantity and Transaction Cash Component to the Authorized Participant's account or account of the Client of the Authorized Participant or account of Professional Investor at the Digital Assets Custodian for Bitcoins and Bank Account for cash.



3. After the Settlement BTC Quantity and the Transaction Cash Component have been transferred into respectively the digital assets account and Bank account of the Authorized Participant or Professional Investor, the Fund Manager submits an instruction to the AIX CSD and AIX Registrar for the redemption of corresponding number of Units.

## 6. TRADING OF THE UNITS ON AIX AND THEIR SETTLEMENT IN AIX CSD

1. The Units of the Fund are expected to be traded on AIX. All investors wishing to purchase or sell Units on the secondary market should place their Orders via their broker being an effective trading member of AIX. Orders to purchase Units in the secondary market through AIX may incur brokerage and/or other costs which are not charged by the Fund and over which the Fund has no control.
2. The settlement of these on exchange trades of the Units will be made in the depositary system of AIX CSD in accordance with the business rules and procedures of AIX CSD.
3. The Fund seeks to generally reflect the performance of the price of Bitcoin before the payment of the Fund's expenses and liabilities. However, Units may be traded at a premium or discount to their NAV per Unit due to market dynamics. NAV will fluctuate with changes in the market value of the Fund's assets, and trading prices of Units will be influenced by NAV, market supply and demand, and other external factors.
4. Trading prices of Units may deviate from their iNAV during non-concurrent trading hours between major Bitcoin markets and AIX. Bitcoin markets operate 24/7, whereas trading on AIX occurs during designated trading hours. This discrepancy may result in delays in reflecting developments in Bitcoin markets, including price volatility, reduced liquidity, and other market conditions, in the trading prices of Units.
5. During non-AIX trading hours, events such as price volatility, reduced trading volumes, or disruptions to DATF platforms due to fraud, security breaches, or failures may not immediately affect the trading prices of Units. When the AIX market reopens, these events may cause wider trading spreads, premiums, or discounts, impacting the trading price of Units.
6. The market price of Fund's Units traded on the exchange may fluctuate around their iNAV, which reflects the current value of the Bitcoin held in the Fund's portfolio. An arbitrage mechanism is in place to help maintain alignment between the Unit market price and the iNAV. Authorized Participants and Professional investors, who are eligible for direct subscription and redemption of Units with the Fund, may run arbitrage activities.
7. If the Unit market price exceeds the iNAV Authorized Participants or Professional investors can subscribe for new Units directly from the Fund at a price close to the NAV per Unit and sell them on the secondary market at a higher price, thereby capturing an arbitrage profit. This process increases the supply of the Units in the market and puts downward pressure on the market price, bringing it closer to the iNAV.
8. If the Unit market price is below the iNAV Authorized Participants or Professional Investors can purchase Units on the secondary market at a discount and redeem them with the Fund for cash equivalent to the NAV per Unit. This reduces the supply of the Units in the market and exerts upward pressure on the market price, aligning it more closely with the NAV.
9. The Fund Manager collaborates with Authorized Participants and appointed Market makers to minimize trading spreads. These efforts aim to provide consistent pricing for Units, even during periods of market volatility or reduced liquidity in Bitcoin markets.
10. Investors should be aware that fluctuations in trading spreads and deviations from NAV may occur, particularly during non-concurrent trading hours. However, such discrepancies are expected to normalize as the arbitrage mechanism operates to align trading prices with NAV over time.
11. AIX CSD holds securities for trading members of AIX, for other participants of AIX CSD and for their clients. Potential Unitholders need to have an account opened with the participant of AIX CSD (which may be a trading member of AIX or a custodian with an account at AIX CSD). In such cases Units will be held on behalf of Unitholders in the relevant AIX CSD participant's account at AIX CSD.
12. AIX CSD facilitates clearance and settlement of securities transactions conducted on AIX between trading members of AIX. The clearing and settlement process that takes place at AIX CSD provides for an exchange of money and securities on a delivery-versus-payment basis through electronic book entry changes in

accounts of AIX CSD's participants and their respective clients. Secondary market sales of the Units held through AIX CSD will be conducted in accordance with the business rules and the procedures of AIX CSD.

13. AIX Registrar, as a legal entity which holds and maintains a register of the records of the Units, interacts with AIX CSD's depository system, and, as part of such interaction, AIX CSD will provide details of the nominal holders and the ultimate beneficial owners of the Units to AIX Registrar to the extent such details are available in the depository system of AIX CSD.
14. The price of any Units traded on the secondary market will be determined by the market and prevailing economic conditions, which may affect the value of the underlying assets. Any transactions in the Units of the Fund on AIX will be subject to the customary brokerage commissions and/or transfer fees associated with the trading and settlement. Investors wishing to purchase or redeem Units on the secondary market should contact their broker.
15. The secondary market dealing timetable depends upon the rules of the exchanges upon which the Units are dealt or the terms of the over-the-counter trade. Investors should contact their professional advisor or broker for details of the relevant dealing timetable.

## **7. OTC MARKET TRANSACTIONS**

1. In addition to trading on the organized AIX market, transactions with Units can be conducted on the OTC market.
2. Participants in OTC transactions with Units may include Retail Investors, Professional investors, Authorized Participants, and AIX Trading Members (brokers and dealers).
3. The Fund participates in OTC transactions only under the following circumstances:
  - 1) As part of the creation and redemption procedures described in section 5, where the Fund can transact only with an Authorized Participant or Professional Investor.
  - 2) In the event of force majeure when trading on the organized market is suspended or the value of the Units on organized market significantly varies from Net Asset Value of the Fund.
4. When concluding an OTC transaction, the parties confirm all necessary transaction parameters, including price, quantity of Units, settlement type and date, and the accounts details for the transfer and receipt of Units and cash or Bitcoins and Cash Component.
5. Participants in OTC transactions must have established business relationships in accordance with the requirements of the AIFC and the legislation of the Republic of Kazakhstan, governed by a financial services agreement. This implies proper completion of compliance and/or KYC procedures.
6. If the market value of the Units significantly varies from Net Asset Value (NAV) per Unit of the Fund, investors who have acquired their Units on the secondary market shall be allowed to sell them directly back to the Fund. For example, this may apply in cases of market disruption such as the absence of a Market maker. In such situations, information shall be communicated to the regulated market indicating that the Fund is open to transactions with Unitholders.
7. Direct redemptions with the Fund become available in cases where there is no functioning secondary market. Investors should contact the Fund Manager acting as the Administrator regarding the process to be followed to redeem their Units in these circumstances. Units may be redeemed at the Net Asset Value (NAV) per Unit less duties and charges and redemption charges, if any.
8. In the case of direct redemptions at the Fund level, the Fund is obligated to redeem the Units from the Investor within 30 calendar days following the submission of a redemption request by the Investor to the Fund Manager acting in its capacity as the Fund's Administrator.

## **8. COMMUNICATIONS WITH INVESTORS**

1. All promotions to the potential Fund investor or Unitholder are done in a way that the target audience for such communication is Professional Investors and Retail Investors.
2. Any breach of AIFC legislation by the Fund Manager may be resolved by means of communication by sending the relevant complaints to mail: [compliance@fonte.kz](mailto:compliance@fonte.kz).
3. As other ways to resolve the complaint, claims can be sent to the AIX at the address <https://aix.kz/about-aix/rules-regulations/making-a-complaint/> and to the AFSA at the address <https://afsa.aifc.kz/en/submit-your-complaint>.
4. In case no action is made to remedy the breach is made by the Fund Manager the Unitholder may report it directly to AFSA or claim to the AIFC Court.
5. The Fund manager will disclose information on its official website at <https://fonte.kz/> and on AIX website at <https://aix.kz/listings/continuous-disclosure-obligations/company-disclosures-2/> .

## 9. RISK MANAGEMENT

*Part of the Fund's Offering Materials that contains a description of the Fund's liquidity risk management (AIFC CIS, 5.3, b.vii.sub-p.1).*

### 9.1. Fund Risk Management system

1. Fund Manager ensures that risks inherent to the investments and operations of the Fund are adequately managed, with due regard to the nature of the investment objectives and processes employed by the Fund Manager and other service providers.
2. The Fund Manager, on behalf of the Fund, follows AIFC rules, regulations and guidelines for the risk management policy and procedures that will enable it to accurately measure, monitor and manage the various risks:
  - 1) associated with the Fund investments and functioning, [specified in this part](#) of Offering Material below; and
  - 2) other inherent risks, briefly defined in the [Annex 1](#) to this Offering Materials.
3. Potential Investor of the Fund should:
  - 1) read and understand the Constitution and Offering Materials of the Fund, its investment declaration, and certain risks before investing assets in the Fund;
  - 2) perform their own due diligence, including, without limitation, as to the market, credit, legal and other consequences of an investment in the Fund.
4. Investor of the Fund should be aware that:
  - 1) past investment results do not determine future returns. Fund, its Manager, any Service Provider or the AIFC and AFSA do not guarantee returns on investments;
  - 2) the value of investments in the Fund and the income from them, and therefore the value of and income from the Units may increase or decrease;
  - 3) the part or entire value of investments could be lost (or investor may not get back the amount invested).

### 9.2. Liquidity risk management

1. The Fund Manager maintains a liquidity management process to monitor the liquidity risk of the Fund.
2. The Fund Manager controls the liquidity risk of the Fund by assessing and monitoring the structure and value of assets and liabilities, the terms of their duration, the subscription and redemption processes and information on future cash flows.
3. The Fund Manager maintains tools and methods of measurement, the use of stress tests under both normal and exceptional liquidity conditions, in particular to manage the subscription and redemption process of the Units of the Fund.
4. Managed volatility strategies imply the use of Leverage and frequent rebalancing of the portfolio, at the same time there is a risk of reduced marketability due to unfavorable market conditions and an increase in the size of the Fund's assets. To forestall this, the Fund will trade highly liquid instruments.

### 9.3. Risk Factors

1. Risks of digital assets. In accordance with the Fund's Investment Declaration its assets primarily will be invested in digital assets. As a result, the Funds and their Unitholders bear the broad risks associated with investing in digital assets markets generally, including, without limitation, that the digital assets and markets in which the Fund invests may experience volatility and instability, that domestic, US and global economies and markets may undergo periods of cyclical change and decline, that investors may at times

avoid investments in digital assets, and that the Fund Manager may select investments for the Fund that do not perform as anticipated.

Overall digital assets market risks may affect the value of the Fund. Over time, market forces can be highly dynamic and can cause digital assets markets to move in cycles, including periods when digital assets prices rise generally and periods when digital assets prices decline generally. The value of the Funds' investments may increase or decrease more than digital assets markets in general.

The value of digital assets from different companies may be affected by a wide range of factors, such as the management efficiency of the issuer, demand for a specific digital asset, the issuer's ability to innovate, its capacity to react to market changes or predict demand, investors' perceptions of the issuer's relative or market price, as well as various micro- and macroeconomic factors. The Fund primarily invests in digital assets selected for their long-term growth potential. To the extent that the Fund invests in digital assets, it will indirectly bear its proportionate Unit of any expenses (such as operating expenses and advisory fees) that may be paid to certain investment companies through which it invests. Investments in certain digital assets may also be subject to substantial regulation, including potential restrictions on liquidity and adverse tax consequences if the investment company does not meet certain requirements.

2. Risks associated with investing in small- and medium-capitalization digital assets. A Fund's investments in small-capitalization and medium-capitalization digital assets can involve more risk than its investments in large capitalization because smaller capitalization digital assets have potentially greater sensitivity to adverse business or economic conditions. Normally, smaller capitalization digital assets may have more limited liquidity and more limited trading in their assets. This can cause the prices of its digital assets to be more volatile than those of larger capitalization digital assets, or to decline more significantly during market downturns than the market as a whole.

## 10. FEES, CHARGES AND EXPENSES OF THE FUND

*Part of the Fund's Offering Materials that contains a description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by Unitholders (AIFC CIS, 5.3, b: viii):*

1. Permissible fees, charges and other expenses of the Fund or regarding any investment or transaction with its assets will be taken out of Fund Property at the time of occurrence or on monthly basis.
2. Main groups of permissible fees are following:
  - 1) Management fee;
  - 2) Operational fee;
3. The fees' structure and amounts are not subject to change unless the Fund Manager provides the Unitholders with a written notice 90 (ninety) days prior to any proposed increase in remuneration or reimbursement of expenses.

### 10.1. Management fee

1. A Management fee is a charge levied by Fund Manager for professional managing the Fund, which is based on a percentage of the Fund's NAV under management. The Management fee is intended to compensate the managers for their time and expertise for selecting investment objects and managing the Fund's portfolio. The Management fee covers management and administrative expenses of the Fund Manager, including such items as Investors relations expenses.
2. The Fund's only major recurring expense is expected to be the Management Fee. In exchange for the Management Fee, the Fund Manager has agreed to assume the marketing and the following administrative expenses of the Fund:
  - 1) AIX listing fees;
  - 2) AIFC registration fees;
  - 3) printing and mailing costs;
  - 4) tax reporting fees;
  - 5) audit fees;
  - 6) license fees; and
  - 7) other expenses not classified as Operational Fees;
3. To the extent that the Fund Manager does not voluntarily assume such fees and expenses, they will be the responsibility of the Fund. The Fund Manager will also pay the costs of the Fund's organization and the initial sale of the Units.
4. The Fund sells Bitcoin to raise the funds needed for the payment of the Management Fee and all Fund expenses or liabilities. The purchase price received as consideration for such sales is the Fund's sole source of funds to cover its liabilities. The Fund does not engage in any activity designed to derive a profit from changes in the price of Bitcoin. As a result of the recurring sales of bitcoin necessary to pay the Management Fee and the Fund expenses or liabilities the NAV of the Fund and, correspondingly, the fractional amount of Bitcoin represented by each Unit will decrease over the life of the Fund. New purchases of Bitcoin utilizing cash proceeds for new Units issued by the Fund do not reverse this trend.
5. The Management fee is a fixed fee to the Fund Manager:
  - 1) payable monthly following the end of each calendar month, whether or not the Fund is profitable; and
  - 2) equal to a percent per annum of the Fund's NAV amount at the end of last (business) day of the calendar month;



- 3) the Management Fee is accrued daily at an annualized rate equal to **0.75% of the NAV** of the Fund;
- 4) the Fund is not actively managed. It does not engage in any activities designed to obtain a profit from, or to ameliorate losses caused by, changes in the price of Bitcoin.

#### **10.2. Operational fees**

1. Operational fees are charged from Fund's NAV to cover such costs and expenses as the Fund Manager reasonably determines to be necessary, appropriate, advisable or convenient for conducting the business of the Fund, including:
  - 1) Bank money transfer fees and other commissions on Bank accounts;
  - 2) Custodians' Fee;
  - 3) brokerage commissions and other commissions on brokerage accounts;
  - 4) costs of executing transactions with Fund's assets, including trading, clearing and settlement;
  - 5) fees in connection with the transferring, maintaining accounting, information operations with Fund's assets executed by Fund's depositories (nominee holders, custodians) and other Fund's service providers;
  - 6) fees for Fund's Units' Registrar, Accountant (if any except Fund Manager);
  - 7) expenses on an independent third-party valuer (if any);
  - 8) all other unexpected expenses related to the Fund's investments, transactions with them, or to activities provided by the Fund's service providers;
  - 9) withholding taxes (on dividends), other mandatory fees and duties, established by state authorities or subjects of market infrastructure;
  - 10) operating fees are limited up to 2 % (two percent) per annum to the Fund's NAV amount.
2. Operational fees are paid during the calendar year according to special agreements with Fund's service providers or due to agreements related to the investments, assessments, sale and other operations with the Fund's assets and liabilities.
3. Any actually incurred operational expenses must not exceed a pro rata share of the 2% NAV cap at any given point in time.

## 11. DURATION OF THE FUND

*Part of the Fund's Offering Materials that contains information about the life of the Fund, the ability to terminate the Fund and the process by which the Fund may be terminated (AIFC CIS, 5.3, b: xvi).*

1. The Fund is established for an indefinite period.
2. The Fund Manager may (temporarily) suspend the Fund's procedures, including the creation and redemption of the Fund's Units where due to exceptional circumstances it is in the interest of the Unitholders in the Fund to do so.
3. The Fund Manager may continue the suspension of dealings in Units only for so long as it reasonably believes that the suspension is in the interests of the Unitholders of the Fund. The maximum suspension period cannot continue more than 60 Business Days.
4. Upon any suspension of dealings in Units, the Fund Manager must notify the Unitholders and the AFSA as soon as practicable in writing of the suspension and its reasons for doing so.
5. The Fund may be terminated by the Fund Manager if, as a result of redemptions of Units, the Net Asset Value (NAV) of the Fund falls below USD 100,000, subject to prior notification to the Unitholders and the AFSA.

## **12. AMENDMENTS TO THE OFFERING MATERIALS**

1. If at any time, there is a material change affecting any matter contained in the Offering Materials for a Fund or a significant new matter arises, the Fund either before or promptly following the effective date of such material change or new matter, issues updated Offering Materials which clearly explain the material change or significant new matter. ([AIFC CIS, 5.3, f](#))
2. This Offering Materials should be periodically reviewed and when it is necessary depending on market conditions and for interests of the Unitholders. It shall be updated in case of significant changes:
  - 1) in activities or performance capabilities of the Fund, Fund Manager or other Service Providers to the Fund;
  - 2) in the Fund's investment policy and business approaches;
  - 3) in the requirements of the applicable legislation of the AIFC.
3. Any amendments to this Offering Materials may be made and approved:
  - 1) upon prior notifications to the AFSA;
  - 2) by resolutions of the Fund Manager as the sole holder of all Management shares of the Fund.
  - 3) Subject to review and final approval by AIX.
4. Despite anything in this Offering Materials, to the extent that a clause of this Offering Materials is inconsistent with the provisions of the AIFC rules and regulations applicable to the Company, that provision is of no effect to the extent of the inconsistency, but not otherwise.

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## **ANNEX 1. RISKS ASSOCIATED WITH INVESTMENT FUNDS IN GENERAL**

Macro-economic factors affecting the securities and markets in which investment funds invest may include, without limitation, domestic and foreign economic growth and market conditions, interest rate levels, deflation, inflation, monetary policy, fiscal policy, trade policy, credit conditions, the solvency of governments and companies, volatility, currency fluctuations, and political events, among other factors. There is a risk that asset management companies will not accurately predict the applicability of these and other factors or their impact on investments or markets, and, as a result, investment decisions may not accomplish what they were intended to achieve.

Investments in the funds are not guaranteed by fund managers, any agency or program of any government or by any other person or entity, and fund Unitholders could lose money investing in the funds.

Investors should consider their own investment goals, time horizons and risk tolerance as they invest in investment funds. The USA and global economies have at times, such as during the 2007-2009 financial crisis and the 2020-2021 COVID-19 pandemic, experienced periods of cyclical change and decline resulting in an unusually high level of volatility in domestic and foreign financial markets. This volatility could recur at times and may make it unusually difficult to identify risks and opportunities affecting markets generally as well as issuers or to predict the extent or duration of market movements. The list of general risks associated with investment funds is as follows:

1. **Currency risk.** Currency risk, commonly referred to as exchange-rate risk, arises from the change in price of one currency in relation to another. Funds that have investments across national borders are exposed to currency risk that may create unpredictable profits and losses features.
2. **Exchange rate risk.** Exchange rate risk refers to the risk that a company's operations and profitability may be affected by changes in the exchange rates between currencies. Companies are exposed to three types of risk caused by currency volatility: transaction exposure, translation exposure, and economic or operating exposure. The risks of operating or economic exposure can be alleviated through operational strategies and currency risk mitigation strategies. In the current globalized market, exchange rate risk affects not only multinationals and businesses that trade in international markets, but also small and medium-sized enterprises. Foreign exchange risk refers to the losses that an international financial transaction may incur due to currency fluctuations. Also known as currency risk, FX risk and exchange-rate risk, it describes the possibility that an investment's value may decrease due to changes in the relative value of the currencies involved.
3. **Financial risk.** Financial risk generally relates to the odds of losing money. The financial risk most referred to is the possibility that a company's cash flow will prove inadequate to meet its obligations. Financial risk can also apply to a government those defaults on its bonds. Credit risk, liquidity risk, asset-backed risk, foreign investment risk, equity risk, and currency risk are all common forms of financial risk. Investors can use several financial risk ratios to assess a company's prospects.
4. **Liquidity risk.** Liquidity risk stems from the lack of marketability of an investment that can't be sold (or bought) quickly enough to prevent or minimize a loss. It is typically reflected in unusually wide bid-ask spreads or large price movements. Liquidity is the ability of a person or fund to pay its debts without suffering catastrophic losses. Investors, managers, and creditors use liquidity measurement ratios when deciding the level of risk within an organization or fund. If an investor or fund cannot meet its short-term debt obligations, it is experiencing liquidity risk.
5. **Market Risk.** digital assets may decline in value due to factors affecting digital assets markets generally or industries. The value of a fund may be worth less than the original investment. Market risk is the possibility that a person or fund experience losses due to factors that affect the overall performance of investments in the financial markets. Market risk, or systematic risk, affects the performance of the entire market simultaneously. Market risk cannot be eliminated through diversification and may arise due to changes to interest rates, exchange rates, geopolitical events or recessions.

6. **Operational risk.** Operational risk summarizes the uncertainties and hazards a person, or fund faces when it attempts to do its day-to-day business activities within a given field or industry. A type of business risk, it can result from breakdowns in internal procedures, people and systems—as opposed to problems incurred from external forces, such as political or economic events, or inherent to the entire market or market segment, known as systematic risk. Operational risk can also be classified as a variety of unsystematic risks, which are unique to a specific company or industry, for instance risks which may come in the form of counterparty platform failure during trading.
7. **Price risk.** Price risk is the risk of a decline in the value of digital assets or an investment portfolio excluding a downturn in the market, due to multiple factors. Investors can employ several tools and techniques to hedge price risk, ranging from relatively conservative decisions (e.g., buying put options) to more aggressive strategies (e.g., short selling).
8. **Reputational risk.** Reputational risk is a threat or danger to the good name or standing of a business or entity. Reputational risk can occur in the following ways: directly, as the result of the actions of the company; indirectly, due to the actions of an employee or employees; tangentially, through other peripheral parties, such as joint venture partners or suppliers. In addition to having good governance practices and transparency, companies need to be socially responsible and environmentally conscious to avoid or minimize reputational risk.
9. **Risks of unforeseen global events.** Risks of Globalization may be magnified if certain events or developments adversely affect the safety or health of consumers, managers and employees around the world or interrupt the global supply chain. In these and other circumstances, such risks might affect companies and investments worldwide. As a result, unexpected local, regional, or global events and their aftermath, such as war; acts of terrorism; financial, political or social disruptions; natural, environmental or man-made disasters; the spread of infectious illnesses, pandemics or other public health issues; recessions and depressions; or other tragedies, catastrophes and events could have a significant negative impact on global economic and market conditions and on the Funds and their investments.
10. **Settlement risk.** Settlement risk is the possibility that one or more parties will fail to deliver on the terms of a contract at the agreed-upon time. Settlement risk is a type of counterparty risk associated with default risk, as well as with timing differences between parties. Settlement risk is also called delivery risk.
11. **Valuation Risk.** Valuation risk is the risk that an entity suffers a loss when trading an asset or a liability due to a difference between the accounting value and the price effectively obtained in the trade. In other words, valuation risk is the uncertainty about the difference between the value reported in the balance sheet for an asset or a liability and the price that the entity could obtain if it effectively sold the asset or transferred the liability (the so called “exit price”).
12. **Cross-liability Risk.** The Fund is a single legal entity and, as a matter of the laws of the AIFC, all of the assets of the Fund may be available to meet any of its liabilities, regardless of whether these are attributable to a particular Sub-Fund. While measures are implemented to segregate the assets and liabilities of each Sub-Fund, there remains a possibility that certain liabilities incurred by one Sub-Fund could affect the assets of another Sub-Fund.

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