

FiCAS AG

Investment Policy

Version 07 September 2021

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Introduction

FICAS AG is a Swiss company, domiciled in Zug, specialised in actively managed crypto investments.

The purpose of this investment policy (Investment Policy) is to establish guidelines for FICAS' investment portfolio and asset management activities (Portfolio).

In particular, it seeks to provide guidelines to ensure that the investments of the Portfolio are managed consistently with the short-term and long-term financial goals of the Portfolio. The policy intends at the same time to provide for the required investment flexibility to accommodate changing capital markets conditions and financial circumstances.

The Investment Policy will be reviewed at least once per year.

Investment Committee

The Investment Committee is Board level Committee. Representatives include the Chairman of the BoD, an independent board member acting as chairman of the Committee, the Company's Chief Investment Officer and the Company's Head of Trading execution.

The Investment Committee acts in a fiduciary capacity with respect to the Portfolio and is accountable to the Board of Directors, and if applicable, the Management, for overseeing the investment of all assets owned by, or held in trust for, the Portfolio.

The Investment Committee recommends investment objectives and policies, asset allocation, distribution policies, investment guidelines that govern the activities of the Investment Committee, selects Investment Managers or Investment Advisors (if applicable), and the investment program.

The responsibilities and duties of the Committee are presented in detail in the [Appendix 1](#).

Other expectations by the Investment Committee are described below under "Asset allocation".

Below, we describe - for each product for which FICAS AG acts as asset manager – as applicable, the investment objective, the parameters driving asset allocation, the guidelines underpinning diversification, dynamic reallocation, standard of performance, trading, execution, monitoring of investments, selection of traders and of investment consulting services.

Product “15 FiCAS Active Crypto ETP” (issued by Bitcoin Capital AG)

Investment objective

FiCAS trades the top 15 digital assets by market cap (as defined by SIX Swiss Exchange) and USD / CHF and EUR with the purpose to increase the Net Asset Value (NAV) of the ETP.

FiCAS trades BTC against carefully researched Altcoins. It sells BTC against Altcoins when the prices of the Altcoins relative to BTC are assessed as low and sells Altcoins against BTC when the prices of Altcoins relative to BTC are assessed as high.

The investment style is discretionary. There is no leverage.

Fiat can be held in the Portfolio when there are no more attractive investment opportunities in the cryptocurrency universe. Secondly, fiat can be held for liquidity reasons.

It must be emphasized that FiCAS does not hedge fiat currency risk, that is the risk of unfavourable movements in the exchange rates between CHF, EUR and USD.

The Portfolio will typically not make any distributions. Distributions can however be made depending upon specific investment policies related to certain portfolios or investment products. Periodic cash flow or digital asset flow will be used to better align the Portfolio to the target asset allocation outlined in the asset allocation policy outlined in this Investment Policy.

Asset Allocation

FiCAS allocates the investable funds to BTC and / or to one or more Altcoin(s) that have a payment feature component, that are not anonymous or negatively highlighted or even prohibited by authorities (such as the FATF / GAFI) and that are generally included in the top 15 Altcoins based on market capitalization by www.coinmarketcap.com/coins. The ultimate investment universe is defined by the SIX Swiss Exchange. The purpose of allocating the funds to different Altcoins is to achieve the required level of diversification and growth of BTC in the Portfolio.

The allocation is ultimately driven by the House View as considered by the Investment Committee. The House View is produced by the independent research unit, annually, and is updated quarterly or ad hoc as needed. See [Appendix 3](#).

The Investment Committee expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. The Investment Committee wishes to retain flexibility with respect to making periodic changes to the Portfolio’s asset allocation. It expects however to do so only in the event of material changes to the Portfolio or the assumptions underlying the Portfolio spending policies.

FiCAS selects and manages investments in Altcoins and BTC based on a series of key indicators and parameters including:

- Active addresses, cost of mining, number of transactions, circulating supply, regulatory aspects (including anonymity), network difficulty, storage ability.
- Solidity of underlying business, exchanges supporting the coin.
- Market-wide aspects: coins correlations, market cap ranking, dominance.
- Technical analysis (Chartism)
- Macro views / seasonality
- Relative values (dynamic)

Cash investments will be considered as holdings if neither an investment in Bitcoin nor Altcoins is attractive. Cash will be used mainly for liquidity needs. Liquidity cash holdings can be in USD, EUR, or CHF, while the portfolio base currency is CHF.

Assets allocation takes place within the following boundaries:

| Crypto currency | Sub-class | Minimum and Maximum Target Allocation (excluding fiat) |
|-----------------|--------------------------------|--|
| Bitcoin | | 0% to 100% |
| Altcoins | Total | 0% to 90% |
| Altcoins | Ethereum | 0% to 90% |
| Altcoins | Remaining altcoins from top 15 | 0% to 50% each |

The initial universe of coins as of the date of this policy is as follows:

| Name | Description |
|--------------|---|
| Bitcoin | Bitcoin is a completely decentralized digital cryptocurrency. There is no central authority or centralized payment system controlling Bitcoin. Instead, Bitcoin operates in a peer-to-peer network that allows anyone in the world to send and receive Bitcoin without any middleman. Bitcoin was the very first cryptocurrency ever created. The Bitcoin network launched on Jan. 3, 2009, marking the start of the cryptocurrency revolution. |
| Bitcoin Cash | Bitcoin Cash (BCH) is a hard fork (a community-activated update to the protocol or code) of the original Bitcoin blockchain. The fork of Bitcoin took place on Aug. 1, 2017, with the purpose of updating the block size to 8MB. On Nov. 16, 2018, BCH was hard forked for a second time and split into Bitcoin SV (Satoshi's Vision) and Bitcoin ABC. Bitcoin ABC became the dominant chain and took over the BCH ticker, as it had more hashpower and the majority of nodes in the network. |
| Ethereum | Ethereum is a smart contract platform that enables developers to build decentralized applications (DApps) on its blockchain. Ether (ETH) is the native digital currency of the Ethereum platform. Ethereum is supported in part by the Ethereum Foundation, a non-profit that is part of the larger Ethereum ecosystem including enterprise Ethereum consortiums like the Ethereum Enterprise Alliance. |
| Litecoin | Litecoin is a peer-to-peer cryptocurrency created based on the Bitcoin protocol, but it differs in terms of the hashing algorithm used, hard cap, block transaction times and a few other factors. Litecoin was released via an open-source client on GitHub on Oct. 7, 2011, and the Litecoin Network went live five days later on Oct. 13, 2011. |

| | |
|----------------|---|
| Ripple | The cryptocurrency Ripple is the currency that runs on a digital payment platform called RippleNet, which is on top of a distributed ledger database called XRP Ledger. While RippleNet is run by a company called Ripple, the XRP Ledger is open-source and is not based on blockchain, but rather the previously mentioned distributed ledger database. The RippleNet payment platform is a real-time gross settlement (RTGS) system that aims to enable instant monetary transactions globally. |
| Stellar Lumens | The native digital currency of the Stellar network is known as Lumens (XLM). The Stellar network is an open-source, distributed and community-owned blockchain network used to facilitate cross-asset transfers of value. Stellar aims to facilitate these transfers at a fraction of a penny, while aiming to be an open financial system that gives people of all income levels access to low-cost financial services. |
| EOS | EOSIO blockchain is a decentralized system that is powered by its native cryptocurrency, EOS, and supports decentralized applications (DApps) on its platform. EOS initially held a year-long initial coin offering (ICO) in 2017, with a total of 200 million (20% of the tokens) distributed during a five-day period, 700 million more (70%) distributed over the rest of the year and 100 million (10%) held in escrow for block.one. |
| NEO | Neo is an open-source platform driven by the community. It utilizes blockchain technology and digital identities to digitize and automate the management of assets using smart contracts. Using a distributed network, it aims to create a smart economy by building infrastructures of the next-gen Internet and creating a solid foundation for mass blockchain adoption. |
| Cardano | Cardano is a decentralized platform that will allow complex programmable transfers of value in a secure and scalable fashion. Founded by Charles Hoskinson, its development started in 2015, and it then raised around \$60 million in an ICO in 2017 before its release. Cardano is supported by three organizations that are separate in both ownership and leadership. It includes the Cardano Foundation, an independent, Swiss-based organization that oversees the development of the Cardano ecosystem. |
| Tezos | Tezos is a multi-purpose platform that supports decentralized applications (DApps) and smart contracts. It was developed by Arthur Breitman, with support from his wife Kathleen Breitman, and launched an initial coin offering (ICO) in 2017 that raised \$232 million US dollars. A year after the ICO, Tezos launched its beta network in July 2018. The Tezos platform aims to combine a self-correcting protocol and on-chain governance to manage network modifications, and supports Turing complete smart contracts. |
| TRON | TRON was founded in 2017 by Justin Sun through a Singapore-based non-profit called the Tron Foundation. The Tron Foundation's 2017 initial coin offering (ICO) created 100 billion TRX and raised a total of \$70 million. TRON was initially created as a token based on Ethereum, but migrated to its own network in 2018. Holders of ERC20 TRX tokens traded them for the TRX digital currency on the TRON network, and the Ethereum-based tokens were then destroyed. |
| Binance Coin | Binance Coin was launched through an initial coin offering in 2017, 11 days before the Binance cryptocurrency exchange went online. It was originally issued as an ERC-20 token running on the Ethereum network, with a total supply capped at 200 million coins, and 100 million BNBs offered in the ICO. However, the ERC-20 BNB coins were |

| | |
|------------------|--|
| | swapped with BEP2 BNB on a 1:1 ratio in April 2019 with the launch of the Binance Chain mainnet, and are now no longer hosted on Ethereum. |
| Ethereum Classic | Ethereum Classic (ETC) is a hard fork of Ethereum (ETH) that launched in July 2016. Its main function is as a smart contract network, with the ability to host and support decentralized applications (DApps). Its native token is ETC. Since its launch, Ethereum Classic has sought to differentiate itself from Ethereum, with the two networks' technical roadmap diverging further and further from each other with time. Ethereum Classic first set out to preserve the integrity of the existing Ethereum blockchain after a major hacking event led to the theft of 3.6 million ETH. |

Following SIX regulations and discussion with SIX, FiCAS can trade the coins included in the list above. FiCAS needs an approval from SIX to trade in a cryptocurrency that is not in the list (above) but grew into the list of the top 15 coins according to www.coinmarketcap.com/coins. Beyond the SIX approval, FiCAS also needs to make sure that the coins it trades are supported by the market maker, the authorized participant and the custodian(s). At any time, FiCAS can only trade a maximum of 15 coins. If a Coin exits the top 15 cryptocurrency by coinmarketcap, it remains approved by SIX and therefore tradeable by FiCAS. Changes in this procedure can change in the future and changes will be reflected in new versions of this policy.

Diversification

Diversification between BTC and Altcoins and between different Altcoins respectively, is the primary means by which the Investment Committee expects the Portfolio to avoid undue risk of large losses over a long time period.

Disregarding cash investments for liquidity purposes, and with the exception of BTC, Ethereum and cash, no investment in a single Altcoin shall represent more than 50% of the assets in the Portfolio. Investments in BTC and / or fiat can represent 100% of the assets in the Portfolio. Investments in Ethereum cannot represent more than 90% of the Portfolio.

Dynamic reallocation

If the Portfolio's actual asset allocation varies from the target asset allocation as a result of the varying periodic returns earned on its investments in different cryptocurrencies and Altcoins, the Portfolio's components will be dynamically re-allocated to its target asset allocation.

The Investment Manager can provide a rebalancing recommendation at any time.

Standard of performance

Portfolio's NAV expressed in CHF (Benchmark).

Trading and Execution Guidelines

The Investment Committee, the CIO and any trader under the lead of the Head Trading execution have the discretion to execute transactions in cryptocurrencies with a number of custodians and exchanges with whom an onboarding process has been successfully carried out.

At the start of its operations, the Company has onboarded with the following entities: SEBA Bank AG, Sygnum Bank AG, Crypto Broker AG, Coinbase Ltd, Bitstamp Ltd. and Kraken. Such number of entities supports proper risk management requirements (diversification) and proper execution (ability to trade the targeted cryptocurrencies). Further onboardings are possible and will be subject to strict selection criteria, such as

- quality of execution rendered,
- financial health and integrity of the counterparty,
- overall efficiency in transacting trades,
- the jurisdiction of incorporation,
- the governance and transparency of ownership,
- the form of company,
- the solidity of KYC procedures,
- the solidity of AML procedures, including transaction monitoring,
- the nature of clients segregation,
- the storage facility,
- license category,
- number of coins,
- the process to list a coin,
- insurance coverage (not binding)

The following table summarises the entities, the type of cryptocurrencies supported and the indicative diversification of holdings targeted by the Company:

Crypto Allocation on Custodians / Exchanges

| Custodian, Exchange | Indicative target range for the holdings |
|---------------------|--|
| | |
| Sygnum Bank AG | 0% to 50% |
| Crypto Broker AG | 0% to 50% |
| Coinbase | 0% to 100% |
| Bitstamp | 0% to 50% |
| Kraken | 0% to 50% |
| SEBA Bank AG | 0% to 50% |

Furthermore, it may be that to facilitate effective trading and liquidity management, the allocation of one or more coins are held 100% in one of the entities for a very short time.

Investment Monitoring

The Investment Committee will conduct at least annually a performance evaluation of the Portfolio and its constituent parts (cryptocurrencies) as well as of the trading unit.

At the Portfolio level, the Investment Committee will analyze results relative to the real rate of return and the Benchmark. Investment results will also be reviewed relative to the effects of policy decisions and the impact of deviations from policy decisions that might require a rebalancing of the Portfolio.

Selection of Traders

The Investment Committee might select and appoint traders or commit investments for a specific investment style or strategy, provided that the overall objectives of the Portfolio are satisfied.

Traders must have at least 3 years of documented performance and must provide statements from a non-affiliated administrative entity and annual audited statements from a recognizable accounting firm.

Selection of Investment Consulting Services

The Investment Committee might utilize services of third parties for specific due diligence, screening/evaluation of Traders, performance monitoring, asset allocation, and other services, such as legal/regulatory and tax advice, that the Investment Committee thinks are necessary.

Selection of Custodians / Exchanges

All cryptocurrencies held by any custodian on behalf of the Portfolio shall be registered with high quality custodians. The criteria for the selection of such entities have been listed above.

Other aspects

FiCAS may take 10% leverage on the Assets under Management by borrowing a maximum of 10% of AuM (no derivatives). FiCAS does not take short positions (put options).

Appendix 1: Investment Committee Charter

The purpose of the Investment Committee is to carry out the responsibilities delegated by the BoD of FiCAS AG with regard to the oversight and implementation of FiCAS's investment policy.

The Committee shall be composed of the following members: i) BoD members, ii) CEO, iii) CIO, iv) head of Trading execution. The chair is BoD level.

The Committee shall meet at least four times per year and normally at the occasion of the BoD meetings.

The duties & responsibilities are:

- Develop and maintain the investment policy and all other documents governing the investment of AuM,
- Review at least annually the Investment Policy and Asset Allocation parameters,
- Review the investment performance of the invested assets relative to their benchmark,
- Monitor and evaluate investment service providers for the invested assets (including ETP partners and market research), and determine any change or replacement,
- Assess whether fees incurred are appropriate and reasonable,
- Ensure compliance with the Investment Policy by verifying that assets are invested accordingly,
- Lead investment managers and asset selections in accordance with the Policy parameters,
- Ensure appropriate availability and performance of operational functions, including to rebalancing and reserve funding,
- Review the Committee's charter (duties and responsibilities) and recommend changes to the BoD for approval,
- Report at least annually to the BoD on the Committee's findings and recommendations.

Appendix 2: Governance of Investment Process

FiCAS adheres to the following processes for formulating the trading strategy, and managing the execution of the strategy to optimise performance and minimize risk. The governance is applied over three timeframes: long term (12 months), medium term (1-3 months) and short term (24-48 hours).

- Long term governance covers the allocations driven by the House View, which we set annually and review quarterly in the Investment Committee or ad hoc as needed.
- Medium term governance is carried out by the Investment Unit to set/modify the trading strategy as a guide for selection of trading opportunities, as well as ongoing execution of trading and risk management. During the investment unit meetings we decide the fundamental allocations of invested money and the gradual changes we may want to make according to the long and medium term house views.
- Short term governance is carried out by means of daily trading events where we optimise trading execution to capture opportunities, while managing risks and inflows/outflows. During the trading events we define scenario boundaries and trading actions in case of occurrences which are valid and can be actioned overnight and until the next call. Decisions during the trading events cannot invalidate the allocations decided in the investment unit meetings, unless this unit is also consulted.

MI is produced and delivered to the relevant constituencies by the research team ahead of each meeting / event. The MI is a summary of the views of all analysts and includes timeframes, and also distinguishes between dominance scenarios and BTC scenarios.

Appendix 3: Market House View (status 07 September 2021)

The House View is produced by the independent research unit. It is produced annually and reviewed on a quarterly or ad hoc basis. The House View is taken into account by the Investment Committee and Investment Unit when deliberating actions.

We express a view only for those cryptocurrencies that we trade. Each product is defined above in terms of the tradable cryptocurrencies.

Big picture:

- Our view is that digitalization is an unstoppable technological (r)evolution which will affect all sectors of the economy and the society. Blockchain is a major and most disruptive expression of it. Bitcoin is the epitome of blockchain and best representation of the new asset class that is supported by blockchain technology and ultimately by the ineluctable digitalization process.
- Our view is that cryptofinance and cryptoassets are major expressions of the digital (r)evolution. They have gained in popularity exponentially since 2017, supported by continuously enhanced products, process, regulations and performance. Bitcoin progressed from a value of some cents in 2010 to over 30'000 USD at the end of 2020. In 2013, 7 cryptoassets existed for a market cap of USD 1.5bn; at the end of 2020, 8'169 cryptoassets existed for a market cap of USD 653bn.

Cryptocurrencies:

- BTC – Our view is that bitcoin price will reach a region of USD 200'000 – 300'000 until 1Q2022. The rise throughout the year will not be linear, but characterized by volatility driven by specific news, including governmental and regulatory, and by macroeconomic events. The popularity of bitcoin as a valid new asset class will continue as investors appreciate its Ledger Immunity, simplicity, immutable fix supply, the regular halvings, and steady adoption, against inflationary fiat currencies.
- Alt-coins – Alternative Coins or Alt-coins mean in this context the tradable coins other than bitcoin. Our view is that alt-coins will continue to increase in value during 2021 and their correlation to bitcoin accentuate. Alt-coins are however also materially affected by specific protocol development news. We expect the Alt-coins to first decrease in value relative to bitcoin, as bitcoin increases towards the expected all time high; we expect then Alt-coins to increase in value relative to bitcoin after the latter will have scored a new all time high. We distinguish between different alt-coins. Protocol Layer Blockchains has been a focus and we had closely monitor the Blockchains in terms of Value Transaction, Security of ledger and Scalability. We expect new layer 2 Dapps such as the interoperability, DeFi, NFTs to be a hot topic among blockchains while at the infrastructure level , protocols try to compete for scalable solutions.

- ETH – With the Launch of Phase 0 of ETH 2.0, Ethereum is now on a race to be the de facto Smart contract platform in the decentralized Space. Many layer 2 projects are now being developed and implemented on top of Ethereum and soon newer use cases on top of Defi and NFTs will emerge
- Other Alt-coins – Our view is that other alt-coins will rise significantly from their lowest value during 2021, however with important differentiations between the coins. The bigger altcoins (market cap) will display a comparatively less volatile growth.

Specifically:

- LTC – With its Proof-of-Work consensus and Dual mining with Doge coin ability, and long history of existence, Litecoin was able to keep an active ecosystem of users. It faces however increasing competition from other emerging coins. We believe Litecoin value will be highly correlated to price of bitcoin in the foreseeable future.
- ADA – Our view is that Cardano is a project with solid fundamental value and growth potential. Long waited Alonso hard fork will be a major milestone for the protocol, which will enable users to create and deploy “smart contracts” on the Cardano blockchain. Cardano manages its community very well.
- XLM – Our view is that Stellar faces good development potential, in particular as a platform hosting CBDCs. We believe Stellar will be a main competitor to Ripple. It has a solid network and cost effective solutions. It could become a protocol of choice for Governments and enterprises to issue their assets and transacting them.
- TRX – Our view is that Tron is to be monitored on its path to develop all the Ethereum network features and facilities and to launch DeFi and NFT standard protocol TRC-721 with lower gas fees. Tron foundation has now become a solid underlying protocol for well-known assets such as tether. The main weak point about this project is the centralization of protocol governance.
- XTZ – Our view is that Tezos has good potential in connection with the release protocol updates that could attract developers, reduce gas fees and enable novel applications on its blockchain. Tezos has one of the highest Supply locked for Staking and a solid team.
- BNB – Our view is that Binance coin is to be monitored and invested opportunistically, considering potential regulatory / reputational risks. It has one of the fastest pace growing ecosystem, and Binance Smart Chain and its Native Asset BNB have shown a significant growth in terms of development, ecosystem and innovation. Binance will stay among top 10 assets in next years.
- NEO – Our view is that NEO harbors a good potential for appreciation and for becoming one of the top 10 smart contracts platform over the next 2 years. With NEO 3.0, many scalability, security and governance issues of this blockchain will be resolved.
- EOS – Our view is that EOS currently misses fundamental news and therefore appreciation potential. While Competitors chain are trying to win the race of Defi and NFTs, EOS is aiming to be the no.1 choice for metaverse application and IoT chains. We believe EOS needs to reclaim its reputation by rolling out new features and Dapps.

- XRP – Our view is that Ripple finds itself in an uncertain regulatory situation following the lawsuit launched by the SEC over alleged sale of unlicensed securities and will experience significant volatility until settlement. If Ripple manages to settle their case, we could see large price appreciation.
- BCH – Our view is that bitcoin cash will experience limited rise in value, as no significant releases are expected. With forks after forks implemented on their chain, Bitcoin Cash is signaling an inability to compete with its predecessor's chain, Bitcoin.
- ETC : This early fork of Ethereum classic it has the potential to attract miners migrating to this chain after a successful implementation of ETH 2.0. While we believe that ETC will experience volatility during the next phase, we hold to the view that its potential appreciation is limited.