FiCAS AG

Investment Policy

Version January 2024

Contents

Introduction

FiCAS AG is a Swiss company, domiciled in Zug. Amongst its activities is the active management of crypto investments.

The purpose of this Investment Policy, henceforth “the policy”, is to establish guidelines for FiCAS’ investment portfolio and asset management activities.

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

The policy describes below the guidelines underpinning trading, execution, monitoring of investments, selection of traders and of investment consulting services. For each ETP, which FiCAS AG acts as an asset manager – the policy describes, as applicable, the investment objective, the parameters driving asset allocation, the guidelines underpinning diversification, dynamic reallocation, and standard of performance.

The policy will be reviewed at least once per year.

Investment Committee

The Investment Committee is composed of three Board Members including the Company’s Chief Investment Officer.

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

The duties & responsibilities are:

- Develop and maintain the investment policy and all other documents governing the investment of AuM.
- Review at least annually the Investment Policy and Asset Allocation parameters.
- Ensure compliance with the Investment Policy by verifying that assets are invested accordingly.
- Evaluate scenarios analyses prepared by staff and / or third parties based on projected future expenses, risks scenarios that would affect the cash position or policy parameter or the capital of the Company, and portfolio characteristics of potential other asset allocations.
- Review the investment performance of the invested assets relative to the benchmark.
- Monitor and evaluate investment service providers for the invested assets (including ETP partners and outsourced market research), and determine any change.
- Assess whether fees incurred are appropriate and reasonable.
- Lead investment managers and asset selections in accordance with the Policy parameters.

- Ensure appropriate availability and performance of operational functions, including to rebalancing and reserve funding.
- Report at least annually to the BoD on the Committee’s findings and recommendations.
- Selection of the Portfolio Management Team

Portfolio Management Team

The Portfolio Management Team is a dynamic and integral part of our organization, responsible for optimizing the performance, risk, and strategic alignment of our investment portfolios. With a strong commitment to delivering value and achieving our financial goals, the team collaborates across departments to drive informed decision-making, monitor portfolio health, and ensure alignment with our business objectives.

The duties & responsibilities are:

- Develop a deep understanding of the company’s and the product strategic objectives and risk appetite.
- Align investment strategies with the company's short-term and long-term goals.
- Identify and assess potential risks unique to the cryptocurrency market, including regulatory, technological, and market-specific risks.
- Implement risk management strategies to mitigate potential negative impacts on the portfolio.
- Conduct stress tests and scenario analyses to assess the portfolio's resilience to market fluctuations.
- Evaluate and select investment opportunities that align with the portfolio's strategic objectives.
- Monitor and analyze market trends and news that could impact cryptocurrency prices and market sentiment.
- Conduct comprehensive research and due diligence on potential digital assets
- Stay informed about the latest developments, protocols, and innovations in the cryptocurrency and blockchain space.
- Monitor the performance of the cryptocurrency portfolio against established benchmarks and targets.
- Analyze and report on the returns, volatility, and correlation of different cryptocurrencies within the portfolio.
- Provide insights and recommendations for optimizing portfolio performance and managing risk.
- Implement strategies to ensure the portfolio can be rebalanced or adjusted efficiently without adversely affecting prices.
- Stay updated on regulatory developments and compliance requirements related to cryptocurrencies and digital assets.
- Ensure that the portfolio's investments and trading activities adhere to relevant legal and regulatory frameworks.

- Effectively communicate investment strategies, decisions, and performance to internal stakeholders, clients, and partners.
- Continuously explore and evaluate new investment opportunities and emerging trends within the cryptocurrency ecosystem.

Trading and Execution Guidelines

The CIO and any trader, who is authorized by the Investment Committee, have the discretion to execute transactions in cryptocurrencies with several authorized custodians and exchanges with whom an onboarding process has been successfully carried out.

As per date of this policy the company has been onboarded by the following trading entities: SEBA Bank AG, Sygnum Bank AG, Crypto Broker AG, Bitcoin Suisse AG, Coinbase Ltd., Bitstamp Ltd. and Kraken. Such variety of entities supports proper risk management requirements (diversification) and proper execution (ability to trade the targeted cryptocurrencies at fair prices). Further onboardings are possible and will be subject to strict selection criteria. The selected custodians and brokers are defined in the final term sheet of each product.

Post-execution of any transaction, the Trader shall meticulously record the details of each trade in a trade journal. This journal will include, but not be limited to, the date, time, asset type, volume, price, counterparty, and the specific exchange or custodian utilized. Additionally, the underlying rationale or decision-making process leading to the trade should be documented.

Selection of Traders

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

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

Selection of Investment Consulting Services

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

Selection of Custodians / Exchanges

Cryptocurrencies/underlying of the Portfolio shall be registered by highly qualified and authorized custodians on behalf of the company. The criteria for the selection of such entities are listed below:

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

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

Investment objective

The Product BTCD (FiCAS Dynamic Crypto ETP) trades 15 selected digital assets as defined by SIX Swiss Exchange and USD / CHF and EUR with the objective of increasing the Net Asset Value (NAV) of the ETP in the mid to long term. BTCD is a long-only strategy with the goal of generating absolute return.

The strategy is significantly influenced by the analysis of Bitcoin Dominance, which dictates asset allocation between Bitcoin and Altcoins, with a primary focus on Bitcoin and shifts to Altcoins as guided by favorable Bitcoin Dominance trends. The Market Cap BTC Dominance Index from TradingView serves as the key metric for trend analysis in the Bitcoin Dominance.

The investment style is discretionary. There is no leverage.

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

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

Staking on crypto assets is possible. Staking involves buying a certain limited amount of digital assets and setting them aside to become an active validation node for a blockchain network. In simple terms, staking is a way to earn rewards for holding the crypto assets.

Asset Allocation

FiCAS allocates the investable funds into selected crypto assets. The selected crypto assets have to be admitted by the rules of the SIX Exchange Regulation.

The Portfolio Management Team expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. The Portfolio Management Team retains flexibility with respect to making periodic changes to the Portfolio’s asset allocation.

Assets allocation takes place within the following boundaries:

Crypto currency	Minimum and Maximum Target Allocation (excluding fiat)
Bitcoin	10% to 100%
Ethereum	0% to 80%
Solana	0% to 20%
Polkadot	0% to 20%
Ripple	0% to 20%
Litecoin	0% to 20%
Cardano	0% to 20%
Polygon	0% to 20%
Additional Cryptocurrency	0% to 20% each

The ETP may require an approval from SIX Exchange Regulation before trading in an Additional Cryptocurrency. The eligible components of the basket comprise all cryptocurrency assets which are permitted underlyings according to the rules of SIX Exchange Regulation and CHF, EUR, and USD

Changes in the procedure may change and will be reflected in new versions of this policy.

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

- Macro Crypto and Blockchain Industry Outlooks, Future Trends of Industry: Our scrutiny encompasses regulatory landscapes, technological breakthroughs, dominance shifts of specific assets, and overall market value determinants.
- Bitcoin Dominance Analysis: A dedicated examination of Bitcoin's market share (Bitcoin Dominance) in relation to other cryptocurrencies. This analysis aids in determining strategic asset allocations between Bitcoin and Altcoins, with a focus on capitalizing on shifts in market dynamics as indicated by trends in Bitcoin Dominance.
- Technical Analysis: Employing a diversified set of methodologies, inclusive of price action trends, a mixture of public and proprietary indicators, and volume profile assessments. These methodologies are reinforced by insights gathered from a select cohort of financial and crypto specialists.
- Quantitative Analysis: Focusing on pivotal metrics such as ROI, risk-adjusted returns, seasonality deviations, and more, ensuring our strategies are quantitatively robust and precise.
- Protocol Economics or Tokenomics: Incorporating evaluations of token utility, cash flow models, P/E ratios, FDV, among other salient token economic factors to determine a digital asset's inherent and projected worth.

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

Name	Description
Bitcoin	In 2009, Satoshi Nakamoto introduced Bitcoin, the inaugural Peer-to-Peer Electronic Cash System that employs Blockchain Technology. Bitcoin's Blockchain integrity is secured through the Proof of Work consensus mechanism. The protocol rewards miners with BTC, with a limited supply of 21 million coins, for securing transactions on each block and overall ledger. The reward is programmed to halve every four years until the maximum number of coins in circulation is achieved. Bitcoin has maintained its position as the top Crypto Asset in terms of market capitalization since its inception.
Ethereum	Ethereum is an open-source, decentralized blockchain that features smart contract functionality. The platform's native cryptocurrency is Ether (ETH), which serves two primary purposes: securing the blockchain's integrity through a Proof of Stake (PoS) consensus mechanism and paying gas fees for utilizing the Ethereum Virtual Machine (EVM). Vitalik Buterin founded Ethereum in 2013, and it is primarily maintained by the Ethereum Foundation. The main goal of the Ethereum blockchain is to create a decentralized computer that enables creators to design and implement various decentralized applications (dApps) on its blockchain. Ether is the second-largest cryptocurrency in terms of market capitalization, after bitcoin. The ultimate number of ETHs in circulation is not capped and is determined by a mathematical formula based on the supply/demand ratio of the protocol's resources.
Litecoin	Charlie Lee released Litecoin in 2011 as a decentralized, peer-to-peer cryptocurrency and open-source blockchain. It was one of the earliest altcoins, inspired by modifying Bitcoin's protocol. Litecoin employs the Proof of Work consensus mechanism and boasts a 2.5-minute block time. In 2014, Litecoin implemented merge mining (auxPOW) with Dogecoin. The native coin of the protocol, LTC, has a capped supply of 84 million and is distributed to miners as a reward for securing the blockchain and processing transactions. The rewards will be halved approximately every four years.

Ripple	Ripple is a financial distributed ledger technology that aims to facilitate cross-border payments, provide crypto liquidity, and issue central bank digital currency. More than one hundred financial institutions now use the Ripple messaging system, which serves as an innovative alternative solution to SWIFT. Jed McCaleb created Ripple in 2012, and at its inception, 100 billion XRP, the native token of the protocol, was issued. Of the total supply, 80 billion has been gifted to Ripple Labs and its founders. Ripple Labs, Inc. is an American technology company that develops the Ripple payment protocol and exchange network. The primary funding source for Ripple has been the sale of the XRP cryptocurrency, and since 2018, a series of litigations have been initiated to address the public offering of XRP.
Solana	Solana is a public blockchain platform with smart contract functionality proposed in a 2017 white paper by Anatoly Yakovenko. The paper suggests a new blockchain architecture based on Proof of History (PoH) to optimize the functionality of the blockchain in terms of transaction processing and cost reduction. Solana has one of the fastest-growing developer communities among Layer-1 blockchains and encourages the creation of decentralized applications (dApps) in various ways. The Solana Foundation is a non-profit organization responsible for the network's development and has announced the release of a total of 489 million SOL tokens into circulation, of which about 372 million have already entered the market.
Polkadot	The Polkadot network is a blockchain platform that features interconnected parachains, which are application-specific sub-chains. This is made possible by a multichain sharding protocol, and Polkadot is commonly referred to as a Layer-0 protocol. The consensus mechanism of Polkadot is a hybrid model of PoS, which is enabled by two tools: GRANDPA and GHOST-based Recursive Ancestor Deriving Prefix Agreement.

	The native token of Polkadot, called DOT, serves three primary purposes: staking for operations and security, facilitating network governance, and bonding tokens to connect parachains. The concept of Polkadot was first introduced in a 2017 whitepaper by Dr. Gavin Wood, who is well-known in the industry as an Ethereum co-founder, Parity Technologies founder, and the creator of the smart contract coding language Solidity. The Web3 Foundation, of which Wood is the president, is responsible for the development of Polkadot.
Polygon	The Polygon platform, formerly known as Matic Network, was created to aid in infrastructure development and facilitate Ethereum's scalability. As a Layer-2 Protocol for Ethereum, it employs a versatile, modular framework (Polygon SDK) that enables developers to establish and connect Layer-2 infrastructures such as Plasma, Optimistic Rollups, zkRollups, and Validium, as well as autonomous sidechains such as the flagship Matic POS (Proof-of-Stake) product. Polygon was established in October 2017 by Jaynti Kanani, Sandeep Nailwal, and Anurag Arjun. The protocol's native token is MATIC, with a maximum supply of 10 billion, of which 8.7 billion is presently in circulation, with the remainder to be released monthly. Currently, the Polygon network hosts 366 Defi protocols, establishing it as the third most popular blockchain in terms of Defi Dapps.
Cardano	Cardano is a smart-contract platform that operates on an open-source model and employs a layered design to provide multiple features. Its modular structure will eventually enable network delegation, sidechains, and light client data structures. To secure the network and manage block production, Cardano uses a version of Proof-of-Stake (PoS) called Ouroboros. Charles Hoskinson, one of the co-founders of Ethereum, established Cardano in 2015, and it raised approximately $60 million in an initial coin offering (ICO) in 2017 before its release. The Cardano Blockchain's native token is ADA, which has a maximum supply of 45 billion ADA. Currently, 34 billion ADA is in circulation.

Diversification

Diversification in cryptocurrency assets is a key method employed by the investment committee to manage portfolio volatility and mitigate the risk of long-term losses. However, the allocation may tilt significantly towards Bitcoin, up to 100%, when analysis of Bitcoin Dominance suggests such a concentration aligns with the strategic objectives of the portfolio.

Dynamic reallocation

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

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

Additionally, the Portfolio actively engages in staking, reward farming, and other yield-generating activities. The frequency of yield, dividend, and interest payouts is determined based on the specific protocols and platforms engaged with. All distributions are subject to the discretion of the management, ensuring they align with the Portfolio's broader objectives.

Custodian allocation

The following table summarizes the entities and the indicative diversification of holdings targeted by the company:

Custodian, Exchange	Indicative target range for the holdings
Crypto Broker AG	0% to 70%
Coinbase	0% to 100%
Kraken	0% to 50%

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

Investment objective

The Product BTCA (15 FiCAS Active Crypto ETP) trades 15 selected digital assets as defined by SIX Swiss Exchange) and USD / CHF and EUR with the objective of increasing the Net Asset Value (NAV) of the ETP in the mid to long term. BTCA is a long-only strategy with the goal of outperforming Bitcoin over time, rather than a specific benchmark of the 15 selected assets.

The investment style is discretionary. There is no leverage.

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

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

Staking on crypto assets is possible. Staking involves buying a certain limited amount of digital assets and setting them aside to become an active validation node for a blockchain network. In simple terms, staking is a way to earn rewards for holding the crypto assets.

Asset Allocation

FiCAS allocates the investable funds into the selected 15 crypto assets defined in the final term sheet. The selected assets have a payment feature component, are not anonymous or negatively highlighted or even prohibited by authorities (such as the FATF / GAFI).

The Portfolio Management Team expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. The Portfolio Management Team wishes to retain flexibility with respect to making periodic changes to the Portfolio’s asset allocation.

Cash investments will be considered as holdings if neither an investment in crypto assets is attractive. The cash position for 15 FiCAS Active Crypto ETP will be max. 50% in general if the market requires it. There are only exceptions when the market is at its peak and a larger position in cash is needed. Cash holdings can be in USD, EUR, or CHF, while the portfolio base currency is CHF.

Assets allocation takes place within the following boundaries:

Crypto currency	Minimum and Maximum Target Allocation (excluding fiat)
Bitcoin	10% to 100%
Ethereum	0% to 80%
Solana	0% to 50%
Polkadot	0% to 30%
Ripple	0% to 20%
Litecoin	0% to 20%
Cardano	0% to 20%
Tezos	0% to 20%
Stellar Lumens	0% to 20%
Avalanche	0% to 20%
Polygon	0% to 20%
EOS	0% to 20%
Tron	0% to 20%

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

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

- Macro Crypto and Blockchain Industry Outlooks, Future Trends of Industry: Our scrutiny encompasses regulatory landscapes, technological breakthroughs, dominance shifts of specific assets, and overall market value determinants.
- Bitcoin Dominance Analysis: A dedicated examination of Bitcoin's market share (Bitcoin Dominance) in relation to other cryptocurrencies. This analysis aids in determining strategic asset allocations between Bitcoin and Altcoins, with a focus on capitalizing on shifts in market dynamics as indicated by trends in Bitcoin Dominance.
- Technical Analysis: Employing a diversified set of methodologies, inclusive of price action trends, a mixture of public and proprietary indicators, and volume profile assessments. These methodologies are reinforced by insights gathered from a select cohort of financial and crypto specialists.
- Macro Financial Landscape: Analyzing global economic fluctuations, interest rate trends, geopolitical instabilities, and paramount transitions within financial sectors to anticipate potential impacts on the cryptocurrency milieu.

- Quantitative Analysis: Focusing on pivotal metrics such as ROI, risk-adjusted returns, seasonality deviations, and more, ensuring our strategies are quantitatively robust and precise.

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

Name	Description
Bitcoin	In 2009, Satoshi Nakamoto introduced Bitcoin, the inaugural Peer-to-Peer Electronic Cash System that employs Blockchain Technology. Bitcoin's Blockchain integrity is secured through the Proof of Work consensus mechanism. The protocol rewards miners with BTC, with a limited supply of 21 million coins, for securing transactions on each block and overall ledger. The reward is programmed to halve every four years until the maximum number of coins in circulation is achieved. Bitcoin has maintained its position as the top Crypto Asset in terms of market capitalization since its inception.
Ethereum	Ethereum is an open-source, decentralized blockchain that features smart contract functionality. The platform's native cryptocurrency is Ether (ETH), which serves two primary purposes: securing the blockchain's integrity through a Proof of Stake (PoS) consensus mechanism and paying gas fees for utilizing the Ethereum Virtual Machine (EVM). Vitalik Buterin founded Ethereum in 2013, and it is primarily maintained by the Ethereum Foundation. The main goal of the Ethereum blockchain is to create a decentralized computer that enables creators to design and implement various decentralized applications (dApps) on its blockchain. Ether is the second-largest cryptocurrency in terms of market capitalization, after bitcoin. The ultimate number of ETHs in circulation is not capped and is determined by a mathematical formula based on the supply/demand ratio of the protocol's resources.
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	The native coin of the protocol, LTC, has a capped supply of 84 million and is distributed to miners as a reward for securing the blockchain and processing transactions. The rewards will be halved approximately every four years.
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Stellar Lumens	The Stellar network is a community-owned, distributed, and open-source blockchain network designed to move financial resources quickly and reliably with minimal costs. Stellar connects people, banks, and payment processors, enabling users to create, send, and trade multiple types of cryptocurrencies. The native digital currency of the Stellar network is called Lumens (XLM), with a token supply of 105 billion, of which 26 billion is currently in circulation. Jed McCaleb and Joyce Kim officially launched the network in 2015, and the Stellar Foundation is responsible for the protocol's development.

Solana	Solana is a public blockchain platform with smart contract functionality proposed in a 2017 white paper by Anatoly Yakovenko. The paper suggests a new blockchain architecture based on Proof of History (PoH) to optimize the functionality of the blockchain in terms of transaction processing and cost reduction. Solana has one of the fastest-growing developer communities among Layer-1 blockchains and encourages the creation of decentralized applications (dApps) in various ways. The Solana Foundation is a non-profit organization responsible for the network's development and has announced the release of a total of 489 million SOL tokens into circulation, of which about 372 million have already entered the market.
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Avalanche	Avalanche is a scalable, open-source platform designed to support the launch of decentralized finance applications and enterprise blockchain deployments in a single interoperable ecosystem.

	The network consists of three distinct blockchains, namely the X-Chain, C-Chain, and P-Chain, each with different consensus mechanisms tailored to specific use cases. In 2020, Emin Gün Sirer and the Avalabs team introduced Avalanche, which has a native token, AVAX, with a total supply of 720 million tokens available on the market. As a direct competitor to Ethereum, Avalanche aims to support a higher transaction throughput of up to 6,500 transactions per second, all while maintaining scalability and reliability.
Polygon	The Polygon platform, formerly known as Matic Network, was created to aid in infrastructure development and facilitate Ethereum's scalability. As a Layer-2 Protocol for Ethereum, it employs a versatile, modular framework (Polygon SDK) that enables developers to establish and connect Layer-2 infrastructures such as Plasma, Optimistic Rollups, zkRollups, and Validium, as well as autonomous sidechains such as the flagship Matic POS (Proof-of-Stake) product. Polygon was established in October 2017 by Jaynti Kanani, Sandeep Nailwal, and Anurag Arjun. The protocol's native token is MATIC, with a maximum supply of 10 billion, of which 8.7 billion is presently in circulation, with the remainder to be released monthly. Currently, the Polygon network hosts 366 Defi protocols, establishing it as the third most popular blockchain in terms of Defi Dapps.
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	The Cardano Blockchain's native token is ADA, which has a maximum supply of 45 billion ADA. Currently, 34 billion ADA is in circulation.
Tezos	Tezos is a blockchain that serves multiple purposes and aims to integrate a self-amending protocol and on-chain governance to manage future changes and implementations to the network. It facilitates the creation of new tokens and smart contracts. Tezos employs a pure proof-of-stake system as its seed protocol and supports Turing complete smart contracts. The blockchain is implemented in OCaml, a powerful functional programming language. Arthur Breitman initially introduced Tezos blockchain in 2014, and during an ICO in 2017, they successfully raised $232 million in capital. Currently, 926 million coins are in circulation, and there is no cap on the supply.

Diversification

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

Dynamic reallocation

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

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

Additionally, the Portfolio actively engages in staking, reward farming, and other yield-generating activities. The frequency of yield, dividend, and interest payouts is determined based on the specific protocols and platforms engaged with. All distributions are subject to the discretion of the management, ensuring they align with the Portfolio's broader objectives.

Custodian allocation

The following table summarizes the entities and the indicative diversification of holdings targeted by the company:

Custodian, Exchange	Indicative target range for the holdings
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Kraken	0% to 50%

Appendix 1: Governance of Investment Process

FiCAS adheres to the following processes for formulating the trading strategy and managing the execution of the strategy to optimize performance and minimize risk. The governance is applied over three timeframes: long term (3 years), medium term (annually) and short term (weekly).

Medium term governance is carried out by the Investment Unit to set/modify the trading strategy as a guide for selection of trading opportunities, as well as ongoing execution of trading and risk management. During the investment unit meetings, we decide the fundamental allocations of invested money.

Short term governance is carried out by means of daily trading events where we optimize trading execution to capture opportunities, while managing risks and inflows/outflows. During the trading events we define scenario boundaries and trading actions in case of occurrences which are valid and can be actioned overnight and until the next call. Decisions during the trading events cannot invalidate the allocations decided in the investment unit meetings unless this unit is also consulted.

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

Appendix 2: Market House View

Macroeconomics and Cryptocurrencies:

The potential green light for a Bitcoin Exchange-Traded Fund (ETF) in 2024 could catalyze pivotal shifts in the cryptocurrency realm. This approval would be a giant leap toward mainstream acceptance. An ETF would draw a wider range of investors, from traditional to institutional and hesitant retail participants. Its presence would amplify market liquidity and efficiency, leading to tighter bid-ask spreads and benefiting all traders. A Bitcoin ETF offers diversification without the hassles of direct asset ownership, widening its appeal. On the regulatory front, ETF approval could usher in more clarity, stability, and security for the industry and investors.

The potential ETF approval matches with the upcoming Bitcoin halving set for April 2024. This event triggers a decrease in the rate of new Bitcoin generation, effectively amplifying its scarcity and potentially driving up demand as the supply dwindles over time. Throughout history, this scarcity-driven mechanism has correlated with upward shifts in Bitcoin's valuation, capturing the interest of both existing and novel investors in the market. The period leading to a halving typically captures heightened attention from media, investors, and enthusiasts alike. This intensified focus contributes to a more comprehensive comprehension of Bitcoin, nurturing expanded awareness and deeper involvement with the cryptocurrency.

Halvings nurture a mindset favoring long-term investments, as they underscore Bitcoin's limited supply of 21 million coins. Investors might perceive Bitcoin as a lasting store of value, similar to precious metals, potentially curbing short-term speculative behavior. From a network perspective, halvings exert an influence on miners responsible for validating transactions and safeguarding the blockchain. Reduced block rewards incentivize miners to refine their operations, potentially culminating in enhanced efficiency and fresh innovations.

The predictability and predetermined nature of Bitcoin halvings underscore the stability and resilience of the cryptocurrency's underlying protocol. This predictability bolsters confidence in the network, particularly during instances of market instability.

During the accumulation stage which is usually 12-16 months before the halving and typically occurs after a period of market consolidation, Bitcoin and Ethereum often emerge as more stable and established cryptocurrencies. These two giants of the cryptocurrency realm have demonstrated resilience and tend to outperform during times of uncertainty. As such, many traders find it advantageous to allocate a significant portion of their portfolio to Bitcoin and Ethereum during this phase.

Once the market transitions into a bull phase, characterized by significant price surges and increased investor enthusiasm, a diversification strategy comes into play. At this stage, as the broader market sentiment turns more optimistic, altcoins—other cryptocurrencies beyond Bitcoin and Ethereum—tend to experience rapid price movements and substantial growth potential.

Diversifying into carefully selected altcoins during the bull market can provide traders with exposure to higher risk but also higher reward opportunities. Altcoins, with their innovative technologies and use cases, may outperform the more established assets as new trends and projects gain traction.