



Replacement Product Disclosure Statement

27 April 2022

Cosmos Purpose Bitcoin Access ETF

Exchange Code: CBTC

(ARSN 640 781 693)

Responsible Entity

K2 Asset Management Ltd
ABN 95 085 445 094
AFSL 244393

Investment Manager

Cosmos Asset Management Pty Ltd
ABN 34 639 356 068
AR No 001281643

Important information

This is an important document that you should read in full. If you do not understand it, consult your professional advisers.

IMPORTANT NOTICES

About this PDS

This replacement product disclosure statement (**PDS**) is dated 27 April 2022 replaces the product disclosure statements dated 4 March and 7 April 2022 in its entirety.

K2 Asset Management Ltd (ABN 95 085 445 094 AFSL 244393) is the issuer of this PDS and is responsible for its contents. In this PDS, references to the “**Responsible Entity**”, “**K2**”, “**we**”, “**our**” or “**us**” refer to K2 Asset Management Ltd.

This PDS is the offer document for the Australian registered managed investment scheme called Cosmos Purpose Bitcoin Access ETF (ARSN 640 781 693) (**Fund**).

The Responsible Entity is the responsible entity of the Fund.

A copy of this PDS was lodged with the Australian Securities and Investments Commission (**ASIC**) on 27 April 2022. At the time of lodgement of this PDS with ASIC, the Units in the Fund are yet to be quoted for trading on the Cboe Australia market (formerly known as the Chi-X Australia market) (**Exchange**). An application has been made to the Exchange for Units in the Fund issued pursuant to this PDS to be quoted for trading on the Exchange under the Cboe Operating Rules. Neither ASIC nor the Exchange takes any responsibility for the contents of this PDS.

No applications for Units in the Fund will be accepted until the exposure period for the PDS has expired. The exposure period for the PDS expires seven days after lodgement of this PDS with ASIC, subject to possible extension by ASIC for a further period of up to seven days.

A copy of the latest PDS for the Fund is available on the Fund Website at www.cosmosam.com.au, or by contacting the Responsible Entity. The Responsible Entity will provide a paper copy of the PDS free of charge on request.

The offer

The offer under this PDS is for persons who have been authorised as ‘participants’ under the Cboe Operating Rules. Certain sections of the PDS (particularly those relating to applications for and redemptions of Units in the normal course) are of direct relevance to such persons only. Other investors cannot apply for Units under this PDS, but can buy Units on the Exchange through a stockbroker, or via a financial adviser. Such investors may use this PDS for information purposes only. The offer to which this PDS relates is available to Authorised Participants receiving the PDS (electronically or otherwise) in Australia.

The Investment Manager

The Responsible Entity has appointed Cosmos Asset Management Pty Ltd (ABN 34 639 356 068) (**Cosmos Asset Management** or **Investment Manager**) to act as the Investment Manager of the Fund. Cosmos Asset Management is an authorised representative of Millinium Capital Managers Limited (ABN 32 111 283 357 AFSL 284336) (Authorised Representative No. 001281643).

Not financial product advice

The information in this PDS is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any particular person. It is important that you read this PDS carefully and in its entirety before deciding whether to invest in the Fund. In particular, you should consider the risk factors that could affect the performance of the Fund. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Fund. Some of the key risk factors that should be considered by prospective investors are set

out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this PDS, nor any other person, warrants or guarantees the performance of the Fund or the repayment of capital by the Fund or any return on investment made pursuant to this PDS. No person is authorised to give any information or to make any representation in connection with the offer described in this PDS that is not contained in this PDS. Any information not so contained may not be relied upon as having been authorised by the Responsible Entity or any other person in connection with the offer. You should rely only on information contained in this PDS.

The Purpose Bitcoin ETF Prospectus

This PDS refers to information (“Purpose Information”) contained in the prospectus for the Purpose Bitcoin ETF dated 11 February 2021 (**Purpose Bitcoin ETF Prospectus**). The Purpose Bitcoin ETF Prospectus was prepared and issued by Purpose Investments Inc. (**Purpose Investments**), the trustee and manager of the Purpose Bitcoin ETF. The Purpose Information was not prepared by the Responsible Entity or the Investment Manager and has not been independently verified by either of them. Accordingly, subject to the Corporations Act, neither the Responsible Entity nor the Investment Manager nor any of their respective officers or employees make any representation or warranty (express or implied) as to the accuracy or completeness of the Purpose Information. The Purpose Bitcoin ETF Prospectus is a public document, available by contacting the Responsible Entity or by download from [here](#). The Purpose Bitcoin ETF Prospectus does not form part of, and is not incorporated by reference into, this PDS.

Foreign jurisdictions

This PDS does not constitute an offer or invitation to apply for Units in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Units or the Fund, or to otherwise permit a public offering of the Units, in any jurisdiction outside Australia.

The taxation treatment of Australian securities may not be the same as those for securities in foreign jurisdictions.

The distribution of this PDS outside Australia may be restricted by law, and persons who come into possession of this PDS outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. In particular, the Units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or any state securities laws in the United States and may not be offered, sold, pledged or transferred in the United States unless the Units are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and applicable US state securities laws is available.

Updated information

Information in this PDS may need to be updated from time to time. Any updated information that is considered not materially adverse to investors will be made available on the Fund Website and the Responsible Entity will provide a copy of the updated information, free of charge, to any investor who requests a copy by contacting the Responsible Entity. In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary PDS to supplement any relevant information not disclosed in this PDS, which will be accessible via the

Cboe Market Announcements Platform. You should read any supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

Definitions and time

Defined terms and expressions used in this PDS are explained in the Glossary at the end of this PDS. Unless otherwise stated or implied, references to times in this PDS are to Australian Eastern Standard Time (**AEST**).

Photographs and diagrams

Photographs and diagrams used in this PDS that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this PDS or its contents. Diagrams used in this PDS are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this PDS.

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1 INVESTMENT OVERVIEW

The information set out in this Section 1 is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this PDS. In deciding whether to invest in the Fund, you should read this PDS carefully and in its entirety. You should seek relevant professional advice before making an investment decision.

1.1. About the Fund

| Topic | Summary | Where to find more information |
|---|--|--------------------------------|
| What is the Fund? | The Cosmos Purpose Bitcoin Access ETF ARSN 640 781 693 is a managed investment scheme, which has been registered with ASIC. The Responsible Entity has applied to Cboe for the Units in the Fund to be quoted for trading on the Exchange under the Cboe Operating Rules under the code "CBTC". | Section 3 |
| What is the investment objective of the Fund? | The investment objective of the Fund is to provide an investment return (before taking into account fees, costs and tax) that approximately tracks the performance of the USD denominated ETF non-currency hedged units (Purpose ETF Units) in the Purpose Bitcoin ETF. The Purpose Bitcoin ETF is a trust established under the laws of the Province of Ontario, Canada, and is quoted on the Toronto Stock Exchange (TSX). The Purpose Bitcoin ETF is managed by Purpose Investments Inc. (Purpose Investments) and has been established to buy and hold substantially all of its assets in long-term holdings of Bitcoin and seeks to provide investors with the opportunity for long-term capital appreciation. Purpose ETF Units are quoted for trading on the TSX. At the date of this PDS, the Purpose Bitcoin ETF's Bitcoin is valued based on the TradeBlock XBX Index. For further information regarding the TradeBlock XBX Index visit https://tradeblock.com/markets/index/xbx . | Section 3 |
| What is Bitcoin? | <p>Bitcoin is a crypto-asset (also referred to as a cryptocurrency, Digital Currency or digital asset) which serves as the unit of account on an open-source, decentralised, peer-to-peer computer network (the Bitcoin Network).</p> <p>Bitcoin is maintained on a digital transaction ledger commonly known as a Blockchain. A Blockchain is a type of shared and continually reconciled database, stored in a decentralised manner on the computers of certain users of the digital asset and is protected by cryptography, being the sophisticated mathematical algorithms and the private keys used to encrypt and decrypt data. The Bitcoin Blockchain contains a record and history for each Bitcoin transaction.</p> <p>The value of Bitcoin is not backed by any government, corporation or other identified body. The value of Bitcoin is determined in part by the supply of (which is limited), and demand for, Bitcoin in the markets for exchange that</p> | Section 2.1 |

| Topic | Summary | Where to find more information |
|---|--|--------------------------------|
| What is the investment strategy of the Fund? | have been organised to facilitate the trading of Bitcoin (Digital Exchanges). | |
| | The Fund employs a passive management strategy of investing directly in Purpose ETF Units, which are quoted for trading on the TSX. The Fund may also hold some exchange-traded derivatives but the notional exposure will be no more than 10% of NAV. | Section 3.4 |
| Topic | Summary | Where to find more information |
| What are the key benefits of investing in the Fund? | The key benefits of investing in the Fund are: | Section 3 |
| | <ul style="list-style-type: none"> ▪ <u>Access and convenience</u>: you can indirectly access a managed fund that invests in and holds substantially all of its assets in Bitcoin without having to purchase Bitcoin yourself ▪ <u>Transparency</u>: the value of the Fund's assets will be disclosed daily on the Fund Website at www.cosmosam.com.au ▪ <u>Liquidity</u>: the units in the Fund will be quoted for trading on the Exchange | |
| What are the key risks associated with the investment strategy and an investment in the Fund? | Before making an investment decision, it is important to understand the risks that can affect the value of your investment. | Section 5 |
| | <p>The Fund will provide an indirect exposure to Bitcoin through its investment in the Purpose Bitcoin ETF. As such, the Fund is exposed to the risks that are specific to Bitcoin.</p> <p>Some of the key risks in relation to an investment in the Fund are summarised below:</p> <p>Investment risk – The success and profitability of the Fund will largely depend upon the performance of the Purpose Bitcoin ETF, which in turn will depend to a significant degree on the return generated by the underlying Bitcoin.</p> <p>Exchange liquidity risk – although the Units will be quoted on the Exchange there can be no assurances that there will be a liquid market for Units.</p> <p>Concentration risk – the performance of a concentrated fund like the Fund tends to be more volatile than the performance of a more diversified fund.</p> <p>Currency risk - unfavourable fluctuations in the value of the Australian dollar relative to other currencies will adversely affect the value of the Fund measured in Australian dollars, due to the Fund being invested in securities based in those foreign currencies. Purpose ETF Units are denominated in USD. A rise in the value</p> | |

of the Australian dollar relative to USD could decrease the value of the NAV. The Fund does not hedge its exposure to foreign currencies.

Investment Manager risk – There is a risk that the Investment Manager's investment strategy is not successful, or not successfully implemented, resulting in the Fund failing to meet its objectives.

Digital Currency risks – Digital Currencies can be extremely risky and are usually highly speculative. Anyone who acquires Digital Currencies directly or indirectly (for example by acquiring Units in the Fund), should be aware that there is a high risk that their investment could be lost. **There is the possibility that sometime in the future Bitcoin may have no value. This risk may render it unsuitable for most investors.** Risks associated with investing in a fund exposed to Digital Currencies include:

- **Wider bid-offer spread** – the Fund may trade at a wider bid-offer spread than many exchange traded products, because of the volatility of the underlying asset of the Purpose Bitcoin ETF, being Bitcoin.
- **Extreme volatility and bubble risk** – Most Digital Currencies are subject to extreme price volatility and have shown clear signs of a pricing bubble (being a significant, unsustainable rise in the value of Bitcoin). If you invest in Bitcoins or an investment product exposed to Bitcoin, such as the Fund, you should be aware that you could lose a large amount, or even all, of the money invested. If the price of Bitcoin depreciates significantly, this will have a direct adverse impact on the return to Unitholders.
- **Lack of price transparency** – The price formation of Digital Currencies is often not transparent. There is a high risk that you will not receive a fair and accurate price when buying or selling products that invest in Digital Currencies.
- **Immutability** – Most Digital Currencies, including Bitcoin, are built on immutable blockchains. This means that an incorrect or unauthorised transfer of a Digital Currency cannot be reversed and can only be undone by the recipient agreeing to return the Digital Currency in a separate transaction.
- **Absence of protection** – Despite anti-money laundering requirements being introduced globally, Digital Currencies remain relatively unregulated under laws globally. Similarly, exchanges where Digital Currencies are traded and digital wallets used to hold, store and transfer Digital Currencies are largely unregulated under law too. This means that if you buy or hold Digital Currencies, you will not benefit from the guarantees and safeguards associated with regulated financial services.

| Topic | Summary | Where to find more information |
|-------|---|--------------------------------|
| | <ul style="list-style-type: none"> • Regulatory risks – Currently in Australia, Bitcoin in and of itself is not a financial product nor is Digital Currency regarded as money or currency for the purpose of the Corporations Act. The effect of any future regulatory change on Digital Currency or an entity dealing in or holding Digital Currency could be substantial and adverse to the returns sought by the Fund. • Custody and private key risk – The private key required to access a Digital Currency may be lost, destroyed or stolen resulting in Purpose Investments (as the investment manager of the Purpose Bitcoin ETF) being unable to liquidate the Digital Currencies, which would adversely affect your investment in the Fund. The Purpose Bitcoin ETF Prospectus states that the private key(s) of the Purpose Bitcoin ETF's Bitcoin investments will be held in cold storage (see Section 2.2 of the PDS for more information on the custody arrangements for the Purpose Bitcoin ETF's Bitcoin). "Cold storage" means that the private keys are held in an offline digital hardware storage device that is stored in physical vaults in geographically diverse locations, and where each vault is secured by multiple levels of physical and biometric security. While these arrangements are intended to minimise the risk of the private keys being lost, destroyed or stolen, there is no guarantee that these events will not occur. • Fraud and cybersecurity risk – Digital Currency transactions are irrevocable, Digital Currencies can be stolen or incorrectly transferred Digital Currencies may be irretrievable. Certain features of Digital Currency technologies may increase the risk of fraud or cyber-attack by potentially reducing the likelihood of a coordinated response. • Environmental risks – Bitcoin mining currently requires computing hardware that consumes large amounts of electricity. Public perception of the impact of Bitcoin mining on climate change may reduce demand for Bitcoin and increase the likelihood of regulation that limits Bitcoin mining or restricts energy usage by Bitcoin miners. Such events could have a negative impact on the price of Bitcoin and the performance of the Fund. | |

1.2. Investing in the Fund

| Topic | Summary | Where to find more information |
|-----------------------|--|--------------------------------|
| Investing in the Fund | The offer in this PDS is only available to Authorised Participants. However, Units will be quoted on the | Section 7 |

| Topic | Summary | Where to find more information |
|--------------------|---|--------------------------------|
| | <p>Exchange. Subject to market conditions, other investors may purchase Units on the Exchange.</p> <p>An application for Units under this PDS by an Authorised Participant will be made by a cash payment in Australian dollars equal to the Net Asset Value of the Units applied for, unless the Responsible Entity agrees otherwise in which case the application will be made by an “in-kind” delivery of Purpose ETF Units. Applications are subject to a contribution fee described in Section 6.</p> <p>The minimum investment by an Authorised Participant under this PDS is 1 Creation Unit Amount, unless the Responsible Entity agrees otherwise.</p> <p>The purchase of Units on the Exchange is not subject to the terms of this PDS and therefore the minimum investment does not apply to purchases of Units on the Exchange.</p> | |
| Redemptions | <p>Only Authorised Participants can redeem Units under this PDS. However, Units will be quoted on the Exchange. Subject to market conditions, other investors may sell Units on the Exchange.</p> <p>Payment of redemption proceeds to Authorised Participants will generally be made in cash in Australian dollars in an amount equal to the Net Asset Value of the Units redeemed, unless the Responsible Entity agrees otherwise in which case the redemption will be made by an “in-kind” delivery of Purpose ETF Units. Redemptions are subject to a redemption fee described in Section 6.</p> <p>The minimum redemption by an Authorised Participant under this PDS is 1 Creation Unit Amount, unless the Responsible Entity agrees otherwise.</p> <p>In certain specified circumstances, redemption requests may be delayed, rejected or scaled down. See Sections 7.5 and 9.1 for further information.</p> <p>The sale of Units on the Exchange is not subject to the terms of this PDS and therefore the minimum redemption does not apply to sales of Units on the Exchange.</p> | Sections 7 and 9.1 |

1.3. The Investment Manager and the Responsible Entity

| Topic | Summary | Where to find more information |
|---|--|--------------------------------|
| Who is the Investment Manager of the Fund? | <p>Cosmos Asset Management Pty Ltd (ABN 34 639 356 068) (Cosmos Asset Management or Investment Manager) is the Investment Manager of the Fund. Cosmos Asset Management is an authorised representative of Millinium Capital Managers Limited (ABN 32 111 283 357 AFSL 284336) (Authorised Representative No. 001281643).</p> | Section 4.1 |

| Topic | Summary | Where to find more information |
|---|--|--------------------------------|
| Who is the Responsible Entity of the Fund and the issuer of the Units and this PDS? | Cosmos Asset Management's major shareholder is Mawson Infrastructure Group Pty Ltd (Mawson). Mawson is a digital asset infrastructure business, which owns and operates modular data centres in the US and Australia, that provide data centre capacity for a number of technology applications including digital asset mining. | |
| | <p>K2 Asset Management Ltd (ABN 95 085 445 094 AFSL 244393) (K2) is the responsible entity of the Fund and the issuer of the Units and this PDS. The Responsible Entity is licensed to act as responsible entity of the Fund.</p> <p>K2 is a wholly owned subsidiary of a public company listed on the Australian Securities Exchange (ASX: KAM).</p> | Section 4.3 |

1.4. Fees and distributions

| Topic | Summary | Where to find more information |
|--|---|--------------------------------|
| What are the fees and costs of the Fund? | <p>The following fees and costs will apply in respect of the Fund:</p> <p>Contribution fee: \$200 (Authorised Participants only)</p> <p>Redemption fee: \$200 (Authorised Participants only)</p> <p>Management costs: 1.25% per annum of the NAV of the Fund.</p> <p>There are additional fees and costs.</p> <p>All fees and costs are inclusive of the net effect of GST, unless otherwise stated.</p> | Section 6 |
| What is the distribution policy of the Fund? | <p>The Fund earns interest on cash balances held from time to time and may also receive distributions from the Purpose Bitcoin ETF. There is no distribution in relation to Bitcoin (ie unlike a company share on which a dividend might be paid, for example, a Bitcoin does not produce a distribution).</p> <p>There is no guarantee that any income will be greater than the Fund's fees and expenses. As such, there is no guarantee that the Fund will distribute any income to Unitholders. The amount of income distributed each year (if any) will generally be the distributable income received by the Fund, unless the Responsible Entity decides to distribute a different amount.</p> | Section 3.7 |

1.5. Cboe Operating Rules and CHES

Cboe Australia Pty Ltd (ABN 47 129 584 667) (**Cboe**) (formally known as Chi-X Australia Pty Ltd) is a fully regulated securities exchange providing access to Australia's securities and derivatives markets.

Application has been made to Cboe for the Units in the Fund to be quoted for trading status on the Exchange under the Cboe Operating Rules.

As most investors are more familiar with the ASX Listing Rules in relation to listed equities, it is important to note the main differences between the ASX Listing Rules and the Cboe Operating Rules in relation to quoted products, as set out below.

In operational terms, the market for products quoted under the Cboe Operating Rules operates in the same way that it does for equities listed under the ASX Listing Rules, with continuous matching of bids and offers.

The key distinction between products admitted under the ASX Listing Rules and those quoted under the Cboe Operating Rules is the level of control and influence that the issuer of the relevant product has over the value of the underlying assets of the product.

Under the ASX Listing Rules, listed equity securities typically reflect the value of the business operated by the issuer. By contrast, the value of a product quoted under the Cboe Operating Rules typically reflects the performance of the underlying assets.

| ASX LISTING RULES | CBOE OPERATING RULES |
|---|--|
| Continuous Disclosure | |
| <p>Issuers are subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act.</p> | <p>Issuers of products quoted under the Cboe Operating Rules are not subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act but under the Cboe Operating Rules must disclose:</p> <ul style="list-style-type: none"> • the Net Asset Value ("NAV") of the fund; • the number of units on issue on a monthly basis; • distributions; • information the non-disclosure of which may lead to the establishment of a false market in its products or would materially affect the price of its products; and • any other information that is required to be disclosed to ASIC under section 675 of the Corporations Act, which must be disclosed at the same time it is disclosed to ASIC. |
| Periodic Disclosure | |
| <p>Issuers are required to disclose their half-yearly and annual financial information or annual reports to the ASX under Chapter 4 of the ASX Listing Rules.</p> | <p>Financial reports relating to the issuer itself are not required to be disclosed to the ASX. However, periodic financial reports relating to the products quoted under the Cboe Operating Rules must be disclosed to the Exchange at the same time they are lodged with ASIC under Chapter 2M of the Corporations Act.</p> |

| ASX LISTING RULES | CBOE OPERATING RULES |
|--|--|
| Corporate Control | |
| Requirements in the Corporations Act and the ASX Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings, apply to companies and listed schemes. | These requirements do not apply to issuers of products quoted under the Cboe Operating Rules. Section 601FM of the Corporations Act continues to apply to the removal or change of the responsible entity. An extraordinary resolution would be required to change the responsible entity. An extraordinary resolution is a resolution passed by a majority of the total votes that may be cast by members entitled to vote on the resolution. |
| Related Party Transactions | |
| Chapter 10 of the ASX Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions. | Chapter 10 of the ASX Listing Rules does not apply to products quoted under the Cboe Operating Rules. Products quoted under the Cboe Operating Rules which are registered managed investment schemes remain subject to the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act. |
| Auditor Rotation Obligations | |
| There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the Corporations Act. | Issuers of products quoted under the Cboe Operating Rules are not subject to the requirements under Part 2M.4 Division 5 of the Corporations Act. A responsible entity of a registered managed investment scheme will continue to be required to undertake an independent audit of its compliance with the scheme's compliance plan in accordance with section 601HG of the Corporations Act and the auditor must not be the auditor of the scheme's financial statements (but may be from the same firm). |
| Disclosure | |
| Entities admitted under the ASX Listing Rules are subject to the requirements of the Corporations Act in relation to the issue of a prospectus or a PDS. | Products quoted under the Cboe Operating Rules will also be subject to the requirements of the Corporations Act in relation to the issue of a PDS. |

CHES

The Clearing House Electronic Subregister System (**CHES**) performs two major functions for the Exchange:

- facilitates the clearing and settlement of trades in units, and
- provides an electronic subregister for units in listed funds.

The Unit Registry will maintain an electronic subregister with CHES on behalf of the Responsible Entity. The Responsible Entity will not issue investors with certificates in respect of their units. When investors purchase units on the Exchange, Issuer Sponsored Holders will receive a holding statement from the Unit Registry which will set out the number of units they hold, together with the 'Securityholder Reference Number'. CHES Holders will receive a holding statement which

will set out the number of units they hold, together with a 'Holder Identification Number' allocated by CHES.

2 BITCOIN

2.1. Overview of Bitcoin

Bitcoin

Bitcoin is a crypto-asset (also referred to as a cryptocurrency, Digital Currency or digital asset) which serves as the unit of account on an open-source, decentralised, peer-to-peer computer network.

Bitcoin may be used to pay for goods and services, stored for future use, or converted to a government-issued currency (also known as Fiat Currency). As of the date of this PDS, the adoption of Bitcoin for these purposes has been limited.

The Bitcoin Network

Bitcoin is maintained on the decentralised, open source, peer-to-peer computer network (the **Bitcoin Network**). No single entity owns or operates the Bitcoin Network. The Bitcoin Network is accessed through software and governs Bitcoin's creation and movement. The source code for the Bitcoin Network, often referred to as the **Bitcoin Protocol**, is open-source, and anyone can contribute to its development.

The infrastructure of the Bitcoin Network is collectively maintained by participants in the Bitcoin Network, which include miners, developers, and users. Miners validate transactions and are currently compensated for that service in Bitcoin. Developers maintain and contribute updates to the Bitcoin Protocol. Users access the Bitcoin Network using open-source software. Anyone can be a user, developer or miner.

Bitcoin is maintained on a digital transaction ledger commonly known as a **Blockchain**. A Blockchain is a type of shared and continually reconciled database, stored in a decentralised manner on the computers of certain users of the digital asset and is protected by cryptography, being the sophisticated mathematical algorithms and the private keys used to encrypt and decrypt data. The Bitcoin Blockchain contains a record and history for each Bitcoin transaction.

New Bitcoin is created by "mining." Miners use specialised computer software and hardware to solve a highly complex mathematical problem presented by the Bitcoin Protocol. The first miner to successfully solve the problem is permitted to add a block of transactions to the Bitcoin Blockchain. The new block is then confirmed through acceptance by a majority of users who maintain versions of the Blockchain on their individual computers. Miners that successfully add a block to the Bitcoin Blockchain are automatically rewarded with a fixed amount of Bitcoin for their effort plus any transaction fees paid by transferors whose transactions are recorded in the block. This reward system is the means by which new Bitcoin enter circulation and is the mechanism by which versions of the Blockchain held by users on a decentralised network are kept in consensus.

The Bitcoin Protocol

The Bitcoin Protocol is an open-source project with no official company or group in control. Anyone can review the underlying code and suggest changes. However, there are certain "core developers" that regularly contribute to the development and distribution of the Bitcoin Protocol. The core developers can access and alter the Bitcoin Protocol and, as a result, they are responsible for quasi-official releases of updates and other changes to the Bitcoin Protocol.

However, because Bitcoin has no central authority, the release of updates to the Bitcoin Protocol by the core developers does not guarantee that the updates will be automatically adopted by the other participants. Users and miners must accept any changes made to the source code by downloading the proposed modification and that modification is effective only with respect to those Bitcoin users and miners who choose to download it. A modification to the Bitcoin Protocol becomes part of the Bitcoin Network only if it is accepted

by participants that collectively have a majority of the processing power on the Bitcoin Network.

If a modification is accepted by less than a majority of users and miners, a division will occur such that one network will run the pre-modification source code and the other network will run the modified source code. Such a division is known as a “fork.”

Significant forks are typically announced several months in advance. A fork effectively creates a new Digital Currency and could affect the value or operation of Bitcoin, for example by causing a shift in demand for Bitcoin or otherwise causing a change to the perceived value of Bitcoin.

How Bitcoin is valued and traded

The value of Bitcoin is not backed by any government, corporation or other identified body. The value of Bitcoin is determined in part by the supply of (which is limited), and demand for, Bitcoin in the markets for exchange that have been organised to facilitate the trading of Bitcoin (**Digital Exchanges**). Some indices have been developed to produce a composite average value for Bitcoin across several Digital Exchanges.

By design, the supply of Bitcoin is limited to 21 million Bitcoins. As of the date of this PDS, there are approximately 19 million Bitcoins in circulation.

High profile investors and proponents in the cryptocurrency space have also influenced the price of Bitcoin by broadcasting news feeds on their social media platforms. In addition, early investors who built up a significant Bitcoin holding, sometimes known as “bitcoin whales”, can swing the markets by entering a large transaction.

To trade in Bitcoin (and Digital Currencies generally), a trader opens up an account with a Digital Exchange that will enable the trader to buy, sell, and hold Bitcoin. It is generally best practice to use a Digital Exchange that is regulated in the jurisdiction in which it operates.

Storage of Bitcoin

After purchase, Bitcoin is often stored in a “digital wallet” on a computer or smartphone. A digital wallet usually has a public key (an address that is disclosed on the Blockchain) and a private key. The private key permits transfers or other dealings in the Bitcoin to be cryptographically authenticated by digital signature. Knowledge of the private key confers practical control over the asset. The private key should therefore be kept secret by the holder.

“Cold storage” in the context of Digital Currencies like Bitcoin means that the private keys are held in an offline digital hardware storage device that is stored in physical vaults in geographically diverse locations, and where each vault is secured by multiple levels of physical and biometric security. By keeping the private key away from any internet access, the risk of loss from hackers is substantially reduced.

Bitcoin is the predominant Digital Currency

Bitcoin is the predominant Digital Currency by market capitalisation. However, there are an increasing number of other Digital Currencies (also referred to as **Altcoins**), including Ethereum, that seek to differentiate themselves from Bitcoin.

2.2. The custody arrangements for the Purpose Bitcoin ETF's Bitcoin

Set out below is a summary of information contained in the Purpose Bitcoin ETF Prospectus relating to custody of the Bitcoin held by the Purpose Bitcoin ETF.

Sub-Custodian

The Purpose Bitcoin ETF Prospectus provides that:

- (a) Gemini Trust Company, LLC (**Sub-Custodian**) acts as sub-custodian of the Purpose Bitcoin ETF in respect of the Purpose Bitcoin ETF's holdings of Bitcoin pursuant to a sub-custodian agreement between the custodian of the Purpose Bitcoin ETF (Cidel Trust Company), the manager of the Purpose Bitcoin ETF (Purpose Investments Inc.) on behalf of the Purpose Bitcoin ETF and the Sub-Custodian dated February 11, 2021 (the **Sub-Custodian Agreement**);

- (b) the Sub-Custodian is a trust company licensed and regulated by the New York State Department of Financial Services;
- (c) the Sub-Custodian will use segregated cold storage bitcoin addresses for the Purpose Bitcoin ETF which are separate from the bitcoin addresses that the Sub-Custodian uses for its other customers and which are directly verifiable via the Bitcoin blockchain;
- (d) the Sub-Custodian will at all times record and identify in its books and records that such Bitcoins constitute the property of the Purpose Bitcoin ETF;
- (e) the Sub-Custodian will not loan, hypothecate, pledge or otherwise encumber the Purpose Bitcoin ETF's Bitcoin without the Purpose Bitcoin ETF's instruction.

Bitcoin Storage Structure

The Purpose Bitcoin ETF Prospectus provides that:

- (a) Bitcoin private keys are stored in two different forms: "hot wallet" storage, whereby the private keys are connected to the internet, and "cold" storage, where digital currency private keys are stored completely offline;
- (b) the Purpose Bitcoin ETF's Bitcoin will be stored by the Sub-Custodian offline in cold storage, and will only enter "hot" storage in the case of deposits and redemptions, meaning that the Bitcoin will only be in "hot" storage for a temporary period;
- (c) the Sub-Custodian has adopted the following security policies and practices with respect to digital assets held in cold storage: hardware security modules ("HSMs") are used to generate, store and manage cold storage private keys; multi-signature technology is used to provide both security against attacks and tolerance for losing access to a key or facility, eliminating single points of failure; all HSMs are stored offline in air-gapped environments within a diverse network of guarded, monitored and access-controlled facilities that are geographically distributed; multiple levels of physical security and monitoring controls are implemented to safeguard HSMs within storage facilities; and all fund transfers require the coordinated actions of multiple employees;
- (d) the Sub-Custodian has adopted the following security policies and practices with respect to digital assets held in its hot wallet: HSMs are used to store and manage hot wallet private keys; operational redundancy is achieved through geographic disbursement of failover storage facilities and hardware, thus protecting against service disruptions and single points of failure; all hot wallet HSMs are stored within secured facilities that are access-controlled, guarded, and monitored; tiered access-controls are applied to the Sub-Custodian's production environment to restrict access to employees based on role, following the principle of least-privilege; administrative access to its production environment requires multi-factor authentication; and it offers additional account level protections such as crypto address whitelisting, which allows customers to restrict withdrawals to addresses only included in the customer's whitelist.

Internal controls

The Purpose Bitcoin ETF Prospectus provides that:

- (a) the Sub-Custodian has adopted the Gemini BSA/AML Program for its digital asset trading platform and custody service in an effort to maintain the highest possible compliance with applicable laws and regulations relating to anti-money laundering in the U.S. and other countries where it conducts business. This program includes robust internal policies, procedures and controls that combat any attempted use of the Sub-Custodian for illegal or illicit purposes, including a customer identification program, annual training of all employees and officers in AML Regulation, filing of Suspicious Activity Reports and Currency Transaction Reports with the U.S. Financial Crimes Enforcement Network and annual internal and independent audits of the Gemini BSA/AML Program;
- (b) the Sub-Custodian has implemented certain security policies and practices to enhance security on its website, including through the use of two-factor authentication for certain user actions, such as withdrawals; a requirement for strong passwords from its users, which are cryptographically hashed using modern standards; encryption of sensitive user information, both in transit and at rest; the

application of rate-limiting procedures to certain account operations such as login attempts to thwart brute force attacks; the transmission of website data over encrypted transport layer security connections; the leveraging of content-security policy and HTTP strict transport security features in modern browsers; partnerships with enterprise vendors to mitigate potential distributed denial-of-service attacks; and the use of separate access controls on internal-only sections of the Sub-Custodian's website;

- (c) in addition to the security policies and procedures discussed above, the Sub-Custodian has also instituted the following internal controls: multiple signatories are required to transfer funds out of cold storage; the Sub-Custodian's Chief Executive Officer and President are unable to individually or jointly transfer funds out of cold storage; all private keys are stored offsite in secure facilities; all employees undergo criminal and credit background checks, and are subject to ongoing background checks throughout their employment; and all remote-access by employees uses public-key authentication (e.g. no passwords, one-time passwords or other phishable credentials are used).

Insurance

The Purpose Bitcoin ETF Prospectus provides that:

- (a) the Sub-Custodian, as sub-custodian of the Purpose Bitcoin ETF's Bitcoin, is responsible for securing the Purpose Bitcoin ETF's Bitcoin;
- (b) the Sub-Custodian currently maintains \$200 million in specie coverage for digital assets held in its cold storage system. The amounts and continuing availability of this coverage are subject to change at the Sub-Custodian's sole discretion;
- (c) the Sub-Custodian also maintains separate commercial crime insurance coverage for digital assets custodied in its "hot wallet".

3 OVERVIEW OF THE FUND

3.1. Introduction

The Cosmos Purpose Bitcoin Access ETF ARSN 640 781 693 is a managed investment scheme, which has been registered with ASIC. The Responsible Entity has applied to Cboe for the Units in the Fund to be quoted for trading on the Exchange under the Cboe Operating Rules.

3.2. Investment objective

The investment objective of the Fund is to provide Unitholders with an investment return (before taking into account fees, costs and tax) that approximately tracks the total return performance of Purpose ETF Units in the Purpose Bitcoin ETF. The Purpose Bitcoin ETF is a trust established under the laws of the Province of Ontario, Canada, and is quoted on the TSX. The Purpose Bitcoin ETF is managed by Purpose Investments and has been established to buy and hold substantially all of its assets in long-term holdings of Bitcoin and seeks to provide investors with the opportunity for long-term capital appreciation. Purpose ETF Units are quoted for trading on the TSX. See Sections 2.2 and 3.4 for further information about the Purpose Bitcoin ETF.

There is no assurance or guarantee that the Fund will meet its investment objective.

Prospective investors should note that Bitcoin is not a financial product and does not itself have an investment objective. This PDS does not relate to an issue of Bitcoins, but rather an issue of Units in the Fund, which will have an economic exposure to Bitcoin via its investment in the Purpose Bitcoin ETF.

3.3. Investment strategy

Strategy

The Fund employs a passive management strategy of investing directly in Purpose ETF Units, which are quoted for trading on the TSX.

Derivatives

Bitcoin futures traded on a licensed exchange may be used by the Fund to equitise cash. However, the Fund will not have notional derivative exposures that in aggregate relate to underlying assets valued at more than 10% of the NAV, except in exceptional circumstances (in which case the Investment Manager will take action as soon as practicable to reduce the exposure below the limit). This allows the Investment Manager to maintain the Fund's liquidity without being underinvested. Importantly, derivatives are not used in the Fund for speculation or to leverage the Fund's portfolio. For more information see Section 5 'Derivatives risk'.

Changes to the investment objective and strategy

In consultation with the Responsible Entity, the Investment Manager may from time to time vary the Fund's investment objective and strategy. We will notify Unitholders of any such changes that are not materially adverse.

3.4. The Purpose Bitcoin ETF

The Purpose Bitcoin ETF is an alternative mutual fund within the meaning of National Instrument 81-102 – *Investment Funds (NI 81-102)* established on 11 February 2021 as a trust under the laws of the Province of Ontario, Canada.

The Purpose Bitcoin ETF has several classes of units on issue, including Purpose ETF Units. Purpose ETF Units have been quoted for trading on the TSX since 18 February 2021 (ticker symbol "BTCC.U").

The trustee and manager of the Purpose Bitcoin ETF is Purpose Investments.

Founded in December 2012, Purpose Investments is a Canadian asset management company, with approximately \$14 billion in assets under management. Purpose focusses on client-centric innovation and offers a range of outcome-focused products. More details about the Purpose Investment team and story can be found [here](#).

Set out below is a summary of information contained in the Purpose Bitcoin ETF Prospectus relating to the investment objective and investment strategy of the Purpose Bitcoin ETF as they relate to Purpose ETF Units.

Investment objective

The Purpose Bitcoin ETF has been created to buy and hold substantially all of its assets in long-term holdings of Bitcoin and seeks to provide unitholders with the opportunity for long-term capital appreciation.

Investment strategy

To achieve its investment objective, the Purpose Bitcoin ETF invests in and holds substantially all of its assets in long-term holdings of Bitcoin in order to provide unitholders with a secure, convenient, lower-cost alternative to a direct investment in Bitcoin.

The Purpose Bitcoin ETF will not speculate with regard to short-term changes in Bitcoin prices. The Purpose Bitcoin ETF will not use derivatives instruments, the underlying interest of which is Bitcoin, for non-hedging purposes.

The Purpose Bitcoin ETF may also hold cash and cash equivalents or other money market instruments in order to meet its current obligations.

Generally, the Purpose Bitcoin ETF does not intend to borrow money or employ other forms of leverage to acquire Bitcoin for its portfolio. The Purpose Bitcoin ETF may however borrow money on a temporary short term basis to acquire Bitcoin in connection with a subscription for units by a registered dealer. Any borrowing by the Purpose Bitcoin ETF will be made in accordance with the borrowing restrictions applicable to an alternative mutual fund under NI 81-102.

At the date of this PDS, the Purpose Bitcoin ETF's Bitcoin is valued based on the TradeBlock XBX Index. For further information regarding the TradeBlock XBX Index visit <https://tradeblock.com/markets/index/xbx>.

3.5. Borrowing by the Fund

The Constitution allows for borrowing; however, the Investment Manager will generally not borrow on behalf of the Fund, except from time to time to cover short-term cash flow needs or if emergency or extraordinary situations arise.

3.6. Labour standards and environmental, social and ethical considerations

The Responsible Entity has appointed the Investment Manager to make investments decisions on behalf of the Fund, including decisions regarding whether, and the extent to which, labour standards and environmental, social and ethical considerations are taken into account in the selection, retention or realisation of investments relating to the Fund.

Having regard to the Fund's passive management strategy of investing directly in a single asset (Purpose ETF Units), the Investment Manager does not take labour standards or environmental, social and ethical considerations into account in the selection, retention or realisation of investments relating to the Fund. However, the Investment Manager looks to engage with companies that incorporate environmental, social and governance (**ESG**) factors into their investment processes, and in choosing to partner with Purpose Investments, the Investment Manager has considered not only its own ESG policy (available [here](#)) but also the Purpose Investments 'ESG Vision' (available at <https://www.purposeinvest.com/esg>), to ensure that both ESG frameworks are in alignment.

3.7. Distributions

The Fund earns interest on cash balances held from time to time, and may also receive distributions from the Purpose Bitcoin ETF. There is no distribution in relation to Bitcoin (ie unlike a company share on which a dividend might be paid, for example, a Bitcoin does not produce a distribution).

There is no guarantee that any income will be greater than the Fund's fees and expenses. As such, there is no guarantee that the Fund will distribute any income to Unitholders. The amount of income distributed each year (if any) will generally be the distributable income received by the Fund, unless the Responsible Entity decides to distribute a different amount.

3.8. Tax statement

The Responsible Entity will, as soon as practicable after the end of each financial year, issue to each Unitholder who received an entitlement to the distributable income of the Fund or who was attributed taxable income of the Fund during a financial year, a tax statement which outlines the amount and composition of the taxable income to which the Unitholder became entitled or was attributed.

3.9. Other parties involved in the operation of the Fund

In addition to the Investment Manager and the Responsible Entity, there are other parties involved in the operation and administration of the Fund, including the Unit Registry and Market Maker.

Additional information about other parties engaged to provide services in connection with the Fund can be found in Section 9.4.

4 ABOUT THE INVESTMENT MANAGER AND THE RESPONSIBLE ENTITY

4.1. Cosmos Asset Management

Cosmos Asset Management was incorporated on 25 February 2020. It is a dedicated Digital Currency and emerging technology asset manager, supported by a team experienced in digital assets, funds management and exchange traded funds.

Cosmos Asset Management is the promoter and investment manager of the Cosmos Global Digital Miners Access ETF (Cboe: "DIGA"), units in which are quoted for trading on the Exchange. DIGA gives investors exposure to a diversified portfolio of companies involved in digital asset mining and infrastructure globally.

Cosmos Asset Management's major shareholder is Mawson. Mawson is a digital asset infrastructure business, which owns and operates modular data centres (**MDCs**) in the US and Australia, that provide data centre capacity for a number of technology applications including digital asset mining. Mawson has a focus on matching energy infrastructure with next generation MDCs to solve energy distribution and grid issues while providing hosting for next generation technology deployments in the fields of blockchain and high performance computing.

4.2. The investment management team

The directors and key personnel of Cosmos Asset Management are outlined below.

The key personnel for the Investment Manager spend between 30% and 50% of their time on the management and oversight of Cosmos Asset Management and the investment strategies to be implemented for the Fund. To date, there have not been any adverse regulatory findings against any of the key personnel.

Dan K. Annan Jr. – CEO and Director

Dan is the Chief Executive Officer of Cosmos Asset Management and is responsible for leading the business operations and strategic direction. He has extensive experience in the local and global funds management industry, with over fifteen years dedicated to exchange traded funds.

Before Cosmos Asset Management, Dan was head of BetaShares Institutional Business for three years. Prior to his role at BetaShares, Dan held various roles within the iShares ETF business in the US and Australia. His final US post focused on the capital markets business, where he worked with global banks to incorporate equity and fixed income ETFs into their business models to support trading and liquidity of the ETF ecosystem.

Dan started his career with Alliance Bernstein in 2002 with coverage of US and Canadian Pensions, Corporates, Foundations and Endowments.

Dan holds a Bachelor of Economics from St. Lawrence University, New York.

Josh Best – Director

Josh is responsible for Portfolio Management and Product Innovation at Cosmos Asset Management.

Josh was a co-founder and chief investment officer at KIS Capital Partners Pty Ltd. KIS Capital was an Australian based hedge fund management company with an Asia ex Japan focus and was established in June 2009. KIS Capital's primary focus was to manage funds on behalf of high net wealth individuals, family offices and institutions.

Josh has completed an SIA Diploma of Financial Markets (2003) and is RG 146 Compliant (2003). He has also held roles as an authorised representative since 2003.

James Manning – Director

James is the founder of Mawson and is the chief executive officer of its parent company, Mawson Infrastructure Group Inc. (NASDAQ: MIGI) (**Mawson Inc**). Mawson Inc is a leading global digital infrastructure business, with a focus on digital mining, including Bitcoin. Since founding Mawson, James has been responsible for overall strategy, operations and management of Mawson and its subsidiaries. As part of his role as CEO of Mawson, James founded Cosmos Asset Management.

James is also the Managing Director of Vertua Limited (NSX: VER), an investment company listed on the NSX that, amongst other things, manages the Vertua Opportunities Fund, focussed on tourism and related assets.

James' diverse background in property development and professional services has given him an insight into both practical deliverables as well as complex regulatory and cross border transactions.

James has completed a Master of Business (Finance) from The University of Technology Sydney and Bachelor of Accounting from Australian Catholic University. He is a Fellow of the Institute of Company Directors (FAICD), and a member of the Institute of Public Accountants (IPA).

Martin Rogers – Director

Martin is responsible for Investor Relations and Market Research and jointly responsible for Product Innovation at Cosmos Asset Management.

Martin is a venture capitalist, start-up investor and company director.

Martin has a chemical engineering and computer science degrees and has a depth of experience in incubating companies and publicly listed organisations.

Martin has experience in all aspects of financial, strategic and operational management and has helped raise over \$200m cash equity. Martin has been both an investor and senior executive in a private funded advisory business in the tech, science and life-sciences sectors.

Martin established, and is currently the Chief Investment Officer of, KTM Ventures, an ESVCLP (Early Stage Venture Capital Limited Partnership) incorporated under Australian law that provides investment returns in a tax-effective fund focused upon pre-IPO and private expansion capital.

Martin has completed a Bachelor of Engineering (Chemistry) and Bachelor of Science (Computing) from the University of New South Wales.

4.3. The Responsible Entity

About the Responsible Entity

K2 Asset Management Ltd ABN 95 085 445 094 AFSL 244393 (**K2**) is the Fund's responsible entity and issuer of this PDS.

K2 is a subsidiary of K2 Asset Management Holdings Ltd (ABN 59 124 636 782), which is a public company listed on the Australian Securities Exchange (ASX: KAM). K2 was established in Melbourne in 1999 and specialises in managed funds for retail, wholesale and institutional investors.

The role of the Responsible Entity

The Responsible Entity is responsible for the overall management of the Fund in accordance with its duties to Unitholders. The Responsible Entity's responsibilities and obligations, as responsible entity of the Fund, are governed by the Constitution, the Corporations Act and general trust law. Under the Corporations Act and the Constitution, the Responsible Entity is required to act in the best interests of Unitholders.

The role of the Responsible Entity includes:

- acting honestly and in the best interest of Unitholders and in doing so, exercising the degree of care and diligence that a reasonable person would exercise if they were in the Responsible Entity's position;
- monitoring the operations, financial position and performance of the Fund;
- overseeing the risk management and compliance of the Fund;
- ensuring compliance with the Constitution and the Corporations Act and that the Fund complies with the Corporations Act; and
- ensuring the Fund's Compliance Plan (see Section 9.2) meets the requirements of the Corporations Act and that the Fund complies with the Compliance Plan.

5 RISK FACTORS

All investments carry risk. Different strategies carry different levels of risk depending on the assets that make up the strategy. Generally, assets with the potential for the highest long-term returns may also carry the highest level of risk.

When investing in a managed investment scheme, it is important to note that the value of assets in the managed investment scheme and the level of returns will vary. No return is

guaranteed. Future returns may differ from past returns and Unitholders may lose some or all of their money invested. Additionally, laws (including tax laws) that affect managed investment schemes may change in the future, which may have an adverse effect on the returns of managed investment schemes.

The level of acceptable risk will vary across Unitholders and will depend upon a range of factors such as age, investment timeframe, where other parts of the investor's wealth is invested and the Unitholders level of risk tolerance.

Prospective investors should carefully consider the risks and uncertainties described below and the other information contained in this PDS before making an investment in the Fund. They are not an exhaustive description of all the risks associated with an investment in the Fund and the Fund may be unable to fulfil its payment or other obligations under or in connection with it due to a factor which the Responsible Entity or Investment Manager did not consider to be a material or significant risk based on information currently available to either of them or which they may not currently be able to anticipate.

If any of the risks described below (or an unlisted risk) actually occurs, the value of the assets in the Fund could decline, and a Unitholder could lose all or part of their investment.

Investors should carefully consider the keys risks which are summarised below (please bear in mind that this is not an exhaustive list of all the risks associated with the Fund).

5.1. Risks of investing in the Fund

| Risk | Description |
|--------------------------------|---|
| Investment risk | <p>The success and profitability of the Fund will largely depend upon the performance of the Purpose Bitcoin ETF, which in turn will depend to a significant degree on the return generated by the underlying Bitcoin.</p> <p>The Purpose Bitcoin ETF Prospectus contains a summary of risk factors of investing in the Purpose Bitcoin ETF. The Purpose Bitcoin ETF Prospectus is a public document, available by contacting the Responsible Entity or by download from here.</p> |
| Exchange liquidity risk | <p>Although the Units will be quoted on the Exchange there can be no assurances that there will be a liquid market for Units. The Responsible Entity has in place market making arrangements to assist in maintaining liquidity for the Fund on the Exchange. The Responsible Entity cannot guarantee that the market maker will fulfil its obligations or that a market maker will continue to be appointed.</p> <p>The market making arrangements agreed by the Responsible Entity also specify certain permitted circumstances where the market making obligations may be suspended (such as operational disruptions, market disruptions or unusual conditions, other events set out in the Cboe Operating Rules, the suspension or rejection of applications for Units or redemption requests, or the market maker not having ASIC relief to allow short selling of Units). If the market maker defaults on its obligations, the Responsible Entity may seek to replace the market maker, although the arrangements with the market maker may limit or exclude any liability on the part of the market maker.</p> <p>In addition, there is the risk that the assets held by the Fund may be difficult or impossible to sell, preventing the Fund from closing out its position in a timely manner and at a fair price. This may be due to factors specific to that investment or to prevailing market conditions. A lack of liquidity could potentially result in the</p> |

| Risk | Description |
|--------------------------------|--|
| | suspension of redemptions, which may cause the Fund's Units to be suspended from trading on the Exchange. |
| Concentration risk | The performance of a concentrated fund like the Fund tends to be more volatile than the performance of a more diversified fund. This is because a concentrated fund is generally exposed to a smaller range of assets, in this case, mainly Bitcoin, and is therefore more sensitive to fluctuations in the value of Bitcoin. The volatility of Bitcoin and its implications for an investment in the Fund are explained in more detail in Section 5.2. |
| Currency risk | This is the risk that unfavourable fluctuations in the value of the Australian dollar relative to other currencies will adversely affect the value of the Fund measured in Australian dollars, due to the Fund being invested in securities based in those foreign currencies. Purpose ETF Units are denominated in USD. A rise in the value of the Australian dollar relative to USD could decrease the value of the NAV. The Fund does not hedge its exposure to foreign currencies. |
| Investment Manager risk | There is a risk that the Investment Manager's investment strategy is not successful, or not successfully implemented, resulting in the Fund failing to meet its objectives. No assurance can be given that the systems and strategies utilised by the Investment Manager will prove successful under all or any market conditions. |
| Counterparty risk | The Fund outsources key operational functions to third parties including investment management, custody, execution, administration and valuation to a number of third party service providers. There is a risk that third party service providers or other contract counterparties may intentionally or unintentionally breach their obligations to the Responsible Entity (such as a counterparty defaulting under a Derivatives contract) or provide services below standards which are expected, causing loss. |
| Derivative risk | Derivatives are used by the Fund as described in Section 3.3. Relevant derivatives derive their value from the performance of a reference asset, for example Bitcoin, a share or a market index. The use of derivatives may expose the Fund to significant losses as the use of derivatives involves risks that are different from and potentially greater than, the risks associated with investing directly in the underlying asset. For example, the risk of using derivatives include, but are not limited to, that of the derivative failing to move in line with the value of the underlying asset, counterparty risk and potential illiquidity which may occur if a particular derivative instrument is difficult to purchase or sell. See 'Counterparty risk' above for more information. The risk that the Fund may not be able to close out a derivatives position is minimised by entering into such transactions with reputable counterparties or on an exchange with an active and liquid secondary market. |
| Fund risk | <p>There is a risk that the Fund could terminate, that fees and expenses could change or that the Responsible Entity or the Investment Manager could be replaced as the responsible entity or investment manager (respectively) of the Fund.</p> <p>Further, given that the Fund has been newly established, no historical performance is available.</p> |

| Risk | Description |
|--|--|
| Operational risk | <p>Operational risk includes those risks which arise from carrying on a funds management business. The operation of the Fund requires the Responsible Entity, the Investment Manager, the Custodian, the Unit Registry, the Administrator and other service providers to implement sophisticated systems and procedures. Some of these systems and procedures are specific to the operation of the Fund. Inadequacies with these systems and procedures or the people operating them could lead to a problem with the Fund's operations and result in a decrease in the value of the Units.</p> |
| Liquidity of investments risk | <p>There is a risk that the assets in which the Fund is invested, or the Fund itself, may become illiquid. The absence of an established market or shortage of buyers for an investment may result in a loss if the holder of the investment needs to sell it within a particular timeframe.</p> |
| Trading price of Units on the Exchange may differ from Net Asset Value per Unit | <p>As with any exchange traded fund, it is possible that the trading price of Units on the Exchange may differ from the Net Asset Value per Unit. The trading price is dependent on a number of factors including the demand for and supply of Units, investor confidence, the availability of market maker services during the course of the trading day, and the bid-offer spread charged by a market maker. The trading price may be affected if there is a suspension of the application and redemption process. The application and redemption facility is designed to reduce the likelihood of Units trading at a significant discount or premium to the Net Asset Value per Unit. If the application or redemption facility for the Fund is closed on a particular day, the trading price might diverge further from the Net Asset Value per Unit.</p> <p>Periods of increased market volatility or disruptions to the market making function may result in wider bid-offer spreads for Units and trading prices that differ significantly from the Fund's Net Asset Value per Unit. This risk may be higher in the period shortly after the Exchange opens for trading and near the close of trading. If an investor purchases Units at a time when the market price is at a premium to the Net Asset Value per Unit or sells at a time when the market price is at a discount to the Net Asset Value per Unit, then the investor may sustain losses. Investors should consider placing "limit orders" to reduce the risk of trading at unfavourable prices.</p> |
| Regulatory risk | <p>Governments or regulators may pass laws, create policy, or implement regulation that affects the Fund, its underlying investments or the ability of the Investment Manager to execute its investment strategies. Such initiatives may impact either a specific transaction type or market, and may be either country specific or global.</p> <p>Changes may result in the Fund failing to achieve its investment objectives. Similarly, laws affecting registered managed investment schemes (including taxation and corporate and regulatory laws) may change in the future, affecting investors' rights and investment returns.</p> |

5.2. Specific risks associated with Digital Currencies

In addition to the general risks associated with investing in the Fund as outlined above, investing in Digital Currency holds additional specific risks which need to be explained and disclosed to prospective investors before making a decision to invest in the Fund. Digital Currencies are a new asset class, are very volatile and carry a higher degree of risk than some other asset classes. Digital Currencies can be extremely risky and are usually highly speculative. Anyone who acquires Digital Currencies directly or indirectly (for example by acquiring Units in the Fund), should be aware that there is a high risk that their investment could be lost. **There is the possibility that sometime in the future Bitcoin may have no value. This risk may render it unsuitable for most investors.** In addition to traditional investment risks outlined above, the specific and unique risks for Digital Currency related investments include, without limitation, some of the following:

| Risk | Description |
|---|--|
| Wider bid-offer spread on the Exchange | The Fund may trade at a wider bid-offer spread than many exchange traded products, because of the volatility of the underlying asset held by the Purpose Bitcoin ETF, being Bitcoin. Further information on the bid-offer spread may be found in the monthly Cboe Funds Report at www.Cboe.com.au and the liquidity obligations owed by the Fund to the Exchange are also published on the Cboe website. |
| Extreme volatility and bubble risk | <p>Most Digital Currencies are subject to extreme price volatility and have shown clear signs of a pricing bubble (being a significant, unsustainable rise in the value of Bitcoin). If you invest in Bitcoins or an investment product exposed to Bitcoin, such as the Fund, you should be aware that you could lose a large amount, or even all, of the money invested. The Digital Currency market to which the Fund is exposed is changing rapidly. This market is speculative and volatile with the risk that prices of Digital Currencies move quickly.</p> <p>The price and value of all Digital Currencies (and their volatility) especially Bitcoin have a major impact for the Fund. If the price of Bitcoin depreciates significantly, this will have a direct adverse impact on the return to Unitholders.</p> |
| Lack of price transparency | The price formation of Digital Currencies is often not transparent. There is a high risk that you will not receive a fair and accurate price when buying or selling products that invest in Digital Currencies. |
| Immutability | Most Digital Currencies, including Bitcoin, are built on immutable blockchains. This means that an incorrect or unauthorised transfer of a Digital Currency cannot be reversed and can only be undone by the recipient agreeing to return the Digital Currency in a separate transaction. To the extent any Bitcoin held by the Purpose Bitcoin ETF is stolen or erroneously transferred, there is a risk it will be irretrievable and such circumstances may adversely impact the value of Units in the Fund. A high profile loss of Bitcoin by a third party may also impact the perception and reputation of Bitcoin, which could in turn negatively impact the price of Bitcoin and therefore the value of Units in the Fund. |
| Absence of protection | Despite anti-money laundering requirements being introduced globally, Digital Currencies remain relatively unregulated under laws globally. Similarly, exchanges where Digital Currencies are traded and digital wallets used to hold, |

| Risk | Description |
|--|--|
| | <p>store and transfer Digital Currencies are largely unregulated under law too. This means that if you buy or hold Digital Currencies, you will not benefit from the guarantees and safeguards associated with regulated financial services. Global financial laws generally do not offer any specific legal protection covering you from losses or guaranteeing that you will regain access to your Digital Currencies holdings if a Digital Exchange or a digital wallet provider fails, goes out of business, or is subject to a cyber-attack, funds embezzlement or asset forfeiture as a result of law enforcement actions.</p> |
| <p>Regulatory risks</p> | <p>Unregulated Asset Class: Currently in Australia, Bitcoin in and of itself is not a financial product nor is Digital Currency regarded as money or currency for the purpose of the Corporations Act.</p> <p>The effect of any future regulatory change on Digital Currency or an entity dealing in or holding Digital Currency is impossible to predict, but such change could be substantial and adverse to the returns sought by the Fund.</p> <p>Regulation of crypto transactions: Regulatory changes or actions may alter the nature of an investment or restrict the use of Digital Currencies in a manner that could adversely affect your investment in the Fund.</p> <p>Banning / Outlawing the ownership / use case: While Bitcoin is presently legal in Australia, it may be illegal now, or in the future, to acquire, own, hold, sell or use Bitcoins in one or more countries.</p> <p>Future regulation for management of Fund: Regulatory changes or interpretations could cause the Fund, the Responsible Entity and the Investment Manager to register and comply with new regulations, resulting in potentially extraordinary, recurring or non-recurring expenses for those holding Digital Currencies.</p> |
| <p>Custody and private key risk</p> | <p>The private key required to access a Digital Currency may be lost, destroyed or stolen resulting in Purpose Investments (as the investment manager of the Purpose Bitcoin ETF) being unable to access or liquidate the Digital Currencies, or the Digital Currencies being accessed by unknown third parties without authorisation, which would adversely affect your investment in the Fund.</p> <p>The Purpose Bitcoin ETF Prospectus states that the private key(s) of the Purpose Bitcoin ETF's Bitcoin investments will be held in cold storage (see Section 2.2 of the PDS for more information on the custody arrangements for the Purpose Bitcoin ETF's Bitcoin). "Cold storage" means that the private keys are held in an offline digital hardware storage device that is stored in physical vaults in geographically diverse locations, and where each vault is secured by multiple levels of physical and biometric security. While these arrangements are intended to minimise the risk of the private keys being lost, destroyed or stolen, there is no guarantee that these events will not occur.</p> |

| Risk | Description |
|---|---|
| Fraud and cybersecurity risk | <p>Digital Currency transactions are irrevocable, Digital Currencies can be stolen or incorrectly transferred Digital Currencies may be irretrievable. As a result, if these events were to occur, they could adversely affect your investment in the Fund.</p> <p>In addition, certain features of Digital Currency technologies, such as decentralisation, open-source protocol and reliance on peer-to-peer connectivity, may increase the risk of fraud or cyber-attack by potentially reducing the likelihood of a coordinated response.</p> |
| Environmental risks | <p>Bitcoin mining currently requires computing hardware that consumes large amounts of electricity. By way of electrical power generation, many Bitcoin miners rely on fossil fuels to power their operations. Public perception of the impact of Bitcoin mining on climate change may reduce demand for Bitcoin and increase the likelihood of regulation that limits Bitcoin mining or restricts energy usage by Bitcoin miners. Such events could have a negative impact on the price of Bitcoin and the performance of the Fund.</p> |
| Operational disruptions | <p>Some Digital Exchanges have experienced severe operational problems, such as trading disruptions. Consumers have suffered losses during these disruptions as it restricted their ability to buy and sell Digital Currencies.</p> <p>It is possible that a Digital Exchange may become insolvent or it is possible that other clients of a Digital Exchange may cause a default which reduces the financial resources or capacity for the Digital Exchange to perform its obligations owed to the Purpose Bitcoin ETF in relation to (among other things) exchanging its Digital Currencies for Fiat Currencies.</p> <p>There is also a chance that a Digital Exchange may experience security failures, operational issues, and be the subject of hackers and malware. This risk is mitigated through the use of Wallets to hold the Bitcoin holdings.</p> |
| Misleading information | <p>Information available to consumers wishing to buy Digital Currencies is limited and most may be misleading as it tends to be incomplete, difficult to understand and fails to properly disclose the risks of Digital Currencies.</p> |
| No PDS for Bitcoin | <p>Investors should be aware that there is no Product Disclosure Statement (PDS) or equivalent for Bitcoin. Bitcoin itself does not have a performance objective. Any performance objective relating to Bitcoin in this PDS is the performance objective of the Fund and how Bitcoin forms part of the underlying assets of the Fund.</p> |
| Lack of exit options | <p>There is a risk of not being able to trade Digital Currencies or to exchange them for traditional currencies, such as the US dollar, for a long period of time. You may suffer losses in the process.</p> |
| Unsuitability of Digital Currencies for most purposes, including | <p>The high volatility of Digital Currencies, the uncertainty about their future and the unreliability of Digital Exchange platforms and wallet providers make Digital Currencies unsuitable for most consumers, including those with a short-term</p> |

| Risk | Description |
|---|---|
| investment or retirement planning | investment horizon but especially those pursuing long-term goals such as saving for retirement. |
| Adoption or use of the underlying currency | The slowing or stopping of the development or acceptance of the Bitcoin Network may severely impact the returns on an investment in the Fund. |
| Commercial use case | Currently, there is relatively small use of Bitcoins and other digital currencies in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect your investment in the Fund. |
| Loss of market share | Although Bitcoin is currently regarded as the most valuable Digital Currency, there is a risk that an Altcoin may (in the future) surpass Bitcoin's market share and market capitalisation and be more valuable than Bitcoin. |
| Currency development risk | The core developers or other programmers could propose amendments to the Bitcoin Network's protocols and software that, if accepted and authorised by the network community, could adversely affect your investment in the Fund. |
| 51% attack risk | If a malicious actor or botnet obtains control of more than 50% of the processing power on the Bitcoin Network, such actor or botnet could manipulate the Blockchain which could adversely affect the Fund and your investment in it. |
| Forks | The open-source nature of the Bitcoin Protocol permits any developer to review the underlying code and suggest changes. If some users and miners adopt a change while others do not and that change is not compatible with the existing software, a fork occurs. Several forks have already occurred in the Bitcoin Network resulting in the creation of new, separate digital assets. Forks and similar events could adversely affect the price and liquidity of Bitcoin and the value of an investment in the Fund. |
| Increase in transaction fees | If fees increase for recording transactions on the Bitcoin Network, demand for Digital Currencies may reduce and prevent the expansion of the network to retail merchants and commercial businesses, resulting in a reduction in the price of coins that could adversely affect your investment in the Fund. |
| Uncertainty about future use of Digital Currencies | Digital Currencies are a relatively new concept and asset class, so there is still some degree of uncertainty and pessimism about their use and so whether their popularity will gain further traction is difficult to predict. If the popularity and use of Digital Currencies diminish and leads to their value decreasing, the Fund's existing and potential further interest in Digital Currencies would be detrimentally affected. |

6 FEES AND OTHER COSTS

6.1. Consumer advisory warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

6.2. Fees and other costs

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Table 6.1: Fees and costs summary

| Type of fee or cost | Amount | How and when paid |
|---|---|---|
| Fees when your money moves in or out of the product | | |
| Establishment fee The fee to open your investment | Nil | Not applicable |
| Contribution fee The fee on each amount contributed to your investment by you | Authorised Participants (see note 1 below): \$200 Investors who buy Units on the Exchange: Nil | Payable only by Authorised Participants to the Fund. This fee will be payable by Authorised Participants together with the application amount at the time of the application. The Responsible Entity may waive or reduce this fee in certain circumstances. |
| Redemption fee | Authorised Participants: \$200 | Payable only by Authorised Participants to the Fund. |

| | | |
|---|--|--|
| The fee on each amount you take out of your investment | Investors who buy Units on the Exchange: Nil | This fee will be deducted from the redemption proceeds. The Responsible Entity may waive or reduce this fee in certain circumstances. |
| Exit fee The fee to close your investment | Nil | Not applicable |
| Management costs | | |
| The fees and costs for managing your investment | 1.25% p.a. of the net asset value (NAV) of the Fund | This comprises: Management fee: The management fee component is 0.00% p.a. of the NAV of the Fund. Indirect costs: The indirect costs component is 1.25% p.a. of the NAV of the Fund (see note 2 below). This represents the cost to the Fund of fees and charges of the Purpose Bitcoin ETF in which the Fund invests. The indirect costs are deducted from the assets of the Purpose Bitcoin ETF, accrued daily in the net asset value of the Purpose Bitcoin ETF and then paid periodically. Recoverable expenses: The recoverable expenses component is 0.00% of the NAV of the Fund (see note 3 below). Recoverable expenses are paid by the Investment Manager out of its own funds or may be reimbursed to the Responsible Entity from the Fund's assets. |
| Service fees | | |
| Switching fee The fee for changing investment options | Nil | Not applicable |

Notes:

1. An Authorised Participant is a trading participant under the Cboe Operating Rules who has entered into an agreement with the Responsible Entity in relation to Unit applications and redemptions. For an explanation of the contribution fees and withdrawal fees (also referred to in this PDS as application fees and redemption fees) please refer to Section 6.3 (Additional explanation of fees and other costs).
2. As the Fund is newly established, this figure reflects the indirect costs that the Responsible Entity, at the date of this PDS, reasonably estimates will apply for the current financial year, adjusted to reflect a 12 month period.
3. As the Fund is newly established, this figure reflects the recoverable expenses that the Responsible Entity, at the date of this PDS, reasonably estimates will apply for the current financial year, adjusted to reflect a 12 month period.

Unless otherwise stated, all fees and costs disclosed in this PDS are shown inclusive of any applicable GST less any reduced input tax credits claimable by the Fund.

Example of annual fees and costs

The managed funds fee calculator (on the moneysmart website referred to above) can be used to calculate the effect of fees and costs on account balances. This table gives an example of how fees and costs in the Fund can affect your investment over a one-year

period. You should use this table to compare this product with other managed investment products.

Table 6.2: Example of annual fees and costs

| Type of fee or cost | Amount | Balance of \$50,000 with a contribution of \$5,000 during the year |
|--------------------------------|--|---|
| Contribution fees | Investors who buy Units on the Exchange: nil or \$200 if you are an Authorised Participant | For every additional \$5,000 you invest in the Fund, you will be charged: \$0 if you are buying Units on the Exchange; or \$200 if you are an Authorised Participant. |
| Plus Management costs | 1.25% | And, for every \$50,000 you have invested in the Fund, you will be charged \$625 each year. |
| Equals the Cost of Fund | | If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during the year, you would be charged fees of \$625 (if you are buying Units on the Exchange) or \$825 (if you are an Authorised Participant). |

Notes:

1. An Authorised Participant who redeems Units directly will also be charged a withdrawal fee of \$200.
2. This example assumes that the \$5,000 contribution is made at the end of the year and the value of the investment is otherwise consistent, therefore the management costs associated above are calculated using the \$50,000 balance only. Please note that this example is illustrative only. In practice, actual investment balances will vary daily and the actual fees and expenses we charge are based on the value of the Fund, which also fluctuates daily.

6.3. Additional explanation of fees and other costs

Management costs

All estimates of fees and costs in this section are based on information available as at the date of this PDS. As the Fund is newly established, the figures reflect the Responsible Entity's reasonable estimate at the date of this PDS of those fees and costs that will apply for the current financial year (adjusted to reflect a 12 month period). These amounts are inclusive of GST less reduced input tax credits.

You should refer to the Fund Website at www.cosmosam.com.au from time to time for any updates which are not materially adverse to Unitholders.

The total management costs for the Fund include the management fee (if any), indirect costs and recoverable expenses. They do not include the transactional and operational costs of the Fund. Management costs are payable from the Fund's assets and are not paid directly from your account.

The management costs reduce the NAV of the Fund and are reflected in the NAV per Unit.

For details of the maximum fees permitted under the Constitution of the Fund, please refer to 'Can fees change?' below.

Management fee

This is the fee charged by the Investment Manager for managing the Fund and its investments. The management fee is calculated daily as a percentage of the NAV of the Fund and payable monthly in arrears.

At the date of this PDS, the Investment Manager does not charge a management fee.

If indirect costs and recoverable expenses decrease below 1.25% p.a. of the NAV of the Fund, the Investment Manager will be entitled to an annual management fee of 1.25%

minus indirect costs and recoverable expenses (expressed as a percentage p.a. of the NAV of the Fund).

Indirect costs

Indirect costs are those amounts that we know or, where required, reasonably estimate will reduce the return of the Fund or the amount or value of the income of, or property attributable to, the Fund or an underlying managed fund in which the Fund invests, including the Purpose Bitcoin ETF. Indirect costs do not include the management fee, recoverable expenses or transactional and operational costs as set out in this section.

Indirect costs include the net cost to the Fund of the fees and charges of the Purpose Bitcoin ETF in which the Fund invests. These indirect costs are deducted from the assets of the Purpose Bitcoin ETF, accrued daily in the net asset value of the Purpose Bitcoin ETF, and then paid periodically.

Indirect costs are reflected in the NAV per Unit and are not an additional cost to Unitholders.

The Responsible Entity reasonably estimates the indirect costs that will apply for the current financial year will be 1.25% p.a. of the NAV of the Fund (adjusted to reflect a 12 month period).

Recoverable expenses

(a) Normal operating expenses

Normal operating expenses include the Responsible Entity's fees, custody and fund accounting charges, auditing fees, registry fees, taxation advice, costs incurred in preparing annual reports and taxation statements, costs incurred in preparing product disclosure statements and in the promotion of the Fund, other costs arising from the Fund being registered as a managed investment scheme and other charges and expenses incurred or payable in the administration of the Fund. Normal operating expenses are currently paid by the Investment Manager out of its own funds.

(b) Abnormal expenses

Abnormal expenses are expenses that are not normally incurred in the day-to-day operation of the Fund and are not necessarily incurred in any given year. They may include costs associated with holding Unitholder meetings, changing the Fund's constitution, or defending or pursuing legal proceedings. Any such expenses that are not paid by the Investment Manager from of its own funds may be recovered from the Fund's assets and reflected in the Fund's Net Asset Value per Unit. The Responsible Entity, as at the date of this PDS, reasonably estimates that the abnormal expenses of the Fund that will apply for the current financial year (adjusted to reflect a 12 month period) will be nil.

Transactional and operational costs

Transactional and operational costs are the costs associated with the buying and selling of the assets of the Fund and the Purpose Bitcoin ETF. These costs include brokerage, settlement costs (including custody costs), clearing costs, stamp duty and other government taxes or charges and include the transactional and operational costs incurred by the underlying assets.

Transactional and operational costs are not included in the management costs. Instead they are recovered from the assets of the Fund or the Purpose Bitcoin ETF as and when they are incurred and therefore are an additional cost to you.

The table below sets out our reasonable estimate, as at the date of this PDS, of the Fund's total transactional and operational costs that will apply for the current financial year (adjusted to reflect a 12 month period). However, the Responsible Entity pays directly certain transactional and operational costs out of the application fees and redemption fees it receives, as described below under the heading "Application fees and redemption fees for Authorised Participants". Our estimate of the net transactional and operational costs of the Fund (representing the total transactional and operational costs of the Fund minus the transactional and operational costs paid directly by the Responsible Entity out of the application fees and redemption fees) that will apply for the current financial year (adjusted to reflect a 12 month period) are also set out in the table below. The net transactional and operational costs are borne by the Fund.

| Estimated total transactional and operational costs - % pa of the Fund's NAV | Estimated net transactional and operational costs - % pa of the Fund's NAV |
|--|--|
| Nil | Nil |

These transactional and operational costs are in addition to the management costs set out in Table 6.1 and Table 6.2 above.

The amount of these costs can be expected to vary from year to year depending on the volume and value of transactions undertaken.

Application and redemption fees for Authorised Participants

Note: No application fees or redemption fees are payable by investors who buy and sell Units on the Exchange. However, brokerage charges may apply.

Application fees and redemption fees will only be payable by Authorised Participants on an application for or redemption of Units directly with the Fund.

The application fee and redemption fee applicable to the Fund are set out in Table 6.1 above. The \$200 application fee and \$200 redemption fee are paid by Authorised Participants to the Fund (and not the Responsible Entity). The variable fees on cash applications and redemptions are applied by the Responsible Entity to pay for the transaction costs associated with the cash application or redemption.

The application fees and redemption fees payable by Authorised Participants seek to ensure that the transaction costs associated with applications and redemptions are borne by the transacting Authorised Participants and not by other investors.

Stockbroker fees

Investors may incur customary brokerage fees and commissions when buying and selling Units on the Exchange, as for any listed or quoted security. Please consult a stockbroker for more information in relation to their fees and charges.

Can fees change?

All fees can change. Reasons for this might include changing economic conditions and changes in regulation. The Responsible Entity has the right to increase the investment management fee, the application fee or the redemption fee for the Fund up to the limits set out in the Constitution as summarised in the table below without obtaining the consent of Unitholders, but will give Unitholders 30 days' advance written notice of any increase in these fees or any other fee. While the Constitution allows for performance fees to be charged, the Responsible Entity will not charge performance fees for this Fund.

| Fee | Current maximum fee allowed under Constitution |
|---------------------------|--|
| Investment management fee | 3.00% of gross asset value |
| Application fee | 0.5% of the application amount |
| Redemption fee | 0.5% of the aggregate redemption price |

The Responsible Entity cannot charge more than the Constitution of the Fund allows. If the Responsible Entity wishes to raise fees above the amount allowed for in the Constitution, it would first need to obtain the approval of Unitholders. The Responsible Entity also reserves the right to waive or reduce any of the fees and costs described in this PDS without prior notice.

Different fees

The Responsible Entity may negotiate different fees with investors who are 'wholesale clients' under the Corporations Act 2001. Accordingly, the Responsible Entity may waive or rebate some of its fees to these 'wholesale clients' so that they pay reduced fees but this is ultimately at the Responsible Entity's discretion, subject to the Corporations Act 2001

and ASIC Corporations (Registered Schemes—Differential Fees) Instrument 2017/40. The Responsible Entity cannot enter into individual fee arrangements with other investors. Please contact the Responsible Entity if you require further details on negotiating fees.

Borrowing costs

Borrowing costs are the costs associated with borrowing money or securities. The Fund may enter into borrowing facilities and, if so, the costs of a borrowing facility would be deducted from the Fund and not paid for by the Responsible Entity or the Investment Manager from the fees they receive. They would therefore increase the management costs of the Fund.

Remuneration of financial advisers

The Responsible Entity does not pay commission to financial advisers in relation to a Unitholder's investment in the Fund. A Unitholder may incur a fee for advice provided to the Unitholder by their financial adviser, if agreed between the Unitholder and their adviser.

Government charges and GST

Government taxes such as stamp duty and goods and services tax (**GST**) may apply to the Fund or your investment. Unless otherwise stated, all fees and costs are quoted inclusive of any GST and net of any input tax credits (**ITCs**) or reduced input tax credits (**RITCs**) that are expected to be available to the Fund.

Where ITCs or RITCs are available, the prescribed rates are currently 55% or 75%, depending on the nature of the fee or cost incurred. Please refer to Section 8 for additional information on GST.

7 HOW TO BUY AND SELL UNITS

7.1. Introduction

NOTE: Only Authorised Participants may apply for Units directly through this PDS. Accordingly, the material below that relates to applications for and redemptions of Units is of direct relevance to such persons only.

Other investors may buy and sell Units by trading on the Exchange through a stockbroker, or via a financial adviser.

Prior to being issued Units, an Authorised Participant must execute an Authorised Participant Agreement that deals with, amongst other things, the rights and obligations of the Authorised Participant in relation to applying for Units.

To effect an application or redemption, Authorised Participants must also complete the Application Form or Redemption Form.

7.2. Minimum applications and redemptions

The minimum application amount for Authorised Participants is 1 Creation Unit Amount, unless otherwise agreed with the Responsible Entity.

The minimum redemption amount for Authorised Participants is 1 Creation Unit Amount, unless otherwise agreed with the Responsible Entity.

7.3. Processing applications and redemptions

Application and Redemption forms may only be lodged by Authorised Participants on a day that is an Exchange Business Day.

Application Forms or Redemption Forms validly completed and received from Authorised Participants before the Dealing Deadline on an Exchange Business Day are processed at the Issue Price or Redemption Price (being the Net Asset Value per Unit) for the Fund applicable to that day.

Application Forms or Redemption Forms validly completed and received from Authorised Participants after the Dealing Deadline on an Exchange Business Day, or on a day that is

not an Exchange Business Day, will be treated as being received on the next Exchange Business Day.

By signing an Authorised Participant Agreement, an Authorised Participant agrees to be bound by certain execution and settlement procedures in relation to applications for and redemptions of Units which are set out in the Authorised Participant Agreement.

The procedures allow the Responsible Entity to (amongst other things) cancel an application or redemption in certain circumstances. The Responsible Entity may also reject any application in whole or in part at any time, without giving reasons.

7.4. Payment of application and redemption amounts

Applications and redemptions of Units will generally be made by way of payment in cash in Australian dollars, unless the Responsible Entity agrees otherwise [in which case applications and redemptions will be made by way of “in kind” delivery of Purpose ETF Units].

7.5. Suspension of applications and redemptions

There may be occasions where the Responsible Entity may suspend applications or delay or reject redemption requests. This may occur, for example, around the end of a distribution period when the Responsible Entity is calculating and paying the distributable income (if any) for the relevant period or where there are factors, as determined by the Responsible Entity, which prevent the accurate calculation of Unit prices. The Responsible Entity will advise Unitholders of any general suspension of applications or delay or rejection of redemptions.

The Responsible Entity may also scale down redemptions in certain circumstances.

See Section 9.1 for further information.

7.6. Valuation and pricing

After the Units are quoted, the amount per Unit payable by an Authorised Participant upon an application for Units is known as the Issue Price, and is equal to the Net Asset Value per Unit.

The amount per Unit to which an Authorised Participant is entitled on the redemption of Units is known as the Redemption Price, and is equal to the Net Asset Value per Unit.

The Issue Price and the Redemption Price are calculated in the same manner and will have the same value at any time. This value is determined by dividing the Net Asset Value of the Fund by the number of Units on issue in the Fund at the time the Issue Price and/or Redemption Price are determined (the valuation time).

The Net Asset Value of the Fund is calculated by deducting from the aggregate value of the assets of the Fund all liabilities such as accrued fees and other costs, and provisions relating to the Fund. Fees and other costs, including the Responsible Entity's fees, are normally accrued daily. The value of any assets or liabilities denominated in a foreign currency is converted to Australian dollars using the applicable closing spot and forward rates as of the valuation time for the Fund. The Fund's assets reflect their market value. The valuation methods applied by the Responsible Entity to value the Fund's assets and liabilities are consistent with applicable industry standards and result in Net Asset Value per Unit calculations that are independently verifiable.

The main asset of the Fund will be units in the Purpose Bitcoin ETF. The Fund will value these units at their most recent net asset value per unit reported by the Purpose Bitcoin ETF as at the relevant valuation time for the Fund.

The Purpose Bitcoin ETF Prospectus states that, in determining the net asset value of the Purpose Bitcoin ETF, the Purpose Bitcoin ETF's Bitcoin will be valued based on a widely recognized Bitcoin index which in the opinion of Purpose Investments best reflects the transactional price of Bitcoin, initially the TradeBlock XBX Index. For further information regarding the TradeBlock XBX Index visit <https://tradeblock.com/markets/index/xbx>.

Details of the daily Net Asset Value per Unit (and hence the Issue Price and Redemption Price) will be made available on the Fund Website.

The redemption amount paid to an Authorised Participant on the redemption of Units may include an amount representing their entitlement to distributable income of the Fund.

8 TAXATION

Any investment can have a substantial impact on your tax position from year to year. The following information is of a general nature only and is based on our understanding of the Australian tax laws, as at the date of this PDS. It does not constitute tax advice and should not be relied upon as such. Australian tax laws are subject to continual change, and the tax treatment applicable to particular Unitholders may differ. The following information is not an exhaustive summary of the tax implications of investing in the Fund or the tax treatment for investments made by the Fund.

The Responsible Entity is not a registered tax (financial) adviser and is not licensed or authorised to provide tax advice. The tax information in this PDS is provided for general information only and is not intended to provide a complete and exhaustive statement as to all the possible tax implications for Unitholders. You are strongly advised to obtain your own independent professional advice regarding your tax position before investing, as tax laws are complex and subject to change, and each Unitholder's individual circumstances vary.

The Responsible Entity does not generally expect the Fund itself to be subject to tax on the income of the Fund in Australia, as it is intended that either:

- where the Fund is eligible, the Responsible Entity may choose to make an irrevocable election for the Fund to be an Attribution Managed Investment Trust (**AMIT**): all taxable income and other relevant amounts will be "attributed" to the Unitholders in each year. The effect of the AMIT regime is discussed further below; and
- where the Fund is not an AMIT, either because the Responsible Entity does not or cannot make an election, or the Fund ceases to be eligible to be an AMIT: Unitholders will be presently entitled to all of the income of the Fund in each year.

The Fund may be taxed as a company if the public trading trust provisions apply to the Fund. It is not considered that the public trading trust provisions will apply to the Fund. This is discussed further below. If this were to occur, distributions to Unitholders would be treated as frankable distributions (also known as dividends).

The tax on accrued unrealised net gains is not reflected in the Unit price when investments are re-valued. As a result, you should be aware that you may be liable for tax arising from the sale of assets where unrealised gains accrued before you bought your Units, as well as gains that accrue after you buy your Units.

The tax impact for the Fund and the Unitholders will depend on the type of income made by the Fund. The Fund may derive income from sources outside Australia which may be subject to tax in the country of source. Unitholders may be entitled to a foreign income tax offset for foreign tax paid by the Fund.

Where investments of the Fund are held on capital account and the investments are held for at least 12 months, the Fund should be entitled to a 50% capital gains tax discount on the capital gain, unless the Taxation of Financial Arrangements (**TOFA**) rules apply, in which case such gains will be treated as income. Where eligible, the Responsible Entity may choose to make a Managed Investment Trust (**MIT**) irrevocable election to obtain deemed capital account treatment to gains and losses on the disposal of certain investments (including equities).

As the Fund intends to make overseas investments, there is potential for the Controlled Foreign Company (**CFC**) provisions to apply. The CFC rules may result in assessable income arising to the Fund in relation to certain investments that the Fund holds in overseas companies and trusts, where certain thresholds are met. If the rules apply it may mean that the assessable income of the Fund will include unrealised gains and undistributed income from overseas investments. The Responsible Entity does not expect to make investments to which the CFC provisions would apply.

Amounts received that are capital in nature often have a tax-preferred treatment in Australia. A capital return from an overseas trust, such as the Purpose Bitcoin ETF, may be taxed as income and not capital due to the operation of section 99B of the *Income Tax Assessment Act 1936* (Cth).

8.1 Tax position of Australian resident Unitholders

This section is relevant for Australian resident Unitholders who hold their Units on capital account for income tax purposes.

Where Fund is not an AMIT

This tax treatment outlined in this section is subject to the application of the public trading trust provisions, which are discussed below.

You will be liable for tax on your share of the Fund's income and capital gains, as determined at the end of each financial year. In broad terms, you will pay tax on the taxable income of the Fund each year in proportion to the share of the income of the Fund that you are presently entitled to as at 30 June of each year. This applies regardless of whether the Responsible Entity has paid your share of the income to you and may include amounts reinvested into the Fund.

You will be provided with a tax statement, after 30 June each year, that will provide you with the necessary information to lodge your tax return.

The tax statement will include details of any credits or tax offsets you are able to claim in your tax return including any franking credits if the Fund invests in Australian shares and tax offsets for any foreign income tax paid if the Fund invests outside of Australia.

You may also be liable for tax on any capital gains you make when you sell or redeem your Units. These gains are not included on the tax statement. Certain Unitholders who hold Units for more than 12 months may be entitled to a capital gains discount in relation to a capital gain arising on the disposal of their units. The CGT discount is 50% (for individuals and trusts) and 33⅓% (for complying superannuation entities) of the capital gain and is applied after allowing for the offset of any capital losses. The discount is not available to companies.

The Fund may distribute non-assessable amounts or tax deferred amounts to you. A distribution of non-assessable amounts or tax deferred amounts may reduce cost base of your Units, and may increase the capital gain or reduce the capital loss subsequently realised on disposal of the Units. Where the total non-assessable amounts or tax deferred amounts received by you exceeds the cost base of your Units, you will have a capital gain equal to the excess.

Capital gains or income arising from a significant redemption are distributed to the redeeming Unitholder. This ensures that remaining Unitholders are not materially adversely affected by the redemption. A significant redemption is one where the number of Units to be redeemed by the Unitholder exceeds 5% of the Units on issue. The Responsible Entity may determine a different threshold for a significant redemption by giving notice to the Unitholders.

Where Fund is an AMIT

This tax treatment outlined in this section is subject to the application of the public trading trust provisions, which are discussed below.

The AMIT legislation applies to qualifying MITs that make an irrevocable election to become an AMIT.

The AMIT regime is designed to provide greater flexibility for managed funds and fairness for their investors. Under the AMIT regime, Unitholders are taxed on the income of the Fund that is attributed to them on a "fair and reasonable basis" each year.

Where the Fund is an AMIT, you will need to include in your income tax return the share of the Fund's taxable income that is attributed to you for each financial year. This applies regardless of whether the distribution is received in cash during that income year or a later year and may include amounts that have been reinvested.

The effect of the AMIT regime is that there may be adjustments (upwards and downwards) made to your cost bases for CGT purposes, or your costs for revenue purposes, where there are differences between the amount distributed and the amount attributed on the AMIT member annual statement.

Capital gains or income arising from a redemption can be distributed to the redeeming investor on a fair and reasonable basis. This ensures that remaining investors are not materially adversely affected by the redemption. There is no 5% threshold where the Fund is an AMIT.

You will be provided with an AMIT member annual statement (generally in July each year) indicating the attributed amounts and cash distribution, including any foreign income tax offsets and franking credit entitlements, any upwards or downwards net cost base adjustment in the net capital gains tax cost base of their units in the Fund, and any taxes withheld.

Public trading trust provisions

A unit trust that is a public unit trust can be taxed as a company where it carries on (or controls another entity that carries on) trading activities other than eligible investment business activities under the public trading trust provisions in the tax laws. The Fund will be regarded as a public unit trust if it either: (a) has 50 or more unit holders (directly or indirectly through other trusts); (b) makes an offer or invitation of its units to the public; or (c) has its units listed for quotation on a stock exchange. While the Responsible Entity considers that the Fund will satisfy the definition of a public unit trust, it considers that the Fund will not be carrying on a trading business and it will not control another entity that carries on a trading business so that the public trading trust provisions do not apply to the Fund.

Should the Fund be taken to be carrying on a trading business the impact will be that the Fund will be taxed as a company. Distributions by the Fund would then be treated as frankable distributions (also known as dividends).

8.2. Tax position of non-resident Unitholders

This summary does not consider the Australian income tax implications for non-resident investors. However, it is noted that the Australian tax law may impose obligations on the Responsible Entity to withhold tax from distributions paid to non-residents.

As such, if you are not an Australian resident for tax purposes, withholding tax may be deducted from your distributions at rates that vary depending upon the country in which you reside.

It is expected that non-resident Unitholders will generally not be subject to Australian CGT on the disposal of Units in the Fund.

Broadly, as a non-resident Unitholder, you will only be subject to CGT on the disposal of your Units if you, together with any associates, hold or had an option or right to hold 10% or more of the Units in the Fund at the time of disposal or throughout a period of 12 months during the two years prior to disposal, and the majority of the Fund's assets comprise Taxable Australian Property (generally land and buildings in Australia).

It is not expected that the Fund will hold assets that are Taxable Australian Property.

As a non-resident Unitholder, you may also be subject to CGT where Units in the Fund have been held as part of the carrying on of a business through a permanent establishment in Australia or where you have at some point been an Australian tax resident.

It is strongly recommended that, prior to investing in the Fund, non-resident investors seek their own advice on both the Australian tax implications and the tax implications in the jurisdiction in which they reside.

8.3. Australian tax reporting requirements

The Responsible Entity has reporting obligations under Australian taxation laws.

The Responsible Entity is required to lodge an Annual Investment Income Report to the Australian Taxation Office (**ATO**), which will provide details on the Unitholders in the Fund and each Unitholder's share of the income each year.

The Responsible Entity will need to report certain Unit transactions for the Fund to the ATO each year. Information included in this reporting is the persons who were a party to a Unit transaction (issue, redemption or transfer of Units) and the number of Units transacted for each transaction.

If the Fund is a closely held trust, the Responsible Entity will be obligated to provide to the ATO details of each Unitholder who is a trustee of another trust (where that Unitholder is acting in its capacity as a trustee of another trust). Failure to disclose such information to the ATO will result in the untaxed part of the relevant Unitholder's share of the Fund's net income (to which they are entitled) being taxed at the highest marginal tax rate, plus the Medicare levy.

8.4. Non-resident account holder reporting requirements

As a result of an increased international focus on account holder data exchange, a number of countries have legislated that financial institutions identify and report certain information about the financial accounts of Unitholders. The regimes include the United States Foreign Account Tax Compliance Act (**FATCA**) and the OECD's Common Reporting Standard (**CRS**). To comply with its obligations under various reporting legislation the Responsible Entity will provide to the ATO such data (as required and as applicable to it) in respect of your investment in the Fund. This will be required if you are a US citizen or a foreign tax resident of any jurisdiction outside of Australia. If the Responsible Entity has attempted to confirm your tax status with you but have been unable to do so, it may still be required to notify the ATO.

8.5. Goods and Services Tax (GST)

GST is not payable on the issue, redemption or transfer of Units in the Fund, as these are input-taxed financial supplies for GST purposes. However, GST will generally be incurred on various acquisitions made by the Fund, including the acquisition of investment management services. In certain specified circumstances, the Fund may be entitled to input tax credits (**ITCs**), or reduced input tax credits (**RITCs**) at the prescribed percentage of 55% or 75% depending on the acquisition. Any available ITCs or RITCs effectively reduce the non-recoverable GST cost incurred.

8.6. Tax file number and ABN withholding

You will be asked to provide your tax file number (**TFN**) or Australian Business Number (**ABN**) in relation to your investment in the Fund. There are strict guidelines that govern the use and storage of TFNs.

There is no obligation to provide a TFN or ABN. However, if no TFN or ABN is provided, and no exemption is available, tax will be withheld from your distributions at the highest marginal rate and remitted to the ATO. These amounts may be credited to you when you lodge your tax return.

8.7. Tax reform

Tax reform activity that affects trusts is generally ongoing, and such activity may impact on the tax position of the Fund and the Unitholders. Accordingly, Unitholders should monitor the progress of any proposal legislative change or judicial developments and seek their own professional advice, specific to their own circumstances, in relation to the taxation implications of investing in the Fund.

9 ADDITIONAL INFORMATION

9.1. The Constitution

The Fund is governed by the Law and the Constitution. A summary of the key rights and obligations attaching to the Units and a description of the material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the terms of the Constitution. The rights and obligations attaching to

ownership of Units are also governed by the Corporations Act, the Cboe Operating Rules and general law.

If you invest in the Fund, you will be bound by the terms of the Constitution. Copies of the Constitution are available, free of charge, on request from the Responsible Entity. Please consider the Constitution and this PDS before investing in the Fund.

Units

The beneficial interest in the Fund is divided into Units. A Unit confers on the Unitholder an undivided beneficial interest in the assets of the Fund as a whole, subject to the liabilities of the Fund and not in parts or single assets. A Unitholder holds a Unit subject to the rights, restrictions and obligations attaching to that Unit.

The Constitution makes provision for the issue price for Units. The Responsible Entity has discretion under the Constitution to determine the issue price for Units where permitted by any applicable ASIC relief. The Responsible Entity has a Unit Pricing Discretion Policy which it follows when exercising any discretion it has in relation unit pricing, and a copy of this policy will be provided by the Responsible Entity on request at no charge.

Redemption of Units

Generally, investors who are not Authorised Participants may only buy and sell their Units on the Exchange and may not redeem Units directly under this PDS. If there are no Authorised Participants, however, the Responsible Entity may accept a redemption request from a person who is not an Authorised Participant.

Spreading redemption requests

The Constitution of the Fund provides that, if the Responsible Entity receives one or more redemption requests in respect of a particular valuation time that seek the redemption in aggregate of more than 10% of the total number of Units on issue, the Responsible Entity may scale down pro rata each redemption request so that no more than 10% of the number of Units on issue will be redeemed in respect of that valuation time. If a redemption request is scaled down in this way, the relevant Unitholder shall be deemed to have made a redemption request with respect to the unsatisfied balance of the Units the subject of the redemption request and that request will be deemed to have been received immediately following the first valuation time. The balance of such unsatisfied redemption request will be satisfied in priority to any subsequently received redemption request and will generally be satisfied in full no later than the 10th valuation time following the first valuation time.

Suspensions of applications and redemptions

The Constitution of the Fund allows the Responsible Entity to suspend the issue of Units in the Fund by publishing a notice to that effect. Application forms received from Authorised Participants during a period of suspension may be rejected or treated as received when the period of suspension ceases. The Responsible Entity may also reject any application by Authorised Participants in whole or in part at any time, without giving reasons.

The Constitution of the Fund provides that, in some circumstances, the period for satisfaction of redemption requests (generally two Exchange Business Days) may be extended, or that redemption requests may be suspended or rejected for as long as the relevant circumstances apply. Those circumstances are where:

- (a) the Responsible Entity has taken all reasonable steps to realise sufficient assets to pay the Redemption Price in respect of Units to which a redemption request applies and is unable to do so due to circumstances outside its control such as:
 - (i) restricted or suspended trading in the market for an Asset or an Underlying Asset;
 - (ii) suspension or absence of a requirement to make payment or failure of a counterparty to make payment under a derivative;
 - (iii) the closure of a securities or digital currency exchange or trading restrictions on a securities or digital currency exchange;
 - (iv) an emergency or other state of affairs; or
 - (v) the declaration of a moratorium in a country where the Fund has investments;

- (b) the quotation of any Units is suspended or the trading of any Units is otherwise halted, interrupted or restricted by the Exchange;
- (c) the Units cease to be quoted;
- (d) a redemption request is received in a financial year and the Responsible Entity determines that the date on which the completion of the redemption of the Units would otherwise occur would be in the next financial year; or
- (e) a redemption request is received during the period commencing on an ex date for a distribution period and ending on the distribution calculation date of that distribution period (both inclusive).

Liability of Unitholders

Subject to any separate agreement of acknowledgment by the Unitholder or any tax amount arising in connection with Unitholder as set out in the Constitution, the liability of each Unitholder is stated in the Constitution to be limited to the amount (if any) which remains unpaid in relation to the Unitholder's subscription for their Units.

Responsible Entity's powers and duties

The Responsible Entity has all the powers in respect of the Fund that may be conferred on a trustee under the law and as though the Responsible Entity was the absolute owner of the assets of the Fund and acting in its personal capacity.

This includes the power to borrow and raise money, and to grant securities, guarantees and indemnities.

Entitlement to fees and expenses

The Responsible Entity is entitled to be paid the fees as provided for in the Constitution and to recover expenses from Fund assets that are incurred by it in performing its role in connection with the Fund, subject to the proper performance of its duties.

In addition to a responsible entity fee specified in the Constitution, if K2 Asset Management Ltd is removed as the responsible entity of the Fund or retires as responsible entity of the Fund at the request by the Investment Manager or Unitholders and the Fund is taken in-house with the Investment Manager or transferred to another responsible entity or trustee at any time, the Investment Manager must give K2 9 months' notice in writing or the equivalent responsible entity fees for that period (except where the removal or transfer is due to a material breach of the Investment Management Agreement by K2, in which case only 7 Business Days' notice is required) and pay K2 the additional costs associated with the transfer.

Responsible Entity's indemnity

The Responsible Entity is indemnified out of the assets of the Fund and can be reimbursed for any liability incurred by it, in its own capacity or through a delegate, in relation to the proper performance of any of its duties or exercise of any of its powers in relation to the Fund.

Responsible Entity's liability

The Responsible Entity will generally not be liable to Unitholders except to the extent that the Corporations Act imposes such liability. The Responsible Entity's liability is generally limited to the extent to which it is entitled to recover through its right of indemnity from the assets of the Fund.

Distributions/reinvestment

The Constitution provides for the Responsible Entity to make distributions and the Responsible Entity may decide whether to permit or require Unitholders to reinvest some or all of any distribution to acquire Units.

Meetings

Meetings of Unitholders may be convened and conducted in accordance with the Corporations Act and the Constitution. A resolution by Unitholders will bind all Unitholders whether or not they voted or were present at the meeting, or whether or not they signed the resolution.

Amendments to the Constitution

Subject to the Corporations Act, the Constitution may be amended by a resolution passed by 75% of the votes cast by Unitholders. Alternatively, the Responsible Entity may amend the Constitution by executing a deed if the Responsible Entity reasonably considers that the amendments will not adversely affect Unitholders' rights.

Removal and retirement of the Responsible Entity

The Responsible Entity may voluntarily or compulsorily retire as permitted by law, which includes by calling a meeting of Unitholders to pass a resolution with respect to appointing a new responsible entity. Unitholders may also call a meeting to vote on a resolution to remove the Responsible Entity.

Termination of the Fund

The Unitholders may terminate the Fund through an extraordinary resolution (as defined in the Corporations Act). Alternatively, the Fund terminates at the earliest of a date determined by the Responsible Entity and advised to Unitholders by notice in writing or the date on which the Fund terminates in accordance with the Constitution or by law.

9.2. The Compliance Plan

The Responsible Entity has prepared and lodged a Compliance Plan for the Fund with ASIC. The Compliance Plan describes the systems and processes used by the Responsible Entity to comply with the Corporations Act, the Constitution and the Cboe Operating Rules.

An audit of the Compliance Plan will be undertaken on an annual basis by the Fund's Compliance Plan Auditor. An audit report is prepared and lodged with ASIC providing an opinion as to whether the Responsible Entity has complied with the Compliance Plan throughout the year and if the Compliance Plan continues to comply with the requirements of the Corporations Act and other relevant laws.

A copy of the Compliance Plan is available from the Responsible Entity.

9.3. The Investment Management Agreement

The Responsible Entity has entered into the Investment Management Agreement with the Investment Manager. A summary of the material terms of the Investment Management Agreement is set out below.

Services

The Investment Manager will invest and manage the assets of the Fund in accordance with the terms of the Investment Management Agreement.

Limitations

The Investment Manager must not without the prior consent of the Responsible Entity:

- (a) enter into derivative contracts unless there are at all times, in the case of each contract, sufficient assets in the Fund to support the underlying liability of the Responsible Entity under every contract;
- (b) delegate any of its discretionary management powers under the Investment Management Agreement;
- (c) encumber any part of the Fund's assets in any way (other than as arises by lien in the ordinary course of business or by statutory charge);
- (d) perform any broking function in relation to the Fund's assets, but the Investment Manager may, using reasonable care and diligence, on behalf of the Responsible Entity appoint any broker to act in relation to the Fund's assets subject reasonable monitoring of capacity and performance of the broker by the Investment Manager; or
- (e) engage in securities lending in relation to the Fund's assets.

Restrictions on Responsible Entity

The Responsible Entity is subject to a number of restrictions in acting without the prior written agreement of the Investment Manager. Such restricted actions include:

- (a) amending or withdrawing this PDS;
- (b) amending the investment strategy;
- (c) terminating the Fund;
- (d) encumbering any asset of the Fund or obtaining financial accommodation unless the investment strategy contemplates this;
- (e) refusing applications for or transfers of Units; or
- (f) seeking Unitholder support or approval for removal of the Investment Manager unless permitted by the Investment Management Agreement.

The Responsible Entity does not need to obtain the Investment Manager's prior consent to take any of the above actions if the Responsible Entity is required to do so to comply with its obligations under a relevant law, a document governing the Responsible Entity and its duties to Unitholders.

Exclusivity

The Investment Manager may from time to time perform similar investment and management services for other persons to the extent that it does not affect its ability to perform its duties under the Investment Management Agreement.

Responsible Entity duties

As trustee and responsible entity of the Fund, the Responsible Entity must operate the Fund, engage any service providers in connection with the Fund as nominated by the Investment Manager and exercise all reasonable care, skill, due diligence and vigilance expected of a professional Australian trustee of a fund substantially similar to the Fund in carrying out its functions, powers and duties.

Fees and expenses

A management fee may be payable to the Investment Manager at the rates indicated in Section 6.

Term and termination

The term of the Investment Management Agreement is ongoing until terminated in accordance with its terms.

The Responsible Entity can terminate the Investment Management Agreement in a number of circumstances, including if:

- (a) a receiver, receiver and manager, administrative receiver or similar person is appointed with respect to the assets and undertakings of the Investment Manager, or the Investment Manager goes into liquidation (other than for the purposes of a reconstruction or amalgamation on terms approved in writing by the Responsible Entity) or ceases to carry on business; or
- (b) the Investment Manager breaches or fails to perform any obligation or warranty under the agreement and fails to rectify the breach within 10 business days of receiving notice of the breach; or
- (c) the Investment Manager sells its main undertaking, which has not previously been consented to by the Responsible Entity.

The Investment Manager can terminate the Investment Management Agreement:

- (a) on 20 business days' notice to the Responsible Entity;
- (b) if a receiver, receiver and manager, administrative receiver or similar person is appointed with respect to the assets and undertakings of the Responsible Entity, or the Responsible Entity goes into liquidation (other than for the purposes of a reconstruction or amalgamation on terms approved in writing by the Investment Manager) or ceases to carry on business; or

- (c) the Responsible Entity breaches or fails to perform any obligation or warranty under the agreement and fails to rectify the breach within a reasonable period specified by the Investment Manager.

If the Responsible Entity is to retire, the Investment Management Agreement contains provisions to facilitate the appointment of a replacement responsible entity.

9.4. Other parties

Custodian

The Responsible Entity has engaged State Street Australia Limited as the Custodian to hold the assets of the Fund. The Custodian has no independent discretion with respect to the holding of assets and is subject to performance standards.

Auditor

The Responsible Entity has engaged a registered company auditor. The auditor's role is to provide an audit of the financial statements of the Fund each year, as well as performing a half-yearly review (if required), and to provide an opinion on the financial statements.

Fund administrator

The Responsible Entity has engaged State Street Australia Limited as the Fund's administrator. The fund administrator is responsible for providing administration services to the Fund including valuation and unit pricing, fund accounting, distribution preparation and preparation of financial statements.

Unit Registry

The Responsible Entity has engaged Automic Pty Ltd (the **Unit Registry**) to provide unit registry services for the Fund.

The registry services agreement sets out the services provided by the Unit Registry on an ongoing basis together with service standards. These services include maintenance of the unit registry, issuance of correspondence and issuer sponsored statements, payment services, bank reconciliation and general reporting.

The Unit Registry is the primary contact for investor enquiries and can be contacted on 1300 288 664 (within Australia) and +61(2) 9698 5414 (outside Australia) from 9.00 am to 5.00 pm (AEST), Monday to Friday (excluding public holidays).

Market Maker

The Responsible Entity has appointed a market maker for the Fund. All obligations and rights pertaining to the Market Maker are set out in the market making agreement.

The Market Maker is a Cboe participant and has agreements with the Exchange to act as a market maker. Subject to the Cboe Operating Rules, the Responsible Entity may replace the Market Maker for the Fund or appoint additional market makers.

The Market Maker will quote the bid ask spread based on the NAV of the Fund, taking into account the reasonable cost of the Market Maker in posting liquidity, and in accordance with the Cboe liquidity requirements.

Under the market making arrangements, the Market Maker will generally retain for its own account any trading profit or bear any loss generated by its market making activities.

Authorised Participants

The Responsible Entity has entered into an Authorised Participant Agreement with an eligible Authorised Participant.

The primary function of an Authorised Participant under an Authorised Participant Agreement is to facilitate the creation and redemption of units in the Fund, as a trading participant authorised by the Exchange, by issuing Unit creation or redemption requests to the Responsible Entity.

The Responsible Entity may enter into Authorised Participant Agreements with additional eligible Authorised Participants. An Authorised Participant may also be appointed to act

as market maker under a separate market making agreement with the Responsible Entity.

9.5. Complaints resolution

The Responsible Entity seeks to resolve complaints over the management of the Fund to the satisfaction of Unitholders. The Responsible Entity has an established complaint handling process and is committed to properly considering and resolving all complaints.

If you have a complaint about your investment, please contact K2 Asset Management:

Address: K2 Asset Management
Level 32, 101 Collins Street
Melbourne VIC 3000
Phone: +61 3 9691 6111
Email: compliance@k2am.com.au

K2 will acknowledge receipt of the complaint as soon as possible and in any case within 24 hours (or one business day) of receiving the complaint. We will seek to resolve your complaint as soon as practicable but not more than 30 days after receiving the complaint.

If you are not satisfied with our response, you may be able to lodge a complaint with the Australian Financial Complaints Authority (**AFCA**)

Online: www.afca.org.au
Post: Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001
Phone: 1800 931 678
Fax: +61 (3) 9613 6399
Email: info@afca.org.au
Please quote our AFCA membership number: 12481

9.6. No cooling off rights

Cooling-off rights do not apply to an investment in Units issued under the PDS. This means that, in most circumstances, an Authorised Participant cannot withdraw an Application Form once it has been submitted.

9.7. ASIC relief

Equal treatment relief

ASIC has granted class order relief (CO 13/721) under section 601QA of the Corporations Act from the equal treatment requirement in section 601FC(1)(d), to the extent that it would prevent the Responsible Entity from permitting only Authorised Participants to withdraw from the Fund. For the purposes of this relief (and for so long as we are permitted to rely on it), except in exceptional circumstances, only Authorised Participants may withdraw from the Fund, but other Unitholders may sell their units on the Exchange. However, if the units are suspended from trading on the Exchange for more than 5 consecutive trading days, investors will have the right to withdraw from the Fund and receive payment for their interests in money within a reasonable time of request unless any of the following apply:

- the Fund is being wound up;
- the Fund is not liquid as defined in subsection 601KA(4) of the Corporations Act; or
- we suspend redemptions in accordance with the Constitution.

In the event that such a redemption occurs, any withdrawal fee per unit payable by Unitholders who are not Authorised Participants will not be greater than the withdrawal fee per unit that would generally be payable by an Authorised Participant receiving redemption proceeds in cash when withdrawing the minimum parcel of units.

The Responsible Entity will not treat members of the same class equally to the extent that it restricts withdrawals from the Fund to Authorised Participants.

Class Order Relief - Ongoing Disclosure

ASIC has granted Class Order relief (CO 13/721) under section 1020F(1)(a) of the Corporations Act from the ongoing disclosure requirements in section 1017B on the condition that the Responsible Entity complies with the continuous disclosure requirements in section 675 of the Corporations Act as if the Fund was an unlisted disclosing entity. The Responsible Entity will comply with these continuous disclosure requirements of the Corporations Act as if the Fund was an unlisted disclosing entity.

Class Order Relief - Periodic Statements

ASIC has granted relief under Class Order 13/1200 which exempts the Responsible Entity from certain periodic statement requirements. In particular, we are not required to include purchase or sale price information or return on investment information where we are unable to determine such information provided we explain why this information is not included and how it can be obtained or calculated. In addition, Class Order 13/1200 requires us to report in the periodic statement whether the Fund has met its investment objective.

9.8. Documents lodged with ASIC

The Responsible Entity will comply with the regular reporting and continuous disclosure requirements of the Corporations Act in relation to the Fund as if the Fund was a “disclosing entity” under the Corporations Act. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office.

As an investor in the Fund, a Unitholder may obtain the following documents from the Responsible Entity (as at the date of this PDS, no such documents have been lodged with ASIC):

- (a) the annual report most recently lodged with ASIC in respect of the Fund;
- (b) any half-year financial report lodged with ASIC in respect of the Fund after the lodgement of the above mentioned annual report and before the date of this PDS; and
- (c) any continuous disclosure notices given in respect of the Fund after the lodgement of the above mentioned annual report and before the date of this PDS.

The Responsible Entity will send a requesting Unitholder a printed or electronic copy of any of the above documents free of charge on request.

9.9. Information available from the Responsible Entity

The Responsible Entity is subject to regular reporting and disclosure obligations, in its capacity as responsible entity of the Fund and issuer of the Units. The following information can be obtained from the Responsible Entity by visiting the Fund Website at www.cosmosam.com.au or by contacting the Responsible Entity on +61 (3) 9691 6111:

- the daily Net Asset Value for the Fund;
- the daily NAV per Unit for the Fund;
- the latest PDS for the Fund;
- copies of announcements made to the Exchange (including continuous disclosure notices and distribution information);
- information about distributions as soon as possible after they are declared;
- annual and any half-yearly reports and financial statements for the Fund; and
- information in relation to the Fund to enable an Authorised Participant and the Market Maker to estimate the Net Asset Value per Unit of the Fund during the course of a trading day.

In accordance with the design and distribution obligations in Part 7.8A of the Corporations Act which commenced on 5 October 2021, the Responsible Entity has made a Target Market Determination, which describes the class of consumers that comprises the target market for the financial product (being Units in the Fund) and matters relevant to the

distribution and review of the financial product. A copy of the Target Market Determination can be obtained by visiting the Fund Website.

9.10. Related party transactions and conflicts of interest

The Responsible Entity may use the services of related parties in the management of the Fund and pay fees for their services. The fund administrator is an associated entity of the Responsible Entity. All related party transactions are conducted on arm's length normal commercial terms and conditions.

From time to time, the Responsible Entity, its related bodies corporate or their directors and employees may hold Units in the Fund.

The Responsible Entity may be subject to conflicts of interest when performing its duties in relation to the Fund. The Responsible Entity has policies and procedures in place to appropriately manage these conflicts of interest.

9.11. Privacy

The Privacy Act 1998 (Cth) regulates, among other things, the collection, disclosure and access to personal information.

Certain laws require us to collect, store and disclose information about you (including personal information), for example, The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**AML/CTF Law**), the Corporations Act 2001, the Foreign Account Tax Compliance Act (**FATCA**) and the Tax Laws Amendment (Implementation of the Common Reporting Standard) Act 2016 (**CRS**). We may be required under the AML/CTF Law to provide information about you (including personal information) to the Australian Transaction Reports and Analysis Centre (**AUSTRAC**), the body responsible for regulating the AML/CTF Law. In respect of investors who are ordinarily resident in a country other than Australia, both FATCA and CRS may require us to collect and disclose to the Australian Taxation Office information about you (including personal information) obtained from you.

If you do not provide the information requested in the Application Form, we will not be able to process your Application (including any application for additional Units) and your Application may be delayed or rejected. Where Applications are delayed or refused, we are not liable for any loss you suffer (including consequential loss) as a result. Alternatively, if we accept your Application to the Fund when you have not provided all of the requested information, we may provide information about you to the relevant regulator.

We will be required to share information about you (including personal information) with service providers to the Responsible Entity in respect of the Fund (including the Investment Manager) to ensure you receive the appropriate information and assistance in respect of your holding in the Fund.

By applying to invest in the Fund, you consent to your information (including your personal information) being collected, used and disclosed by the Unit Registry and by the Responsible Entity for the purposes disclosed above and in their respective privacy policies.

You are entitled to access, correct and update all personal information we hold about you. You can contact us to find out what personal information we hold about you or if you have any concerns about the completeness or accuracy of the information we hold. If you want us to correct any personal information we hold, please contact us using the details in this PDS.

A copy of our privacy policy is available on our website at www.k2am.com.au and a paper copy will be sent to you free of charge on request.

The Unit Registry's complete privacy policy can be accessed by calling 1300 288 664 (within Australia) and +61(2) 9698 5414 (outside Australia) from 9.00 am to 5.00 pm (AEST), Monday to Friday (excluding public holidays) and requesting a copy.

9.12. Consents

Each of the parties listed below has given, and before lodgement of the paper PDS with ASIC and the issue of the electronic version of this PDS, has not withdrawn its written consent to being named in this PDS and to the inclusion, in the form and context in which it is included, of any information attributable to that party or statements about that party or their role in relation to this PDS. None of the parties listed below has made or purported to make any statement or representation that is included in this PDS or any statement on which a statement made in this PDS is based, except as stated above. None of the parties listed below has authorised or caused the issue of this PDS, does not make any offer of Units and, to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any statement in, or omission from, this PDS other than reference to its name and any statement or report included in this PDS with the consent of that party.

| Name | Role/Responsible |
|---------------------------------|---|
| Cosmos Asset Management Pty Ltd | Investment Manager of Cosmos Purpose Bitcoin Access ETF |
| Purpose Investments Inc. | Investment Manager for Purpose Bitcoin ETF |
| Automatic Pty Ltd | Unit Registry – Unit registrar for the Fund |
| State Street Australia Limited | Custodian of the Fund |
| State Street Australia Limited | Administrator of the Fund |

10 GLOSSARY

| Term | Meaning |
|----------------------------------|--|
| \$ or A\$ or AUD | The lawful currency of the Commonwealth of Australia. |
| AEST | Australian eastern standard time. |
| AFSL or AFS Licence | Australian Financial Services Licence. |
| Altcoins | Any Digital Currency similar to Bitcoin. The term is said to stand for “alternative to Bitcoin” and is used to describe any Digital Currency that is not a Bitcoin. |
| AMIT | Attribution Managed Investment Scheme. |
| AML Laws | The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Commonwealth of Australia) and its related rules, and the equivalent or similar laws in overseas jurisdictions. |
| Application | An application for Units under this PDS. |
| Application Form | An application form or application request in a form approved by the Responsible Entity upon which an Application may be made. |
| AR No | Authorised Representative Number. |
| ASIC | Australian Securities & Investments Commission. |
| ASX | ASX Limited (ABN 98 008 624 691) or the financial market known as the Australian Securities Exchange it operates, as the context requires. |
| ASX Listing Rules | The official listing rules of the ASX, as amended or waived from time to time. |
| ATO | Australian Taxation Office. |
| Authorised Participant | A participant as defined under the Cboe Operating Rules who has entered into an Authorised Participant Agreement with the Responsible Entity. |
| Authorised Participant Agreement | An agreement between the Responsible Entity and an Authorised Participant in relation to Unit applications and redemptions. |
| Bitcoin or BTC | Bitcoin (with a capital “B”), which was created in 2009, established the world’s first decentralised Digital Currency. Bitcoin uses Blockchain technology to create a Digital Currency that is entirely decentralised and managed across a wide network of computers rather than by a single entity. |
| Bitcoin Network | A peer-to-peer payment network that operates on a cryptographic protocol (the Bitcoin Protocol). Users send and receive Bitcoins, by broadcasting digitally signed messages to the network using Wallets. |
| Blockchain | Blockchain is the underlying technology that Bitcoin and most other Digital Currencies use to record and validate transactions. It is a linked list of transaction updates to a virtual digital public ledger. |

| Term | Meaning |
|-------------------------|--|
| Cboe Operating Rules | The operating rules of the Exchange as amended or waived from time to time. |
| CGT | Capital gains tax. |
| CHESS | Clearing House Electronic Sub-register System, operated in accordance with the Corporations Act. |
| CHESS Holders | A holder of Units that are held in CHESS and sponsored by a stockbroker. |
| Compliance Plan | The compliance plan of the Fund. |
| Constitution | The constitution of the Fund. |
| Corporations Act | <i>Corporations Act 2001</i> (Cth). |
| Cosmos Asset Management | Cosmos Asset Management Pty Ltd (ABN 34 639 356 068). |
| Creation Unit Amount | A particular number of Units of the Fund, as determined by the Responsible Entity from time to time and notified to Authorised Participants. |
| Dealing Deadline | 4.30pm AEST on each Exchange Business Day (or such other time advised by the Responsible Entity), being the time by which an Application/Redemption Form must be received by the Responsible Entity to be processed for that day. |
| Derivatives | Generally, a financial contract, such as an option or futures contract, whose value depends on or is derived from the performance of an underlying security, asset, commodity, currency, or index, and includes exchange-traded derivatives and OTC Derivatives. |
| Digital Currencies | Currencies that are issued and transferred electronically through the Blockchain, which include Bitcoin and Altcoins. |
| Digital Exchange | A business that allows customers to trade Digital Currencies for other assets such as Fiat Currency. |
| ETF | Exchange traded fund. |
| Exchange or Cboe | Cboe Australia Pty Ltd (ABN 47 129 584 667) (formerly known as Chi-X Australia Pty Ltd) or the financial market known as Cboe Australia it operates (formerly known as Chi-X), as the context requires. |
| Exchange Business Day | A Business Day as defined in the Cboe Operating Rules. |
| Fiat Currencies | Those currencies issued by a government, typically used to refer to physical currencies such as AUD, USD, Japanese yen, the euro and other currencies. |
| Fund | Cosmos Purpose Bitcoin Access ETF (ARSN 640 781 693). |
| Fund Website | www.cosmosam.com.au |

| Term | Meaning |
|---------------------------------|---|
| GST | Goods and services tax. |
| Investment Management Agreement | The agreement between the Responsible Entity and the Investment Manager appointing the Investment Manager to manage the Fund, a summary of which is set out in Section 9.3. |
| Investment Manager | Cosmos Asset Management or any other entity appointed to perform the role of investment manager of the Fund. |
| Issue Price | The Net Asset Value divided by the number of Units on issue in the Fund. |
| Market Maker | An institution appointed by the Responsible Entity to assist it in maintaining liquidity of trading of the Units on the Exchange. A Market Maker may also be an Authorised Participant. |
| Mawson | Mawson Infrastructure Group Pty Ltd (ACN 636 458 912). |
| Mawson Inc | Mawson Infrastructure Group Inc. |
| NAV | Net Asset Value. |
| Net Asset Value | As it relates to the Fund is equal to its assets, less liabilities (including accrued but unpaid expenses and reasonable reserves). |
| NI 81-102 | National Instrument 81-102 – <i>Investment Funds</i> , Canada. |
| OTC Derivative | Over-The-Counter Derivatives are Derivatives that are not quoted on a regulated exchange and so may only be traded in an unregulated or over-the-counter manner. |
| PDS | This product disclosure statement for the issue of Units (including the electronic form of this PDS). |
| Purpose Bitcoin ETF | An alternative mutual fund within the meaning of NI 81-102 established by Purpose Investments on 11 February 2021 as a trust under the laws of the Province of Ontario, Canada. |
| Purpose Bitcoin ETF Prospectus | The prospectus for the Purpose Bitcoin ETF dated 11 February 2022. |
| Purpose ETF Unit | USD denominated ETF non-currency hedged units in the Purpose Bitcoin ETF. |
| Purpose Investments | Purpose Investments Inc, the trustee and manager of the Purpose Bitcoin ETF. |
| Redemption Form | A redemption form or redemption request in a form approved by the Responsible Entity upon which a redemption of Units may be made. |
| Redemption Price | The Net Asset Value divided by the number of Units on issue in the Fund. |
| Responsible Entity | K2 Asset Management Ltd (ABN 95 085 445 094 AFSL 244393). |
| RITC | Reduced input tax credit. |

| Term | Meaning |
|---------------------|--|
| Section | Where the term 'Section' is used, it is a reference to a section within this PDS. |
| Tax Act | <i>Income Tax Assessment Act 1997</i> (Cth). |
| TSX | The Toronto Stock Exchange. |
| Unit | A fully paid ordinary unit in the capital of the Fund. |
| Unit Registry | Automic Pty Ltd (ABN 27 152 260 814). |
| United States or US | United States of America. |
| Unitholder | A holder of Units from time to time. |
| USD | The lawful currency of the United States. |
| US Securities Act | US Securities Act of 1933, as amended. |
| Wallet | A piece of software that maintains digital keys and manages digital addresses of Digital Currencies. |

CORPORATE DIRECTORY

Responsible Entity

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Fund Website

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