

# MAGNETCAPITAL

## Magnet Voyager Trust Information Memorandum

April 2024

Nine One Three Investments Pty Ltd

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## Issuer

This Information Memorandum has been prepared by Nine One Three Investments Pty Ltd (ACN 621 324 534, CAR 001283936 of AFSL No 238198) (Investment Manager, Nine One Three Investments, we or us) in its capacity as the Investment Manager of the Magnet Voyager Trust (the Trust).

Nine One Three Investments is a wholly owned subsidiary of Magnet Capital Pty Ltd.

This Information Memorandum relates to the offering of units in the Trust (Units). Units are issued by Chapter Zero Holdings Pty Ltd (ABN:73 627 710 409, CAR 001283935 of AFSL No 238198 (Trustee).

## Structure and authorisation

The Trust is structured as an Australian wholesale (unregistered) unit trust and is a managed investment scheme for the purposes of the Corporations Act 2001 (Cth) (Corporations Act).

The Trustee has appointed Lanterne Fund Services Pty Ltd (ACN 098 472 587, AFSL No 238198) (Lanterne) as its agent for the purposes of arranging for the Trustee to issue, vary or dispose of Units in the Trust pursuant to section 911A(2)(b) of the Corporations Act. The Trustee may only issue, vary or dispose of such Units in accordance with Lanterne's offers, provided they are accepted.

The Trustee is an authorised representative of Lanterne and is authorised to provide financial product advice about Units, deal in the assets of the Trust and provide a custodial or depository service in connection with the Trust to wholesale clients only.

Nine One Three Investments is also a corporate authorised representative (Authorised Representative No. 001283936) of Lanterne and is authorised to provide financial product advice and dealing services in connection with the Trust to wholesale clients only.

## No guarantee

This Information Memorandum has been prepared with the best intentions and to the best knowledge of the Investment Manager.

Investors should consider all the key risks outlined below. An investment in the Trust does not represent a deposit with the Trustee or the Investment Manager. Nor does it represent liability. Investments are subject to risks including possible delays in repayment and loss of income and capital invested.

Past performance is not indicative of future performance and neither the Trustee nor the Investment Manager guarantees the performance of the Trust, the repayment of capital or any particular rate of return.

Certain information contained in this Information Memorandum constitutes forward-looking statements, which can be identified by the use of forward-looking terminology such as "may", "will", "should", "could" or "might" or comparable terminology. Due to various risks and uncertainties, including but not limited to, those set out in section 7, actual events or results or the actual performance of the Trust may differ materially from those reflected or contemplated in such forward-looking statements.

Neither the Trustee, the Investment Manager nor their directors give any warranty as to the accuracy, reliability or completeness of information which is contained in this Information Memorandum. To the maximum extent permitted by law, neither the Trustee, the Investment Manager nor their directors accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this Information Memorandum or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this Information Memorandum or any other person.

## No liability

The Investment Manager has prepared this Information Memorandum based on information available to it at the time of preparation and from sources believed to be reliable. The Investment Manager does not make any representation that it has verified the information. No representation or warranty is made as to the fairness,

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accuracy or completeness of the information, opinions and conclusions contained in this Information Memorandum or any other information the Investment Manager otherwise provides to you.

To the maximum extent permitted by law, neither the Trustee nor the Investment Manager or any of their officers, employees and advisors are liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on this Information Memorandum or otherwise in connection with it.

## General information only

In preparing and formulating the Trust's investment objectives and strategy, the Investment Manager has not considered any individual investor's financial objectives, investment strategy, financial situation or particular needs.

Before any decision to commit capital to invest in the Trust, each prospective investor should consult their own professional advisers as to the legal, tax, financial or other matters which may be relevant to the suitability and propriety of an investment in the Trust for them individually.

## Restrictions on distribution

This Information Memorandum (including any copy of it) may not be distributed, directly or indirectly, in any place where it is unlawful to do so.

It may only be used outside Australia with the Investment Manager's consent.

## Confidential

This Information Memorandum is confidential and has been provided to recipients for their sole and exclusive use in determining if they wish to invest in the Trust. It may not be used for any other purpose or provided to any other person other than, on a confidential basis, to such recipient's officers, employees and advisers.

## Solely for wholesale clients

This Information Memorandum is intended only for wholesale clients (as defined under sections 761G and 761GA of the Corporations Act).

It is provided to you as a person to whom an offer of the Units would not require a disclosure document under Part 7.9 of the Corporations Act because you are a wholesale client. If you are not a wholesale client, please do not read this Information Memorandum and return it immediately to the Investment Manager.

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# 1 Key Information

The table below sets out some of the key information and investor requirements of the Trust. All prospective investors should read and consider all the information presented in this Information Memorandum prior to making a decision to invest in the Trust.

Key Information	
Trust Name	Magnet Voyager Trust
Trust Description	<p>The Trust invests solely in one crypto asset, Ether (ETH), which is the native asset of the Ethereum blockchain.</p> <p>The Trust provides wholesale investors with exposure to Ether.</p> <p>Ether purchases will be physically settled.</p> <p>Lending of Ether may occur through staking activities, which are intended to earn a return for the Trust. The Trust has been constructed to provide investors with exposure to Ether as part of their investment portfolio.</p>
Investment Vehicle	Magnet Voyager Trust (the Trust)
Investment Structure	The Trust is an unregistered wholesale Australian resident unit trust
Investment Asset	<p>Ether only - for more information see section 2.5</p> <p>Up to 100% of the Ether held in the portfolio may be used for staking with a view to earning income for the Trust.</p> <p>Up to 5% of the portfolio's assets may be held in Australian dollars (A\$) and United States dollars (US\$) cash (typically to ensure ongoing expenses can be met without incurring a taxable event by selling assets to pay for fees).</p>
Authorising Licensee	Lanterne Fund Services Pty Limited (ACN - 098 472 587) AFSL – 238198
Trustee	Chapter Zero Holdings Pty Ltd ABN: 73 627 710 409 (the Trustee)  CAR: 001283935
Investment Manager	Nine One Three Investments Pty Ltd (ABN: 85 644 272 533)  CAR: 001283936
Custodian	An independent external third party custodian has been appointed to manage the non-staking Assets. See section 8.

Minimum Initial Investment per investor	A\$100,000 or the equivalent in assets subject to the Trustee's discretion
Initial Unit Issue price	A\$1.0000
Initial Issue Date	25 February 2021
Recommended minimum investment period	5 years
Minimum Investment Period	There is NO minimum investment Period.
Distributions	Annual distribution.
Management Fee	<p>The Investment Manager is entitled to a Management Fee of <b>1.36% excl GST p.a.</b> of the Net Asset Value of the Trust, calculated daily and payable monthly in arrears.</p> <p>The Management Fee will be inclusive of the following costs amongst other one off costs:</p> <ul style="list-style-type: none"> <li>• Custodianship</li> <li>• Trust Accounting</li> <li>• End of financial year statement preparation</li> <li>• Monthly Trust reporting</li> <li>• Brokerage fees associated with the purchasing and selling of Ether</li> <li>• Preparation of Trust financial accounts</li> <li>• Legal Expenses</li> </ul>
Performance Fee	There is NO investment performance fee (0%)
Early Redemption Fee	There is NO early redemption fee.
Entry / Exit Fees	<p>There is NO entry fee.</p> <p>There is NO exit fee.</p>
Trust Expenses	The Investment Manager will bear all expenses incurred in the management of the assets out of the Management Fee. To the extent that expenses exceed the Management Fee that is paid to the Investment Manager out of the Fund's assets, the Investment Manager will cover the expenses from its own resources.

<b>Buy / Sell Unit Price spread</b>	<p>A buy and sell spread of 25 basis points (0.25%) is applied at the time of application and redemption of Units.</p> <p>This spread covers transaction costs associated with entry into and exit from the Ether market arising from applications and redemptions (including foreign currency exchange costs, applicable brokerage, duty and additional costs).</p>
<b>Key Investment Risks</b>	For a summary of Key Investment Risks please refer to section 7.
<b>How to Apply</b>	<p>Applications submitted by the Application Deadline will be accepted or declined by the Trustee prior to Issue Price Calculation.</p> <p>Only wholesale clients as provided for in the Corporations Act may apply for Units in the Trust. Investors who are relying on their gross income or net assets to satisfy the wholesale client test should attach a completed Accountant's Certificate, provided with this Information Memorandum, to their Application Form.</p>
<b>GST</b>	All amounts referred to in this document are inclusive of GST. See section 11.6.

<b>Key Dates</b>	
<b>Asset Valuation</b>	<p>Valuation of the assets of the Trust will occur at 1200 (Sydney time) on the first business day of every month for the purposes of reporting.</p> <p>The value of the Trust's assets may be determined more frequently, including more than once on each day.</p>

<b>Applications – Processed Daily (on business days)</b>	
<b>Issue Price Calculation</b>	The issue price of Units will be calculated at 1200 (Sydney time) every business day of every week.
<b>Application Deadline</b>	<p>Where a completed application (both a completed application form and payment in cleared funds received) has been received before 1700 (Sydney time) on a business day, it will be processed on the next business day.</p> <p>A completed application received after the Application Deadline on a business day will be processed on the second business day following receipt.</p>
<b>Unitholder Certificates</b>	Unitholder Certificates will typically be issued within 7 days of the issue of Units.



Redemptions – Weekly	
Redemption Price Calculation	Redemption Price Calculation commences at 1200 (Sydney time) on the first business day of every week.
Redemption Deadline	3 business days <b>before</b> the first business day of the next week (typically Wednesday of the preceding week).
Redemption Certificate	Redemption Certificates will typically be issued within 7 days of the processing of the redemption.
Redemption Payment	Redemptions will typically be processed 10 business days after the Redemption Price Calculation and the redemption proceeds will typically be paid to the Unitholder's nominated bank account within 15 business days of processing.

## 2 Investment Objective and Strategy

### 2.1 Magnet Voyager Trust

The Trust has been established for the sole purpose of providing wholesale investors with an opportunity to obtain exposure to Ether as part of their investment portfolio through a familiar investment vehicle (unit trust).

The Trust aims to be close to fully invested in Ether (with up to 5% of assets held in cash to ensure sufficient liquidity).

### 2.2 Objective

The objective of the Trust is to provide a fast, easy and secure exposure to physical Ether to Australian wholesale investors. Since launching in 2015, Ethereum has maintained the top spot amongst all decentralised smart contract protocols by the value secured on the protocol, by the number of users that interact with contracts and by the number of applications leveraging a base layer protocol. The Investment Manager believes that Etheruem is and will continue to be the protocol of choice for a new age global of decentralised, public blockchain applications.

Despite being positioned as the protocol that underpins decentralised applications of the future, as is the case with most crypto assets there are challenges that don't exist when managing traditional assets. For investors, the barriers to entry for buying, securely storing and managing Ether can be extremely high. The Trust strives to provide wholesale investors that wish to include Ether as part of their investment portfolio with simple access through a familiar investment vehicle, an Australian unit trust.

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Returns are not guaranteed and the Trust's objective does not take into account the investor's tax position or the impact of fees on returns. Ether should be considered an opportunistic investment in what is currently the world's leading decentralised smart contract protocol. Such protocols are underpinned by the highly disruptive technology, blockchain, which can improve the efficiencies of many existing industries by overcoming the burden of required intermediaries.

Some further information about Ethereum is set out below.

### **2.2.1 Ethereum**

Ethereum is a decentralised blockchain that was launched to build further functionality to the already existing early crypto assets, such as Bitcoin, that focused on being 'simple' ledger systems/transaction networks.

Ethereum's core piece of innovation was the addition of Turing completeness which provides the ability to implement sophisticated logic, often referred to as smart contracts.

Ethereum was first proposed in 2013 by Vitalik Buterin, who astonishingly at the time was only 19. According to Buterin, his vision for Ethereum was to further the innovation of Bitcoin (created by Satoshi Nakamoto) and develop a decentralised protocol that could eliminate the need for reliance on centralised web services.

In 2014, Buterin received a grant from the Thiel Foundation to develop Ethereum which subsequently launched its base blockchain design with smart contract capabilities on July 30, 2015.

Today, Ethereum is the second largest crypto asset behind Bitcoin, a position it has largely maintained since 2015. The reason for this is that Ethereum has been the ecosystem's dominant base layer for the blockchain applications, protocols and users. It hosts thousands of smart contracts and settles tens of billions of dollars daily.

Whilst the Ethereum blockchain can conduct all of the same activities that Bitcoin can (i.e. value exchange), the distinguishing feature of Ethereum is its ability to host complex protocols and applications on top of it. This allows these protocols and applications to leverage the benefits of Ethereum such as its decentralisation, security, architecture and network effects whilst overcoming the need to develop their own blockchain.

Simply put, Ethereum has provided protocols and applications with a platform to host their services much like the internet did for web services (as opposed to individually hosted intranets). The other core benefit is to the users, who rather than managing value across different wallets and applications, can much more fluidly transfer their value throughout the Ethereum ecosystem.

Whilst many of the applications are in their primitive early stages, the desired outcome is for Ethereum to be the platform of choice when launching a decentralised protocol, company or application. These businesses are direct disruptors to many of the monopolistic, centralised and inefficient giants we know and use today.

## 2.3 Investment Strategy

The strategy of the Trust is to buy and hold a portfolio of Ether (ETH). The portfolio will not be traded and any buying and selling of Ether will be primarily as a result of new investments in or redemptions from the Trust.

It is the intention of the Trust to be close to fully invested in Ether. However, the Trust may hold up to 5% in cash for liquidity purposes at the Investment Manager's discretion.

### 2.3.1 Exposure To Physical Assets

The Trust provides wholesale investors with a long only exposure to Ether and, its purchases are physically settled, and there will be no leverage in the Trust.

### 2.3.2 ETHER FUTURES, OPTIONS AND DERIVATIVES

The Trustee is not permitted to enter into any Ether futures, options or derivative contracts.

### 2.3.3 Lending

The Trustee may allow staking of Ether from time to time.

As a Proof of Stake (POS) blockchain, Ether can be staked into the network to help secure the blockchain and validate transactions. This involves the use of tokens being lent to validators to add data to the blockchain. For providing these services, stakers receive a yield on their assets staked, paid in kind (i.e. in ETH).

As the asset class develops the Investment Manager in its absolute discretion reserves the right to stake Ether by either running its own nodes and validators, entering into an agreement with a third party staking provider or using an on-chain solution that has a limited risk profile or is insured. The Investment Manager reserves the right to stake Ether as a form of accruing interest to generate a return for Unitholders.

The Investment Manager can allocate up to 100% of the assets of the Trust for staking purposes.

### 2.3.4 Forking Events

From time to time there may be an event where the existing Ether codebase is copied and changed to form a new token. This is known as a forking of the Ethereum blockchain. The only significant example of an Ethereum fork was Ethereum Classic (July 2015). When a forking occurs the existing Ether holders are generally issued new tokens in the new forked blockchain in the same proportion as their existing Ether holding. In the event of future significant forks of the Ethereum blockchain, the Trustee will likely be issued with new tokens in the same proportion as to the Trust's existing Ether holding.

Should a forking event occur the new token will be an asset of the Trust. The Investment Manager will assess the risk/return of claiming the new forked token and at its sole discretion the Trust may continue to hold and/or sell all or part of the new tokens. The proceeds from the sale of any new tokens will be invested in additional Ether for the Trust.

Any new tokens will be the property of the Trust and Unitholders will not have any claim over the tokens.

### **2.3.5 Catastrophic Events**

Only under extreme catastrophic events or closure of the Trust, the Trustee reserves the right to convert Ether into cash. If cash is not available Unitholders will receive Ether in proportion to their holding of Units in the Trust. More details can be found under the Key Risks in section 7.

### **2.3.6 Ether Custody**

The Trustee has engaged a professional custodian to hold assets of the Trust. The custodian is insured and provides the highest levels of security available.

See section 8 for more details.

### **2.3.7 Bank Accounts**

The Trustee maintains an Australian dollar denominated bank account, primarily for the purpose of accepting application monies.

The Trust's primary bank account is in Australian dollars and held with a recognised Australian financial institution. The purpose of this account is primarily for liquidity purposes, the acquiring of Ether and/or the payment of fees.

It is the Investment Manager's intention for the Trust to be close to fully invested in Ether. However, the Trust may hold up to 5% in cash for liquidity purposes at the Investment Manager's discretion.

### **2.3.8 Currency Exposure**

The Investment Manager does not intend to hedge the foreign currency exposure of the Trust.

The primary Ether market is quoted against the US\$, accordingly, Unitholders that denominate Ether in US\$ will be exposed to movements in Ether/US\$ and the A\$/US\$ exchange rate. This could magnify returns or losses.

### **2.3.9 Ether Purchases And Sales**

The Investment Manager will establish Ether trading accounts with leading cryptocurrency trading companies to enable the purchase and sale of Ether on behalf of the Trust when required. The selection of these companies is at the discretion of the Investment Manager.

### **2.3.10 Asset Valuation**

At each month end the following process is followed to determine the value of the Trust's assets.

The ETH/A\$ price is obtained on the first Australian business day of the month at 1200 (Sydney time). Market practice is to obtain at least 3 publicly available market rates from leading liquidity providers and take the mean price.

It is the Investment Manager's current intention to use a combination of Binance, FTX, Independent Reserve and Kraken. The Investment Manager has the discretion to change these providers should it determine they are not appropriate in the future and/or if and when new liquidity providers who are considered suitable enter the market.

The ETH/A\$ price used will be the mean Ethereum price from the relevant providers. The determination of the close price will be conducted as follows:

- Observe the price from each exchange at the time of valuation
- Calculate the mean across the exchange prices

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The process above is common practice and there are service providers which automate this process in larger markets (e.g. US\$ pairs). The Investment Manager reserves the right to appoint a service provider to provide the final Ether price in A\$ once they exist.

## 2.4 Investments of the Trust

The types of investments the Trust undertakes will reflect the objective of the Trust and the investment strategy described above. The Trust will only invest in Ether and be able to hold cash for the purposes of acquiring Ether or paying fees.

## 2.5 Ethereum Classification

Ethereum is a single, canonical computer better often referred to as the Ethereum Virtual Machine (EVM). Ethereum has been designed to run on different programming languages for security and decentralisation purposes. Despite this, each language follows the same consensus and protocol rules that are updated continually through a voting and audit system called 'Ethereum Improvement Proposals' (EIPs). Currently, there are many Ethereum mainnet clients, the most popular of which is 'GETH' which is written in Go (<https://geth.ethereum.org/>).

Ethereum is currently undergoing an upgrade to Ethereum 2.0. The major change is in the consensus algorithm, which is a shift from Proof-of-Work (POW) to Proof-of-Stake (POS).

Ethereum is an open sourced development environment, anyone can 'fork' the codebase and create a parallel version of Ethereum as has been done in the past. This can create numerous 'versions' of Ethereum, such as Ethereum Classic.

For the Trust, Ethereum will be defined as the version that is most widely recognised by all community participants (developers, miners, exchanges, data providers, traders, custodians, asset managers) and defined as Ethereum and owner of the 'ETH' ticker.

Where community consensus is divided, the chain that holds the most sustained value, trade volume, hash power and adjusted on-chain transaction volume will be identified as the version of Ethereum that best represents the direction of the broader community.

If community consensus cannot be formed in the short term, applications and redemptions may be suspended until a consensus is reached.

The current codebase identified as the Ethereum can be found on Github (<https://github.com/ethereum>) and includes the Ethereum Genesis block generator ([https://github.com/ethereum/genesis\\_block\\_generator](https://github.com/ethereum/genesis_block_generator)).

### Genesis block Validation

<https://etherscan.io/block/0>

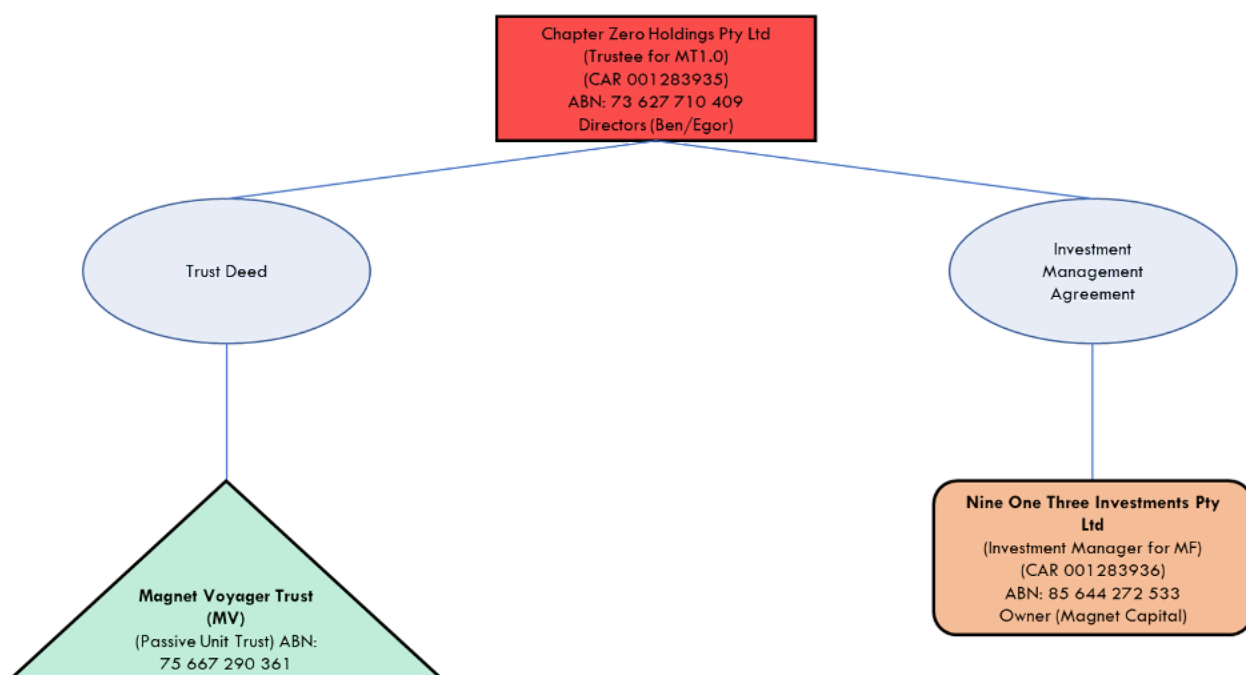
## 2.6 Investment Manager

Nine One Three Investments is wholly owned by Magnet Capital Pty Ltd (Magnet Capital). The Founders of both investment firms are Egor Sidelska and Benjamin Celermajer. Both Egor and Benjamin launched the first ever crypto managed fund in Australia in 2017 and a Bitcoin managed fund in Australia in 2020. Over the years, Magnet Capital has invested across a diverse range of crypto assets with varying degrees of complexity. Throughout the process, Benjamin and Egor have gained experience in managing a multi-million dollar portfolio on behalf of investors, catering specifically to the unique and complicated aspects of crypto asset investment. Since the launch of the first fund (2017), Magnet Capital has built global relationships with institutions to allow for seamless crypto asset transaction integration and execution.

## 2.7 Magnet Foundation Purpose

The Trust was designed to allow wholesale investors an easy and familiar way to obtain exposure to the Ethereum Blockchain's native asset Ether (ETH). The Investment Manager will manage acquisition, storage and custody on behalf of the Unitholders to provide a seamless way to build exposure to Ether. We will also provide monthly reporting and end of financial year statements.

## 2.8 Trust Structure



## 3 Investing

### 3.1 Minimum Investment

The minimum initial investment in the Trust is **A\$100,000**.

The minimum additional investment in the Trust is **A\$50,000**.

The Trustee has the discretion to accept initial and additional investments below these minimum amounts.

The Trustee has the discretion to raise or lower the minimum initial investment amount and the minimum additional investment amount.

### 3.2 Subscription eligibility

In respect of each initial and additional investment, a prospective investor must qualify as a wholesale client as defined by the Corporations Act. An investor will be treated as a wholesale client if they can demonstrate that they have earned at least A\$250,000 gross income annually for the previous two financial years or have at least A\$2.5 million in net assets, or if they invest at least A\$500,000 in the Trust. Investors who wish to rely on the gross income / net assets test must attach a completed Accountant's Certificate, included with this Information Memorandum, to their Application Form. An Accountant's Certificate must be 24 months old or less and simply state that the investing entity satisfies the minimum gross income or net assets test (as applicable), and in working this out, some aggregation is allowed. There are some other categories of wholesale client: if in doubt, seek advice.

The Trustee reserves the right to reject any application for Units. In the event that an application is rejected, or an Application Form is invalid or incomplete, any amount paid in respect of that application will be returned to the relevant investor.

### 3.3 Subscription process

If you wish to invest, please request an the Application Form from [applications@magnetcapital.com.au](mailto:applications@magnetcapital.com.au)

Where applications are submitted by the Application Deadline and accepted, a Unitholders Certificate will be issued within 7 days of the date of the Issue Price Calculation as defined under Key Dates.

**The completed Application Form must include the investment amount.**

Cleared funds must be received in the bank account by the Application Deadline prior to the next Issue Price Calculation date. In certain circumstances, non-cash consideration may be considered, such as other cryptocurrencies. Any Ether accepted as non-cash consideration will become an asset of the Trust. Crypto asset investments that are not Ether will be converted into Ether, then invested into the Trust.

Please note: Funds must be transferred from a bank account in the name of the applicant(s) as appears in the registration details on the Application Form. No payments from third party accounts will be permitted.

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The Trustee has the discretion to accept or reject (in whole or in part) any application received. By providing a completed Application Form and application, you are making an offer to become a Unitholder and you are agreeing to be legally bound by the terms of this Information Memorandum and the deed establishing the Trust dated 11 February 2021 (Trust Deed).

All electronic funds transfer (EFT) payments must be accompanied by a notification email to [applications@magnetcapital.com.au](mailto:applications@magnetcapital.com.au) or directly to either Director (Egor Sidelska, Benjamin Celermajer) in order to ensure that your account is properly credited.

You will receive confirmation from when your application is accepted, typically before the next upcoming Issue Price Calculation date.

Early applications are recommended to ensure the Application Deadline is met, as applications received after the Application Deadline may not be processed until the Issue Price Calculation date after the next Application Deadline. The Trustee will be entitled to receive any interest earned on unallocated application monies.

Relevant dates are set out in section 1.

### 3.4 Subsequent Additional Investments

Subsequent additional investments may be made by completing the Additional Investment Form (available from the Investment Manager) and submitting this as above.

Applications for additional investments will be processed in the same manner as applications from new investors – if the application is received by the Application Deadline and accepted, Units will be issued in the following week when the Issue Price Calculation occurs and a Unitholders Certificate will be issued for those Units.

### 3.5 Issue Price for Units in the Trust

The issue price of Units will be calculated in accordance with the Trust Deed and based on the Net Asset Value and the number of Units in the Trust on issue at the time of valuation, adjusted for the spread (if any). See section 5 for further detail about how the price of Units is calculated.

The issue price will be determined with reference to the most recently calculated Net Asset Value of the Trust as at the time when Units are issued.

### 3.6 No cooling-off rights

Unitholders are not entitled to cooling-off rights.



## 4 Redeeming Units

### 4.1 Minimum redemption amount

The minimum redemption amount is A\$25,000. A requested partial redemption which would cause a Unitholder's investment to fall below the minimum holding of A\$50,000 will not be permitted.

### 4.2 Redemption request process

Unitholders may request redemption of some or all of their Units, provided redemptions of Units in the Trust are not suspended and the Trust has not been terminated.

Redemption requests are to be emailed to [applications@magnetcapital.com.au](mailto:applications@magnetcapital.com.au) or directly to either Portfolio Manager (Egor Sidelska, Benjamin Celermajor). Redemption requests which are initially received by email and accepted by us will be processed. Redemption requests must be signed by the Unitholder or an authorised signatory of the Unitholder and must specify the investor number and amount to be redeemed (in Australian dollars or Units). Unitholders should note that redemption proceeds will only be paid into the original bank account in the name of the Unitholder from which the application monies were derived or, upon approval by the Investment Manager, to another account in the name of the Unitholder. Note that normal bank charges apply. Redemptions will be paid in Australian dollars.

### 4.3 Processing redemptions

The redemption price of Units will be calculated at 1200 (Sydney time) on the first business day of each week. Redemption requests must be received at least 3 business days prior to this day in order to be processed in that week (generally on Wednesday of the preceding week).

Redemptions will typically be processed 10 business days after the Redemption Price Calculation.

In the ordinary course of business, it is expected that proceeds from redemptions will be paid to the Unitholder's bank account within 15 business days after the redemption is processed. However, this may be delayed in certain circumstances in line with Restriction on Redemptions (below) and our risks in section 7.

### 4.4 Restriction on Redemptions

In certain situations, the Trustee may delay redemptions and/or the calculation of redemption prices of Units (for such period as it determines), including where:

- the redemptions would prejudice the Trust's or its compliance with any applicable law;
- there would be insufficient cash retained in the Trust after complying with a redemption request to meet other liabilities and in the Trustee's opinion, it is not in the best interests of Unitholders to process the redemption;

- sufficient Trust assets cannot be realised at an appropriate price or on adequate terms or otherwise due to one or more circumstances outside the Trustee's control;
- investments cannot be redeemed on our liquidity options due to one or more circumstances outside the Trustee's control;
- there have been, or the Trustee anticipates that there will be, redemption requests which will involve realising a significant amount of the Trust's assets and the Trustee considers that if those redemption requests are all satisfied immediately, Unitholders who continue to hold Units may bear a disproportionate burden of capital gains tax or other expenses; or
- the Trustee determines that it is not in the interests of the Unitholders.

## 4.5 Compulsory Redemptions

The Trustee may redeem your Units without you asking in limited circumstances, including:

- if you are in breach of your obligations to the Trustee;
- to satisfy any amount of money due to the Trustee (as trustee or in any other capacity) by you;
- to satisfy any amount of money the Trustee (as trustee or in any other capacity) owes to someone else relating to your investment (for example, to the tax office or fees);
- where the Trustee suspects that law prohibits you from legally being an investor in the Trust; or
- such other circumstances as the Trustee determines to be appropriate in our absolute discretion.

## 4.6 Redemption Price for Units

The redemption price of Units will be calculated in accordance with the Trust Deed and based on the Net Asset Value and the number of Units in the Trust on issue at the time of valuation, adjusted for the sell spread (if any).

The redemption price of Units will be determined with reference to the Net Asset Value of the Trust on the Redemption Date, outlined in more detail in section 5.

Relevant dates are set out in section 1.

# 5 Valuation and Unit Price Calculation

In determining the Net Asset Value of the Trust, the valuation policies and procedures outlined in the Trust Deed will be followed.

The transactions through which Ether is bought and sold for the Trust will be executed in A\$ where possible. Where it is not possible to purchase Ether in A\$, the Investment Manager will look to find liquidity in US\$ or other markets and then convert the US\$ value of the Ether purchased into A\$ for the purpose of valuation, referencing the global interbank exchange rate.

The value of Ether traded per day is over US\$1 billion in fiat currency markets, which gives us confidence on being able to execute large orders close to spot price.

We will purchase Ether from our global supply partners (globally recognised brokers) and the purchase price will track the live market prices with a minor spread.

## Unit price calculation

For the purpose of calculating the Net Asset Value of the Trust, we take the total number of Ether and multiply them by the index price described in section 2.3.10 (adjusted for fees). The Net Asset Value is then divided by the total number of Units in the Trust to obtain a Unit price. A buy/sell spread will be applied when determining the issue price or the redemption price.

We will rely on the market and our suppliers to determine market price, and will not be responsible for the accuracy of financial data furnished to us by market makers and/or independent third-party pricing services.

Crypto assets (including Ether) are generally valued at their recoverable value through exchanges on which they are traded. Any income entitlements and cash at bank are also included in asset values used to calculate the issue price and redemption price of Units.

Each Unit represents an equal share of the portfolio of investments in the Trust. The price of each Unit is denominated in Australian dollars and is determined by:

- calculating the value of the investments of the portfolio and subtracting the value of any liabilities and fees – this gives us the Net Asset Value;
- dividing the Net Asset Value this by the number of Units on issue; and
- applying an adjustment of 25 basis points (0.25%) for the buy spread (when Units are issued) or the sell spread (when Units are redeemed).

As crypto markets are very volatile and open 24 hours, 7 days a week, the issue price will be calculated daily. Each investor who has paid their application money and had their application accepted and processed will be issued a Unitholders Certificate which will include the Issue Price Calculation date, Date of Investment, Investor Number and Number of Units Issued.

All Unit prices will be calculated to the nearest 4 decimal places of a dollar and the number of Units issued will be calculated and allocated to the closest Australian dollar.

## 6 Distributions

Any income distributions will be calculated and paid annually (as at 30 June each year).

Distributions will not be paid by cheque.

Distribution payments are typically made within 30 business days after the end of the relevant distribution period.

Generally income distributions are calculated based on the Trust's total distributable income at the end of the distribution period divided by the number of Units on issue as at the distribution calculation date, multiplied by the number of Units you hold on that day.

The Trustee intends to distribute all taxable income of the Trust to Unitholders each year, including any taxable capital gains. Distributions may also carry imputation or other tax credits.

Immediately after a distribution is declared, the value of your Units will usually fall by the amount of the distribution. This is because the distribution reduces the Trust's assets.

Please note that there is no guarantee that you will receive any distribution from your investment in the Trust. You will only receive a distribution if the Trust earns sufficient income.

## 7 Key Investment Risks

There are inherent risks associated with all types of investments, including the Trust. Investors should be aware that there is no guarantee that the implementation of the Investment Manager's strategy will yield returns and should acknowledge that potential losses could be incurred. Each Unitholder of the Trust should fully understand the associated risks of investing and as required, seek professional advice as to the sustainability of investing in the Trust.

Risk can be interpreted differently by each investor. It can mean but is not limited to:

- failure to achieve expected returns;
- declines in value of assets;
- failure to meet investment goals aligned with the rest of their portfolio; and
- investment volatility.

The risks set out below are by no means exhaustive, rather just those which the Investment Manager considers to be the most prevalent at this time. Many of the risks are outside of the Investment Manager's and the Trustee's control.

### 7.1 Changing Economic Conditions

Changes to economic situations including interest rates, inflation rates, exchange rates, political intervention, new laws and restrictions, new government regulation and changes to tax laws can substantially affect the value of the global crypto assets market and the value of the assets of the Trust.

None of the above conditions are controllable by the Investment Manager or the Trustee and it is not their responsibility to foresee such changes to external economic conditions.

### 7.2 Market Risk

Market risk is impacted by multiple factors including interest rates, availability of credit, economic uncertainty, changes in laws and regulations, currency exchange controls and market sentiment. These factors may affect the level and volatility of the prices of the assets in which the Trust invests.

### 7.3 Volatility Risk

The Trust's investments involve the purchase and sale of historically volatile assets when compared with more traditional asset class investments. Large fluctuations in value and volatility of the market can adversely affect the value of the assets of the Trust.

Assets will be valued frequently and, where appropriate, valuations may be done more than once in a day. The most recently calculated Net Asset Value will be used when Units are issued to ensure that the amount paid for each Unit reflects the Net Asset Value at the time of issue.

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It may take up to 30 days from receipt of a redemption request to process the request and determine the redemption price. You should be aware that the value of assets the Trust holds, and therefore the redemption price you receive for your Units, could increase or decrease materially between the time you submit your redemption request, and the time at which it is processed and the Redemption Price Calculation occurs.

## 7.4 Regulatory Risk

Crypto assets are relatively new to the economy and governments. Government agencies and regulators are still determining how to deal with this new asset class. Actions by these bodies to increase regulation, amend taxation or amend existing crypto asset laws could materially affect the state of the crypto market and thus the value of the assets of the Trust. In December 2021 Australia's Treasurer announced that the Australian federal government had accepted recommendations to introduce regulation of crypto assets and service providers made by the Senate Select Committee Australia as a Technology and Financial Centre Final Report and intended to introduce the associated reforms by the end of 2022. In March 2022 Treasury commenced consultation on licensing and custody requirements for crypto asset secondary asset service providers to support minimum standards of conduct by those service providers and safeguards for consumers.

## 7.5 International Investing

There are risks associated with investing in international markets, including political or economic uncertainty, new regulations and legislations, government intervention, foreign exchange controls and foreign investment restrictions. Such situations could adversely affect the performance of the Trust and investment returns.

## 7.6 Counterparty Risk

The Investment Manager is not restricted from investing in or contracting with any global counterparty. There is the risk that any counterparty will not fulfil its responsibility to settle transactions in a timely manner, perform its obligations in accordance with contractual terms and conditions or make due payment. The Investment Manager seeks to invest, transact and contract (on behalf of the Trustee) with the most reliable and proven counterparties to avoid this risk and endeavours not to leave funds exposed with counterparties for longer durations than required.

## 7.7 Liquidity

Under certain conditions, liquidity in crypto asset markets may be restricted, thus affecting the Trust's performance and the availability of Trust assets to meet Unitholders' redemption requests. Lack of liquidity can impact the Trust's valuation as large trades can move markets during times of low liquidity.

## 7.8 Limited Diversification Risk

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The Investment Manager intends not to diversify into any other asset class or crypto asset. If the crypto asset class grows disproportionately to Ethereum, then the performance of the Trust may not be correlated to the performance of the crypto asset class.

## 7.9 Speculative Nature of Crypto Assets

Crypto asset trading has specific risks not associated with trading in markets for equities, currencies or commodities. Examples of the risks that are specific to the crypto asset market include:

- unlike currencies that are governed and regulated by government bodies or legal entities, to date, crypto assets are only backed by mathematics, technology and trust; and
- unlike equities or commodities whose values are underpinned by tangible goods and services, the underlying value of crypto assets is determined by the market of buyers and sellers and miners who produce blocks.

In most instances, crypto assets are partially or completely decentralised, meaning that no government or regulatory authority can intervene and/or take corrective measures to protect investors in a crisis.

In Ethereum's case, the asset is classified as decentralised and not subject to any one country's laws or regulatory framework.

## 7.10 Foreign Exchange

The assets of the Trust can be purchased through global entities on different markets which trade in different currencies, which will therefore give rise to foreign currency exposure for the Trust.

The two primary currencies in which transactions occur will be United States (US\$) and Australian (A\$) dollars.

Fluctuations in either currency can have both a positive and negative impact on investments of the Trust. If the value of the Australian dollar depreciates against the United States dollar it will cost more Australian dollars to buy and sell Ether and vice versa.

The Investment Manager has no influence over the interbank exchange rate but will use its best efforts basis to always transact and prefer Australian dollars.

## 7.11 Asset Security Risk

Due to their decentralised nature, crypto assets do not currently have a regulatory governing body to protect investors. This is a well-known and common risk in the crypto asset industry.

There are multiple methods of storing crypto assets, including on exchanges, in online wallets, in offline wallets, on blockchains, in hardware wallets and in paper wallets. The Investment Manager will aim to implement global best practices to endeavour to keep the Trust's investments secure.

## 7.12 Crypto Asset Forking Risk

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Cryptocurrencies operate based on a consensus of the network (nodes), and these nodes agree on a common code that makes the blockchain. The longest of these chains is typically classified as the main asset. At times there are upgrades to the code that the nodes must agree to and, if there is a majority agreement, the changes are made with no disruption to the asset. However, if there is an event where a significant subset of nodes don't implement the new code, a hard fork will occur. Hard forks are often positive but there is a risk that the original crypto asset is split into two different assets, one running on the old rules and one with the updated rules. This can lead to increased volatility as users try to split the value across both assets. When hard forks occur, there is often an unknown delay in investment activity including purchasing, selling and valuing.

## 7.13 Whale risk

Ethereum has a supply of 115 million Ether that continues to increase, as of February 2021. There are over 1,200 addresses that control more than 10,000 Ether and ~175 addresses that hold more than 100,000 Ether. Therefore a large asset holder has the ability to move markets in either direction, by selling on market causing the price to flash crash or by using Ether to buy another crypto asset and causing a price spike.

This risk is slowly getting eroded over time as the total global volume of Ether increases.

## 7.14 Miner risk

Ethereum operates by pools of miners all working together to solve a mathematical problem, which once solved, gives them the ability to produce a block on the blockchain. Blocks contain P2P transactions, this is the only way to transfer Ether. Blocks are generated on average every 14 seconds. There are a series of risks associated with this process:

- **Miner failure** - a large miner may turn off equipment for any reason which could result in the network being slowed.
- **Fee risk** - if the fee applied to a transaction is too small, a miner may choose to ignore it causing transactions to be heavily delayed.
- **Attacks** - miners can attack the network by printing empty blocks without any transactions effectively rendering the blockchain useless.
- **Competitive** - Mining pools can be created at any time with enough money and hardware, as such concentration can appear if a large majority hashing power is owned by a single entity causing a single point of risk.

Miner risk exists but is quite rare, currently, mining operations are of the same size, scale and complexity as the largest data centres in the world. Many of the risks above are threshold and not catastrophic.

## 7.15 COVID-19 impact

The Ether price dipped in line with equities in March 2020 during a panic sell-off globally. While Ether was not directly affected, the price took until the middle of May 2020 to fully recover back to pre-COVID highs.

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COVID has had no impact on the Ethereum blockchain, its development or distribution.

However, similar future shocks may continue to significantly impact the price of Ether.

## 7.16 Limitations on management of risk

The Investment Manager will rigorously monitor the market for information and seek to manage, as far as is practicable, risk across the entire investment process. However, many risks are difficult or impractical to manage effectively and some risks are beyond the Investment Manager's control altogether.

You can help manage your own risks too by:

- knowing your investment goals and risk tolerance;
- understanding potential risks and returns and being comfortable that an investment may not give you the outcomes you hope for;
- diversifying your investments (that is, don't invest all your monies in the Trust or in similar investments);
- investing for at least the minimum recommended timeframe;
- keeping a track of your investment; and
- speaking with a financial advisor and considering whether the Trust is an appropriate investment for you at the particular time having regard to your individual financial situation, objectives and needs.

## 7.17 Catastrophic Risks

There are a small number of extreme risks which the Investment Manager anticipates could have a catastrophic impact on Ethereum and the Trust:

- **Internet failure** - Ethereum works on the premise that it is continually connected to the internet (so much so that a satellite now has a copy of the whole blockchain). Should there be a global event where internet connectivity is suspended or turned off, Ethereum transactions will grind to a halt and then start up again once the internet is reinstated.
- **Ethereum ban** - if a law is passed that the trade of Ether becomes illegal the Investment Manager will look to liquidate assets into Australian dollars and where it can't do so, Ether will be transferred to all Unitholders in proportional amounts.
- **Ethereum code flaw** - a vulnerability is found and exploited causing the value of Ether to go to \$0. If this was to occur, the Trust's assets could become worthless and Unitholders would lose their money.

The Investment Manager considers that the above events are extremely unlikely to occur, though the possibility cannot be completely ruled out.

## 7.18 Ethereum Staking Risks

The primary risks from staking ETH in Ethereum 2.0 are:



- Penalties that are charged for poor performance as a validating node, including malicious actions, node downtime and failing to validate transactions. These penalties can result in a loss of a portion of the funds staked, whether Magnet Capital operates the node ourselves or whether we engage 3rd party services to run the node.
- Failure of Ethereum 2.0 to launch. Once assets are staked, they cannot be retrieved until Ethereum 2.0 goes live. Should the launch of Ethereum 2.0 be indefinitely delayed, staked ETH will continue to be unrecoverable, meaning the token is not able to be withdrawn from the staking contract.
- “Liquid staking” generates a token that represents a claim on staked Ethereum at a 1:1 ratio (i.e. 1 staked ETH = 1 staked ETH token). Whilst the ratio implies a price relationship of 1:1, that might not always be the case. Holding a Liquid Staking token through a decoupling event could mean loss of funds.

## 8 Custody

The Trustee has appointed an external professional third party custodian.

The role of the custodian is generally limited to holding the assets of the Fund and acting in accordance with proper instructions from the Trustee.

The custodian may change from time to time but must satisfy any relevant regulatory requirements.

### Custodian details

The Trustee has appointed Coinbase INC (Coinbase or Coinbase Custody) as custodian of the assets of the Trust. Coinbase is one of the largest exchange and crypto custody providers globally, servicing BlackRock, Grayscale, Ark, Bitwise, VanEck, Invesco, WisdomTree, Franklin Templeton and a handful of other publicly listed ETFs in the US. Coinbase is a New York trust company that is held to the highest level of fiduciary obligations, capital reserve requirements, and banking compliance standards. Coinbase is founded by Brian Armstrong and publicly listed on the Nasdaq (NASDAQ:COIN) with 3,400 staff globally. Coinbase holds client assets 1:1 in segregated accounts.

### Key information

- **Name:** Coinbase Custody
- **Website:** <https://www.coinbase.com/prime/custody>
- **Insurance:** Coinbase Custody secured a US\$320 million insurance policy.
- **Regulated:** Coinbase Custody Trust Company is a fiduciary under New York state banking law and a Qualified Custodian. Their systems and processes are regularly audited.
- **Security:** Coinbase Custody Trust Company maintains SOC 1 Type II and SOC 2 Type II audits by Deloitte & Touche
- Assets on platform: \$128bn

### Designed for compliance and transparency

#### Coinbase, Inc.

BitLicense in New York under the NY DFS and money transmitter licence in 43 U.S. jurisdictions; not required in 7; no licence/services provided in Hawaii.

Oversight of the Financial Crimes Enforcement Network (“FinCEN”) and must comply with applicable provisions of the U.S. Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001, the laws, regulations and Executive Orders administered by the Office of Foreign Assets Control (“OFAC”), as well as state regulations, including New York banking regulation Part 504 and BitLicense requirement.

### **Coinbase Custody Trust Company, LLC**

New York State chartered limited purpose trust company.

Subject to the New York State Banking Laws as administered by the NY DFS, the same regulator with oversight over New York State chartered banks and trust companies.

## **9 Physically Settled**

Physically settled Ether means the transfer of the asset which involves, in the case of a purchase, a swap of ownership from the selling entity to a wallet controlled by the Trustee.

A unit trust architecture allows physical Ether to be stored and held on behalf of Unitholders, meaning the Trust has a direct allocation of actual Ether rather than a synthetic product or cash tracked product. Consequently the value of the Trust’s assets will correspond with the value of the physical asset it holds.

## **10. Transparency and accounting**

### **10.1 Openness and transparency**

For the benefit of absolute transparency, the Investment Manager may release the storage addresses of where Ethereum assets are kept to approved third parties and Unitholders under request. To satisfy that the Trustee is the controller of such wallets it may periodically sign a message that will be on the public ledger.

This will allow for Unitholders and approved third parties to check the balance of each wallet and be satisfied that the Unit price is a direct correlation to assets in custody.

### **10.2 Accounting**

The Trustee will appoint an accounting firm to manage tax obligations on behalf of the Unitholders.

## **11 Taxation**

Given the complex and highly personalised nature of the Australian taxation system, we highly recommend that you seek professional advice from a suitable qualified adviser as to the tax implications of their proposed investment in the Trust. Investors who are residents of a country other than Australia (foreign residents) should also seek professional advice from a suitable qualified adviser in that country.

## 11.1 Trust Taxation

The Investment Manager does not expect the Trust to be subject to Australian income tax in relation to the Trust's realised profits, subject to the comments below regarding foreign residents. It is intended that each individual Unitholder will be entitled to their share of distributable income at the end of each financial year. Therefore the net taxable Income of the Trust will be subject to tax at the Unitholder level, regardless of whether or not Unitholders receive cash distributions, subject to the comments below regarding foreign residents.

## 11.2 Profits on the Disposal of Assets

Any profits or losses incurred from the disposal of the Trust's assets will be subject to income, deduction and capital gains tax provisions of the Australian income tax legislation, as applicable.

## 11.3 Taxation of Australian Resident Unitholders

### Distributions

Australian resident Unitholders should be taxed on the net taxable income of the Trust in proportion to their entitlement to distributable income, less deductions allowed against that income. The determined share of a Unitholder's net taxable income forms part of their assessable income in the financial year that it is realised.

The Trust's income may take different forms, including interest income, revenue gains and capital gains. Revenue losses and capital losses made by the Trust will be available to Unitholders but may be carried forward by the Trust to offset future income of the Trust.

A Unitholder may be entitled to claim a foreign tax income offset for any foreign taxes paid or deemed to have been paid by them in relation to income (including capital gains) with a foreign source that the Unitholder is required to include in its assessable income.

## 11.4 Taxation of Foreign Resident Unitholders

### Distributions

The Trustee is likely to be taxable on certain income of the Trust to which a foreign resident Unitholder is presently entitled. The Trustee will deduct an amount on account of such taxes from any distributions to the foreign resident Unitholder.

### Withdrawal

On disposal or redemption of Units, Unitholders will most likely realise a capital gain or loss. Unitholders should not be subject to Australian tax on such gains.

## 11.5 Disposal or redemption of Units

On disposal or redemption of Units, Unitholders will most likely realise a capital gain or loss. Unitholders must include these gains or losses in the calculation of their net capital gain or loss for their

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annual income tax return. Unitholders may be entitled to capital gains tax discounts if they have held the Units in the Trust for a minimum 12 month period prior to disposal or redemption.

## 11.6 Tax File Number / Australian Business Number

There is no regulatory requirement for you to disclose your Tax File Number (TFN) or Australian Business Number (ABN). However, unless you are exempt, if these details are not provided, tax may be deducted from distributions payable to you at the highest personal marginal rate, including the Medicare levy. TFN and ABN details can be disclosed on the Application Form attached.

## 11.7 Goods and Services Tax

Goods and services tax (GST) will not be payable on the issue or redemption of Units in the Trust. However, certain expenses of the Trust are subject to GST. The Trust may be able to claim input tax credits, which effectively reduce the GST payable.

## 11.8 Tax office views

The tax office's views on investments in Digital Assets continue to evolve. It may change its views on the treatment of Digital Assets during the course of a Unitholder's investment.

# 12 Fees

## 12.1 Management Fees

The Investment Manager is entitled to a **management fee of 1.36% per annum (exclusive of GST)** of the Net Asset Value of the Trust. This fee is calculated daily and payable to the Investment Manager monthly in arrears within 10 business days of the end of each month.

## 12.2 Performance Fees

There is no performance fee for the Trust.

## 12.3 Entry, Exit and Early Redemption Fee

The Trust does not currently charge any entry, exit fees or early redemption fees.

## 12.4 Buy and Sell Spread

A buy spread of 25 basis points (0.25%) and a sell spread of 25 basis points (0.25%) will be applied at the time of application and redemption of Units. This means that when you pay for your Units, 0.25% would be allocated to the buy spread rather than to your holding of Units, and when you redeem Units,

0.25% would be deducted from your redemption proceeds and the net amount remaining would be payable to you.

This spread covers transaction costs associated with entry into and exit from the Bitcoin market arising from applications and redemptions (including foreign currency exchange costs, applicable brokerage, duty and additional costs).

This spread is to protect existing Unitholders and ensure they are not disadvantaged at the time when other Unitholders have Units issued to them or redeemed.

## 12.5 Other Fees and Expenses

All Trust Fees and Expenses, including Custody, Administration, Legal, Accounting amongst others, are paid by the Investment Manager.

If these costs exceed the Management Fee described in section 12.1, the Investment Manager will pay these amounts from its own resources.

## 13 Additional information

### 13.1 Reporting

You will normally receive the following reports from the Investment Manager:

Documentation	Date	Report description
Monthly Report	No later than 4 weeks from the end of the previous month	Unitholders will receive a report from the directors of the Investment Manager and key messaging for the month, including the issue price and redemption price as at the end of the relevant month.
Unitholders Certificate	No later than 7-days following an approved investment.	Certificate will include entity name, address, Unitholding, date of investment, Unit Valuation and Investor Number.
Tax Statements	No later than 30 September	Annual taxation statements will be provided to each Unitholder.
Annual FY Report	No later than 1 August	Commentary on key Ethereum and market activity over the last year. Highlighting future events and adoption drivers.

The Investment Manager and the Trustee will usually communicate with you by email (paper copies of documents are available upon request).

## 13.2 Trust Structure

### Trust Deed

The Trust is governed by a Trust Deed which sets out the powers, duties and obligations of the Trustee and the rights and liabilities of Unitholders. The Trust Deed also provides the operational framework for the management of the Trust including:

- when the Trust begins and terminates;
- how the price of Units is calculated;
- application and redemption procedures;
- distributions from the Trust assets;
- meetings of Unitholders;
- fees and expenses that may be paid out of or reimbursed out of Trust assets;
- change of Trustee;
- procedures for winding up the Trust; and
- amendments to the Trust Deed terms.

Holding any number of Units in the Trust does not give Unitholders the right to participate in the management of operations of the Trust.

The Trust Deed is available by contacting the Investment Manager.

## 13.3 Investment Manager

Nine One Three Investments provides investment management and administration services for the Trust to the Trustee under an investment management agreement.

The Investment Manager is responsible for services including but not limited to:

- preparing of this Information Memorandum;
- establishing and executing the Investment Objective and Strategy for the Trust;
- processing applications and redemptions of Units of as requested;
- purchasing and selling of Bitcoin on behalf of the Trust; and
- managing and maintaining the Trust's Unitholder register and all account information for the Trust.

## 13.4 Transfer of Units

No Units may be transferred without the prior consent of the Trustee. The Trustee has the right to refuse any transfer of Units and is not required to give any reason for its decision.

Unitholders may request the transfer of Units in the Trust by returning a completed and signed Transfer Form which can be obtained upon request from the Investment Manager.

## 13.5 Amendment or Withdrawal of this Information Memorandum

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We may amend or withdraw information from this document at any time. A new or amended Information Memorandum will be issued as and when this document is replaced or amended.

## 13.6 Rounding

The number of Units in the Trust issued in response to an application will be calculated by dividing the relevant subscription amount by the issue price of Units (rounded down to the nearest whole number).

## 13.7 Privacy policy

Personal information provided by applicants on the Application Form is collected for the primary purpose of verifying your identity, deciding whether to accept your application and, if your application is accepted, issuing Units in the Trust to you.

The personal information will also be used to forward periodic information to you relating to your investment in the Trust (as referred to above in section 10.1) and from time to time provide to you information of a generic or marketing nature relating to the Trust.

We will update our records containing your personal information when you inform us of any changes (for example, a change of your address for correspondence).

Your personal information will be stored securely at all times and we will permanently destroy records of personal information in a secure manner if requested or required by law.

Your personal information will not be made available to any third party, other than as required by law and to service providers for permitted related purposes (for example, auditors, consultants, staff, partners and advisers) for the purpose of administering your investment.

By executing the Application Form, you provide your consent to the Investment Manager and the Trustee to disclose your personal information to such service providers and to use your information for the purposes referred to above. If you wish to request access to your personal information or if you have any complaint in relation to the manner in which your personal information has been handled, please contact us. Our contact details are on the front cover of this Information Memorandum. We will respond to your request for access or complaint within a reasonable time. If we refuse to allow you to access your personal information, we will provide you with the reasons for this. If we decide to give you access to personal information about you that we or the Trustee hold, we may first ask you to verify your identity to ensure that your personal information is not disclosed to an unauthorised person.

## 13.8 Confidentiality

Confidential materials provided to prospective investors may not be disclosed to any persons except:

- with the consent of the Investment Manager; or
- where the law requires disclosure.

This Information Memorandum has been provided to prospective investors on a confidential basis for their sole and exclusive use in assessing an investment in the Trust. It is not to be used for any other purpose or to be reproduced and/or distributed, in whole or in part, to any person.

## 13.9 Anti-Money Laundering and Counter-Terrorism Financing

Applications to invest in the Trust are subject to the requirements of applicable anti-money laundering and counter terrorism financing laws and the Trustee's requirements.

Investors must provide verification of their identity. Please refer to the Application Form to determine which documents you will need to provide.

Applications will not be accepted until identity verification has been completed. In some instances, such as the case of determining the beneficial owner of the applicant, applicants may be asked to provide additional information. This must also be provided to proceed with the application.

Application monies must be given by EFT. If you wish to transfer funds from a foreign bank, additional documentation may be requested, and your application will not be processed until satisfactory documentation has been provided. The Trustee reserves the right to reject an application.

If you apply through a financial planner or other advisor, they may assist you to obtain and provide the necessary documentation. If you apply directly and need assistance with the Application Form or understanding the documentation requirements, you may contact the Investment Manager at [applications@magnetcapital.com.au](mailto:applications@magnetcapital.com.au).

## 13.10 FATCA and CRS

The Australian Government has enacted laws and entered into international agreements. These laws implement automatic exchange of information with:

- the US under a system known as the Foreign Account Tax Compliance Act (FATCA). This is for US citizens and tax residents only; and
- other countries under the Common Reporting Standard (CRS). The CRS applies to all foreign tax residents.

The CRS is the single global standard for the collection, reporting and exchange of financial account information on foreign tax residents. Under the CRS, banks and other financial institutions will collect and report to financial account information on non-residents to the local tax authority, and in the case of the Trust, that will be the Australian Taxation Office (ATO). The ATO will exchange this information with the participating foreign tax authorities of those non-residents. In parallel, the ATO will receive financial account information on Australian residents from other countries' tax authorities.

Each investor must certify their residence for tax purposes. You may be required to complete additional documentation. If you are a foreign tax resident, you will need to provide your taxpayer identification number or an equivalent. This is the number used to identify you to the tax authority in the foreign country. If you don't have one, you will be asked to provide a reason.

FATCA is a US regulatory requirement that aims to deter tax evasion by US taxpayers. The Australian Government has entered into an Inter-Governmental Agreement (IGA) with the US Government for the exchange of US taxpayer information. Under the IGA, financial institutions (including managed investment schemes) must report US taxpayer information via the ATO to the US Inland Revenue Service.



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To meet these obligations, each investor must complete and sign the FATCA Self-certification Declaration form included in the Application Form.

The Investment Manager and the Trustee are unable to provide you with any tax or professional advice in respect of CRS, FATCA or the IGA and you are encouraged to seek the advice of a tax or professional advisor in relation to completing the relevant parts of the Application Form.

## 14 Forms

Please complete the [online registration form](#) or reach out to [applications@magnetcapital.com.au](mailto:applications@magnetcapital.com.au) to request an application form.