

# INFORMATION MEMORANDUM

## PERFORMA DIGITAL ASSET FUND

*(constituted by way of Deed on 15<sup>th</sup> May 2024)*

<b>Manager</b>
Cross Light Capital Sdn Bhd Registration No.: 201901034174 (1343504-X)
<b>Trustee</b>
MTrustee Berhad Registration No.: 198701004362 (163032-V)

This Information Memorandum is dated 23<sup>rd</sup> May 2024.

THE FUND IS A DIGITAL ASSET HEDGE FUND. THE FUND MAY INVEST AND HOLD SUBSTANTIAL ASSETS IN DIGITAL CURRENCIES AND OTHER DIGITAL ASSETS THROUGH INVESTMENTS IN EXCHANGE TRADED PRODUCTS, OTHER COLLECTIVE INVESTMENT SCHEMES AND SECURITIES. GIVEN THE SPECULATIVE NATURE OF DIGITAL CURRENCIES AND OTHER DIGITAL ASSETS, THE VOLATILITY OF DIGITAL CURRENCY AND DIGITAL ASSET MARKETS AND HEDGE FUND NATURE, THERE IS CONSIDERABLE RISK THAT AN INVESTMENT IN THE FUND COULD RESULT IN SIGNIFICANT CAPITAL LOSSES AND CARRIES RISKS OF A DIFFERENT NATURE FROM OTHER TYPES OF COLLECTIVE INVESTMENT SCHEMES; HENCE, AN INVESTMENT IN THE FUND MAY NOT BE SUITABLE FOR PERSONS AVERSE TO SUCH RISKS. THE FUND IS NOT CAPITAL GUARANTEED OR CAPITAL PROTECTED AND INVESTORS MAY LOSE ALL OR A LARGE PART OF THEIR INVESTMENT. AN INVESTMENT IN THE FUND IS NOT INTENDED TO BE A COMPLETE INVESTMENT PROGRAMME FOR ANY INVESTOR AND PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WHETHER AN INVESTMENT IN THE FUND IS SUITABLE FOR THEM IN LIGHT OF THEIR OWN CIRCUMSTANCES, FINANCIAL RESOURCES AND ENTIRE INVESTMENT PROGRAMME.

INVESTORS ARE ADVISED TO READ THIS INFORMATION MEMORANDUM AND OBTAIN PROFESSIONAL ADVICE BEFORE SUBSCRIBING TO THE FUND.

UNITS OF THE FUND CAN ONLY BE SOLD TO SOPHISTICATED INVESTORS.

**Responsibility Statement**

This Information Memorandum has been seen and approved by the directors of Cross Light Capital Sdn Bhd and they collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts omitted which would make any statement herein misleading.

**Statements of Disclaimer**

The Securities Commission Malaysia has not authorised or recognised the fund and a copy of this offering document has not been registered with the Securities Commission Malaysia.

The lodgement of this offering document should not be taken to indicate that the Securities Commission Malaysia recommends the said fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this offering document. The Securities Commission Malaysia is not liable for any non-disclosure on the part of Cross Light Capital Sdn Bhd who is responsible for the said fund and takes no responsibility for the contents in this offering document. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this offering document, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

**INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR PROFESSIONAL ADVISERS IMMEDIATELY.**

**Additional Statements**

Investors should note that they may seek recourse under the Capital Markets and Services Act 2007 for breaches of securities laws and regulations including any statement in the Information Memorandum that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Information Memorandum or the conduct of any other person in relation to the Fund.

The Fund will not be offered for sale in the United States of America, its territories or possessions and all areas subject to its jurisdiction, or to any U.S. Person(s). Accordingly, investors may be required to certify that they are not U.S. Person(s) before making an investment in the Fund.

**Foreign Account Tax Compliance Act (FATCA)**

In managing the Fund, the Manager is obliged to comply with the provisions of the Foreign Account Tax Compliance Act ("FATCA") which generally requires the Manager to report certain information in respect of certain investors' accounts, as required by FATCA, to the US Internal Revenue Service (the "IRS"). In the event that the Manager fails to comply with requirements of FATCA, a 30% withholding tax may apply to certain US source income (including, among other types of income, dividends and interest). As the Manager is treated as a foreign financial institution ("FFI") under the provisions of the FATCA, the Manager will register itself and the Fund

with the IRS and will be obliged to report on its direct and indirect investors' US Person status and account information to the IRS. In complying with the provisions of the FATCA, the Manager may be required to withhold 30% of certain payments to its Unit Holders if such Unit Holders do not comply with the provisions of the FATCA.

On 30 June 2014, the Malaysian government has reached an agreement in substance on a Model 1 intergovernmental agreement ("IGA") with the US government to implement the FATCA. Accordingly, Malaysia has been included in the US Department of Treasury's list of jurisdictions that are treated as having an IGA in effect with the US. In compliance with the provisions of the FATCA, the Manager is obliged to provide the required information of US Persons to the Inland Revenue Board of Malaysia ("IRB"), which in turn will provide such required information to the IRS. The Manager may also require additional information from its Unit Holders to comply with its obligations under the FATCA as the non-provision of such information may result in the Manager having to report such Unit Holders to the IRB or the Unit Holders being subject to other action deemed appropriate by the Manager. As such, prospective investors should consult their tax advisers on the requirements under FATCA applicable to them before investing in the Fund.

#### **Common Reporting Standard ("CRS")**

The Organisation for Economic Co-operation and Development ("OECD") received a mandate from the G8/G20 countries to develop a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information in the future on a global basis. The CRS requires financial institutions to identify financial account holders and establish their tax residence, and report financial account information relating to certain accounts to the local tax authority, which will thereafter automatically be transferred to the relevant competent foreign tax authorities on a yearly basis.

Section 132B of the Income Tax Act, 1967 ("ITA") provides for mutual administrative assistance arrangements that will allow the Minister of Finance, by statutory order, to declare arrangements be made to give effect to the CRS. Regulations implementing the CRS in Malaysia has been introduced with effect from 1 January 2017.

The Manager would be obliged to report the identity and tax residence of certain Unit Holders (including certain entities and their controlling persons) to the local tax authorities who will share such information with the other relevant tax authorities. As such, investors that purchase Units in the Fund are required to complete a self-certification to confirm their tax residence or tax residencies. Investors are also required to notify the Manager of any relevant change in circumstances such as an amendment to the tax residency or tax residencies.

**UNIT HOLDERS SHOULD CONSULT THEIR PROFESSIONAL ADVISERS ON THE POSSIBLE TAX AND OTHER CONSEQUENCES WITH RESPECT TO THE IMPLEMENTATION OF THE CRS.**

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**CHAPTER 1    CORPORATE DIRECTORY**

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<b>MANAGER</b>	Cross Light Capital Sdn Bhd Registration No.: 201901034174 (1343504-X)
<b>REGISTERED OFFICE</b>	Unit 1110, Block A, Pusat Dagangan Phileo Damansara 2 15, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan.
<b>BUSINESS OFFICE</b>	Level 33, Ilham Tower No. 8 Jalan Binjai 50450 Kuala Lumpur.
<b>TELEPHONE NUMBER</b>	03-2117 5150
<b>EMAIL ADDRESS</b>	support@crosslightcapital.com
<b>WEBSITE</b>	www.crosslightcapital.com
<b>TRUSTEE</b>	MTrustee Berhad Registration No.: 198701004362 (163032-V)
<b>REGISTERED OFFICE</b>	B-2-9 (2nd Floor), Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.
<b>BUSINESS OFFICE</b>	Level 15, Menara Access World (formerly known as Menara AmFirst), No. 1, Jalan 19/3, 46300 Petaling Jaya, Selangor Darul Ehsan.
<b>TELEPHONE NUMBER</b>	03-7954 6862
<b>FACSIMILE NUMBER</b>	03-7954 3712
<b>EMAIL ADDRESS</b>	inquiry@mtrustee.com
<b>WEBSITE</b>	https://mtrustee.com/

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## CHAPTER 2    DEFINITIONS

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In this Information Memorandum, the following abbreviations or words shall have the following meanings unless otherwise stated:

Business Day	<p>Means a day on which banks in Kuala Lumpur are open for business, unless otherwise declared by the Manager to be a non-Business Day when one or more of the foreign markets in which the Fund is invested therein is closed for trading.</p> <p>Notwithstanding the above, the Manager may, at its sole discretion and in consultation with the Trustee, declare certain non-Business Days as a Business Day when one or more of the foreign markets in which the Fund is invested therein are open for trading.</p>
Class	Means a particular class of Units of the Fund. means any class of Units representing similar interests in the assets of the Fund although a class of Units may have different features from another class of Units of the same Fund
CMSA	Means the Capital Markets and Services Act 2007 as may be amended from time to time.
Deed	Means the deed in respect of the Fund and any other supplemental deed that may be entered into between the Manager and the Trustee.
ETF	Means exchange-traded fund.
Fund	Means Performa Digital Asset Fund.
Guidelines	Means the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC and any other relevant guidelines issued by the SC.
Information Memorandum	Refers to the information memorandum of this Fund and any supplemental or replacement information memorandum.
Manager	Refers to Cross Light Capital Sdn Bhd.
Medium to Long term	Means a period of 7 years or more.

MYR / RM	Means Ringgit Malaysia.
NAV of the Fund	Means the value of all the Fund's assets minus its liabilities at the valuation point; where the Fund has more than one class of Units, there shall be an NAV of the Fund attributable to each class of Units.
NAV per Unit	means the NAV of the Fund at a particular valuation point divided by the number of Units in circulation at the same valuation point; where the Fund has more than one class of Units, there shall be a NAV per Unit for each class of Units; the NAV per Unit of a class of Units at a particular valuation point shall be the NAV of the Fund attributable to that class of Units divided by the number of Units in circulation of that class of Units at the same valuation point.
OTC	Means over-the-counter.
SC	Refers to the Securities Commission Malaysia.
Sophisticated Investors	<p>Refers to –</p> <ul style="list-style-type: none"> <li>(a) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceeding MYR 3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence;</li> <li>(b) an individual who has a gross annual income exceeding MYR 300,000 or its equivalent in foreign currencies in the preceding 12 months;</li> <li>(c) an individual who, jointly with his or her spouse, has a gross annual income exceeding MYR 400,000 or its equivalent in foreign currencies in the preceding 12 months;</li> <li>(d) an individual whose total net personal investment portfolio or total net joint investment portfolio with his or her spouse, in any capital market products exceeding RM1 million or its equivalent in foreign currencies;</li> <li>(e) a company that is registered as a trust company under the Trust Companies Act 1949 and has assets under its management exceeding RM10 million or its equivalent in foreign currencies;</li> <li>(f) a corporation that is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the CMSA and has assets under its management, exceeding RM10 million or its equivalent in foreign currencies;</li> <li>(g) a corporation that is carrying on the regulated activity of fund management solely for the benefit of its related corporations and has assets under its management exceeding RM10 million or its equivalent in foreign currencies;</li> <li>(h) a corporation with total net assets exceeding MYR 10 million or its equivalent in foreign currencies based on the last audited accounts;</li> <li>(i) a partnership with total net assets exceeding MYR 10 million or its equivalent in foreign currencies;</li> <li>(j) a statutory body established under any laws unless otherwise determined by the SC;</li> </ul>

	<p>(k) a pension fund approved by the Director General of Inland Revenue under the Income Tax Act 1967</p> <p>(l) a unit trust scheme, private retirement scheme or prescribed investment scheme;</p> <p>(m) Bank Negara Malaysia;</p> <p>(n) a licensed person or a registered person;</p> <p>(o) an exchange holding company, a stock exchange, a derivatives exchange, an approved clearing house, a central depository or a recognized market operator;</p> <p>(p) a corporation that is licensed, registered or approved to carry on any regulated activity or capital market services by an authority in Labuan or outside Malaysia which exercises functions corresponding to the functions of the SC;</p> <p>(q) a bank licensee or an insurance licensee as defined under the Labuan Financial Services and Securities Act 2010;</p> <p>(r) an Islamic bank licensee or a takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010;</p> <p>(s) a chief executive officer or a director of any person referred to in paragraphs (n) to (r);</p> <p>(t) a closed-end fund approved by the SC; or</p> <p>(u) such other investor(s) as may be permitted by the SC from time to time and/or under the relevant guidelines for wholesale funds.</p>
Special Resolution	Means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed and carried by a majority of not less than three-fourths of the Unit Holders present and voting at the meeting in person or by proxy; for the avoidance of doubt, “three-fourths of the Unit Holders present and voting” means three-fourths of the votes cast by the Unit Holders present and voting; for the purposes of terminating the Fund, “Special Resolution” means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority in number representing at least three-fourths of the value of the Units held by the Unit Holders present and voting at the meeting in person or by proxy.
Trustee	Refers to MTrustee Berhad.
Unit	Refers to a measurement of the right or interest of a Unit Holder in the Fund and means a unit of the Fund or a Class.
Unit Holder(s)	Means a Sophisticated Investor for the time being who is registered pursuant to the Deed as a holder of Units of the Fund.
U.S. or United States	Means the United States of America.
USD	Means United States Dollar.



<p>U.S. (United States of America) Person(s)</p>	<p>Means:</p> <ul style="list-style-type: none"> <li>(a) a U.S. citizen (including those who hold dual citizenship or a greencard holder);</li> <li>(b) a U.S. resident alien for tax purposes;</li> <li>(c) a U.S. partnership;</li> <li>(d) a U.S. corporation;</li> <li>(e) any estate other than a non-U.S. estate;</li> <li>(f) any trust if: <ul style="list-style-type: none"> <li>(i) a court within the U.S. is able to exercise primary supervision over the administration of the trust; and</li> <li>(ii) one or more U.S. Persons have the authority to control all substantial decisions of the trust;</li> </ul> </li> <li>(g) any other person that is not a non-U.S. Person; or</li> <li>(h) any definition as may be prescribed under the Foreign Account Tax Compliance Act, as may be amended from time to time.</li> </ul>
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**CHAPTER 3 FUND INFORMATION**

**INVESTORS SHOULD TAKE NOTE THAT THE FUND IS AN EXTREMELY HIGH RISK FUND AND MAY NOT BE SUITABLE FOR ALL INVESTORS. IT IS POSSIBLE THAT THE ENTIRE VALUE OF THE INVESTORS' INVESTMENT COULD BE LOST AND THE RETURNS OF THE FUND ARE LIKELY TO BE EXTREMELY VOLATILE.**

FUND DETAILS		
<b>Name of the Fund</b>	Performa Digital Asset Fund	
<b>Fund Category</b>	Digital Assets	
<b>Fund Type</b>	Growth	
<b>Base Currency</b>	USD	
<b>Initial Offer Period</b>	21 days from the Launch Date of a particular Class of Unit. <i>Note: The initial offer period may be shortened if the Manager determines that it is in your best interest.</i>	
<b>Launch Date</b>	<b>USD Class</b>	<b>RM Class</b>
	23 May 2024	To be determined by the Manager. The Manager shall inform Unit Holders when the RM Class is launched.
<b>Initial Offer Price</b>	<b>USD Class</b>	<b>RM Class</b>
	USD 0.5000	RM0.5000
<b>Commencement Date</b>	Within ten (10) Business Days after the end of the Initial Offer Period.	
<b>Investors' Profile</b>	<p>The Fund is suitable for a Sophisticated Investor who:</p> <ul style="list-style-type: none"> <li>• has an extremely high risk tolerance;</li> <li>• seeks capital growth;</li> <li>• has a medium to long term investment horizon and/or;</li> <li>• seeks exposure to digital assets.</li> </ul>	
<b>Investment Objective</b>	The Fund aims is to achieve long-term capital appreciation by investing indirectly in Bitcoin and Ether through related securities and/or derivatives. Additionally, the Fund may invest directly or indirectly in companies involved in blockchain technology, digital	

	<p>assets, and related fields, utilizing exchange-traded products (ETPs) and related securities and/or derivatives.</p> <p><i>Any material change to the investment objective would require Unit Holders' approval.</i></p>
<p><b>Investment Strategy and Approach</b></p>	<p>To meet the Fund's objective, the Manager may invest in digital assets and related securities, equities and/or equity-related securities, fixed income securities, money market instruments, deposits, collective investment schemes, structured products, financial derivative instruments, including but not limited to, options and/or listed securities depending on prevailing market conditions.</p> <p>For the avoidance of doubt, the Manager will not invest directly in digital assets; the Manager will invest in digital assets indirectly through exchange traded products ("ETPs") and/or related securities and derivatives. Additionally, the Manager will not directly trade on digital asset exchanges and/or platforms.</p> <p>The Manager may invest in collective investment schemes, listed securities and/or exchange traded products to gain a diversified exposure in multiple global asset classes and instruments, that benefit from exposure to the digital currency and digital asset theme and related technologies; which may include but are not limited to indirect investments in digital currencies such as Bitcoin and Ether via related instruments, volatility and derivatives; and equities and other securities of companies which are involved in the development and utilisation of cryptocurrencies and other digital currencies, blockchain related technologies, fintech or "financial technology" related technologies, decentralised finance or "DeFi" related technologies and/or Metaverse and web3.0 related technologies.</p> <p><u>Investment Strategy</u></p> <p>The Fund's investment strategy involves investing in and employing a strategic asset allocation framework, combined with tactical asset allocation overlays to enable a more active or dynamic asset allocation strategy, with the aim to generate: (1) higher risk adjusted returns and (2) downside protection which may result in lower drawdowns relative to the stated benchmark.</p> <p>The Manager may employ the use of time series and cross-sectional data including data across multiple asset, thematic and macro-economic and bottom-up industry and company datasets analyses to arrive at thematic, fundamental, quantitative, discretionary and/or systematic tactical investment and asset allocation decisions.</p> <p><u>Investment Approach</u></p> <p>(i) Diversified approach</p> <p>The diversified investment strategy approach offers digital asset exposure via a combination of investments in securities with indirect exposure to digital assets including but not limited to Bitcoin and Ether, and also listed equities exposed to the development and utilisation of digital currencies, blockchain related</p>

technologies, fintech or “financial technology” related technologies, decentralised finance or “DeFi” related technologies and/or Metaverse and web3.0 related technologies; the Manager aims to deliver improved risk adjusted returns, and to reduce the volatility and drawdowns over a complete investment cycle. The diversified approach aims to reduce risks of being exposed to only one digital asset such as Bitcoin only or Ether only funds.

(ii) Strategic asset allocation framework

The strategic asset allocation framework employed by the Fund is investing in multiple asset classes which benefit from exposure to the digital currency and digital asset theme and related technologies and securities; which may include but are not limited to, indirect investments in digital currencies such as bitcoin and Ether and related instruments, volatility and derivatives; and equities, securities and digital assets which are involved in the development and utilisation of digital currencies, blockchain related technologies, fintech or “financial technology” related technologies, decentralised finance or “DeFi” related technologies and/or Metaverse and web3.0 related technologies. Digital asset companies may include but is not limited to, companies that operate digital asset exchanges, payment gateways, mining operations, software services, equipment and technology or services to the digital asset industry, digital asset infrastructure businesses, or companies facilitating commerce with the use of digital assets, among others. They may also include companies which own a material amount of digital assets, or otherwise generate revenues related to digital asset operations.

(iii) Tactical asset allocation overlays and dynamic asset allocation

The Fund may employ dynamic asset allocation within the above mentioned assets and the digital currency and digital asset theme and related technologies, with the goal of adapting to the highest risk adjusted asset allocation in the current market and economic regime as assessed by the Manager. Dynamic asset allocations refer to a portfolio management strategy or tactical asset allocation strategy, that frequently adjusts the assets and/or investment themes or trends to suit the current market conditions. Adjustments may involve, but are not limited to, reducing positions in the worst-performing assets and/or the digital currency and digital asset theme and related technologies while increasing positions in the best-performing assets and/or the digital currency and digital asset theme and related technologies. Investing in the best performing instruments may expose the Fund to higher exposure to the factor risk premia of momentum and reaper returns if the trend continues. In addition, the use of dynamic asset allocation may reduce instruments that are trending lower to help minimize potential losses if the down trend continues; hence the Fund may, for a period of time as determined by the Manager, have significant cash holdings and/or money market investments with little or no exposure in digital currency and digital assets investments.

(iv) Multiple asset approach with regulated short selling

The Manager may implement a multiple asset and digital currency approach by investing in collective investment schemes, listed securities and exchange traded products to enable the Fund to gain exposure into multiple global asset classes and the digital currency and digital asset theme and related technologies, which may include but are not limited to:

1. Indirect investments in digital currencies such as bitcoin and Ether and related instruments like Bitcoin and Ether securities and/or ETFs;
2. Equities, securities, ETFs and/or indirect investments in digital assets with exposure to the development and utilisation of digital currencies;
3. Equities, securities, ETFs and/or indirect investments in digital assets with exposure to the development and utilisation of blockchain related technologies;
4. Equities, securities, ETFs and/or indirect investments in digital assets with exposure to the development and utilisation of fintech or “financial technology” related technologies;
5. Equities, securities, ETFs and/or indirect investments in digital assets with exposure to the development and utilisation of decentralised finance or “DeFi” related technologies; and/or
6. Equities, securities, ETFs and/or indirect investments in digital assets with exposure to the Metaverse and web3.0 related technologies;

and their related instruments, securities and/or derivatives including the use of regulated short selling and volatility related securities.

The long-short approach may result in the Manager employing significant net short exposures (i.e. the total value of instruments purchased is less than the total value of short selling instruments), which may include the short selling\*\* of securities and/or instruments with the intention of hedging the other securities and/or instruments with long exposure and/or profit from a decline in value of the said short sold security and/or instrument.

\*The Manager may also employ the use of leverage and/or portfolio and/or securities margin financing facilities to increase the Fund’s exposures in the aforesaid multiple asset classes and investment strategies with the goal of amplifying the Fund’s returns. With respect to the use of leverage, the Fund may have an exposure of -20% of the NAV or point two times (0.2x) of NAV net short and +150% of the NAV or one and half times (1.5x) of NAV net long for a duration which the Manager expects to be consistent with the investment objective of the Fund, with such leverage being both secured and/or unsecured. The Manager may utilise quantitative and fundamental discretionary approaches to monitor the use of such leverage.

\*\* Short selling of a security involves selling a borrowed security with the expectation that the value of that security will decline and/or underperform another instrument, so that the security may be purchased at a lower price when returning the borrowed security.

### Overview of Strategic asset allocation - Digital Assets

Digital Assets are typically assets that are not issued by any government, bank or central organization are based on a decentralized, open source protocol of a peer-to-peer computer network, which creates the decentralized public transaction ledger, known as the “blockchain”, on which all transactions are recorded.

Movement of the applicable Digital Asset is facilitated by the applicable digital, transparent and immutable ledger, enabling the rapid transfer of value across the internet without the need for centralized intermediaries. The applicable network software source code includes the protocol that governs the creation of the applicable Digital Asset and the cryptographic operations that verify and secure transactions. The blockchain is an official record of every transaction (including the creation or “mining” of new digital assets).

Bitcoin and Ether are digital assets that are typically not issued by any government, bank or central organization. Bitcoin and Ether are based on the decentralized, open source protocol of the peer-to-peer bitcoin computer network (the “Bitcoin Network”) or the decentralized, open source protocol of the peer-to-peer Ethereum computer network (the “Ethereum Network”), which each create a decentralized public transaction ledger, known as a “blockchain”, on which all bitcoin or Ether transactions, as applicable, are recorded. Movement of bitcoin and Ether is facilitated by a digital, transparent and immutable ledger, enabling the rapid transfer of value across the internet without the need for centralized intermediaries. The Bitcoin Network and Ethereum Network software source code each include the protocol that governs the creation of bitcoin or Ether, as applicable, and the cryptographic operations that verify and secure bitcoin and Ether transactions, as applicable. Each blockchain is an official record of every bitcoin or Ether transaction, as applicable, (including creation or “mining” of new bitcoin or Ether) and every bitcoin or Ethereum address is associated with a quantity of bitcoin or Ether, as applicable. The Bitcoin Network, the Ethereum Network and software applications built atop each of these networks, can each interpret a blockchain to determine the exact bitcoin or Ether balance, if any, of any public Bitcoin or Ethereum address listed in the applicable blockchain. A Bitcoin or Ethereum Network private key controls the transfer or “spending” of bitcoin or Ether, as applicable, from its associated public Bitcoin or Ethereum address. A Bitcoin or Ethereum Network “wallet” is a collection of public bitcoin or Ethereum Network addresses, as applicable, and their associated private key(s). It is designed such that only the owner of bitcoin or Ether can send bitcoin or Ether, only the intended recipient of bitcoin or Ether can unlock what the sender sent and the transactional validation and bitcoin or Ether ownership can be verified by any third party anywhere in the world. The use of bitcoin and Ether, each as a means of exchange, is increasing rapidly throughout the world, particularly in nations where faith in central bank backed fiat

currencies (a currency that a government has declared a legal currency) has been unstable, or where necessary banking infrastructure is lacking. Bitcoin and Ether each make it possible for users to accept and send global transactions directly from their smart phone, twenty-four hours a day. The entire Bitcoin Network and Ethereum Network can each be described using the analogy of a computer. The most basic level of any computer is the hardware that all of the software runs upon. The hardware providers for the Bitcoin Network are called “miners” and for the Ethereum Network are called “validators.” Bitcoin miners buy specialized computational equipment in the form of servers that are composed of primarily application specific integrated circuits (ASICs), and these servers have been constructed entirely for the purpose of verifying bitcoin transactions, building bitcoin’s blockchain and thereby minting new bitcoin. Ethereum validators are able to verify Ether transactions, build the Ethereum blockchain and mint new Ether using consumer-level computer hardware. Miners’ and validators’ servers run Bitcoin or Ethereum Network software, which can be thought of as the operating system on top of the hardware, just as personal computers have installed an operating system. Bitcoin and Ethereum Network software is maintained in the open source model, with the community collaborating on GitHub. GitHub is a platform for software creation, orchestrating the storage, version control and integration of code for different software projects. Bitcoin’s software and Ethereum’s software are each available for all developers and non-developers to peruse and discuss. For example, from GitHub, one can download the entire source code of Bitcoin or Ethereum Network software. While there are a few different implementations of Bitcoin software, the one used by most miners is called “Bitcoin Core”. There are also a few different implementations of Ethereum Network software with popular ones being Geth, Nethermind, Besu and Erigon. Bitcoin Core and Ethereum Network software are each maintained by over 600 developers. By running similar software on similar hardware, the miners have created a basic worldwide computer that operates in sync, despite being geographically distributed. Just as one may run applications on top of the hardware and operating system of their computer, various companies have built applications that run on top of the hardware and operating system of each of the Bitcoin Network and the Ethereum Network. Applications include wallets that store users’ bitcoin or Ether, exchanges that allow users to swap bitcoin or Ether for other currencies, remittances providers that send money to people in other countries and decentralized marketplaces that function similar to an online distributor (e.g. eBay). Accordingly, there is no central company. While each of Bitcoin and the Ethereum Network’s application ecosystem is still in its early development, the Manager believes that, as more developers and users adopt the platform over time there will be an increasing number of applications, which will provide greater functionality to the system as a whole. The end user relies on the hardware, operating system, and applications provided by bitcoin miners, Ether validators, developers and companies, respectively. The greater the number of bitcoin or Ether users, the greater the incentive will be potentially for miners, validators, developers and companies to continue to develop their systems, which in turn

	<p>should promote the Bitcoin Network and the Ethereum Network as a whole. Bitcoin and Ether trading platforms operate websites that facilitate the purchase and sale of bitcoin and Ether, as applicable, for various government issued currencies, including the U.S. dollar, the Euro and the Chinese yuan. Activity on the bitcoin and Ether trading platforms should not be confused with the process of users sending bitcoin or Ether from one address to another bitcoin or Ethereum Network address. The latter is an activity that uses bitcoin or Ether as a means of exchange and is largely conducted directly using Bitcoin or the Ethereum Network’s blockchain, as applicable, whereas the former is mostly an activity around bitcoin or Ether as a store of value and largely occurs within the trade books of exchanges (i.e., off-blockchain). Bitcoin and Ether trading platforms generally report publicly on their websites the bid and ask prices for the purchase or sale of bitcoin or Ether, as applicable. Although each bitcoin and Ether trading platform has its own market price, it is expected that most bitcoin and Ether trading platforms’ market prices should be relatively consistent with the bitcoin and Ether trading platforms’ market averages since market participants can choose the bitcoin or Ether trading platform on which to buy or sell bitcoin or Ether. Price differentials across bitcoin and Ether trading platforms enable arbitrage between bitcoin and Ether prices, as applicable, on the various exchanges, and occur most notably between geographies. Bitcoin and Ether trading platforms are open 24 hours a day and every day of the year. There currently exist globally over 100 bitcoin and Ether trading platforms. Bitcoin and Ether trading platforms with the most economically significant trading volume are Binance, Coinbase, Kraken, Bitfinex, Bitstamp, bitFlyer, Gemini, Bittrex, itBit and Liquid. A majority of these exchanges employ KYC procedures in compliance with applicable AML regulation.</p>												
<p><b>Asset Allocation by Instruments Invested (not by exposures and not by leverage)</b></p>	<table border="1"> <thead> <tr> <th data-bbox="587 1272 1098 1384">Instruments</th> <th data-bbox="1098 1272 1289 1384">% of the Fund’s NAV</th> </tr> </thead> <tbody> <tr> <td data-bbox="587 1384 1098 1451">Equities and/or equity-related securities</td> <td data-bbox="1098 1384 1289 1451">0% - 100%</td> </tr> <tr> <td data-bbox="587 1451 1098 1529">Listed and/or unlisted securities</td> <td data-bbox="1098 1451 1289 1529">0% - 100%</td> </tr> <tr> <td data-bbox="587 1529 1098 1608">Collective investment schemes</td> <td data-bbox="1098 1529 1289 1608">0% - 100%</td> </tr> <tr> <td data-bbox="587 1608 1098 1720">Fixed income securities, money market instruments and/or deposits</td> <td data-bbox="1098 1608 1289 1720">0% - 100%</td> </tr> <tr> <td data-bbox="587 1720 1098 1823">Structured products and/or financial derivative instruments</td> <td data-bbox="1098 1720 1289 1823">0% - 100%</td> </tr> </tbody> </table>	Instruments	% of the Fund’s NAV	Equities and/or equity-related securities	0% - 100%	Listed and/or unlisted securities	0% - 100%	Collective investment schemes	0% - 100%	Fixed income securities, money market instruments and/or deposits	0% - 100%	Structured products and/or financial derivative instruments	0% - 100%
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<p><b>Benchmark</b></p>	<p>The total returns (the returns net of dividends distributed and fees where applicable) for a portfolio consisting of one third of iShares Bitcoin ETF (IBIT), one third of ProShares Ether Strategy ETF (EETH), and one third of Amplify Transformational Data Sharing ETF (BLOK) rebalanced daily at zero trading cost:</p>												



	<p><math>R\_Benchmark = 1/3 R\_IBIT + 1/3 R\_EETH + 1/3 R\_BLOK</math></p> <p>where “R” denotes total returns.</p> <p>Information on the benchmark is available upon request from the Manager. The risk profile of the Fund may not be the same as the risk profile of the benchmark.</p>
<b>Permitted Investments</b>	<p>Unless otherwise prohibited by the relevant authorities or any relevant laws and provided always that there is no inconsistency with the investment objective of the Fund, the Fund may invest in the following:</p> <ul style="list-style-type: none"> <li>● equities and/or equity-related securities;</li> <li>● listed and/or unlisted securities;</li> <li>● collective investment schemes;</li> <li>● fixed income securities;</li> <li>● money market instruments;</li> <li>● deposits with financial institutions;</li> <li>● financial derivative instruments, including but not limited to, options;</li> <li>● structured products; and/or</li> <li>● any other investments which are in line with the Fund’s objective.</li> </ul>
<b>Investment Restrictions and Limits</b>	<p>The Fund is not subject to any investment restrictions and limits.</p>
<b>Financial Year End</b>	<p>31<sup>st</sup> December.</p> <p>The first financial year of the Fund shall commence on the launch date of the Fund and end on a date which shall not exceed 18 months from the launch date of the Fund.</p> <p><i>Note: The launch date of the Fund is the date on which sale of Units of the Fund may first be made.</i></p>
<b>Deed</b>	<p>15<sup>th</sup> May 2024</p>
<b>Distribution Policy</b>	<p>The Fund is not expected to make distributions.</p>
<b>Valuation Point</b>	<p>Except during the Initial Offer Period, the Fund will be valued on every Business Day (T).</p> <p>The Fund adopts a forward pricing basis which means that the price of a Unit will be calculated based on the NAV per Unit at the next valuation point. The value of the Fund’s investment at the close of a Business Day will only be determined at the end of the following Business Day (“Valuation Point”).</p> <p>For valuation purposes of the Fund, the Manager shall translate all expenses and income of the Fund denominated in currencies other</p>

	<p>than USD into the Fund’s base currency, USD. For currency translation of non USD expenses and revenues to the Fund’s base currency (USD), the valuation shall be based on the last available exchange rates quoted and published by Bank Negara Malaysia which is available at <a href="https://www.bnm.gov.my/exchange-rates">https://www.bnm.gov.my/exchange-rates</a>.</p>
<p><b>Valuation of Assets</b></p>	<p><b>Listed securities, listed equities, listed equity-related securities, listed fixed income securities and/or listed collective investment schemes (“listed investments”)</b> will be valued based on the market closing price. However, if:</p> <p>(a) a valuation based on the market price does not represent the fair value of the listed investments, for example during abnormal market conditions; or</p> <p>(b) no market price is available, including in the event of a suspension in the quotation of listed investments for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee,</p> <p>then the listed investments will be valued at fair value, as determined in good faith by the Manager based on the methods or bases approved by the Trustee after appropriate technical consultation.</p> <p><b>Unlisted securities</b> will be valued based on fair value as determined in good faith by the Manager, based on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.</p> <p><b>Unlisted fixed income securities</b> will be valued based on fair value by reference to the average indicative yield quoted by 3 independent and reputable institutions as determined in good faith by us.</p> <p><b>Deposits</b> placed with financial institutions will be valued by reference to the principal value of the deposits and the interests accrued thereon for the relevant period. Cash held on hand will be valued based on its carrying value.</p> <p><b>Money market instruments</b> will be valued based on the accretion of discount or amortisation of premium on a yield to maturity basis.</p> <p><b>Structured products and financial derivative instruments</b> will be valued based on marked-to-market price.</p> <p><b>Unlisted collective investment schemes</b> will be valued based on the last published repurchase price.</p> <p><b>Any other investment</b> will be valued at fair value as determined in good faith by us, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.</p>
<p><b>Securities Financing Transaction</b></p>	<p>The Fund may participate in securities lending<sup>^</sup> (“securities financing transactions”) to meet the investment objective of the Fund and/or as part of efficient portfolio management.</p> <p><sup>^</sup> “<i>securities lending</i>” means a transaction by which a counterparty transfers securities subject to a commitment that the borrower will return equivalent securities on a future date or when requested to</p>

*do so by the transferor, that transaction being considered as securities lending for the counterparty transferring the securities and being considered as securities borrowing for the counterparty to which they are transferred.*

The Fund may appoint a lending agent to facilitate the activities in relation to the securities financing transactions. The securities may be borrowed to or lent out through the Fund's appointed borrowing and lending agents, with processes and procedures as well as terms that are acceptable to the Trustee on the advice of the Manager. The borrowing and lending agent shall be authorised to perform the following functions such as but not limited to:

- (a) negotiate borrowing fees with lender and lending fees with borrowers;
- (b) collect and hold the cash collateral pledged by the borrowers in custody; and/or
- (c) collect or arrange for the collection of any interest, dividends, other distributions / payments on the loaned securities and pay the same to the Fund.

The functions of the lending agent shall be reviewed and agreed by the Trustee, in consultation with the Manager and shall be governed by the securities borrowing and lending agency agreement.

The maximum proportion of the NAV of the Fund that can be subject to securities financing transactions will be such value as may be agreed upon by the Trustee on the advice of the Manager. The securities that may be subject to securities financing transactions include secured and unsecured securities for a fixed term, open or at call.

The loaned securities may be recalled by the Fund at any point in time, and are required to be secured at all times by a cash collateral equivalent to a minimum of 102% of the market value of the loaned securities or as determined by the securities borrowing and lending agent and/or the relevant regulatory body. The market value of the loaned securities is determined at the close of each day on which banks in New York are open for business. In the event of market fluctuation, the cash collateral received by the lending agent on behalf of the Fund would be required to be increased.

The Fund will be entitled to securities lending income, represented by the lending fees earned from the borrower, less cost incurred. These costs may include, but will not be limited to, fees due to the lending agent, as well as operational costs incurred by the Manager in relation to the lending activities of the Fund.

During the term of the loan, the Fund is also entitled to all distributions made on, or in respect of the loaned securities, along with all other economic benefits due to the owner of the loaned securities.

Please refer to **Section 4.2** for details on the securities lending and borrowing risk.

**TRANSACTION DETAILS**

***Investors in Malaysia intending to invest in foreign currencies are required to have a foreign currency account with any financial institution in Malaysia as all transactions relating to the foreign currencies will be made by way of electronic transfers.***

<b>Minimum Initial Investment<sup>^</sup></b>	<b>USD Class</b>	<b>RM Class</b>
	USD 25,000	RM100,000
	The Manager reserves the right to waive or reduce the minimum initial investment at its absolute discretion.	
<b>Minimum Additional Investment<sup>^</sup></b>	<b>USD Class</b>	<b>RM Class</b>
	USD 25,000	RM100,000
	The Manager reserves the right to waive or reduce the minimum additional investment at its absolute discretion.	
<b>Minimum Holding of Units to Maintain an Account<sup>^</sup></b>	<b>USD Class</b>	<b>RM Class</b>
	50,000 Units	50,000 Units
	The Manager reserves the right to waive or reduce the minimum additional investment at its absolute discretion.	
<b>Minimum Units for Redemption<sup>^</sup></b>	<b>USD Class</b>	<b>RM Class</b>
	5,000 Units	5,000 Units
	<p><i>Note: If a repurchase request results in you holding less than the applicable minimum holdings requirements of the Fund, the Manager has the discretion to repurchase all the remaining Units held by you in the Fund and pay the redemption proceeds to you.</i></p> <p>The Manager reserves the right to waive or reduce the minimum units for redemption at its absolute discretion.</p>	
<sup>^</sup> or such other amount or number of Units as may be determined by the Manager at its discretion.		
<b>Subscription of Units</b>	<p>Unit Holders must be a Sophisticated Investor to invest in this Fund. Please refer to the “Definitions” chapter of this Information Memorandum for the details.</p> <p>Subscription requests/applications can be made on any Business Day or as determined by the Manager at its discretion.</p> <p>For any purchase application received and accepted by the Manager (via email or physical delivery of purchase application) as well as cleared funds received <b>on or before the cut-off time of 4:00 p.m. (Malaysia Time)</b> on a Business Day, the Units would be created based on the NAV per Unit as at the next Valuation Point.</p>	

	<p>Any purchase application received after this cut-off time would be considered as being processed on the following Business Day. Requests received on days which are not a Business Day will be considered as being processed on the following Business Day.</p> <p><i>Note: Please refer to the Manager on the relevant forms and supporting documents which Unit Holders are required to provide to the Manager and on how to make payment for the purchase applications.</i></p>	
<b>Redemption of Units</b>	<p>Redemption requests/applications can be made on any Business Day or as determined by the Manager at its discretion. For any redemption request received and accepted by the Manager (via email or physical delivery of redemption request) <b>on or before the cut-off time of 4:00 p.m.</b> on a Business Day, the Units would be redeemed based on the NAV per Unit as at the next Valuation Point.</p> <p>Any redemption request received after this cut-off time would be considered as being processed on the following Business Day. Requests received on days which are not a Business Day will be considered as being processed on the following Business Day. Redemption proceeds will be paid out within seven (7) Business Days provided that all documentations are completed and verifiable. The redemption proceeds will be transferred to the Unit Holder's banking account.</p> <p>Transaction costs such as charges for electronic transfers, if any, will be borne by the Unit Holders and set-off against the redemption proceeds.</p>	
<b>Transfer Facility</b>	Not available.	
<b>Switching Facility</b>	Not available.	
<b>FEES AND CHARGES</b>		
<i>This table describes the fees and charges that you may directly incur when you purchase or redeem Units of the Fund.</i>		
	<b>USD Class</b>	<b>RM Class</b>
<b>Sales Charge</b>	<p>Up to 5.00% of the NAV per Unit.</p> <p>The Manager reserves the right to waive or reduce the sales charge at its absolute discretion.</p>	
<b>Withdrawal Charge</b>	Nil	
<b>Switching Fee</b>	Not applicable.	
<b>Transfer Fee</b>	Not applicable.	
<b>Other Charges</b>	All charges, for instance bank charges (including, but not limited to Financial Process Exchange ("FPX") and direct debit), telegraphic	

	transfer charges and courier charges in connection with the execution of transactions on your behalf will be borne by you.
<b><i>This table describes the fees and charges that you may indirectly incur when you invest in the Fund.</i></b>	
<b>Management Fee</b>	2% per annum of the NAV of the Fund.
<b>Trustee Fee</b>	0.05% per annum of the NAV of the Fund (excluding foreign custodian fees and charges) subject to a minimum fee of RM 5,000 per annum for the 1st year and subsequently RM 8,000 per annum for the 2nd year onwards, whichever is higher.
<b>Fund Expenses</b>	Only fees and expenses that are directly related and necessary to the operation and administration of the Fund may be charged to the Fund as stated in the Deed.
<b>OTHER INFORMATION</b>	
<b>Communication with Unit Holders</b>	<p><b>Statement of Accounts</b></p> <p>A Unit Holder's statement showing details of the amount invested in the Fund shall be made available to the Unit Holders on a monthly basis.</p> <p><b>Unit Price</b></p> <p>Unit Holders will be able to obtain the daily price of a Unit from the Manager's website at <a href="http://www.crosslightcapital.com">www.crosslightcapital.com</a> after <b>6:00 p.m.</b> on every Business Day. The price of a Unit would also be made available upon request by the Unit Holders.</p> <p>The Manager reserves the right to change the abovementioned manner of communication at its absolute discretion.</p> <p><b>Financial Reports</b></p> <p>The Manager will provide Unit Holders with an annual report within two (2) months of the Fund's financial year-end and quarterly reports within two (2) months of the end of the period covered. A financial statement audited by the Fund's appointed auditors will be included in the annual report.</p>
<b>New classes of Units</b>	<p>Please note that the Fund is established as a multi-class fund where the Deed allows for the establishment of more than one (1) Class with similar interests in the assets of the Fund. Please note that the Fund is allowed to establish new Class(es) from time to time without Unit Holder's prior consent. Under the Deed, Unit Holders of each Class shall have the same rights and obligations. Each Class may be different in terms of currency denomination, fees and charges and hence, will have its respective NAV per Unit, denominated in its respective currency.</p> <p>Unit Holders will be notified in writing of the launch of the new classes of Units and prospective investors will be notified of the same by way of a supplemental or replacement information memorandum.</p>

**Prospective Unit Holders should read and understand the contents of the Information Memorandum and, if necessary, consult their adviser(s).**

**There are fees and charges involved and investors are advised to consider the fees and charges before investing in the Fund.**

It is important to note that an investment in the Fund carries risks and the list of risks set out herein may not be exhaustive. While every care will be taken by the Manager to mitigate the risk, investors are advised that it is not always possible to protect investments against all risks. As such, investors are advised to read the whole Information Memorandum to assess the risks of the Fund and obtain professional advice before subscribing to the Fund.

#### 4.1 General risks of investing in the Fund

##### **Returns not guaranteed**

The investment of the Fund is subject to market fluctuations and its inherent risk. There is **NO GUARANTEE** on the investment returns, nor any assurance that the Fund's investment objective will be achieved.

##### **Market risk**

Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the Fund's NAV.

##### **Liquidity risk**

Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the Fund holds assets that are illiquid, or are difficult to dispose of, the value of the Fund will be negatively affected when it has to sell such assets at unfavourable prices.

##### **Inflation risk**

This is the risk that investors' investment in the Fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce the investors' purchasing power even though the value of the investment in monetary terms has increased.

##### **Currency risk**

You should be aware that currency risk is applicable to Class(es) (e.g. Class RM) which is in a different currency than the base currency of the Fund (i.e. USD). The impact of the exchange rate movement between the base currency of the Fund and the currency denomination of the respective Class(es) may result in a depreciation of the value of your holdings as expressed in the currency denomination of the Class(es).

There could also be a potential risk of loss in relation to the RM Class from fluctuating foreign exchange rates when the redemption proceeds are converted into RM based on the prevailing conversion rate.

##### **Manager's risk**

This risk refers to the day-to-day management of the Fund by the Manager which will impact the performance of the Fund. For example, investment decisions undertaken by the Manager, as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the Deed, relevant law or guidelines due to factors such as human error or weaknesses in operational process and systems, may adversely affect the performance of the Fund.

##### **Risk of non-compliance**

This refers to the risk where the Manager does not comply with the applicable rules, laws, regulations or the Deed. Although not every non-compliance will necessarily result in some losses to the Fund, there is always a risk that losses may be suffered by the Fund. For example, if the Manager is forced



to dispose of any investments of the Fund at loss to resolve the non-compliance. Notwithstanding that, the Manager has imposed stringent internal compliance controls to mitigate this risk.

#### **Operational risk**

This risk refers to the possibility of a breakdown in the Manager's internal controls and policies. The breakdown may be a result of human error, system failure or fraud where employees of the Manager collude with one another. This risk may cause monetary loss and/or inconvenience to Unit Holders. The Manager will regularly review its internal policies and system capability to mitigate this risk. Additionally, the Manager maintains a strict segregation of duties to mitigate instances of fraudulent practices amongst employees of the Manager.

#### **Cyber risk and technology operational risk**

With the use of technology more prevalent in the fund management business, the Fund has become potentially more susceptible to operational risks through breaches of cybersecurity. A breach of cyber security refers to intentional and unintentional events that may cause the Manager and/or the Fund to lose proprietary information, suffer data corruption or lose operational capacity. This in turn could cause the Manager and/or the Fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective actions and/or financial loss. Investors should be aware that technology plays an important role in the operation capacity, and is particularly important given the investment objective of the Fund and the strategy employed by the Manager.

#### **Loan financing risk**

This refers to the risk of Unit Holders investing in the Fund with borrowed money and is not able to service the loan repayments. In the event Units are used as collateral, Unit Holders may be required to top-up existing instalments if the prices of Units fall below a certain level due to market conditions. Failing which, the Units may be sold at lower NAV per Unit as compared to the NAV per Unit at the point of purchase towards settling the loan.

### **4.2 Specific Risks Associated with the Investments of the Fund (General)**

#### **Tactical asset allocation fund and quantitative model risk**

The Manager employs a tactical asset allocation strategy which changes the asset mix and digital currency and digital asset themes and related technologies of the Fund between securities, equities, equity-related securities, collective investment schemes, fixed income instruments, money market instruments, deposits, structured products and financial derivative instruments, and/or the exposures of the Fund within the multiple asset investment exposures depending on the prevailing strategy of the Manager. The Manager's investment decision on the asset allocation may adversely affect the Fund's returns if the strategy executed by the Manager results in negative returns from the tactical asset allocation. The Manager employs a strategy of high portfolio turnover for tactical asset allocation. Higher portfolio turnover and trading may result in higher transaction costs including but not limited to higher broker commissions for execution, market impact and bid-ask spread costs. Moreover, higher trading related risks such as risks relating to the potential for trading errors and/or incorrect assessments by the Manager in terms of tactical asset allocation can adversely affect the Fund's performance. The success of the Fund's investment strategy may depend upon the effectiveness of the Manager's quantitative model. A quantitative model, such as the risk and other models used by the Manager requires adherence to a systematic, disciplined process. The Managers' ability to monitor and, if necessary, adjust their quantitative models could be adversely affected by various factors including incorrect or outdated market and other data inputs. Factors that affect the value of securities can change over time, and these changes may not be reflected in a quantitative model used in respect of the Fund that invests in such securities. In addition, factors used in quantitative analysis and the weight placed on those factors may not be predictive of a security's value.

### **Stock specific equity and equity-related securities risk**

The Fund may invest directly or indirectly in equity securities and equity-related securities with exposures into individual stocks, equity sectors and thematic equity investments, equity factor risk premia (including but not limited to growth, value, size, momentum and quality factors), emerging and global equities asset classes, digital assets and blockchain and/or related technologies and associated investments. Any adverse price movements of such stock and asset class exposures including correlation, may have an adverse effect to the Fund's NAV.

Investing in equity and/or digital asset related securities may offer a higher rate of return than investing in fixed income securities. However, the risks associated with investments in equity and/or digital asset related securities may also be higher and the investment performance of equity and/or digital asset securities depend on factors which are difficult to predict. As a result, the market value of the invested equity and/or digital asset related securities may go down and up, resulting in losses for the Fund. Factors affecting the equity and/or digital asset related securities are dynamic and numerous, including but not limited to changes in the perceived risk premium affected by financial performance, news of a possible merger or loss of key personnel of a company, sentiment, political environment, economic environment and business, social, geo-political and environmental conditions in the local and global marketplace. Securities exchanges typically have the right to suspend or limit trading in any security traded in the relevant exchange; a suspension will render it impossible to buy and/or sell positions which can expose the Fund to losses. The Fund may also invest in equity-related and/or digital asset related securities equivalent to shares such as warrants, options and volatility related instruments and/or securities. For example, the price of warrants is typically linked to the underlying stocks. However, the price and performance of such warrants will generally fluctuate more than the underlying stocks because of the greater volatility of the warrants market. Generally, as the warrants have a limited life, they will depreciate in value as they approach their maturity date, assuming that all other factors remain unchanged. Warrants that are not exercised at maturity will become worthless and will negatively affect the NAV of the Fund.

### **Multi asset class investing risks including Exposures into Digital Assets**

Investors should also be aware that the Manager may invest into securities with exposure to multiple asset classes and digital assets exposures, including but not limited, to equities, options, fixed income or fixed income-like instruments (including money market instruments and deposits), multiple asset implied and realized volatility as an asset class (including but not limited, to Chicago Board Options Exchange's volatility index ("VIX") futures or equity implied volatility or digital asset volatility instruments and/or securities), commodities, derivatives, foreign currency exposures, equity factor risk premia exposures (including but not limited to size, value, quality and thematic factors), digital currencies and digital assets and related technologies and related instruments. These multi asset classes have varying degrees of risk and some exposures can be extremely volatile and considered high risk depending on the asset allocation decisions made by the Manager. The Fund may employ exposure to momentum and growth factor risk premia and other factor risk premia across multiple asset classes. There may be periods when the returns of exposure to such factor risk premia results in negative returns for the Fund. For example, in year 2007, many systematic hedge funds experienced sharp and unexpected losses which has become known as the Quant Meltdown. Some reasons cited include the economic and financial turmoil that had been developing within certain asset classes, an over-reliance on statistical models and the ex-ante unobserved common factors. The abovementioned asset class risk includes and may be related to the following risks including but not limited to emerging market risk, risk of investing in smaller companies, volatility risk, liquidity risk, concentration risk, credit risk, fixed income securities risk, credit rating risk, interest rate risk, sovereign debt risk, real estate and real estate investment trust related risk, custody and settlement risk. The Manager may employ the aforementioned multiple asset class exposures that can result in large and unexpected losses with losses resulting from a decrease in the value of investments with long exposures. The value of the Fund's investments in digital assets and therefore the value of an investment in the Fund could decline significantly and without warning, including to zero. If you are not prepared to accept significant and unexpected changes in the value of the Fund and the possibility that you could lose your entire investment in the Fund you should not invest in the Fund.

### **Securities lending risk**

The Fund may lend its securities to and from brokers, dealers and financial institutions. The Fund would be entitled to payments equal to the interest and dividends on the loaned security and could receive a premium for lending the securities. Lending securities would result in income to the Fund, but could also involve certain risks in the event of the delay of return of the securities loaned or the default or insolvency of the borrower and cash collateral reinvestment risk. Borrower default risk is the risk that the counterparty fails to return the borrowed security back to the lender. How the lending agent invests the cash collateral is a source of risk for stock lending as if reinvested too aggressively and the risk-taking results in losses, then the Fund may suffer losses. This exact scenario is what resulted in securities lending related losses among some funds during the financial crisis in year 2008. Parties that participated in securities lending were stuck with the losses from reinvesting cash collateral after their lending agents had reaped their cut of the revenue.

### **Financial derivative instruments and structured products risk**

The Fund may employ large and concentrated exposure into financial derivative instruments including but not limited to Bitcoin futures related ETFs, and other exchange-traded products (“ETPs”), options and securities. The Fund may use and invest in various financial derivative instruments, including but not limited to futures, options, forward contracts, swaps and other financial derivative instruments which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Use of financial derivative instruments presents various risks, including the following:

*Tracking* – When used for hedging purposes and for investment purposes, an imperfect or variable degree of correlation between price movements of the financial derivative instrument and the underlying investment sought to be hedged and/or invested may prevent the Manager from achieving the intended hedging effect or expose the Fund to the risk of loss.

*Liquidity* – Financial derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Fund may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative positions limits on exchanges on which the Fund may conduct its transactions in certain financial derivative instruments may prevent prompt liquidation of positions, subjecting the Fund to the potential of greater losses.

*Leverage* – Trading in financial derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in financial derivative instruments may magnify the gains and losses experienced by the Fund and could cause the Fund’s NAV to be subject to wider fluctuations than would be the case if the Fund did not use the leverage feature in financial derivative instruments.

*OTC Trading* – Financial derivative instruments that may be purchased or sold for the Fund may include instruments not traded on an exchange. OTC options, unlike exchange-traded options, are two-party contracts with price and other terms negotiated between the buyer and the seller. The risk of non-performance by the seller on such an instrument may be greater and the ease with which the Fund can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities may exist between “bid” and “asked” prices for financial derivative instruments that are not traded on an exchange. Financial derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such OTC transactions. For the avoidance of doubt, the Fund may invest in fixed income instruments, collective investment schemes and/or securities that are traded OTC and hence would be subjected to the abovementioned risks.

### **Credit and default risk**

Credit risk relates to the creditworthiness of the issuers of the fixed income securities and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the fixed income securities. Default risk refers to the possibility that the issuer of the fixed income security is unable to make timely or full payments of interest and/or principal when due. In the event of a default in payment of principal and/or interest, this may cause a reduction in the value of the Fund. The Manager will endeavour to take the necessary steps to deal with the investments in the best interest of the Unit Holders including to dispose of the defaulted investments within a time frame deemed reasonable by the Manager.

### **Counterparty risk and settlement risk**

Due to the nature of some of the investments which the Fund may make, the Fund may rely on the ability of the counterparty to a transaction to perform its obligations. In the event that any such counterparty fails to complete its obligations for any reason, the Fund may suffer losses. The Fund will therefore be exposed to a credit risk on the counterparties with which it trades. The Fund will also bear the risk of settlement default by clearing houses and exchanges. Any default by a counterparty or on settlement could have a material adverse effect on the Fund. Counterparty risk is the risk associated with the other party to, including but not limited, financial derivative instrument, structured product and/or OTC instruments not meeting its respective obligations. If the counterparty to the financial derivative instrument, structured product and/or OTC instrument is unable to meet or otherwise defaults on its respective obligations (for example, due to bankruptcy or other financial difficulties), the Fund may be exposed to significant losses greater than the cost of the financial derivative instrument, structured product and/or OTC instrument. The risk of default of a counterparty is directly linked to the creditworthiness of that counterparty. Should there be a downgrade in the credit rating of the financial derivative instruments', structured products' and/or OTC instruments' counterparty, the Manager will evaluate the situation and reassess the creditworthiness of the counterparty. The Manager will take the necessary steps in the best interest of the Fund.

### **Currency risk**

As the investments of the Fund may be denominated in currencies other than the base currency of the Fund, any fluctuation in the exchange rate between the base currency of the Fund and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the Fund, this will have an adverse effect on the NAV of the Fund in the base currency of the Fund and vice versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

### **Country risk**

Investments of the Fund in any countries may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or prices of Units to fall.

### **Illiquid investments and adverse market conditions risk**

The Fund may make investments which as a result of adverse market conditions, changes in legal and/or regulatory conditions, being subject to legal or other restrictions on transfer or for which no liquid or lower liquidity in the market for the investments than the Manager had expected when initially making the investments and/or any other unforeseen event or circumstance by the Manager. The market prices, if any, of such investments may be more volatile and the Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The Fund may encounter substantial delays in attempting to sell any type of securities.

### **Limited diversification and concentration risk**

No minimum level of capital is required to be maintained by the Fund. As a result of subsequent losses or redemptions, the Fund may not have sufficient funds to diversify its investments to the extent desired or currently contemplated. More generally, the Fund is not required to diversify its portfolio over various asset classes. No standards have been established to limit the concentration of the Fund's portfolio. The degree of the market risk to which the Fund is exposed will be inversely proportional to the degree to which the Fund's portfolio is diversified. The Fund may be classified as non diversified as it has the ability to invest a relatively high percentage of its assets in the securities of a small number of issuers or in financial instruments with a single counterparty or a few counterparties. This may increase the Fund's volatility and increase the risk that the Fund's performance will decline based on the performance of a single issuer or the credit of a single counterparty.

#### **Limited Performance Record or Operating History; Past Performance**

The Fund has a limited operating history upon which prospective investors may base an evaluation of an investment in the Fund. The past investment performance of the Manager, or the entities and individuals with which the Manager has been associated, should not be construed as an indication of the future results of an investment in the Fund. The Fund's investment strategy should be evaluated on the basis that there can be no assurance that the Manager's assessment of the short-term or long-term prospects of investments will prove accurate or that the Fund will achieve its investment objective.

#### **Reliance on the ETF Fund manager, the Subadvisor and/or a Sub-Custodian**

The Fund will be dependent on the abilities of the ETF fund manager, the Subadvisor of the ETF and/or a sub-custodian, to effectively administer the affairs and implement the investment objective and strategy of an investment in the underlying ETF and/or on a sub-custodian to safely custody an ETF's Digital Asset. The Subadvisor depends, to a great extent, on a very limited number of individuals in the administration of its activities as sub advisor of the ETFs. The loss of the services of any one of these individuals for any reason could impair the ability of the Sub Advisor to perform its duties as sub advisor on behalf of the ETFs. In addition, the fund manager of the ETF and the Sub Advisor may have additional conflicts of interests. If a sub-custodian did not adequately safeguard an ETF's or an underlying exchange traded fund's Digital Asset, as applicable, the ETF could suffer significant losses. The service providers, including custodians and sub-custodians, that an ETF or an underlying fund, as applicable, employs or may employ in the future are not trustees for, and owe no fiduciary duties to, the ETF or the Fund. In addition, service providers employed by an ETF have no duty to continue to act as a service provider to the ETF. Current or future service providers, including custodians and sub-custodians, can terminate their role for any reason whatsoever upon the notice period provided under the relevant agreement.

### **4.3 Specific Risks Associated with the Investments of the Fund (Digital Assets)**

#### **Extremely high volatility investments**

The Fund may make investments in securities which have exposures to instruments such as digital currency and digital assets and related instruments and/or securities which are extremely highly volatile. The prices of such investments can be extremely volatile depending on market conditions which may be sudden and unexpected. These price movements are difficult to predict and are influenced by, among other things, speculation, changing supply and demand relationships, government trade, fiscal, monetary, regulatory, monetary and exchange control programs and policies, national and international political events, climate, changes in interest rates, and the inherent volatility of the market place. Digital currencies and digital assets are an emerging asset class and has extremely high expected volatility or risk as a result, are difficult to predict. If the Manager employs inappropriate large positions, it can result in significant losses due to the expected extremely high volatility of such an emerging asset class. There are many potential risks with investing in digital currencies and digital assets. These risks include, but are not limited to where the Fund invests

indirectly in digital assets through unlisted securities, for example ETFs and financial instruments which may trade at discounts or premium to the NAV of the security. The Fund may also invest into volatility related instruments. Volatility related instruments can be highly volatile and the Fund may experience large losses from buying, selling or holding such investments with gains or losses, if any, and may be subject to significant and unexpected reversals. Investments in volatility instruments could potentially lose the full principal value as short as one day. These losses may cause the Fund to choose to close its positions. The losses may also result in margin deficits and subsequent liquidations of some or all positions. Such closing trades will add to the price movement of the Fund. Because of speculative interest in such instruments, there may be no precedent for what will happen if volatility moves quickly. The digital currency and digital asset markets are sensitive to new developments, and since volumes are still maturing, any significant changes in market sentiment (by way of sensationalism in the media or otherwise) can induce large swings in volume and subsequent price changes. Such volatility can adversely affect the value of the investments. The price of digital currencies and digital assets on public trading platforms has a limited history. Digital currency prices on trading platforms as a whole have been volatile and subject to influence by many factors including the levels of liquidity on the trading platforms. Digital currencies and digital assets may trade at different prices across the various trading platforms and there may be times where digital currencies will trade at a premium on one trading platform to other platforms. Volatility in the price of digital currencies and digital assets on trading platforms could adversely affect the value of the investments. Price volatility can also be exacerbated due to concentration of holdings. For example, there are large dormant wallets holding a large number of Bitcoin obtained through purchases or mining in the initial years.

#### **Decrease in usage and demand of digital currency risk**

There is no assurance that digital currencies will maintain its long-term value in terms of purchasing power in the future or that the acceptance of digital currencies as a means for payments by mainstream retail merchants and commercial businesses will continue to grow. In the event that the price of digital currencies declines, the value of investments may decline also. As relatively new products and technologies, digital currencies and digital assets such as Bitcoin and Ether have only recently become widely accepted as a means of payment for goods and services by some retail and commercial outlets, and use of digital currencies by consumers to pay such retail and commercial outlets remains limited. Banks and other established financial institutions may refuse to process funds for digital currency transactions, process wire transfers to or from digital currency trading platforms, digital currency related companies or service providers, or maintain accounts for persons or entities transacting in digital currencies. Conversely, a significant portion of digital currency demand is generated by speculators and investors seeking to profit from the short- or long-term holding of digital currencies. A decrease in demand and use of digital currencies could adversely affect the value of investments. Other factors which could result in decreased usage and demand would include, but are not limited to: a) Increased competition such as from traditional payment networks, central bank digital currencies, a hard fork, or other blockchain technologies and; b) Increased transaction fees which may arise from clogged networks

#### **Attacks on the digital currency network risk**

Digital currency networks are periodically subject to distributed denial of service attacks to clog the list of transactions being tabulated by miners, which can slow the confirmation of authentic transactions. Another avenue of attack would be if a large number of miners were taken offline then it could take some time before the difficulty of the mining process algorithmically adjusts, which would stall block creation time and therefore transaction confirmation time. In the past these scenarios have not caused significant delays or resulted in any significant systemic issues. Attacks on the network can also occur through: a) Abuse of consensus with one or several parties gaining control of 51% of the consensus mechanism and b) An attack on the internet, as blockchains inherently rely on the internet to function and communicate.

#### **Lack of centralization and derivative price risk**

Bitcoin, Ether and other cryptocurrencies are often traded across multiple centralized and decentralized platforms. This may result in inconsistent pricing across the different venues, and potential manipulation at specific venues. In case a divergence emerges between the different venues, this may result in the Fund's indirect exposures trading at a premium or discount to other venues. Bitcoin futures, ether futures and other securities and/or derivatives and/or related securities such as options may also deviate from spot prices for the underlying digital assets.

#### **Increased regulation of digital currencies and digital asset risk**

The global regulation of digital currencies and digital assets continues to evolve and may restrict the use of digital currencies such as Bitcoin or otherwise impact the demand for digital currencies in the future. The U.S. Securities and Exchange Commission (the "SEC") and the Canadian Securities Administrators generally take the view that Bitcoin and other digital currencies are a commodity, however, they have not made a formal statement regarding its classification. The European Union, Russia and Japan have moved to treat Bitcoin like a currency for taxation purposes. Because the digital currency and digital asset markets are largely unregulated today, many marketplaces and OTC counterparties that trade or facilitate trading exclusively are not subject to registration or licensing with any financial services regulatory body and, therefore, are not directly subject to prescribed KYC, reporting and record keeping requirements which apply to financial services firms and other "reporting entities" under AML Regulation.

#### **Underlying blockchain technology risk**

Although the Bitcoin and Ether networks are the more established digital asset networks, the network and other cryptographic and algorithmic protocols governing the issuance of digital assets represent a new and rapidly evolving industry that is subject to a variety of factors that are difficult to evaluate. The cryptography underlying digital currencies and digital assets could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to take the fund's digital currency and digital assets, the functionality of the digital currencies' and digital asset's network may be negatively affected such that it is no longer attractive to users, a reduction in user confidence in the digital currency and digital asset and/or the demand may decrease all of which would adversely affect the value of investments.

#### **Development and innovation risk**

Contributors such as software developers and miners may not agree on the most appropriate means of maintaining and developing the digital currency and digital asset software. These disputes may adversely affect the supply and price of the digital currency and digital asset, which in turn may adversely affect the value of investments. Lack of development and innovation may lead to the blockchain not being competitive with other emerging blockchain technologies, unable to pivot to respond to new challenges or issues, unable to patch vulnerabilities or respond to hacks in a timely manner, and/or being unable to scale with increased demand. However, making changes to the blockchain technology can also introduce new vulnerabilities or bugs, which may cause critical problems.

#### **Improper transfers and key management risk by ETP custodians**

Bitcoin, Ether and other digital currency and digital asset transfers are irreversible. An improper transfer (whereby for example, Bitcoin is accidentally sent to the wrong recipient), whether accidental or resulting from theft, can only be undone by the receiver of the digital currency agreeing to send the digital currency back to the original sender in a separate subsequent transaction. To the extent the Fund and/or investments in an ETF erroneously transfers, whether accidental or otherwise, the digital currency in incorrect amounts or to the wrong recipients, the fund and/or ETF may be unable to recover the digital currency, which could adversely affect an investment in the ETF and/or Fund. The loss or destruction of certain "private keys" (numerical codes required by the fund and/or ETF to access its Bitcoin and/or other digital currencies and digital assets) could prevent the fund and/or ETF from accessing its digital currencies and digital assets. Loss of these private keys may be irreversible

and could result in the loss of all or substantially all of the Fund's and/or ETF's assets. The risks highlighted here are with reference to the custodians of the ETPs that the Fund may invest in as the Fund will not make direct investments into digital assets.

#### **Lack of insurance risk**

Neither the Fund and/or the ETF nor the custodian of the said ETF will maintain insurance against risk of loss of digital currencies and digital assets held by the Fund and/or the ETF, as such insurance is not currently available on economically reasonable terms. Currently, some of the digital currency and digital asset ETFs invested has digital currencies held by the sub-custodian offline in "cold storage". Digital currencies and digital assets held in cold storage are protected by the sub-custodian's security measures, which reflect best practices in the payment industry generally and in the digital currency and digital asset space in particular. The ETFs' digital currencies and digital assets may also be temporarily held online in a "hot wallet" by the ETP's sub-custodian.

#### **Limited history risk (for digital currencies and digital assets trading platforms)**

Digital currencies and digital assets generally are new technological innovations with a limited history. There is no assurance that usage of digital currencies and its blockchain will continue to grow. Increased volatility of digital currencies and digital assets and/or a reduction in its price could adversely affect the value of investments. Digital currency and digital asset trading platforms have a limited operating history. Since 2009, several digital currency trading platforms have been closed or experienced disruptions due to fraud, failure, security breaches or distributed denial of service attacks. In many of these instances, the customers of such trading platforms were not compensated or made whole for the partial or complete loss of funds held at such trading platforms. The potential for instability of these trading platforms and the closure or temporary shutdown of trading platforms due to fraud, business failure, hackers, distributed denial of service attacks or malware or government-mandated regulation may reduce confidence in digital currencies and digital assets, which may adversely affect the value of investments. Public digital currency and digital asset trading platforms have a limited history. The price of Bitcoin, Ether and other digital currencies and digital assets on trading platforms throughout the world has historically been extremely volatile and subject to influence by any number of factors including supply and demand, geo-political uncertainties, macroeconomic concerns such as inflation, speculative investor interest, and the level of liquidity on such exchanges.

#### **Digital asset trading platforms risk by ETP sponsor**

Centralized digital asset trading platforms (also known as centralized exchanges or CEX) are key infrastructure in the digital asset space. This is because the average user does not want the added complexities of managing their own wallet, funding it, and potential associated tax issues and cybersecurity risks. However, centralized exchanges are also a risk as they can be hacked. The hack may result in the loss of user funds and/or the closure or temporary closure of a trading platform. Centralized exchanges may also become insolvent, even if they are regulated, resulting in a loss of user funds. This in turn may reduce investor confidence in digital currencies and digital assets generally, which could affect the price of the digital currency and digital asset and in turn adversely affect the value of the investment. Finally, changes in regulation may also negatively impact digital asset trading platforms, causing them to have to make changes which could be negative for users, or at worst, cease operations in a given jurisdiction. The risks highlighted are with reference to the risk for sponsors or issuers of the ETPs that the Fund may invest in as the Fund will not make direct investments into digital assets.

#### **Condition of the ETF's Custodians and Sub-Custodians Risk**

If the ETF's custodian or sub-custodian becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the value of an investor's investment in the Fund may decline. The Fund may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. The Fund may obtain only limited recovery or may obtain no recovery in such circumstances.



### **No Direct Ownership Interest in Digital Assets**

An investment in the Fund may not constitute a direct investment in the Digital Assets, cash and cash equivalents included in an ETP and/or ETF's portfolio or the portfolio of the ETP and/or ETF's underlying funds directly, as applicable. The Fund may not directly own the Digital Assets or cash, or cash equivalents held by an ETF and/or its underlying funds, as applicable.

### **Unforeseeable Risks**

The Digital Assets have gained commercial acceptance only within recent years and, as a result, there is little data on their long-term investment potential. Additionally, due to the rapidly evolving nature of the digital asset market, including advancements in the underlying technology, changes to the Digital Assets may expose investors in the ETPs and/or the underlying funds, instruments and securities, as applicable, to additional risks which are impossible to predict as of the date of this document. This uncertainty makes an investment in the Fund extremely risky.

## **4.4 Risk Management Strategy and Technique**

The Manager's investment and portfolio related risk management philosophy is based on: (1) combining both discretionary traders and quantitative analysts in active risk management, (2) the belief that risk reduction through lowering of gross exposure is often the optimal risk management action, rather than increasing hedging and increasing gross exposures during risk off periods in markets and (3) during loss making periods for the Fund, the optimal risk management decision is often, although not always, to reduce gross exposure or risk reduction. The Manager employs a performance and correlation system that enables the Manager to review the performance of the Fund. Quantitative tools may be used to assess risk using a market-risk management platform that measures risk exposures across multiple asset classes globally. When deemed appropriate by the Manager, risk reduction strategies may be employed for individual stock exposures, asset class and strategy exposures, sectors exposures, country exposures, risk premia factor exposures and overall Fund level exposures. The Manager seeks to mitigate the identified risks associated with the Fund by imposing internal controls, compliance monitoring, and by virtue of its experience, skills, governance and diligence. In the day to day management of the Fund, the Manager employs a proactive risk management approach to manage both investment related risks and operational risks. The board of directors of the Manager has oversight over risk management to ensure that the risk management process is in place and functioning. The Manager has established policies and procedures with respect to internal controls, systems and potential conflicts of interests to reduce risks that may affect the performance of the Fund, returns of the Fund and/or the interest of Unit Holders.

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## CHAPTER 5    FEES, CHARGES AND EXPENSES

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There are fees and charges involved and you are advised to consider them before investing in the Fund.

You should be aware that all fees, charges and expenses referred to or quoted in this Information Memorandum (including any supplemental information memorandum) are referred to or quoted as being exclusive of any tax. We (including the Trustee and other service providers) will charge the applicable tax (if any) on the fees, charges and expenses in accordance with the relevant laws. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in this Information Memorandum and/or any relevant document shown to you. We have the discretion to amend the amount, rate and/or terms and conditions for the fees, charges and expenses from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you or seek your approval on the amendments to the fees and charges.

All fees and expenses of the Fund will generally be apportioned to each Class currently available for sale based on the multi-class ratio except for the Management Fee and those that are related to the specific Class only, such as, the cost of commencing a Unit Holders meeting held for the respective Class.

### **Fees and charges that you may directly incur when you purchase or redeem Units of the Fund:**

#### **5.1    Sales Charge**

USD Class	RM Class
Up to 5.00% of the NAV per Unit.	Up to 5.00% of the NAV per Unit.

The Manager reserves the right to waive or reduce the sales charge at its absolute discretion. All sales charge will be rounded down to two (2) decimal places and will be retained by the Manager.

#### **5.2    Withdrawal Charge**

Nil

#### **5.3    Switching Fee**

Not applicable.

#### **5.4    Transfer Fee**

Not applicable.

#### **5.5    Other Charges**

All charges, for instance bank charges (including, but not limited to Financial Process Exchange (“FPX”) and direct debit), telegraphic transfer charges and courier charges in connection with the execution of transactions on your behalf will be borne by you.

**Fees and expenses that you may indirectly incur when you invest in the Fund.**

**5.6 Management Fee**

2% per annum of the NAV of each Class of the Fund.

Please refer to Section 6.2 for an illustration on how the Management Fee is calculated and charged.

**5.7 Trustee Fee**

Up to 0.05% per annum of the NAV of the Fund (excluding foreign custodian fees and charges) subject to a minimum fee of RM 5,000 per annum for the 1st year and subsequently RM 8,000 per annum for the 2nd year onwards, whichever is higher.

Please note that the example below is for illustration only:

Assuming that the NAV of the Fund is USD 100 million for the Valuation Day, the monthly trustee fee that would be charged to the Fund would be:

USD 100,000,000 x 0.05%	x 30 days =	USD 4,109.59 per month
365 days		

The trustee fee is calculated daily and payable to the Trustee on a monthly basis.

**5.8 Fund Expenses**

Only fees and expenses that are directly related and necessary to the operation and administration of the Fund may be charged to the Fund, which include but are not limited to the following:

- commissions or fees including but not limited to soft dollar related expenses paid to brokers or dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- taxes and other duties charged on the Fund by the government and/or other authorities;
- costs, fees and expenses properly incurred by the auditor of the Fund;
- costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign assets of the Fund;
- expenses and charges incurred in connection with the printing and postage for the annual or quarterly report, tax certificates and other services associated with the administration of the Fund;
- costs, fees and expenses incurred by the registrar and transfer agency in relation to the Fund;
- costs, fees and expenses incurred for the fund valuation, accounting and tax related matters of the Fund; and
- any other fees and expenses permitted by the Deed.

## **5.9 Rebates and Soft Commission**

The Manager, its delegate, the Trustee or the Trustee's delegate will not retain any rebate from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the Fund's assets. Any rebate or shared commission will be directed to the account of the Fund.

However, soft commissions may be retained by the Manager if:

- (i) the goods and services are of demonstrable benefit to Unit Holders and in the form of research and advisory services that assist in the decision making process relating to the Fund's investments; and
- (ii) any dealing by the broker or dealer is executed on terms which are the most favourable for the Fund.

**The Manager may, for any reason and at any time, reduce or waive the amount of any fees (except for the trustee fee) or other charges payable by the Unit Holder in respect of the Fund, either generally (for all Unit Holders) or specifically (for any particular Unit Holder) and for any period of time at its absolute discretion.**

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**CHAPTER 6    PRICING OF UNITS**

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**6.1    Pricing Policy**

Single Pricing Regime with Series Accounting

We adopt a **single pricing regime or at the discretion of the Manager**, in calculating your investments into the Fund and redemption of Units. This means that all purchases and redemptions are transacted on a single price (i.e. NAV per Unit). You would therefore purchase and redeem Units at NAV per Unit. The selling price per Unit and redemption price per Unit are based on forward pricing.

Selling Price of Units

The selling price of a Unit of the Class of the Fund is the NAV per Unit at the next Valuation Point after the purchase application is received by us (forward pricing). The sales charge applicable to the particular Class is payable by you in addition to the selling price for the Units purchased.

Calculation of Selling Price

**Illustration – Sale of Units**

If you wish to invest USD 10,000.00 in the USD Class before 1:00 p.m. on any Business Day, and if the sales charge is 5.00% of the NAV per Unit, the total amount to be paid by you and the number of Units issued to you will be as follows:

Sales charge incurred	=	Investment amount	x Sales Charge (%)
		1 + sales charge (%)	
	=	USD 10,000.00	x 5.00%
		1 + 5.00%	
	=	USD 476.19	
Net investment amount	=	Investment amount – Sales Charge	
	=	USD 10,000.00 – USD 476.19	
	=	USD 9,523.81	
Units credited to investor	=	Net investment amount / NAV per Unit	
	=	USD 9,523.81 / USD 0.5000	
	=	19,047.62 Units	

For the avoidance of doubt, the sales charge will be rounded down to two decimal places.

**You are advised not to make payment in cash when purchasing Units of the Fund via any individual agent.**

Redemption Price of Units

The redemption price of a Unit of a Class of the Fund is the NAV per Unit at the next Valuation Point after the redemption request is received by us (forward pricing).

## 6.2 Computation of NAV and NAV per Unit for each Class

### *Illustration on computation of NAV and NAV per Unit of a Class for a particular Business Day:*

\*Multi class ratio (“MCR”) is apportioned based on the size of the Class relative to the whole Fund which is the apportionment of the NAV of each Class over the Fund’s NAV based on the size of each Class. The MCR is calculated by dividing the NAV (in USD) of the respective Class by the NAV of the Fund before income and expenses for the day. The apportionment is expressed as a ratio and calculated as a percentage.

	<b>Fund (USD)</b>	<b>USD Class (USD)</b>	<b>RM Class (USD)</b>
NAV of the Fund before income and expenses	185,942,897	173,342,897	12,600,000
Multi-class ratio*	100%	93.22%	6.78%
Add: Income	30,000	27,966	2,034
Less: Expenses	(10,000)	(9,322)	(678)
NAV of the Fund (before deduction of management fee and trustee fee)	185,963,797	173,361,541	12,602,256
Less: Management Fee	<b>2% per annum</b> 3,719,275/365 days = (10,189.80)	3,467,108.16/365 days = (9,498.93)	252,166.84/365 days = (690.87)
Less: Trustee Fee	<b>0.05% per annum</b> 92,981.90/365 days = (254.74)	86,677.73/365 days = (237.47)	6,304.17/365 days = (17.27)
NAV of the Fund	185,953,352.46	173,345,715.16	12,607,637.29
Number of Units in Circulation	500,000,000	326,270,000 Units 350,000,000	23,730,000 Units 150,000,000
NAV per Unit		<b>USD0.4953</b>	0.0840 x 4.20 (RM/USD) Currency Exchange Rate <b>RM0.3530</b>

**Note:** *The Manager's rounding policy is four (4) decimal points for the purposes of publication of the NAV per Unit. However, the rounding policy will not apply when calculating the sales charge and withdrawal charge payable by investors.*

## **7.1 Manager**

### Background and Experience

Cross Light Capital Sdn. Bhd. (“CLC”) is a licensed fund manager under the Capital Markets & Services Act 2007.

CLC is a fund management company focused on delivering superior risk adjusted absolute returns. The company manages alternative investment strategies for a client base of sophisticated investors. CLC’s investment philosophy is that applying real world discretionary trading strategies to the rigor of a quantitative process can significantly improve risk adjusted returns; we believe that data-driven insights, scientific testing, and disciplined portfolio construction techniques can add significant value to the investment process. CLC’s investment focus is on delivering absolute returns free from benchmarks which may differ from traditional fund managers who focus on outperforming a particular benchmark. Moreover, CLC’s investment strategies may use both long and short exposures across global asset classes with a disciplined risk management approach and prudent use of leverage. CLC’s core values are to act at all times in the best interest of its client investors by pursuing excellence in all aspects through integrity, teamwork and strong alignment of interests.

CLC is led by Jason Lee CFA who is a hedge fund manager with over 25 years of investment and trading experience with GIC Private Limited, formerly known as Government of Singapore Investment Corporation, (sovereign wealth) in Singapore and London, Oxburgh Partners (equity long short) in London and J Safra Sarasin group (Swiss based private bank and fund manager) in London.

CLC’s investment edge is derived from a hybrid approach between “human” and “machine” where real world investment experience and trading strategies are combined with quantitative insights extracted from big data applying state-of-the-art artificial intelligence and machine learning techniques. CLC believes that there is no “silver bullet” or “miracle algorithm” but a diversified system with smaller incremental “wins” that together can lead to superior risk adjusted returns.

In terms of risk management philosophy, CLC believes risk management is enhanced by combining discretionary traders and quantitative analysts in active risk management and that risk reduction through lowering of gross exposure is often the optimal risk management action, rather than increasing hedging and increasing gross exposures during risk off periods in markets.

### Duties and Responsibilities of the Manager

The Manager is responsible for the operation and administration of the Fund, investment management and marketing of the Fund, servicing Unit Holders’ needs, keeping proper administration records of Unit Holders and accounting records of the Fund, ensuring that the Units are correctly priced, ensuring compliance with stringent internal procedures and guidelines of relevant authorities and relevant laws.

### Designated Fund Manager for the Fund

#### **Jason Lee CFA**

Jason Lee CFA is the designated fund manager for the Fund. Mr Lee is a hedge fund manager with over 25 years of investment and trading experience with GIC Private Limited, formerly known as Government of Singapore Investment Corporation, (sovereign wealth) in Singapore and London,



Oxburgh Partners (equity long short) in London and J Safra Sarasin group (Swiss based private bank and fund manager) in London. His experience includes long short equity investment track record and risk management of absolute return strategies including the use of leverage. Mr Lee has 20 years of investment and trading experience and a 10 year fully audited investment track record managing absolute return mandates.

Mr Lee is a Capital Market Services Representative License holder.

## **7.2 Trustee**

### Background and Experience of the Trustee

MTrustee Berhad was incorporated under the laws of Malaysia and registered as a trust company under the Trust Companies Act 1949. MTrustee is supervised by the Companies Commission of Malaysia in respect of the administration, by the SC in respect of the services rendered and by Bank Negara Malaysia in respect of Anti-Money Laundering and Counter Financing of Terrorism matters.

### Duties and Responsibilities of the Trustee

The Trustee's main role and responsibility is to act as trustee to safeguard the interests of the Unit Holders, in accordance with the provisions of the Deed, CMSA, SC's guidelines and other relevant laws and also act as custodian by holding the assets of the Fund in favour of the Unit Holders.

Among other things, the Trustee is required to:-

- monitor the administration of the Fund by the Manager to ensure that it is in accordance with the Deed, SC's guidelines, CMSA and securities law;
- ensure that proper records are kept for all transactions, distribution, interests and income received and distributed in respect of the Fund;
- require the Manager to keep it fully informed as to the details of the Manager's policies on investments and changes thereof;
- ensure that the accounts be audited at least annually and that the Manager forwards to Unit Holders a copy of those accounts within two (2) months from the end of the financial year;
- be responsible for the collection and periodical distribution of income earned from the investment portfolio to the Unit Holders (subject to such duty being delegated to the Manager); and
- report to the SC if it considers that the Manager has not acted in the Unit Holders' interests or in accordance with the provisions of the Deed or has not complied with the Guidelines.

### Trustee's Statement of Responsibility

MTrustee Berhad has been appointed as the trustee of the Fund. The Trustee will act as trustee and custodian of the assets of the Fund and safeguard the interests of the Unit Holders. In performing its duties, the Trustee shall exercise all due care and vigilance in conducting its functions and duties in accordance with the provisions of the Deed, Guidelines, CMSA and other relevant laws. The Trustee is also responsible to ensure that the Manager performs its duties in accordance with the Deed, Guidelines and CMSA.

### Trustee's Delegate (custodian)

The Trustee has delegated Interactive Brokers LLC ("IB") as the custodian of the assets of the Fund. IB acts as an agency only, offering its clients direct market access broker that provides execution, clearance, settlement and prime brokerage for customers. Their business encompasses securities and commodities brokerage and they do not engage in proprietary trading. As a registered Futures

Commission Merchant ("FCM"), IB is subject to the Commodity Exchange Act and rules promulgated by the Commodity Futures Trading Commission ("CFTC"), the National Futures Association ("NFA") and the various commodity exchanges of which they are members. As a registered U.S. broker dealer, IB is also subject to the rules and regulations of the Securities Exchange Act of 1934 (the "Exchange Act") and other rules promulgated by the Securities and Exchange Commission ("SEC"), the Financial Industry Regulatory Authority ("FINRA") and the rules of various securities exchanges of which they are members.

All investments of the Fund are registered in the name of the trustee for the Fund, or where the custodial function is delegated, in the name of the custodian, to the order of the trustee for the Fund. As custodian, IB shall act only in accordance with instructions from the Trustee.

**PLEASE BE ADVISED THAT IF YOU INVEST IN UNITS THROUGH AN INSTITUTIONAL UNIT TRUST SCHEME ADVISER (“IUTA”) WHICH ADOPTS THE NOMINEE SYSTEM OF OWNERSHIP, YOU WOULD NOT BE CONSIDERED TO BE A UNIT HOLDER UNDER THE DEED AND YOU MAY CONSEQUENTLY NOT HAVE ALL THE RIGHTS ORDINARILY EXERCISABLE BY A UNIT HOLDER (FOR EXAMPLE, THE RIGHT TO CALL FOR A UNIT HOLDERS’ MEETING AND TO VOTE THEREAT AND THE RIGHT TO HAVE YOUR PARTICULARS APPEARING IN THE REGISTER OF UNIT HOLDERS OF THE FUND).**

### **8.1     Rights of the Unit Holders**

A Unit Holder has the right, amongst others:

- (a) to participate in any increase in the value of the Units;
- (b) to call for Unit Holders’ meetings, and to vote for the removal of the Manager or the Trustee through Special Resolution;
- (c) to receive annual and quarterly reports of the Fund; and
- (d) to enjoy such other rights and privileges as set out in the Deed.

No Unit Holder shall be entitled to require the transfer to him of any of the Fund’s assets or be entitled to interfere with or question the exercise by the Trustee, or the Manager on the Trustee’s behalf, of the rights of the Trustee as the registered owner of such assets.

### **8.2     Liabilities of Unit Holders**

No Unit Holder shall be liable for any amount in excess of the purchase price paid for the Units as determined in accordance to the Deed at the time the Units were purchased and any charges payable in relation thereto.

A Unit Holder shall not be under any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the Fund’s assets, and any right of indemnity of the Manager and/or the Trustee pursuant to this clause shall be limited to recourse to the Fund.

### **8.3     Termination of the Fund or of a Class**

The Fund or a Class, as the case may be, may be terminated should a Special Resolution be passed at a Unit Holders’ meeting of the Fund or a Class, as the case may be, to terminate the Fund or a Class, as the case may be.

Notwithstanding the aforesaid, the Manager may, in its absolute discretion and without having to obtain the prior approval of the Unit Holders, terminate the trust and wind up the Fund or a Class, as the case may be, upon the occurrence of any of the following events:

- (a) if any new law shall be passed which renders it illegal; or
- (b) the Manager and the Trustee agree that it is no longer economical for the Manager to continue managing the Fund or a Class, as the case may be, and the termination of the Fund or a Class, as the case may be, is in the best interest of the Unit Holders.

If the Fund is left with no Unit Holder, the Manager shall also be entitled to terminate the Fund.

#### **8.4 Power to call for a Meeting by Unit Holders**

A Unit Holders' meeting may be called by the Manager, Trustee and/or Unit Holders. Any such meeting must be convened in accordance with the Deed.

The Unit Holders may direct the Manager to summon a meeting for any purpose including, without limitation, for the purpose of:

- (a) requiring the retirement or removal of the Manager;
- (b) requiring the retirement or removal of the Trustee;
- (c) considering the most recent financial statements of the Fund;
- (d) giving to the Trustee such directions as the meeting thinks proper; or
- (e) considering any matter in relation to the Deed,

provided always that the Manager shall not be obliged to summon such a meeting unless a direction has been received from not less than fifty (50) or one-tenth (1/10), whichever is less, of all the Unit Holders.

Every question arising at any Unit Holders' meeting shall be decided in the first instance by a show of hands unless a poll is demanded or, if it be a question which under the Deed requires a Special Resolution a poll shall be taken. On a voting by show of hands every Unit Holder who is present in person or by proxy shall have one (1) vote.

The quorum required for a meeting of the Unit Holders of the Fund or a Class, as the case may be, shall be five (5) Unit Holders, whether present in person or by proxy; however, if the Fund or a Class, as the case may be, has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund or a Class, as the case may be, shall be two (2) Unit Holders, whether present in person or by proxy. If the meeting has been convened for the purpose of voting on a Special Resolution, the Unit Holders present in person or by proxy must hold in aggregate at least twenty-five per cent (25%) of the Units in circulation of the Fund or a Class, as the case may be, at the time of the meeting. If the Fund or a Class, as the case may be, has only one (1) remaining Unit Holder, such Unit Holder, whether present in person or by proxy, shall constitute the quorum required for a meeting of the Unit Holders of the Fund or a Class, as the case may be.