

# ListedReserve Managed Fund

## Information Memorandum

Issued by ListedReserve Pty Limited  
ACN 624 133 133 AFSL 513745

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### LEGAL DISCLAIMER

*This Information Memorandum is issued by ListedReserve Pty Limited (ListedReserve, "our", "us") AFSL 513745 in its capacity as trustee of the ListedReserve Managed Fund (the "Fund"). Updated February 2022.*

*This document is provided only to Wholesale Investors. This Information Memorandum has not been lodged, and is not required to be lodged, with ASIC.*

*The offer of interests in the Fund is available to persons receiving this Information Memorandum in Australia but does not constitute an offer of interests in any jurisdiction where, or to any persons to whom, it would be unlawful to make the offer. It is the responsibility of any overseas applicant to ensure compliance with all laws of any country relevant to the offer. The return of a duly completed application will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.*

*The information in this Information Memorandum has not been audited or independently verified, it does not constitute financial product advice and the information in the Information Memorandum is general in nature and is not tailored to the individual needs or financial circumstances of any particular investor. Recipients should conduct their own enquiries and seek professional advice before deciding whether to invest. Neither ListedReserve nor any of its directors, officers, employees, advisers or consultants warrant or represent that all information which is relevant to the making of an investment in the Fund has been provided in this Information Memorandum. To the maximum extent permitted by law, neither ListedReserve nor any of its directors, officers, employees, advisers or consultants accept any liability or responsibility for any loss or damage (however caused including without limitation for negligence) arising from reliance placed on the information contained within this Information Memorandum.*

*Investments in the Fund are not deposits with or liabilities of ListedReserve. No rate of return is guaranteed from the Fund, nor does the Fund guarantee the repayment of initial capital. Past performance of any business venture of an executive or employee of the Fund does not guarantee future performance of the Fund. Investors should be aware that Digital Assets are highly volatile investments and significant fluctuations in portfolio values can occur. Investors should read the entire Information Memorandum before making any decision to invest in the Fund. In particular it is important that investors consider the risks outlined in section 6 (Risks) that could affect the performance of an investment.*

*Recipients are wholly responsible for their own decision-making in relation to their participation in this Fund. No refund or indemnification is provided or implied where an application for investment has been accepted by the trustee of the Fund.*

*No cooling-off period is provided to investors after an application has been submitted and under no circumstances will an investor be entitled to a refund or compensation.*

*To the maximum extent permitted by law, recipients expressly waive any right they may have to rely upon the contents of this Information Memorandum to sue or hold ListedReserve and its advisers liable in any respect.*

*This Information Memorandum must be read in conjunction with the Trust Deed for the Fund. In the event of any inconsistency between the Trust Deed and this Information Memorandum, then the Trust will prevail to the extent of the inconsistency.*

## Executive summary of the Fund

ListedReserve Pty Limited (“ListedReserve”) is pleased, as trustee of the ListedReserve Managed Fund, to bring this offer to Wholesale Investors. The Fund brings investors the opportunity to participate in a portfolio of Digital Assets, Cryptocurrencies and Tokens. These assets are collectively referred to throughout the Information Memorandum as “Digital Assets”. The key elements of the Fund and the offer are set out in summary below and further detail can be found throughout this Information Memorandum.

Investors should note that ListedReserve Managed is not an income fund. In general, Digital Assets are held for capital appreciation and do not, in of themselves, generate income. Therefore, investors should not expect income distributions from this Fund.

An application pack for investors is included in the appendix.

Name of Fund	ListedReserve Managed Fund (“LRMF”)
Trustee	ListedReserve Pty Limited
Investment Strategy	Investment in a portfolio of Digital Assets selected by the manager
Investor Type	Wholesale Investors
Structure	Unit trust and unregistered managed investment scheme
Minimum Investment	\$100,000
Outlook	5 years +
Entry Price	Net Asset Value + 1% + Entry Fee (if applicable to a particular investor)
Redemption Price	Net Asset Value – 1%
Entry Mechanism	Entry to the Fund occurs on the day following receipt of cleared funds
Redemption Mechanism	Redemption occurs the day following receipt of a written redemption request, with funds settled within 10 business days. Redemptions are restricted to one per quarter.
Management Fee	2% per annum of the Net Asset Value of the Fund, charged daily*
Performance Fee	20% of the increase in Net Asset Value of the Fund (subject to high watermark), charged quarterly*
Unit Pricing	Daily
Risks	Investments in the Fund are subject to varying degrees of risk. Refer to section 6 (Risks) for more information

\* All fees are exclusive of GST

## 1. About ListedReserve

The ListedReserve team passionately believe digital currency and distributed ledger technology will drive significant global economic and social change. ListedReserve aims to provide investors with high quality investment funds to access Digital Assets (which include Cryptocurrencies and Tokens) through trusted, transparent and liquid structures.

## 2. Benefits of the LRMF Fund

The ListedReserve Managed Fund aims to provide:

- A portfolio of the Digital Assets
- Investors own units in a unit trust, without having to manage the complex process of buying, managing and selling Digital Assets
- Proprietary security framework including hardware wallets and air gapped cold storage
- Ability to apply for or redeem units at regular intervals
- Transparent structure based in Australia with regular reporting and daily unit pricing
- Ability to apply and redeem in currencies other than AUD at ListedReserve's discretion

## 3. Purpose of the Fund

The Fund aims to give investors the opportunity to participate in a portfolio of managed Digital Assets as selected by the manager.

ListedReserve will review prospective Digital Assets with a view to their inclusion in the Fund as part of the remit to assist in the early identification of opportunities. The inclusion of any such assets will be subject to the operating rules set out in section 4.

The Fund has developed a security framework for Digital Assets set out in section 7 of this Information Memorandum to ensure that the Fund's assets are held securely for investors.

## 4. How the ListedReserve Managed Fund works

### Part 1 – Investing in the Fund

#### Investing in the Fund

To invest in the Fund, you should complete the application form at the back of this Information Memorandum (“Application”). Note that applications are only accepted from Wholesale Investors and the minimum investment is \$100,000, unless otherwise determined by ListedReserve. Generally, entry to the Fund will occur on the day following receipt of funds or at such other time as ListedReserve may determine.

#### Foreign applications

Applications from overseas countries will only be accepted provided that ListedReserve is satisfied that accepting such an application does not result in ListedReserve having to offer and/or register any regulated disclosure document in the jurisdiction of that overseas country. ListedReserve must be satisfied that all financial and tax reporting obligations in the relevant country have been met. Further, such investors from overseas countries should note that the Fund will (at least initially) be denominated in Australian Dollars and in addition to the risks set out in this Information Memorandum, foreign investors will also bear foreign exchange risk.

#### No cooling-off period

There is no cooling-off period in respect of submitted applications for investment in the Fund. An Application for investment in the Fund constitutes a binding and irrevocable offer for subscription of Units based on the specified dollar amount set out in the Application Form.

#### Units and unit prices

Application prices will be calculated as follows:

$$AP = (NAV + TC)/U$$

AP: the application price for the unit

NAV: the Net Asset Value of the Fund (calculated as per page 6 of this Information Memorandum)

TC: represents the buy spread on entering the Fund (entry and exit spreads are discussed on page 7)

U: is the total number of Units on issue

#### Entry fee

ListedReserve may in its discretion charge an incoming investor a fee in accordance with the Trust Deed on entry to the fund. This may include the recovery of distribution fees paid to third parties applicable to such an incoming investor.

#### Units issued

The number of Units issued to an investor will be the amount invested divided by AP, being the application price calculated above. Certain investors may be charged an entry fee (see above) which would reduce the number of Units to be issued to such investors.

Investors may subscribe for Units in the Fund in other currencies or in Cryptocurrencies with the prior agreement of ListedReserve as part of the application process, however, issued units will be denominated in Australian Dollars.

ListedReserve reserves the right to change the unit of account at its discretion from Australian Dollar to another currency.

#### Redemptions

Investors may request one redemption per Fiscal Quarter. Redemptions are processed the day following receipt of a written request with funds settled within 10 business days.

ListedReserve may reduce the number of Units redeemed on a pro rata basis where it receives redemption requests equal to more than 15% of the value of the Fund at that time.

#### Suspension of redemptions

In circumstances where ListedReserve believes suspending redemptions and payments for redemptions is in the interests of the Fund and its investors as a whole, it may do so for a reasonable period.

Such circumstances may include: liquidity issues in the market meaning asset prices cannot be fairly determined or closure of (or suspension of operations of) key Crypto-Exchanges used by the Fund restricting its ability to operate while new partners are found.

#### Redemption date

The date following receipt of a written redemption request. Redemption proceeds will be paid 10 business days following the request.

## Redemption price

The calculation of the redemption price is set out below:

$$RP = (NAV - TC)/U$$

RP: the redemption price for the unit

NAV: the Net Asset Value of the Fund calculated as per page 6 of this Information Memorandum

TC: represents the sell spread on exiting the Fund

U: is the total number of Units on issue

## Part 2 – Operations of the Fund

### Fund portfolio

The Fund aims to hold an actively managed portfolio of Digital Assets selected by the manager.

### Trade suspension policy

Crypto-Exchanges might collectively suspend the trading of a given Digital Asset in anticipation of a hard fork or for some other reason. For the purposes of calculating the Net Asset Value of the Fund, it will be assumed that the last Crypto-Exchange price remains unchanged until trading resumes. If the suspension continues for more than a month or in the event of delisting from Crypto-Exchanges, then we will reserve the right to remove the Digital Asset from the portfolio.

### Other powers of ListedReserve

The Fund investment plan and portfolio are evaluated on an ongoing basis and material changes to that plan will be advised to investors. Every quarter (and on more regular intervals if required) ListedReserve will fully evaluate the strategy, performance and constituents of the Fund. Variables such as the eligibility and liquidity are benchmarked against market conditions and new data sources are considered for inclusion, and old ones considered for exclusion. ListedReserve will actively monitor extreme price movements, unexpected market conditions or serious issues in data availability.

At any time, ListedReserve can:

- insure the assets in the portfolio against the risk of theft or cyber-attack;
- use derivatives; or
- use an external custodian

In addition, ListedReserve may in future, and subject to appropriate approvals, extend access to the Fund to accept retail investors and/or list on a securities exchange (but there is no guarantee that this will occur).

### Use of service providers

In order to meet its obligation to administer the Fund, ListedReserve may employ the services of both external and related parties. Such services may include, but are not limited to, brokers, unit registry, administration and custodial services. With regard to brokerage, such services may be provided by related parties of ListedReserve; whilst such transactions may naturally be to the profit of that related party, ListedReserve will only transact in Digital Assets for the Fund from a related party where the prices for such Digital Assets are beneficial compared to those available on Crypto-Exchanges approved for the Funds' use.

### Investment manager

ListedReserve may amend the structure of the Fund such that it employs a long-term investment manager to implement the strategy of the Fund; in which case, the investment manager will be an entity associated with ListedReserve. It is contemplated that the term of the investment management agreement would be at least 10 years and would survive any replacement or retirement of ListedReserve.

### Net Asset Value of the Fund

The net asset value ("NAV") of the Fund will be calculated based on ListedReserve's valuation policy. ListedReserve may determine valuation methods and policies and change them from time to time. The NAV will be calculated daily and provided to investors or published on the website. ListedReserve will determine the price of digital assets at the relevant valuation time (usually the "New York close" at 16:00 Eastern Standard Time / 08:00 Australian Eastern Daylight Time) by utilising the CoinMetrics Reference Rates (CMRR), which are calculated as a weighted average of the highest quality constituent markets determined by CoinMetrics. The CMRR methodology and constituent markets are publicly available and are governed by an independent oversight committee.

The unit of account for the Fund will be the Australian Dollar and the NAV will be published in AUD.

### Custody of assets

Assets will be held in self-custody by the Fund based on ListedReserve's Digital Asset security framework (refer to section 7 "Security"). Fund assets and security procedures will be reviewed at least annually. Subject to the approval and agreement of the AFSL holder, ListedReserve may use the services of an external custodian to facilitate asset holdings.

## 5. Fees and expenses of the Fund

### Management fee

Management fees of 2% per annum of the Fund's NAV (before fees) will be paid to ListedReserve for managing the assets of the Fund and the services it provides to the Fund. The management fee is calculated daily in arrears. The amount is payable within 10 days of the end of the relevant month.

### Performance fees

A Performance Fee is payable to ListedReserve for managing the Fund. The Performance Fee aims to align the interests of ListedReserve and investors in the Fund.

ListedReserve is entitled to a Performance Fee equal to 20% of the increase in the Unit Net Asset Value calculated and accrued in respect of each Fiscal Quarter, subject to a High Water Mark (the initial High Water Mark being calculated at the time of issue). The Performance Fee is payable to ListedReserve within 10 Business Days after the end of the relevant Fiscal Quarter ("Performance Fee Payment Date"). Each Unit will have its own High Water Mark with the effect that no Performance Fee will accrue in respect of a Fiscal Quarter on that Unit unless the Unit Net Asset Value at the end the quarter is equal to or greater than the highest Unit Net Asset Value since the date of issue of that Unit (known as the High Water Mark for the Unit).

The Performance Fee will be calculated on a per Unit basis such that the High Water Mark is applicable on a Unit-by-Unit basis and not the Fund as a whole. The Performance Fees are calculated after having deducted management fees and expenses.

### Worked example of performance fees

#### Quarter 2: 30 June 2018

On inception, the Fund has a net asset value of \$100,000,000 with 100,000,000 Units issued each for \$1.00. Both initial UNAV and High Water Mark of all Units are \$1.00.

#### Quarter 3: 30 September 2018

The Fund now has a net asset value of \$110,000,000 with the same 100,000,000 Units on issue. In this case the Performance Fee payable within 10 days of the quarter end would be:

- NAV at 30 June 2018: \$100,000,000: Units 100,000,000: UNAV \$1.00
- NAV at 30 Sep 2018: \$110,000,000: Units 100,000,000: UNAV: \$1.10
- Increase in NAV: \$10,000,000
- Less management fee: = 2% \* \$110,000,000 \* 0.25 = \$550,000
- Performance Fee = (\$10,000,000 - \$550,000) \* 20% \* 0.25 = \$472,500

In the same way the management fee was deducted, Fund expenses would also be deducted.

In this example, as no new Units were issued in the quarter, all Units would now have a High Water Mark of \$1.10.

#### Quarter 4: 31 December 2018

The Fund issues 20,000,000 new Units on 15 October at UNAV of \$1.05 reflecting the NAV of the Fund at that point.

By quarter end the Fund had a NAV of \$130,800,000 now with 120,000,000 Units on issue. The UNAV is \$1.09.

This is below the High Water Mark for the initial 100,000,000 Units and no Performance Fee is payable on such Units for the quarter.

However, the new Units issued on 15 October 2018 have a High Water Mark of \$1.05 and are subject to a Performance Fee as follows:

- Increment in NAV for 20,000,000 Units = \$1.09 - \$1.05 = \$0.04
- Increase in value of Fund for relevant Units = \$800,000
- Less management fee for relevant Units = \$21,800,000 \* 2% \* 0.25 \* = \$109,000
- Performance Fee per Unit = (\$800,000 - \$109,000) \* 20% \* 0.25 = \$34,550
- Relevant period = 77 days in a 92 day quarter from 15 October to 31 December
- Performance Fee per Unit for the relevant period = 77/92 \* \$34,550 = \$28,916.8

Again, in the same way the management fee was deducted, Fund expenses would also be deducted.

### Buy and sell spreads

Transaction costs associated with entering and exiting Digital Assets can vary considerably. To ensure existing investors in the Fund do not bear the expenses of the transaction costs that arise from new units being issued or redeemed and the relevant buying or selling of the related Digital Assets, the application and redemption Unit prices include an allowance of 1%, known as a buy and sell spread, to cover these costs. ListedReserve may vary the buy and sell spread from time to time in accordance with the Trust Deed.

## Fund expenses

ListedReserve may seek reimbursement of all expenses properly incurred on behalf of the Fund. Expenses may include, but are not limited to, costs connected with the creation, administration and management of the Fund, legal fees, audit fees and taxes. Extraordinary expenses such as the cost of holding an investors' meeting, not necessarily otherwise incurred in a given year, may also be reimbursed.

## 6. Risks

### RISKS ASSOCIATED WITH DIGITAL ASSETS

#### Valuation risks with Digital Assets

Digital Assets have to date proven to be highly speculative and may decrease in value significantly and in some instances become worthless. As there is no underlying value or specific institution supporting the value of a Digital Asset, its value may be based on other factors such as ease of use, what it can be used to purchase, the energy used to mine it, or its revolutionary technology. Volatility in price can often result in speculative behavior. Speculative investors may keep Digital Asset rather than spend them, which may result in the currency becoming illiquid.

#### Digital Assets are typically tightly held

Digital Assets are often tightly held which increases the risk of significant moves in price when large holders reduce their stake. This could have a material impact on the valuation of the Fund.

#### Assets held on Crypto-Exchanges may be at risk

The Fund may hold a portion of its assets on Crypto-Exchanges while executing trades. There is a risk that these exchanges are subject to a cyber-attack, DDOS attack or theft while our assets are in the possession of the Crypto-Exchange resulting in a loss to the Fund. Such action against service providers could also temporarily restrict the operations of the Fund, limiting the ability to liquidate assets and Rebalance the Fund.

#### Regulatory risks

Changes in laws or regulations, or interpretation of existing laws and regulations, governing Digital Assets could have a significant impact on the value of the Fund. These impacts could range from an outright ban on a specific asset or assets to generally increased operating and compliance costs which could also materially impact the value of the Fund.

Digital Assets can be significantly affected by regulatory disruption to onramps, particularly through Crypto- Exchanges. For example, the introduction of additional KYC measures for Crypto-Exchanges in a particular country can have significant impacts on global liquidity and the value of assets can be negatively impacted.

#### Risks associated with Initial Coin Offerings ("ICOs")

The Fund may invest some of its assets in ICOs. Identifying, investing and successfully disposing of ICO investments is a highly speculative activity which involves a high level of uncertainty. ICOs are often high-risk investments and may become worthless.

### OPERATIONAL RISKS ASSOCIATED WITH DIGITAL ASSETS

#### The Fund is subject to cyber security, data loss risks and other security breaches

Cyber-attacks on the Fund's infrastructure could severely restrict the operations of the Fund. In addition, privacy breaches may result in the loss of data, trading interruptions and potentially unauthorised trades.

#### Asset security

Security breaches of the Fund's assets pose a substantial risk. While specific measures are in place through ListedReserve's security framework, there is still a risk that our framework and process is breached and assets are compromised. This may have the effect of the Fund losing some or all of the Fund's assets.

This risk also applies to cryptographically protected assets of the Fund, where the loss of private keys may result in the inaccessibility of Fund's assets resulting in losses to the Fund.

#### Employee or third party service provider misconduct

Misconduct by employees of the Fund or third party service providers could result in significant losses. This may include the execution of unauthorised trades, breach of trading limits, concealment of loss making trades and the intentional breach of security protocols and theft of Digital Assets.

### OTHER RISKS ASSOCIATED WITH DIGITAL ASSETS

#### Association with organised crime

Some Digital Assets have an association with organised crime due to the anonymity they may provide in value transfers. This could result in additional regulation which may negatively impact the value of the Fund. For example, governments may choose to ban Crypto-Exchanges from listing assets that provide anonymity resulting in losses on the Fund's holdings of those assets.

#### **Blockchain “forks” could adversely affect an investment**

Blockchain prices can be impacted by forks, especially if as a result of software developer dispute. Developers of Digital Asset software may then move on to work on a competing project. Most Cryptocurrencies are open source projects and therefore there is no legal copyright recourse against a competing asset with almost identical code.

#### **Software changes and errors**

Modifications of rights, obligations, incentives or rewards for various participants in a blockchain network can impact valuations of the assets. Additionally, coding errors can make Digital Assets vulnerable to attack which can cause serious value fluctuations.

#### **Distributions**

Investors should not expect distributions from the assets in the Fund. The nature of the assets means investments are made for capital growth rather than income.

#### **Opposition by governments and central banks**

Governments may react negatively to Digital Assets particularly Cryptocurrencies that are viewed as competing with national currencies. Such assets are potentially seriously disruptive to a central banking model and Governments may regulate to prevent them from doing so. Such regulation may lead to significant loss of value of the underlying assets of the Fund.

#### **Lack of decentralisation**

High centralisation of some Digital Assets increases the risk of market manipulation.

#### **Scaling issues of some Digital Assets**

A significant proportion of the Fund may be invested in Bitcoin. Bitcoin has a lower theoretical limit in terms of transactions per second than traditional models such as credit card payment platforms. Consequently, this could lead to the prevention of mass adoption and limit the upside of what may be a major component of the Fund's portfolio.

### **GENERAL RISKS**

#### **Market risk**

Market risk is the risk of changes in the Funds' value due to changes in the value of Digital Assets worldwide. Market factors that drive the changes in the price of these assets, including government regulation, global economic conditions, government monetary policy, levels of adoption of Digital Assets and general sentiment surrounding the sector can be expected to impact the value of the Fund.

#### **General risks**

The performance of the Fund may decline over short or extended periods due to general market conditions including, but not limited to; inflation, foreign currency movements and interest rate fluctuations which may adversely impact on the Fund's value. There may be other factors outside the control of ListedReserve, such as economic slowdowns or adverse changes in unemployment rates, GDP and government policy, which may also materially impact on the Fund and its overall performance.

#### **General risks associated with the Fund**

The performance of the Fund is not guaranteed as it is greatly dependent on the performance of various Digital Assets included in the Fund which do not necessarily correlate with the performance of the economy in general or other traditional asset classes. Fund performance will be impacted by the execution strategy of ListedReserve. In addition, ListedReserve reserves the right, as set out in the Trust Deed, to change fees which could negatively impact overall performance. ListedReserve also has the right to ultimately terminate the Fund.

#### **Concentration risk**

As the Fund will invest in Digital Assets, based on ListedReserve's active portfolio construction, this concentrated exposure to an asset class may lead to additional volatility in the Fund's performance and may increase the risk of poor performance.

#### **Currency risk**

To the extent the Fund holds cash in global currencies other than the denomination of the Fund, adverse movements in those global currencies versus the Australian Dollar may negatively impact the performance of the Fund. For example, the Fund may hold cash in other currencies to facilitate the buying or selling of Digital Assets.

#### **Derivative risk**

ListedReserve reserves the right to use derivative instruments to hedge its exposure to movements in the value of Digital Assets in the Fund. Derivatives valuations can be volatile for a number of reasons including movements in the underlying asset value.

## Investment strategy risk

ListedReserve's expertise and investment decisions will impact the Fund's performance. Incorrect opinions by ListedReserve regarding the value of Digital Assets may lead to underperformance and investment losses to the Fund.

## ListedReserve is a new entity with no trading history

ListedReserve and the Fund are new entities / business operations and are subject to all of the business risks and uncertainties associated with any new businesses. There is a risk that investment objectives are not met and this will negatively impact the performance of the Fund.

## Performance fee incentive risks

Traders or analysts employed by the ListedReserve may trigger potential conflicts of interest if they are compensated on the performance of the portfolio. This may then create incentives to carry out higher risk investments.

## Personnel risk

The skill and performance of ListedReserve will have a significant impact on the Fund's valuation. There may be material impacts on the Fund's performance should any changes in key personnel occur.

## Counterparty risk

Counterparties to the Fund may fail to meet their obligations due to insolvency or other reason. The Fund's primary counterparties will be Crypto-Exchanges and significant losses could arise if a counterparty fails to deliver on its obligations. The Fund will undertake due diligence when selecting brokers, dealers, Crypto-Exchanges or wallets needed in order to operate the Fund. There is, however, a risk that such persons or businesses may become insolvent or insecure. For example a number of major Crypto-Exchanges have experienced security breaches resulting in significant losses to their clients.

## Tax risks

Taxation risks may arise for investors on investing in the Fund as taxation rules and regulations for the treatment of Digital Assets are not yet well established. The tax treatment of such Digital Assets is continuing to evolve and may have negative consequences for value for both the Fund and investors.

## 7. Security

### Security framework

We have developed a framework incorporating procedures and protocols to ensure we have security and storage measures in place to protect the Fund's assets and mitigate security risks. Specific measures include:

- Multi-signature hardware wallets
- Air-gapped cold storage
- Authorisation matrix (multiple signatures) for funds transfer
- Multi-locational backups
- Multi-factor authentication

Comprehensive disaster recovery processes

## 8. Taxation

Investors should seek their own taxation advice prior to investment in the Fund. Non-resident investors should specifically consider the impact of withholding taxes.

### Public trading trust provisions

As the Fund is a Unit Trust, the Fund will effectively be treated as a flow-through vehicle for income tax purposes, provided that the Fund distributes all of its income to the Fund's Investors on an annual basis. The Trustee should therefore not pay Australian income tax on the taxable income derived by the Fund. This is on the condition that the Fund will not be taxed as a company under the public trading trust provisions. Eligible investment business activities include passive activities, such as investing or trading in financial securities and arrangements. While the Fund believes that digital assets should be regarded as an eligible financial arrangement, this view is not clear.

While the Trustee does not believe that the public trading trust provisions should apply to the Fund, there is no guarantee that the ATO will not take an alternative view. To the extent that the public trading trust provisions apply, the Fund will be required to pay tax at the corporate taxation rate on taxable income and would seek to pay a franked dividend to the Investors.

## 9. Management team

The Fund is operated and managed by ListedReserve Pty Limited. ListedReserve specialises in the emerging Digital Asset class. The Manager was formed on 31 January in 2018.

Our team is listed on our website at [www.listedreserve.com](http://www.listedreserve.com)

## 10. Summary of Trust Deed

The main rules governing the operation of the Fund are set out in the Trust Deed. The *Corporations Act 2001*, exemptions and declarations by ASIC (if any) and the general laws of trusts are also relevant to the rights of investors and the Fund. Copies of the Trust Deed are available to investors on request.

The main provisions dealing with the rights and obligations of investors are:

### **Compulsory retirement**

While the Fund is not a Registered Scheme, ListedReserve must retire if required to do so by a resolution passed by all investors who are entitled to vote on the Resolution. For the avoidance of any doubt, for so long as the Fund is not a Registered Scheme, ListedReserve and its associates are entitled to vote their interest on such a (and any other) resolution.

### **Indemnity**

ListedReserve is entitled to be fully indemnified out of the Fund's assets for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Fund.

### **Limitation of liability**

While the Fund is not a Registered Scheme, if ListedReserve acts in good faith and without gross negligence, it is not liable in contract, tort or otherwise to investors for any loss suffered in any way relating to the Fund.

### **Powers of ListedReserve**

Subject to the Trust Deed, ListedReserve has all the powers in respect of the Fund that it is possible under law to confer on ListedReserve as though it were the absolute owner of the Fund's assets acting in its personal capacity. ListedReserve in its capacity as trustee of the Fund has power to borrow or raise money and to lend or advance money (whether or not on security) and to incur all types of obligations and liabilities.

### **Rights of ListedReserve**

ListedReserve may charge the fees and recover the expenses (set out in section 5) from the Fund's assets.

### **Termination**

Following termination, ListedReserve must realise the Fund's assets. The net proceeds of realisation, after making allowance for all Liabilities of the Fund (actual and anticipated) and meeting the expenses (including anticipated expenses) of the termination, must be distributed to investors.

### **Transfer**

An investor may only transfer some or all of its Units with ListedReserve's prior written consent. All transfers must be in a form approved by ListedReserve and be presented for registration duly stamped. A transfer is not effective until registered.

### **Investor's liability**

The liability of an investor is limited to the amount, if any, which remains unpaid in relation to the investor's subscription for their Units.

### **Units**

Investors are entitled to the benefit of the Fund's assets in the proportion in which they are registered as holding Units from time to time.

## 11. Glossary

**Applicant** The person or persons whose name appears on the application form.

**Assets** means all the property, rights and income of the Fund, but not application money or property in respect of which Units have not yet been issued, proceeds of redemptions that have not yet been paid or any amount in the distribution account. AFSL means Australian financial services licence.

**ASIC** means the Australian Securities and Investments Commission.

**AUD** means the Australian Dollar.

**Blockchain** means a chronologically recorded list of records stored in individual blocks of data. Blocks are linked together using cryptography meaning they cannot be separated, re-ordered or have the data altered. Each new block includes cryptographically protected data from the previous block such that data alteration would require the re-writing of all subsequent blocks in the chain.

**Digital Asset** means a digital asset which makes use of the Blockchain for its operation. Such assets include (but are not limited to) Cryptocurrencies and Tokens.

**Crypto-Currency** means a digital asset which uses cryptography to secure its transactions, to control the creation of additional Units, and to verify the transfer of assets. Cryptocurrencies often make use of Blockchains.

**Crypto-Exchange** means an exchange system much like a foreign exchange dealer who converts fiat currency such as AUD or USD into Crypto-Currency or other Digital Assets. Examples include Bitfinex.com and poloniex.com.

**DDOS** means a distributed denial of service often involves disrupting a website by flooding it with requests from multiple different machines across distributed locations making the attack difficult to stop.

**Fiscal Quarter** of the Fund means each 3 month period from 1 January, 1 April, 1 July and 1 October, but:

- (a) the first will be the period between the commencement date of the Fund and the next occurring 1 January, 1 April, 1 July or 1 October, whichever is the first; and
- (b) the last will be the period between the last occurring 1 January, 1 April, 1 July and 1 October, whichever is the later, and finishing on the date of the final distribution of the Fund.

**Fund, LRMF** means the ListedReserve Managed Fund established by the Trust Deed and described in this Information Memorandum.

**High Water Mark**, in respect of a Unit, means the highest Net Asset Value of that Unit (UNAV) since the issue of that Unit adjusted for any distributions paid on that Unit.

**Investment** means an asset held in respect of the Fund for the benefit of Investors.

**Liabilities** means all present liabilities of the Fund including any provision which ListedReserve determines should be taken into account.

**ListedReserve** means ListedReserve Pty Limited ACN 624 133 133 in its capacity as trustee of the ListedReserve Managed Fund.

**KYC** means 'Know your Customer' information that is required from Investors to identify themselves and the source of funds prior to investing.

**Net Asset Value (NAV)**, in respect of Net Asset Value of the Fund, means the value of assets as calculated by ListedReserve as laid out on page 6 of this Information Memorandum.

**Performance Fee** means the performance fee payable to ListedReserve out of the Assets of the Fund in respect of a Fiscal Quarter set out in the Trust Deed and described in section 5 "Fees and Expenses of the Fund".

**Performance Fee Payment Date** means the date the Performance Fee becomes payable to ListedReserve that is, within 10 Business Days after the end of a Fiscal Quarter in respect of the relevant months comprising that Fiscal Quarter.

**Registered Scheme** means a managed investment scheme that is registered with ASIC under section 601EB of the *Corporations Act 2001*. The ListedReserve Managed Fund is not a registered scheme.

**Token or Tokens** can refer to digital assets that are built on another Crypto-Currency's platform like Ethereum. In addition, the term can be used to describe digital assets that permit the use of a service, for example, tokens that allow the use of storage or computing resources.

**Trust Deed** means the trust deed for the Fund, as amended from time to time.

**Unitholder or Investor** means an investor in the Fund and therefore the person registered as the holder of a Unit in the Fund.

**Unit Net Asset Value (UNAV)** means Unit Net Asset Value of the Fund determined according to the Fund's constitution.

**Units** means ordinary issued units in the Fund.

**USD** means the United States Dollar.

**Wholesale Investor** means a 'wholesale client' as defined under the *Corporations Act 2001*.

Appendix A: APPLICATION FOR ORDINARY UNITS

# ListedReserve Managed Fund

## Application pack for ordinary Units

The application pack includes this page, the Application documents and the Appendix.

The trustee for the ListedReserve Managed Fund (Fund) is ListedReserve Pty Limited ACN 624 133 133 AFSL 513745 of Level 2, 7 Bridge Street, Sydney NSW 2000 (Trustee).

## Application documents

1. Application instructions
2. Application form
3. Investor applicant additional details
4. Wholesale client certificate
5. Know Your Customer – AML/CTF identification requirements

## Completed applications

Send completed applications via email to: [investors@listedreserve.com](mailto:investors@listedreserve.com)

Please ensure to include in your application:

- Signed Application form
- Confirmation of transfer of funds
- Completed payment instructions
- Wholesale certificate
- Identification requirements

## 1. Application instructions

Prospective unit holders (Applicants) are advised to read the application instructions in full. To subscribe for Units, please complete the Application form contained in this Application pack.

Each completed Application form must be accompanied by the Unitholder's application money in the form of a cheque made payable to ListedReserve Pty Limited or via direct deposit. The direct deposit account details are:

Name: ListedReserve Pty Limited

BSB: 112-879

Account: 414 799 246

Bank: St George

Reference: [Applicant's Name]

The completed Application form and application money must be received in Australian Dollars and be accompanied by an appropriate wholesale client certificate.

Unitholders are advised to provide full banking details and, as applicable, Australian Tax File Numbers for payment of proceeds from the sale or redemption of Units. Unitholders will be responsible for notifying the Trustee of any change to these banking details.

These Application documents inviting purchase or subscription for Units is confidential (apart from disclosure to your financier and/or professional advisers on a confidential basis) and is for the sole use of, and may only be acted on by, the prospective Unitholder to whom it was provided. The Application form may be completed only by the prospective Unitholder on their own behalf.

The Application form and other Application documents must be signed as follows:

1. By the Applicant personally;
2. By each Applicant, in the case of joint applications;
3. Applicants who are trustees of a superannuation, provident, or other fund must apply in the name(s) of the trustee(s); or
4. Where the applicant is a company, the Application form must be signed by two (2) directors of the company; a director and a company secretary of the company; or if the company is a proprietary company that has a sole director who is also the company secretary or in such a case in the absence of a company secretary, by that director.

## 2. Application form

ListedReserve Pty Limited (Trustee) ATF ListedReserve Managed Fund (Fund)  
ACN 624 133 133 AFSL 513745

Dated:     /     /

\_\_\_\_\_ (Applicant) hereby applies for \$\_\_\_\_\_ (Application Money) of ordinary Units in the ListedReserve Managed fund.

The Application Money is  enclosed or  being electronically transferred to your account (please tick).

Will the Units be held beneficially? \_\_\_\_\_

The Applicant:

- Acknowledges that, subject to receipt of cleared funds, the Trustee will issue or transfer the Units at an issue price calculated in accordance with the Trust Deed;
- Represents and warrants that it has the power and is duly authorised to invest in and hold Units in the Trust;
- Represents and warrants that it is a wholesale client within the meaning of that term under the Corporations Act 2001 (Cth);
- Represents and warrants that it has read the ListedReserve Managed Fund Information Memorandum (in Appendix a) and ListedReserve Managed Fund Trust Deed (in Appendix b) to which this Application form relates prior to completing this Application form;
- Agrees to be bound by the Trust Deed as amended from time to time;
- Acknowledges that neither the Trustee nor any of their employees or associates of the Trustee had represented or warranted that the Trust will achieve a specific rate of return or guaranteed any rate of return for the investment;
- Acknowledges that neither the Trustee nor any of their employees or associates has provided advice taking into account their objectives, financial situation or needs;
- Acknowledges that all Applications are processed at the discretion of the Trustee and the Trustee has the right to reject an application;
- Acknowledges that any information they have provided herein is, to the best of its knowledge, true and correct in every respect and may be relied upon by the Trustee;
- Acknowledges that the Trustee may be required to pass on information about this investment  to the relevant regulatory authority in compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) and associated rules and regulations (AML Requirements). The Applicant will provide such information and assistance that may be requested by the Trustee to comply with its obligations under AML Requirements and will indemnify it against any loss caused by its failure to provide such information or assistance;
- Represents and warrants that the monies used to fund my investment in the Trust are not derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention "illegal activity" and the proceeds of my investment in the Trust will not be used to finance any illegal activities; and
- Represents and warrants that they are not a "politically exposed" person or organisation for the purpose of any AML Requirements.

**Executed** as a deed poll by the Applicant

Name of applicant

--

Date

--

**For company:**

Executed in accordance with section 127(1) of the *Corporations Act 2001*:

Director/company secretary

--

Name of Director/company secretary (print name)

--

Director

--

Name of Director (print name)

--

**For individuals:**

Executed by:

Applicant

--

Name of Applicant (print name)

--

Applicant 2/witness

--

Name of Applicant 2/witness (print name)

--

### 3. Applicant's additional details

Name of Applicant

--

Contact person  
(if applicant not an individual)

--

Date of birth

--

Identity number  
(passport or driver licence)  
ACN/ABN

--

--

Capacity (if applicable)

--

Street address

--

Postal address

--

Telephone number

--

Email address

--

Tax file number

--

#### Distributions

Pay any distributions from the Fund to:

Name of financial institution

--

Account name

--

Account number

--

Branch name

--

BSB

--

#### 4. Wholesale client certificate

Please include a current wholesale client certificate from your qualified accountant, as defined under s88B of the *Corporations Act 2001* (Cth), as amended by any ASIC legislative instrument. Further details on any of these items can be found through ASIC ([www.asic.gov.au](http://www.asic.gov.au)) under 'Certificates issued by a qualified accountant'. A template is included here.

CHAPTER 7 OF THE CORPORATIONS ACT 2001	
NAME OF PERSON OR ENTITY	
ADDRESS OF PERSON OR ENTITY	
Name of qualified accountant	
Address of qualified accountant	
I certify that the person or entity whose details are set out above:	
I. has net assets of at least \$2.5 million; or	
II. has a gross income for each of the last two (2) financial years of at least \$250,000	
I belong to (name of professional body – eg. Institute of Chartered Accountants in Australia; or CPA Australia; or National Institute of Accountants in Australia)	
My membership designation from this professional body is (designation – eg. CA, ACA, FCA; or CPA, CFPA; or PNA, FPNA, MINA, FINA)	
I comply with this body's continuing professional education requirements (Y/N)	
Signature of qualified accountant	
Date of certificate issuance	

#### 5. Know your customer – AML/CTF identification requirements

The AML Requirements require identification information from Applicants. This information must be provided by you or your financial adviser.

**There may be a delay in the processing of your Application or your Application may be rejected where you (or your financial adviser) do not provide adequate identification documents.**

Investor name (you must provide a separate Customer Identification Form for each investing person/entity)

Identity number (if applicable)

Date of birth (dd/mm/yyyy) (if applicable)

<input type="text"/>									
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Please complete the relevant investor details and provide us with the requested identification information with your completed Application form.

If a document is in a language other than English it must be translated by an accredited translator. An accredited translator is defined as a person currently accredited by Australia's National Accreditation Authority for Translators and Interpreters Ltd (<http://www.naati.com.au/>) at the level of Professional Translator, or above, to translate from a language other than English into English; or a person who currently holds an accreditation that is consistent with this standard.

## Natural persons

Please complete the following details and provide verification documents detailed below:

Full name:

Other name used (if applicable):

Date of birth (dd/mm/yyyy):

Residential address (PO Box is NOT sufficient):

Contact detail: Country code:

Area code:

Email:

### Supplementary information (must be completed)

Country of citizenship:

Occupation or business activity:

Main purpose of investment/transactions:

Source of funds for the investment/transactions:

A *current* or a *certified copy* of one of the following:

- a foreign drivers licence that contains a photograph of the person in whose name it was issued and the individual's date of birth **and** your national ID card issued by the government containing your photograph and signature. Both documents must be current; **or**
- a foreign government, United Nations or United Nations agency issued passport or similar travel document containing a photograph and signature of the person. The document must be current.

**Foreign company (if applicant is investing through a company)**

Please complete the following details and provide the verification documents detailed below:

Full company name

Country of formation/incorporation/registration relevant)

Name of foreign registration body (if

Type of company e.g. public, private (if registered) registered)

Identification number (if

Registered office (if the company is not registered, principal place of business in country of formation or incorporation)

Principal place of business in Australia (if any). Residential address is required (street, suburb, state, postcode, country) - PO Box is not acceptable.

Full name and address of local agent

- 1 For a foreign company registered with ASIC:  
 a *current* or a *certified copy* of a search of ASIC databases showing:
- the full name of the company;
  - the ARBN;
  - the registered office address;
  - the principal place of business (if any);
  - the names of each director (only provide if a proprietary company); and
  - the names and addresses of each shareholder (only provide if a proprietary company that is not otherwise licensed or regulated).
- 2 For a foreign company not registered with ASIC:  
 a *current* or a *certified copy* of a search of the relevant foreign registration body;  
 if a search is not available, a *current* or a *certified copy* of a certificate of registration (or equivalent) issued by the relevant foreign registration body, showing:
- the full name of the company;
  - the identification number of the company (if registered);
  - whether the company is registered as a public, private or other type of company (if registered);
  - the registered office address (if registered);
  - the principal place of business (if any);
  - the names of each director (only provide if a private company); and
  - the names and addresses of each shareholder (only provide if a proprietary or private company that is not otherwise licensed or regulated).

### Trustee (if applicant is investing through a trust)

Please complete the following details and provide the verification documents detailed below:

Full name of trust

Country of establishment

Full name of trustee(s)

Full business name of trustee(s) (if any)

Please provide the required documents (see below) confirming:

For all trusts:

- full name of the trust
- full business name of trustee
- type of trust
- country where the trust was established
- relevant identification information for the trustee (see under Individual or Company, as relevant)

For an Australian registered managed investment scheme (MIS), Regulated Trust (eg SMSF) or government superannuation fund:

- ARSN (for MIS)
- name of regulator and trust's ABN or registration / licensing details (for Regulated Trust)
- name of legislation establishing the fund (for government superannuation fund)

For all other trusts:

- identification information for one of the trustees
- name and residential address of all other trustees
- full name of all beneficiaries
- beneficiary membership classes (for example, unit holders, family members of named person, etc.)

**Required documents**

For an MIS, Regulated Trust or government superannuation fund, please provide **one** of the following:

- Original or certified copy or extract of the trust deed; or
- An original product disclosure statement, annual report or audited financial statements for the trust; or
- A copy or extract of legislation establishing the trust (government superannuation funds); or
- ASIC, ATO or other regulator online search.

For all other trusts, please provide one of the following:

- Original or certified copy or extract of the trust deed; or
- Notice issued by the ATO in the past 12 months; or

- Letter from solicitor or qualified accountant that confirms the name and existence of the trust.

If the trustee is a natural person, please also provide documentation required for a natural person (listed on page 1).

If the trustee is a foreign company, please also provide documentation required for companies (listed above).

#### Instructions regarding certification of original documents

“**Certified copy**” means a document that has been certified as a true copy of an original document by one of the persons described in paragraphs (1) to (2) below.

“**Certified extract**” means an extract that has been certified as a true copy of some of the information contained in a complete original document by one of the persons described in paragraphs (1) to (2) below.

People who can certify documents or extracts are *[italics added for ease of comprehension]*:

1. a Notary Public (for the purposes of the *Statutory Declaration Regulations* 1993);
2. an Australian consular officer or an Australian diplomatic officer (within the meaning of the *Consular Fees Act* 1955);

If one of these people is not available, please discuss alternative methods of certifying documents with the Trustee.

#### Wording on certification

The certifying officer must certify that:

- the document is a true copy of the original;
- the capacity under which he or she is certifying; and
- the date of certification.

Words to the following effect would be suitable:

*I [name], [category of person listed above] certify that this [name of document], including the following [no.] pages, is a true and correct copy of the original document which has been sighted by me. [signature], [date].*