

Balmoral Digital Asset Management



**Information
Memorandum**

BALMORAL DIGITAL

Important Notice

This Information Memorandum (**IM**) is dated February 2022.

Balmoral Asset Management Pty Ltd (**Balmoral Asset Management**) holds Australian financial services licence (AFSL) number 518851 to issue Units and to manage the investments of the wholesale Balmoral Digital Assets Fund (**the Fund**). The investment decisions of the Fund will be managed by Balmoral Asset Management.

This information is provided on a confidential basis, solely for you to evaluate an investment in the Fund. This IM is not a recommendation to invest in, nor is an offer or invitation to you to subscribe for Units in the Fund.

The information contained in this IM is general information only and does not take into account your individual objectives, financial situation, needs or circumstances. You should assess whether the information is suitable for you and consider talking to a professional adviser before deciding to invest in the Fund.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this IM. Any information or representation not contained in this IM may not be relied upon as having been authorised by us or any other person in connection with this Offer.

The Fund is an unregistered managed investment scheme. Therefore, applications for Units in the Fund will only be accepted if the investment qualifies for an exemption from the requirement to provide a regulated product disclosure document under the *Corporations Act 2001*.

An exemption from the requirement to provide a regulated product disclosure document applies to applications from “wholesale investors” (as that term is defined in section 761G of the *Corporations Act*). Investors of this category will need to make an investment of at least \$500,000 or demonstrate they have net assets of at least \$2,500,000, or gross income of at least \$250,000 per annum for each of the past two years (gross income can include income from a business if you’re a business owner), as certified by a Qualified Accountant.

Balmoral Asset Management will not provide a disclosure document (prepared under Chapter 7, Part 7.9, or any other part of the *Corporations Act*) in relation to an investment in the Fund.

The information in this IM, or subsequent information given to you either orally or in writing by Balmoral Asset Management or any related bodies corporate, directors, officers, employees, agents, representatives and advisers (the parties) is supplied on the terms set out in this IM. Although every care has been taken in the preparation of the information included in this IM, Balmoral Asset Management, to the maximum extent permitted by law, does not accept any liability or responsibility (whether in tort or otherwise) for, and make no representation or warranty, express or implied, as to the accuracy or completeness of such information.

This IM is available to persons within Australia (including in electronic form). This IM does not constitute an offer or invitation in any place outside Australia where, or to any person whom, it would be unlawful to make such an offer or invitation.



BALMORAL DIGITAL

All references to dollar amounts and application prices in this IM are in Australian currency unless specified otherwise.

Theoretical calculations in this IM should not be taken as an indicator of future performance of the Fund.



BALMORAL DIGITAL

The Fund at a Glance

The following table provides a summary of the Fund's key features:

| Fund Features | Description |
|-----------------------------|---|
| Overview | The fund will invest in Digital Assets and seek to exploit inefficiencies within the crypto/DeFi ecosystems. This will involve acquiring, selling and/or shorting Digital Assets while managing price exposure and risks. |
| Investment Manager | Balmoral Asset Management Pty Ltd; ABN 33 603 492 039 |
| Trustee | Balmoral Asset Management Pty Ltd; ABN 33 603 492 039 |
| Issuer | Balmoral Asset Management Pty Ltd; ABN 33 603 492 039 |
| Inception Date | January 2022 |
| Term of Fund | Up to 80 years |
| Investment Strategy | The Balmoral Digital Asset Fund brings institutional investment disciplines to the fragmented world of decentralized finance through investing in a portfolio of Digital Assets. |
| Suggested Investment Period | 5 years or more |
| Performance Objective | The Trust will benchmark against a compound annual growth rate of 10% and seek to outperform this benchmark after fees over rolling 3-year periods for performance comparison purposes |
| Benchmark | 10% p.a. over rolling 3-year periods |
| Minimum Initial Investment | \$20,000 |
| Minimum Additions | \$5,000 |
| Minimum Redemption | No minimum |
| Minimum Unit Holding | 5,000 Units |
| Unit Pricing Periods | Weekly |
| Fund Size | Soft close of the Fund from \$100m |
| Distributions | Semi-annually, calculated on 30 June and 31 December, and paid within 60 Business Days of calculation. Distributions can be reinvested in the fund. |
| Redemptions | Units may be redeemed on request |
| Entry Fee | Nil (refer to Buy/Sell spread) |



BALMORAL DIGITAL

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| Exit Fee | Nil (refer to Buy/Sell spread) |
| Management Fee | 1% per annum of the net asset value of the Fund, calculated and payable monthly. |
| Performance Fee | 25% of positive returns generated, subject to a high watermark, calculated and payable monthly. |
| Buy/Sell Spread | 1% (being 1% on each application and redemption). |
| Adviser Fees | Fees or commissions in an agreed amount will be paid by the Fund to advisers to or referrers of investors. This fee reduces the investor's initial contribution by the same amount. Some fees may be rebated directly to investors on an individually negotiated basis |
| Cooling Off Period | No cooling off period applies. |
| Taxation | The Fund is intended to qualify as a "flow-through" entity for Australian taxation purposes. You should take independent taxation advice, and assess any income and capital gain you receive from the Fund according to your own particular circumstances. |

Constitution

This IM is a general overview of the rights and obligations of investors and the Fund's Manager and Trustee. The Constitution details the rights and obligations of all parties in full. A summary of some parts of the Constitution is found in this IM on pages 18 and 19. You may request a copy of the Constitution from Balmoral Asset Management.

Updated Information

Information in this IM may be subject to change from time to time. If it is not materially adverse information, it may be updated by us without notification to Unit Holders. Updated information (such as performance information for the Fund) can be obtained by contacting us. You may request a paper copy of any updated information at any time free of charge.



BALMORAL DIGITAL

A message from the managers

As generations of investors have done, you have made the decision to set aside capital to invest for the future and build your legacy. In this case you are considering an Australian professionally managed fund which utilises specific Digital Asset strategies to generate returns across decentralized digital financial ecosystems run on blockchain technology, whilst managing the volatility Digital Assets are famous for.

The reason Balmoral embarked on launching a Digital Assets Fund is because traditional asset classes are fully valued, meaning low expected returns and high expected risk. In December 2021 for example the Australian share index S&P/ASX 200 offered earning yields around 4%, which means that after tax and inflation we expected even shares would offer weak or even negative real returns in the near term, while bonds and cash were even more challenged in contributing to investment outcomes. We were also cautious about the expected positive correlation between shares and bonds, which would mean diversification for many investors has diminished right at the time central banks' put pressure of financial asset valuations by normalising interest rates.

Unlike traditional investment assets, which are incredibly sensitive to central banks policies, Blockchain financial ecosystems offer markets matching genuine supply and genuine demand. Those decentralised financial ecosystems are where the fund will generate returns on your capital.

Anyone can buy Digital Assets themselves; this fund offers a much richer, complimentary capability which would work alongside you having direct ownership of digital assets. The Fund will commonly remain 'delta-neutral', or close to it, which means we intend the fund will not be meaningfully impacted by specific Digital Assets increasing or decreasing in value. Our analysis has shown we can earn outstanding returns with low levels of market risk while also taking advantage of robust counterparty protocols offered by the digital exchanges we have selected as counterparties.

The most attractive opportunities within these ecosystems are scarce. To ensure the Fund will remain nimble enough to generate the returns we are looking for it will be limited in scale with a soft close at \$100m in investor assets.

My own background encompasses working with all the investment asset classes across investment research and institutional investment environments. Before moving to look after Balmoral's clients full time in 2019 I managed several billion dollars of APRA regulated multi-asset investment portfolios for the Swiss insurance company Zurich. Earlier in my career I was Head of Money Market at Macquarie having come up through equities research and deal assessment. My partner building this business Jesse Smythe brings complimentary knowledge and skills building and running a global derivatives business. Both of us have been ASIC Responsible Managers of Financial Services licenses and we are proud to work together and turn our complimentary skills, experience and judgement to the advantage of Balmoral's clients.

Over my 18 years in finance, I have not seen a more attractive opportunity than what we will be tapping into for your benefit via the Digital Assets Fund. The team is proud to launch this capability which we feel could not come at a better time given what has occurred in other asset classes and what that means for Australian families in the years ahead.



BALMORAL DIGITAL

Welcome to the Balmoral Digital Assets Fund and I look forward to keeping you updated on our contribution to your wealth and income generation over the coming years.

Angus Crennan & Jesse Smythe
Co-Founders & Portfolio Managers
Balmoral Digital



balmoral.digital | invest@balmoral.digital
Level 24, Tower 3 | 300 Barangaroo Avenue, Sydney NSW 2000

BALMORAL DIGITAL

About The Fund

The Balmoral Digital Assets Fund (the Trust) is an Australian unit trust. The Trust is not listed on any securities exchange. The investments in the Trust will be managed by Balmoral Asset Management Pty Ltd ABN 33 603 492 039. Balmoral Asset Management Pty Ltd is the issuer of this Informational Memorandum and of the units in the Balmoral Digital Assets Fund. The aim of the Fund is to compound investor capital at an attractive rate while managing digital asset market risks.

The Fund will hold a portfolio of digital investments across various protocols and electronic digital exchanges alongside derivatives to manage risk. The portfolio may be leveraged by the use of borrowed funds or assets. Investments will generally be made on more mature decentralized exchanges and will usually be denominated in US Dollars.

This Informational Memorandum is designed to provide disclosure to direct investors. It describes the important features of the Trust and is for your general information only. The information disclosed is for you to better understand the risks and benefits offered by the Trust and to decide whether the Trust is suitable for your requirements. It is not intended to be a recommendation to invest in the Trust. This information is provided on a confidential basis, solely for you to evaluate an investment in the Fund.

This Informational Memorandum does not take into account the investment objectives, financial situation or needs of any particular investor. You should consider the suitability of the Trust in view of your financial position and investment objectives. No person is authorised to give any information or to make any representation in connection with the Trust which is not contained in this Informational Memorandum. Any information or representation not contained in this Informational Memorandum may not be relied upon as having been authorised by us or any other person in connection with this Trust.

Investment Philosophy

The Digital Assets Fund has the following key beliefs at its core:

1. Decentralised finance will revolutionise finance driving **long term structural growth opportunities**. The driver of this change is traditional finance's intermediation resulting in it being clunky, slow and expensive relative to decentralised finance. Even the ASX is moving to settle trades on blockchain. Cyber risks exist, and can be managed, in both traditional and decentralised finance.
2. Decentralised finance remains fragmented and immature. The relative lack of finance professionals contributes to high levels of volatility, however finance expertise and disciplined investment practices are expected to generate **strong returns for investors**.
3. This is a **new and differentiated asset class**. Due the Digital Asset Fund's management of volatility it is expected to be uncorrelated with other asset classes, We believe the attractive expected return per unit of risk, combined with those benefits to portfolio construction, strongly justify investors allocating a sleeve of an efficient portfolio to this Fund.

Balmoral Asset Management believes that active management of the fund's investment strategies within decentralised finance ecosystems closely aligns with these beliefs and



BALMORAL DIGITAL

will lead to both attractive risk adjusted returns and improved portfolio construction for its clients.

Investment Approach

The Fund's investment strategy will be to exploit inefficiencies in decentralized finance while tightly managing exposure to price volatility in Digital Assets.

The Fund will suit investors who have no experience with decentralised finance right through to investors who already own Digital Assets directly. For Digital Asset natives, the strategies the fund employs generate returns from within digital ecosystems which are independent of price changes in Digital Assets themselves. The Fund is able to continue generating positive returns even if Digital Asset sentiment sours and for that reason we believe the Fund will remain uncorrelated to both Digital Asset prices and traditional financial markets – a true portfolio diversifier.

The Fund can invest across the full range of Digital Assets and derivatives in the implementation of its investment strategies. If there is a strong investment case then the Fund can utilise debt to leverage its investor exposure. However if debt was utilised then a search would be conducted for lending facilities involving at least three providers comparing functionality, price and service. Interest payments would be factored into liquidity and cash flow planning while stress and scenario testing would confirm worst case impacts to the Fund.

Transactions will generally be undertaken in the more mature Digital Asset ecosystems and will generally be unhedged in US Dollars. Immediately after transacting, the fund's assets will be removed from exchanges and held in separate digital wallets.

Track Record

The Fund commenced on 1 January 2022 with a unit price of A\$1.00 per unit.

Fund Benchmark Return

The Trust will benchmark its performance against 10% p.a. and seek to outperform this benchmark after fees over rolling 3-year periods for performance comparison purposes.

Balmoral Asset Management considers a consistent 10% compounding growth rate to be the most suitable benchmark to judge contribution to client wealth and income creation objectives whilst also maintaining its risk management frameworks to manage the Fund's volatility.

Investments to be Held

The intention of the Fund is to invest in a portfolio of digital assets, preferring mature digital ecosystems which limit counterparty risks, while also utilising derivatives to manage the fund's market risks. The number of assets held and the type of investments made will change as the Manager deems appropriate in line with Balmoral's philosophy.

The Fund has the capability to invest in unlisted and recently created digital assets where its analysis reveals this to be an attractive opportunity. The Fund also has the ability to invest up to 20% of its net asset value into shares of digital asset(s) focused companies, for example participating as an equity venture capital provider to a young, rapidly growing crypto exchange or crypto focused game developer. If the Fund was to



BALMORAL DIGITAL

consider less-liquid assets for the portfolio then comparative analysis and liquidity stress testing would be undertaken.

Reporting

Daily investment value and unit price will be available via the Fund's app on Apple and Android.

Investors will receive a quarterly newsletter discussing the Fund's performance, the manager's market outlook and any relevant distribution information.

Investors will receive an annual tax statement, including information about all Fund distributions during the financial year. The annual statement will be from the Balmoral Digital Assets Fund's accountant and will adopt Australian accounting standards and Australian tax rules.

The Manager will provide confirmation of all applications and withdrawals following such events.



BALMORAL DIGITAL

Fund Manager Credentials

Angus Crennan

Angus is the Responsible Manager of Balmoral's AFSL number 518851. Before moving to work on Balmoral full time Angus managed around \$3bn of multi-asset portfolios for the Swiss insurance company Zurich as well as supporting the \$2bn Zurich Superannuation Fund with all its investment matters. Earlier in his career Angus was a Director at Macquarie Group where he was Head of Money Market having previously supported Macquarie in equities research and deal assessment. Angus graduated from the Royal Military College Duntroon in 2000 and left the Australian Army as a Captain in 2003.

Jesse Smythe

Jesse was one of the Founders of the highly successful international derivatives business HighLow Markets Pty Ltd and the Responsible Manager of its AFSL number 364264. Before working in finance Jesse had a successful career in the Australian Defense Force's Naval special operations (Clearance Diving Team 1).

Contacting Us

If you have any queries regarding the Fund, please contact us:

Email: jesse@balmoral.digital
Phone: +61422544668

Email: angus@balmoral.digital
Phone: +61438125467



BALMORAL DIGITAL

Risks of Investing

Investment involves risks. Every asset class experiences volatility and investors can experience capital loss. The Issuer and Manager do not guarantee the capital or the performance of the Fund. The main risks that may affect the Fund include:

Developing Blockchain Ecosystems and Digital Exchanges

Although the Fund will be focused on mature and proven protocols and digital ecosystems it will make investments in developing protocols where expected returns justify the expected risks from a portfolio perspective. Exposure to developing protocols may arise indirectly because of an investment in one or more digital assets which invest, or have operations in, other protocols. Exposure to less developed protocols and ecosystems can substantially increase the risk of Balmoral's portfolio. Even mature protocols and digital exchanges carry risks. The range of risks are broad and include cyber risks, fraud risk and business risks. Given the newness of the asset class there is likely risks which are not yet fully understood. These risks could result in impacts to the Fund such as delays to cash generation, poor liquidity and even loss of investor capital.

Risk of Default by Counterparties and Exchanges

The Fund is exposed to the credit risk of the counterparties with which it deals. Although the Fund will utilise digital wallets investor capital may be subject to risk of loss of its assets on deposit for short periods with an exchange while transacting, such as in the event of a cyber risk event, the exchange's failure or bankruptcy. The Fund could also be exposed to disruption or failure of one or more protocol(s) hosting one or more digital assets the Fund owns. The Fund can enter transactions in "over-the-counter" markets. Participants in these markets typically are not subject to credit evaluation and regulatory oversight.

Smart Contract Risk

The Fund will invest in layer 2 protocols, governed by smart contracts, within layer 1 blockchains. There is a risk those smart contracts may be poorly understood, contain errors or are unable to be enforced in the way Balmoral expects. Smart contracts therefore represent investment risks in that they may produce unexpected or unfavourable outcomes. There is a risk that smart contracts, or the effectiveness or lack of effectiveness of smart contracts, results in negative outcomes for investors, including the loss of income or the loss of investment capital.

Fund Risk

Risks particular to the Fund include that it could terminate (for example, if its costs of operating become unreasonable), the fees and expenses could change, and Balmoral Asset Management could be replaced as Trustee and its management and staff could change. There is also a risk that investing in the Fund may give different results than investing individually because of income or capital gains accrued in the Fund. While Balmoral Asset Management has managed the impact of investors joining/leaving the fund with the use of a buy/sell spread there remains a risk that investment and withdrawal by other investors may impact the Fund.

Market Risk

Large movements in global decentralized finance can represent a risk to investors as the profitability of Balmoral's investment activities could reduce and could result in losses. Changes in digital asset prices and decentralised finance can occur for many reasons including global influences, political and tax changes, technological changes and



BALMORAL DIGITAL

changes in investor sentiment. Changes in national or global economic conditions may impact the demand for, and value of, digital assets. The Fund may adopt a portfolio positioning resulting in investors not benefiting from some or any gains from various investment markets or particular assets increasing or even produce outright losses.

Currency Risks

The Fund will primarily be denominated in US Dollars. This means Australian investors will have consistent unhedged exposure to changing exchange rates between Australian Dollars and US Dollars, which at times will be a detriment and at other times a benefit. Currency risks may impact the Fund unfavourably, for example changed currency exchange controls and regulations, actions by central banks and geopolitical events such as war. Changes in foreign currency will affect the Fund's capital, the value of interest earned, as well as the value of any gains and losses realised, if any.

Hedging

The Fund will use hedging strategies to attempt to manage and control various risks. Hedging strategies may not be effective in controlling those risks and may also result in losses for the Fund. The Fund may lose the ability to hedge a particular position which may cause it to have undesired exposure. The Fund may suffer a forced liquidation of an unhedged position at a time that is disadvantageous to the Fund. The Fund may suffer a forced liquidation of a hedged asset, resulting in losses from the hedging instrument remaining in the Fund without the underlying asset. In addition to unhedged currency Balmoral Asset Management is not obligated to hedge the Fund's portfolio positions and at times it may not do so.

Personnel Risks

Key personnel are critical to the success of all businesses. Should any key personnel become unavailable for the Fund through illness or for other reasons it may have an effect on the performance of the Fund. Unavailability of a key person could, for example, result in delays in investments being bought or sold, delays in investor communication and/or delays in investor distributions, applications or redemptions being processed.

Liquidity Risk

Although the Fund's underlying digital assets are expected to remain highly liquid, there may be times when its investments cannot readily be sold at a reasonable price or at all. This may result in the more liquid investment(s) being sold to generate liquidity instead of the less liquid investment(s), or unfavourable prices being realised. Changed market conditions in decentralized finance could also result in a period of lower-than-expected liquidity and lower-than-expected returns, if any, from Balmoral's investment activities.

Information Systems and Cyber Risks

The Fund will rely on the continual operation of its information systems, decentralized digital ecosystems, blockchain technology, digital wallets, the Internet and associated communications networks and systems. Temporary interruption or failure of any part of these systems, including cyber risks, blackout, hardware failures and the loss/theft of secret keys enabling digital wallets, may affect the performance, liquidity, administration and/or reporting of the Fund and could result in losses.



BALMORAL DIGITAL

Investment Risk

The Manager may make poor investment decisions leading to poor performance or losses.

Company Risk

The Fund has the ability to invest in digital focused companies. The fortunes of any company can be affected by such things as management decisions, wars, pandemics, government decisions, product recalls, changes in its customer requirements, new technology, competition, foreign exchange rates, energy price, access to financing and so on. These changes can be to the detriment of some companies but the benefit of others. Company management cannot foresee and manage all of these changes. Digital focused companies are subject to additional risks given the immature nature of decentralised finance. Equity or venture capital type investments into digital asset focused companies will be highly illiquid and could result in losses.

Regulation and Taxation

Changes to Government regulation of managed investments, capital markets or corporations, Digital Assets, decentralised finance, and changes to taxation laws including duties may affect the performance of the Fund and could result in losses.

Information Sources

Balmoral Asset Management selects investments for the Fund based in part on information and data that third parties file with various agencies, make directly available to Balmoral Asset Management or that it obtains from other sources including the internet. Balmoral Asset Management is not in a position to confirm the completeness, genuineness or accuracy of such information and data. In some cases complete and accurate information is not readily available. Balmoral Asset Management can never learn all relevant information regarding a counterparty, company, crypto exchange, ecosystem or a crypto-currency, alt-coin and/or token which may result in poor decisions and affect the performance of the Fund or result in investor losses.

Political Risks

Many of the protocols and dApps in which the Fund invests, directly or indirectly, may be exposed to the risk of political change and governmental action. In some countries, there is the possibility of expropriation or confiscatory taxation, limitations on removing funds or other Fund assets, political or social instability, or diplomatic developments that could materially and adversely affect the value, liquidity and marketability of the Fund's digital investments. Political risks could for example result in a particular protocol becoming illiquid or being forced closed which could impact performance or lead to losses for the Fund.

General Risks of Leverage

The Fund can use leverage by borrowing on margin, entering into derivative contracts and other leveraging strategies. Such leverage can increase the risk of loss and volatility of the Fund. In addition, using leverage may require the Fund to pledge its assets as collateral. Margin calls or changes in margin requirements can require the Fund to pledge additional collateral or liquidate its holdings, which could require the Fund to sell portfolio investments at substantial losses that it otherwise would not be selling at those prices. As noted in Hedging risk above digital exchanges can automatically liquidate leveraged investment positions which can result in investor losses.



BALMORAL DIGITAL

Swaps, Options, Futures and Other Derivatives

The Fund will use derivatives, including without limitation, futures, forwards, swaps, options and contracts for differences. These instruments can be highly volatile and can expose the Fund to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments can permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small change in the price of the contract may result in a profit or a loss that is high in proportion to the Fund's assets placed as initial collateral and may result in unquantifiable further loss exceeding any collateral deposited. These changes are extremely difficult to predict.

General Risks of Income Producing Investments

The Fund may invest in digital assets expected to generate income. These investments can be subject to a range of risks such as interest rate risk, counterparty risk, contract risk, regulatory risk, inflation or deflation risk, liquidity risk, credit support risk and credit rating risk.

Service Provider Default Risk

The Fund has contractual agreements with various service providers to perform various functions or effect certain transactions for or on their behalf. These entities may default on their obligations, which could adversely affect the Fund and its investors.

Asset Lending and Borrowing

The Fund may lend its investment assets to earn additional income, or borrow securities to enable short sales. These loans typically are fully collateralised on a daily basis, but the value of the collateral may fall below the value of the loaned securities on any given day or the Investment Manager may misjudge the creditworthiness of the other party to the transaction. If the other party becomes insolvent or bankrupt, the Fund could incur losses due to insufficient collateralisation or due to delays and costs of liquidating the collateral or recovering the securities or payment for the securities. If, in the meantime, the value of the securities changes, the Fund could experience further losses.

Economic Conditions

Changes in economic conditions, including, for example, interest rates, credit availability, inflation rates, industry conditions, government regulation, competition, technological developments, political and diplomatic events and trends, health care emergencies, natural disasters, armed conflict, tax and other laws, and innumerable other factors, can affect the Fund's investments and prospects materially and adversely. None of these conditions is within Balmoral Asset Management's control, and it may not anticipate these developments. These factors may affect the volatility of digital asset prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity could impair the Fund's profitability or result in investor losses.

No Control Over Portfolio Issuers or Ecosystems

The Fund may acquire substantial positions in particular digital assets or well-placed companies focused on decentralised finance, or have a large presence in a particular digital ecosystem. Nevertheless, the Fund is unlikely to be represented on the board of directors or share any control over the management of any such protocols, ecosystems or companies.

Trade Errors



BALMORAL DIGITAL

Balmoral Asset Management places orders for the purchase and sale of digital assets and derivatives on behalf of the Fund. The trading process is complex and can vary for different types of digital assets. Moreover, the Investment Manager may be required to break up orders, or may buy or sell the same digital asset over a period, further complicating the trading process. Balmoral Asset Management might make trading errors. The Fund is responsible for any such trade errors, whether the error benefits or harms the Fund. Balmoral Asset Management and its affiliates will not be required to bear the cost of any trade error or reimburse the Fund for resulting costs or losses.

Conflicts of Interest

Balmoral Asset Management and its affiliates may sponsor, manage and participate in other activities unrelated to the Fund's activities. These other activities may include, among other things, providing investment advisory services and investing for their own accounts.



BALMORAL DIGITAL

Investing in the Fund

Who can Invest in the Fund?

The Fund is an unregistered managed investment scheme. Accordingly, applications for Units in the Fund will only be accepted if the investment qualifies for an exemption from the requirement to provide a regulated product disclosure document under the *Corporations Act 2001*.

An exemption from the requirement to provide a regulated product disclosure document applies to applications from “wholesale investors” (as that term is defined in section 761G of the Corporations Act).

Investors of this category will need to make an investment of at least \$500,000, or demonstrate they have net assets of at least \$2,500,000, or gross income of at least \$250,000 per annum for each of the past two years (gross income can include income from a business if you’re a business owner), as certified by a Qualified Accountant.

Balmoral Asset Management does not intend to provide a regulated disclosure document (prepared under Chapter 7, Part 7.9, or any other part of the Corporations Act) in relation to the Fund or an investment in the Fund.

Investing in the Fund

Investors should complete the Application Form accompanying this IM or via balmoral.digital.

If you need any help in considering whether the Fund is appropriate for you, please talk with your financial adviser. If you have any questions about this IM or the Application Form please contact invest@balmoral.digital

To invest please complete the following steps:

1. Complete the Application Form,
2. Send a scanned copy of the completed application form, as well as required identification documents, to invest@balmoral.digital
3. Your application money is to be paid into the Fund’s bank account (details below).

The Fund’s bank account is:

Institution: Commonwealth Bank
BSB: 062197
Account number: 11089386
Account name: Balmoral Asset Management Pty Ltd ATF The Balmoral Digital Assets Fund

Please use your name(s), or the investing entity’s name, in the reference section of the transfer.

The date of investment will be the next Fund valuation date after both new application capital is cleared into the Fund’s account and a signed and completed application form with required identification information has been received.



BALMORAL DIGITAL

If we are unable to process an application because it is invalid (for example, the Application Form is not signed), the transaction will not be processed and the application money will remain in the Fund's account until the correct documentation is received. If correct documentation is not received within one month, the application money will be returned to you with no interest payable.

We absolutely reserve the right to reject any application or to accept only part of an application.

Minimum Initial Investment

The minimum investment in the Fund is AUD 20,000 (twenty thousand Australian Dollars).

Additional investments may be made in increments of AUD 5,000.

The minimum Unit holding that must be maintained by each investor in the Fund is 5,000 Units. If your investment falls below this threshold at any time, we have the discretion to redeem your Units at the then current Unit Price in accordance with the redemption procedures.

Additional Investments

You can add to your investment at any time by sending us your written instructions with your payment. There is no need to complete another Application Form. Further transactions are made on the basis of the then current IM (if any). You can request a copy of the current IM, which will be provided free of charge. The price at which additional Units may be issued to you will be the entry price calculated at the time the Units are allotted.

No Cooling Off Period

No cooling off period or rights apply to an investment in the Fund. An Application may not be withdrawn following lodgement with us. Investors however can redeem their investment capital from the Fund at any time.

Unit Prices

Unit Prices for applications and redemptions of Units are calculated at Allotment Date or Redemption Date, by dividing the market value of the Fund less any accrued expenses, including management fees, by the total number of Units on issue in the Fund at that time.

Prices are based on the market value of the Fund's assets, on the relevant Redemption or Allotment Date. Asset values will usually be based on closing prices or, at our discretion, other price quotes most recently available to us at the time we make the calculation (which may be higher or lower than the closing prices).

If assets are to be liquidated in order to fund a redemption, the closing Unit Price may be adjusted to reflect the actual price at which such assets were disposed of by the Fund.

Unless you specify otherwise any distributions will be reinvested back into the Fund at the most recent valuation date.



BALMORAL DIGITAL

A “Buy/Sell Spread” is charged at time of application and redemption. The Buy/Sell Spread is not paid to Balmoral but retained by the Fund to cover transaction costs required to move between fiat currency and Digital Assets for the new or redeeming investor. Please refer to the “Fees and Other Costs” section in this IM for further information.

Changes to Unit Pricing

We may change the way in which we calculate Unit Prices. Information regarding any such change will be made available to investors. Prior notice will not ordinarily be provided.

Withdrawing from the Fund

You can withdraw from your investment in the Fund by either mailing or emailing us a completed withdrawal request instruction. The withdrawal request must be signed by the investor/s or their authorised signatory and should specify:

- Investor identification details;
- The withdrawal amount, in either Australian dollars or Units; and
- The account name, BSB number and account number of the bank account to which payment is to be made.

Bank Accounts where funds are directed to must be in the name(s) of the account holder(s).

Withdrawals are calculated in Australian dollars and are subject to clearance of any application money received from you. Clearance generally takes at least 3 Business Days. You may not cancel a withdrawal request without our consent.

If Units in the Fund are transferred within Australia, for example as part of an estate, Balmoral will record the transfer and the new investor details after confirmation any duties required by the transfer have been paid. No Buy/Sell Spread will be payable for any such transfers.

We do not expect there to be a secondary market for the sale of existing Units in the Fund, and there is no intention on our part to establish one.

Suspension of Redemptions

The investment strategy of the Fund is to invest in assets that are liquid in nature. If less liquid assets were to be acquired at a future date the Fund’s allocation would be modest and liquidity stress testing would be used to ensure the Fund in aggregate remained liquid.

Accordingly, we anticipate that the Fund will remain liquid, and that the Fund will be able to maintain or raise sufficient liquid assets to fund redemptions on an ongoing and orderly basis. However, in the event that the Fund becomes illiquid (for example, due to an unexpected interruption or failure of one or more digital asset ecosystem or exchange) we may suspend applications and redemptions at our discretion until such time as liquidity is restored, at which time we will resume applications and redemptions.

Processing Times



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An application or withdrawal request will receive an entry price or an exit price (as applicable) calculated as at the Redemption or Allotment Date.

We will aim to process Redemption or Allotment requests within 15 Business Days.

Invalid Transaction Requests

Application, withdrawal and other transaction requests may be invalid for various reasons (such as, not signing the appropriate form or not including all required information on the form). In such cases, the transaction will not be processed until valid documentation is received and will be processed using the Unit Price applying on the day that we receive the correct documentation.

In cases where documentation is invalid, we will aim to contact you within 10 Business Days.

Distributions

The Fund generally pays distributions to investors on a semi-annual basis, as at 30 June and 31 December each year. Distributions will be reinvested in the Fund unless specified otherwise on the application form by the investor.

Distributions are generally assessable income and can be made up of both income and realised capital gains, and will vary depending on the factors that influence the performance of the Fund (such as interest rates and market conditions), and may not be paid at all.

Please refer to the Taxation section in this IM (under General Information) for further information.

Distribution payments are generally made within 60 Business Days after the end of the distribution period. This timeline is due end of financial year accounts requiring checking first. Where the timing of payments is expected to exceed 60 Business Days, information on the proposed date will generally be made available to investors.

Distributions are calculated on a cents per Unit basis.

Undistributed gains accrue in the Unit Price of the Fund during the relevant distribution period. This means that if an investment is made just before the end of a distribution period, you may receive some of the investment back immediately as income.

Immediately following a distribution, the Fund's Unit Price will usually fall because the income and realised gains accumulated during the distribution period have been distributed.

Distributions may include a part return of capital. Details will be provided in the investor's tax statement after the end of each financial year.

Legal Structure of the Fund

The Fund has been established as a Fixed Unit Trust.

An investor in the Fund agrees to make an investment by way of full payment of the subscription price for Units at the time of application.



BALMORAL DIGITAL

Balmoral Asset Management is the corporate Trustee and Manager for the Fund. Balmoral Asset Management may contract with one or more third parties for the provision of services to the Fund, including the roles of Trustee or Manager.

Term of the Fund

The Fund has a potential lifespan of up to 80 years unless terminated earlier. We may resolve at any time to terminate and liquidate the Fund. Upon termination and after conversion of the Fund's assets into cash and payment of, or provision for, all costs, expenses and liabilities (actual and anticipated), the net proceeds will be distributed pro rata amongst all investors according to the number of Units they hold in the Fund.



BALMORAL DIGITAL

Fees and Other Costs

This section sets out the fees and other costs that you will or may be charged in relation to your participation as a member of the Fund. Taxes are set out in another section of this IM.

Adviser Remuneration

Balmoral Asset Management may pay authorised financial planners an upfront commission with reference to the gross amount a client invests in Units by way of a commission or fee. Any such commissions or payments will be deducted from the investors initial capital to be invested in the Fund.

Costs and Disbursements

We expect to incur various ongoing expenses in relation to the Fund, including without limitation costs associated with valuing, holding or disposing of investments, custodian fees, costs of engaging agents or delegates, taxes, costs of establishing and maintaining registers and accounting records, audit fees, costs of convening and holding meetings and costs of preparing legal documentation.

We are entitled to pay from or be reimbursed out of the Fund for all such costs and expenses properly incurred in connection with the Fund. There is no limit on the amount that we may charge for expense recoveries. We are also entitled to be indemnified from the Fund for any liability properly incurred in relation to the Fund.

Abnormal Operating Expenses

We may seek reimbursement from the Fund to cover abnormal operating expenses incurred by us in connection with performing our duties and obligations. These expenses are not generally incurred during the day-to-day operation of the Fund, and are not necessarily incurred in any given year. They are due to abnormal events such as the cost of running a Unit Holder meeting or legal costs incurred by changes in the Constitution or defensive legal proceedings.

Management Fees

We are entitled to be paid out of the Fund an ongoing fee for managing the Fund and its underlying assets of up to of 1% per annum of the gross asset value of the Fund. This will be charged at 0.083% of NAV at the end of each month.

Transaction Costs and the Effective “Buy/Sell Spread”

Estimated transaction costs are allocated when an investor buys or sells Units in the Fund which results in a Buy/Sell Spread. This spread does not benefit Balmoral but rather aims to protect existing and ongoing investors by ensure that the one-time transaction costs associated with an investor buying or selling units in the Fund are covered by that investor, rather than from the corpus of the trust.

The Buy/Sell Spread is an additional cost to you as an investor in the Fund. The spread is based on our estimates of the average transaction costs incurred by the Fund from time to time moving from fiat to the digital assets our strategy is targeting. At the date of this IM the Buy/Sell Spread has been set at 1% for an application and 1% for a redemption.

The Buy/Sell Spread may be updated from time to time. For the current Buy/Sell Spread for the Fund, please contact Balmoral Digital.



BALMORAL DIGITAL

The Buy/Sell Spread will impact the return on your investment and will be displayed separately on an investor's application or redemption statements.

Performance Fees

Balmoral will retain 25% of all gains made by the portfolio, subject to a high watermark, calculated in USD terms, and paid monthly.

If the Portfolio does not produce positive returns over a month, in US Dollar terms, no performance fees will be payable. Furthermore, no performance fees will be accrued until the value of the Fund recovers any losses from prior periods.

For example:

If in a month the Fund gains 5% in US Dollar terms, then 25% of that 5% gain (or 1.25%) will be payable to the manager.

If in a month the Fund loses 5% of its value in US Dollar terms then no performance fee will be payable. In the following month the Fund gains 7%, the first part of that 7% is simply recovering its losses, the manager will then be paid 25% of the remaining gains above that previous high water mark.

Differential Fees

We may rebate or waive any fees due to us to one or more investors. The payment and terms of rebates or waivers are entirely at our discretion.

Related Party Services

Some of the Fund's operating requirements such as custodial services may be performed in-house by Balmoral Asset Management. Such services will be provided at, or better than, industry rates.



BALMORAL DIGITAL

General Information

Taxation

The tax information provided in this IM is intended to be a brief guide only and should not be relied upon as a complete statement of all relevant laws. It is based on our interpretation of current laws at the date of this IM. The information is provided as a general overview of how these laws apply to you, but the application of these laws depends on your individual circumstances.

It is therefore recommended that you seek independent professional tax advice about your specific circumstances. This IM is not a substitute for professional legal and financial advice.

All taxable income including net capital gains are distributed to investors each year. This means that under existing Australian tax legislation, the Fund will not be liable for income tax.

Goods and Services Tax (GST)

GST will not be imposed on the application for, or withdrawal of, Units in the Fund. However, it will be charged on:

- The price of most purchases made by the trustee in carrying out its investment activities;
- Fees payable to Balmoral Asset Management; and
- Reimbursable expenses.

The Fund may be entitled to claim a refund (RITC) for part of the GST included in the price of most purchases.

Tax on Distributions

The Fund distributes all of its income each year and is generally not taxed itself. Your share of the distributions becomes part of your assessable income for that income year. This is the case regardless of whether the income is paid to you or reinvested, or if the income is received by you in the next income year.

The tax you may pay depends on, among other things, the type of distributions made to you.

Distributions can be made up of:

- Income (such as dividends and interest);
- Net capital gains; and
- Tax credits (such as franking credits attached to dividend income and credits for tax paid on foreign income).

Some distributions may not need to be included in your tax return but will generally reduce the cost base of your investments for capital gains tax purposes.

Given the proposed active trading nature of the Fund, it is expected that the majority of returns will comprise income according to ordinary concepts, rather than capital gains.



BALMORAL DIGITAL

Tax on Withdrawals

Partial or full withdrawals from the Fund will be treated as disposal of investments for tax purposes and you may be subject to Capital Gains Tax (CGT) or income tax.

If you are an individual, and you hold the investments for more than 12 months, you may be entitled to a CGT concession that can reduce your CGT liability by 50%. Other taxpayers (for example, complying superannuation funds) may be entitled to a 33.33% CGT concession, provided the investments are held for more than 12 months.

Tax Reporting

After the end of each financial year, Balmoral Asset Management will send tax statements to investors.

Tax File Number (TFN) or Australian Business Number (ABN) Notification

You are not obliged to provide your TFN or ABN, but if you provide neither, and do not provide a valid exemption, we are required to deduct tax from your distributions at the highest marginal tax rate, plus the Medicare Levy, to meet Australian Taxation Office requirements. Australian companies and other entities that invest in their registered business can supply their ABN instead of their TFN to us.

Non-residents of Australia

If you are a non-resident wishing to invest in Australia, we recommend that you seek independent professional tax advice. Tax at the prescribed rates will be withheld from distributions to non-residents to the extent that the distributions comprise Australian sourced income or certain capital gains.

The Constitution of the Fund

The Fund is an unregistered managed investment scheme established under a document called a Constitution or Trust Deed. Under the Constitution, the Trustee of the Fund is responsible for operating the Fund and selecting investments in accordance with the Constitution. The Trustee may delegate functions to the Manager. The Constitution and the general law set out the framework under which the Fund operates. The Constitution (including any amendments) has not been (and is not required to be) lodged with ASIC.

If you wish to inspect a copy of the Constitution, please contact us.

Key Rights of Investors under the Constitution

The rights and obligations of investors in the Fund are governed by the Constitution for the Fund, this IM, and the general law relating to trusts. Some of the provisions of the Constitution are discussed elsewhere in this IM. Others affecting your rights include:

- The nature of the Units;
- Every Unit confers a beneficial interest in the Fund as a whole (but not a specific interest in any particular asset of the Fund);
- How we must calculate Unit Prices and the value of the Fund;
- What you are entitled to receive when you withdraw, or the Fund is wound up;
- and
- Your right to share in any income and how we calculate it.



BALMORAL DIGITAL

The Constitution is designed to limit your liability to the value of your Units, but the courts are yet to conclusively determine the effectiveness of limits of this kind.

Your rights to requisition, attend and vote at meetings of Unit Holders are contained in the Constitution.

Main Duties and Rights under the Constitution

There are also provisions governing our powers and duties as Trustee, including that we:

- Can issue Units to you before your application money is received, as long as you pay interest on the outstanding amount of application money to the Fund;
- Have wide powers to invest and generally manage the Fund;
- Have discretion to refuse transfers and applications;
- Can change the Constitution, but we need approval at a meeting of Unit Holders if the change will adversely affect rights of Unit Holders;
- Can terminate the Fund at any time and will give you notice of any intention to do so. If we terminate the Fund, you share pro rata in the net proceeds available from the sale of investments; and
- Can retire, in which case a new Trustee will be appointed.

As Trustee of the Fund we must comply with all obligations set out in the Constitution. We are also subject to duties under the law including duties to act honestly, exercise care and diligence, and treat investors of the same class equally.

Liabilities and Indemnities under the Constitution

The Constitution limits our liabilities in relation to the Fund. For example:

- We are not liable for acting in reliance in good faith on professional advice;
- If we comply with our duties and act in accordance with the relevant laws and the Constitution, we are not liable to you for any loss in connection with the Fund;
- and
- We are entitled to be indemnified out of the assets of the Fund for liabilities we incur in connection with the proper performance of our duties for the Fund.

Can the Fund Borrow Money?

Yes, the Fund may borrow money.

Related Party Transactions and Conflicts of Interests

Subject to the Constitution of the Fund, we may appoint any of our related bodies corporate to provide services or perform functions in relation to the Fund, including acting as our Manager or delegate. We may also enter into transactions with related bodies corporate in relation to the assets of the Fund, and may sell assets of the Fund to, or purchase for the Fund assets from, a related body corporate. A related body corporate is entitled to earn fees, commissions or other benefits in relation to any such appointment or transaction and to retain them for its own account. Such arrangements will be based on arm's length commercial terms.

In the course of managing the Fund, we may face conflicts in respect of our duties in relation to the Fund, related funds and our own interests. We have policies and procedures in place to ensure that we manage these conflicts through either controlling,



BALMORAL DIGITAL

avoiding or disclosing the conflict. We will resolve such conflicts fairly and reasonably and in accordance with the law and our own policies.

Complaints Resolution

Complaint resolution is a priority for us. If you have any concerns or complaints with the financial products or services we provide, please contact us and we will do our best to resolve it quickly and fairly. As a first step, please contact Balmoral Asset Management.

Privacy

We respect your privacy. Protecting your personal information is important to us and is required by the *Privacy Act 1988* (Cth). We must handle your personal information in accordance with the National Privacy Principles.

We only collect information that is necessary to administer your investment in the Fund. By this we mean managing your account and providing you with information in relation to your investment as required by law.

We may disclose your information (or parts thereof) to external parties who act on our behalf in the operation of our business from time to time. We may also disclose your information to external parties on your behalf, such as your financial adviser, unless you have instructed otherwise.

We may appoint a manager, agent or delegate along with some other organisations (for example, an auditor) to provide services to you on our behalf. They are authorised to use your personal information under the strictest confidence for the purposes of administering your investment in the Fund.

Your personal information will not be used or disclosed for any other purpose without your consent, except where required by law. For example, we are required to report certain information to the Australian Taxation Office for tax related purposes, and certain information to the Australian Government under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*.

The personal information collected by us includes your contact details, date of birth and Tax File Number (if you have chosen to provide it). This may be supplemented with further financial and other information necessary to administer your investment in the Fund.

Applications

The Minimum Application must relate to Application Monies of no less than \$20,000.

Additional Applications must be in multiples of \$5,000.

Applications for Units can only be made by completing and lodging an Application Form.

Application Forms must not be circulated to any person unless accompanied by a copy of this IM.

Lodgement of Applications



BALMORAL DIGITAL

Completed Application Form(s) and Application Monies should be dealt with in accordance with the instructions found in the section titled Guide to Completing the Application Form.

Allocations

We will issue Units within 30 days of receipt of the Application for Allotment and the Application Monies. We need to have received a valid Application Form together with the applicable Application Monies. We reserve the right to issue to any Applicant a lesser number of Units than that applied for, or to decline any Application. The number of Units allocated will be based on the buy side price of the NAV at the Allotment Date.

Where no allocation is made to a particular Applicant or the number of Units allocated is less than the number applied for by the Applicant, surplus Application Monies will be returned. No interest will be payable on refunded surplus Application Monies.

No interest will be paid to Applicants on any Application Monies received. Any interest earned will not be paid to you but rather will be retained for the benefit of the Fund.

Successful Applicants will be notified in writing of the number of Units issued to them as soon as reasonably practicable following issue.



BALMORAL DIGITAL

Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF)

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (**AML/CTF Act**) regulates financial services and transactions in a way that will help detect and prevent money laundering and terrorism financing.

To meet our regulatory and compliance obligations under the AML/CTF Act, Balmoral Asset Management will be increasing our levels of control and monitoring. You should be aware that:

We may be required to carry out a procedure to verify your identity before providing services to you, and from time to time thereafter;
Transactions may be delayed, blocked, frozen or refused where we have reasonable grounds to believe that the transaction breaches Australian law or sanctions or the law or sanctions of any other country;
Where transactions are delayed, blocked, frozen or refused, we and our related parties are not liable for any loss you suffer (including consequential loss) however caused in connection with the Fund; and
We may from time to time require additional information from you to assist us in this process.

We have certain reporting obligations under the AML/CTF Act. The legislation prevents us from informing you that any such reporting has taken place. Where legally obliged to do so, we may disclose the information gathered to regulatory and/or law enforcement agencies, including the Australian Transaction Reports and Analysis Centre (AUSTRAC), banks, service providers or to other third parties.

Individual Investors

In accordance with the AML/CTF regulatory requirements, if you are not investing through an Investor Directed Portfolio Service (IDPS) then you must provide us with documentation, along with your completed Application Form. If you have documentation from column A, this must be provided, otherwise the documentation in column B must be provided:

| Column A | Column B |
|---|--|
| <p>An original or certified copy of one of the following:</p> <ul style="list-style-type: none">• A driver's licence or permit issued under a law of a State or Territory (or foreign country) that contains a photograph of the licence/permit holder.• An Australian passport.• A passport or other document of identity for the purpose of international travel that contains a photograph and signature of the passport holder and is issued by a foreign government, the | <p>An original or certified copy of one of the following:</p> <ul style="list-style-type: none">• A birth certificate or birth extract issued by a State or Territory.• A birth certificate issued by a foreign government, the United Nations (UN) or a UN agency and if written in a language other than English, is accompanied by an English translation prepared by an accredited translator.• An Australian citizenship certificate. |



BALMORAL DIGITAL

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| <p>United Nations (UN) or a UN agency and if written in a language other than English, is accompanied by an English translation prepared by an accredited translator.</p> <ul style="list-style-type: none"> • An identification card issued by a State or Territory of Australia that contains the date of birth and a photograph of the card holder. • A national identification card that contains a photograph and signature of the card holder and issued by a foreign government, the UN or a UN agency and if written in a language other than English, is accompanied by an English translation prepared by an accredited translator. | <ul style="list-style-type: none"> • A citizenship certificate issued by a foreign government and if written in a language other than English, is accompanied by an English translation prepared by an accredited translator. • A pension card issued by Centrelink that entitles the card holder to financial benefits. <p>PLUS, one of the following:</p> <ul style="list-style-type: none"> • A notice relating to the provision of financial benefits issued by a State or Territory of Australia or the Commonwealth of Australia within the preceding 12 months and contains the name and residential address of the individual. • A notice issued by the Australian Taxation Office within the preceding 12 months relating to a debt payable to or by an individual and contains the name and residential address of the individual. • A rates notice issued to an individual by a local government or utilities provider within the preceding 12 months and contains the name and residential address of the individual. • In relation to an individual under the age of 18, a notice issued to the individual by a school principal within the proceeding three months and that records the time that individual attended the school and the name and residential address of the individual |
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Company Applications

The Application Form must be signed in the manner required by the Act, which is for a director and secretary, two directors, or if a company has a sole director then just that director, to sign the Application Form. There is no need to apply a company seal.

In accordance with the AML/CTF regulatory requirements, if you are not investing through an IDPS, then you must provide us (along with your completed Application Form) with an ASIC company search that shows the full name and ACN of the company, as well as the beneficial ownership of the company if the company is a proprietary company.



BALMORAL DIGITAL

If the Applicant is a proprietary company that is licensed subject to regulatory oversight of a commonwealth, state or territory statutory regulator in relation to its activities, then you must provide evidence to that effect.

Trust or Superannuation Fund Applications

The application must be made in the name of the trustee and also note the full name of the trust on the Application Form. If the trustee is an individual, then the Application Form must be signed personally by the trustee or by its attorney.

If the trustee is a company, then sign the Application Form in the manner required by the Act, which is for a director and secretary, two directors (or if the company has only one director, then just that director) to sign the Application Form. There is no need to apply a company seal.

In accordance with the AML/CTF regulatory requirements, if you are not investing through an IDPS, then you must provide us with the following documentation, along with your completed Application Form:

For a registered managed investment scheme or a government superannuation fund, we will require an:

- o ASIC search confirming the registration of the managed investment scheme; or
- o Extract from relevant legislation confirming registration of the government superannuation fund.

For an unregistered managed investment scheme that only has wholesale clients and does not make small scale offerings under 1012E of the Act, we will require evidence to that effect.

For all other trusts (including wrap trusts, master trusts or IDPSs), we will require the original trust deed or a certified copy or certified extract of the trust deed confirming the full name of the trust.

The trustee of the Applicant must also provide the same documentation as is required for an Applicant who is an individual or a company (as relevant).

Partnership Applications

In accordance with the AML/CTF regulatory requirements, if you are not investing through an IDPS, then you must provide us with either of the following documentation, along with your completed Application Form:

- The partnership agreement (certified copy or certified extract of the partnership agreement); and
- A certified copy or certified extract of minutes of a partnership meeting.

Each member of the partnership must also provide the same documentation as is required for an individual Applicant (as stated above).

Existing Investor Applications

Existing investors whose personal details remain unchanged only need to complete their name, investor number and the amount of the additional investment they wish to make in the Trust.



BALMORAL DIGITAL

However, existing investors who wish to apply for Units in a different legal capacity must complete the appropriate sections of the Application Form in full and provide us with the identification documents required in relation to the new capacity in which they now wish to invest.



BALMORAL DIGITAL

Glossary of Terms

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| Application Form | The application form for investing in the Balmoral Digital Assets Fund at the end of this IM. |
| Allotment Date | The date the Trustee allots a Unit. The Trustee has discretion to allot Units on any day within 30 days of receipt of a valid application and application moneys. |
| ASIC | Australian Securities and Investments Commission. |
| Asset Class | A category of financial assets. The major asset classes are shares, property, fixed interest, cash and digital assets. |
| Balmoral Asset Management | Refers to Balmoral Asset Management Pty Ltd in its role as Issuer and/or as the Fund Manager. |
| Benchmark | A market measurement, such as an Index, which is used by fund managers and investors as a guide to assess the risk and performance of a given investment or portfolio. |
| Benchmark Return | The benchmark return for the Balmoral Digital Assets Fund is 10% compound annual growth per annum over rolling 3-year periods. |
| Business Day | Any day other than Saturday or Sunday on which banks are open for general banking business in Sydney. |
| Constitution | Also known as the Trust Deed. The constitution of a managed investment scheme, which describes the rights, responsibilities and beneficial interests of both investors and the Trustee in relation to the scheme. |
| Corporations Act | The <i>Corporations Act 2001</i> (Cth). |
| Digital Assets | Digital assets are built on blockchain technology. Digital assets includes cryptocurrency, alt-coin, token and decentralized digital financial (or DeFi) ecosystems. |
| Distribution | The amount that is paid to investors after the end of a distribution period. This generally includes any income and realised capital gains. |
| Distribution Calculation Date | 30 June, 31 December and any other date the Trustee determines from time to time. |
| Distribution Period | <p>The period from the Commencement Date to the next Distribution Calculation Date;</p> <p>The period beginning on the day after the preceding Distribution Calculation Date to the next Distribution Calculation Date, until the last Distribution Calculation Date immediately preceding the Termination Date; and</p> <p>The period from the last Distribution Calculation Date until the Termination Date.</p> |



BALMORAL DIGITAL

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| Fund | The Balmoral Digital Assets Fund. |
| GST | Goods and Services Tax. |
| Manager | The Manager of the Fund, Balmoral Asset Management Pty Ltd. |
| Net Asset Value (NAV) | NAV of a fund is the value of assets of the fund less the liabilities of the fund. |
| Reduced Input Tax Credit (RITC) | Balmoral Asset Management will apply for reduced input tax credits on behalf of the Fund, where applicable, to reduce the GST cost to the Fund. |
| Redemption Date | The date the Trustee redeems a Unit. The Trustee has discretion to redeem a Unit any day within 30 days of receipt of the redemption request. |
| Redemption Offer | An offer that may be made by the Trustee to redeem Units held by investors. |
| Trustee | The trustee of the Fund, Balmoral Asset Management Pty Ltd. |
| Unit | A unit in the Fund. |
| Unit Price | The value per Unit at which a Unit may be issued or redeemed in accordance with the Fund's Constitution. |
| Volatility | The extent of fluctuation in share prices, exchange rates, interest rates, etc. The greater the volatility, the less certain an investor is of return. Volatility is a measure of risk. |
| Wholesale Clients | Persons or entities as defined under section 761G of the Corporations Act. |
| "we", "our", "us" | Balmoral Asset Management Pty Ltd. |



BALMORAL DIGITAL

Guide to Completing the Application

Please complete all relevant sections of the Application Form using BLOCK Letters. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained in the table below.

1. Insert the Australian Dollar amount you wish to invest. The Application must be for a minimum aggregate subscription price of \$20,000 and thereafter in multiples of \$5,000. Insert the relevant amount of Application Monies.
2. Application monies can be paid via bank transfer. Details are provided in the Application Form.
3. Write the full name you wish to appear as the registered holder(s). This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of title may be rejected.
4. Please enter your postal address. Most communication will be via email however posted communications to you from us will be mailed to the person(s) and address provided. For joint applications only one address can be entered.
5. Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
6. Sign the application form. By signing you agree to the statements listed below.

For further information refer to the relevant sections of this IM. Page 11 provides an overview of the application process.

Acknowledgements

By returning this Application Form, I/we agree to the following statements. I/we:

Have personally received a paper or electronic copy of the IM that this Application Form accompanies and have read it in full;
Am/are at least 18 years of age if I/we am/are an individual(s);
Have completed this Application Form correctly;
Acknowledge that once the Application Form is received, I/we may not withdraw it;
Apply for the number of Units in the Australian dollar amount shown on the front of this Application Form;
Agree to being allotted the number of Units that I/we apply for or a lower number allotted in a way allowed under the IM or no Units at all;
Authorise the Trustee and their respective officers or agents, to do anything on my/our behalf necessary for Units to be allotted to me/us, including without limitation to sign any documents necessary for Units to be allotted to me/us;
I am/we are not in the United States or a 'US Person' (as defined in Regulation S under the US Securities Act 1933, as amended) ('US Person'), nor am I/are we acting for the account or benefit of a US Person.
Agree to be bound by and comply with the Constitution of the Fund;



BALMORAL DIGITAL

Acknowledge that the information contained in the IM is not investment advice or a recommendation that Units are suitable to me/us, given my/our investment objectives, financial situation or particular needs; and
Represent and warrant that I/we have received the IM in Australia.

Before completing the Application Form the Applicant(s) should read the IM to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Units in the Balmoral Digital Assets Fund upon and subject to the terms of the IM and agrees to take any number of Units equal to or less than the number of Units indicated (subject to the minimum of \$20,000) that may be allotted to the Applicant(s) pursuant to the IM and declares that all details and statements made are complete and accurate.

Correct Form of Registrable Title

Note that only legal entities are allowed to hold Units. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to us. At least one full given name and surname are required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms or registrable title below:

| Type of Investors | Correct Form of Registrable Title | Incorrect Form of Registrable Title |
|--|--|-------------------------------------|
| Individual Use names in full, no initials. | Mr John Alfred Smith | J A Smith |
| Minor (a person under the age of 18) John Alfred Smith (Peter Smith). Use the name of an adult. | John Alfred Smith | (Peter Smith) |
| Trusts Use trustee(s) personal name(s). Do not use the name of the trust. | Mrs Sue Smith (Sue Smith Family A/C) | Sue Smith Family Trust |
| Deceased Estates Use executor(s) personal name(s). Do not use the name of the deceased. | Ms Jane Smith (Est. John Smith A/C) | Estate of Late John Smith |
| Partnerships Use partners personal names. Do not use the name of the partnership. | Mr John Smith and Mr Michael Smith (John Smith and Son A/C) | John Smith and Son |



BALMORAL DIGITAL

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| Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s). Do not use the name of the club. | Mr Michael Smith (ABC Tennis Association A/C) | ABC Tennis Association |
| Superannuation Funds Use name of trustee of the fund. Do not use the name of the fund. | Jane Smith Pty Ltd (Super Fund A/C) | Jane Smith Pty Ltd Superannuation Fund |

Lodgement of Applications

Email completed and signed Application Form to invest@balmoral.digital

Balmoral Digital Assets Fund Application Form

| Applicant/Office Bearer 1 | | |
|----------------------------------|-----|-----|
| Name: | | |
| Tax File Number (if applicable): | | |
| Date of Birth: | | |
| Address: | | |
| Phone: (w) | (h) | (m) |
| Email: | | |

| Applicant/Office Bearer 2 | | |
|----------------------------------|--|--|
| Name: | | |
| Tax File Number (if applicable): | | |
| Date of Birth: | | |
| Address: | | |



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| | | |
|------------|-----|-----|
| Phone: (w) | (h) | (m) |
| Email: | | |

Company/legal entity application (Officeholders/Trustees to complete individual details above)

Name of Company/Entity:

Business/Company Number/Identifier:

Tax File Number:

Street Address:

Postal Address (if different):



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Nominated Bank Account for Funds Transfers (must be same name as the investment)

| |
|---|
| Financial Institution: |
| Australian Bank State and Branch Number (BSB): |
| Account Name: |
| Bank account number: |
| SWIFT or BIC code (only if account is outside Australia): |

Signing Instructions for Joint / Company Accounts

| | |
|----------------------------|--|
| Circle signing instruction | Both of us to sign / Any one of us to sign |
|----------------------------|--|

Making your Investment

| |
|---|
| AUD Investment Amount: |
| Electronic transfer your investment capital to: BSB: 062197 Account Number 11089386 Account Name: Balmoral Asset Management Pty Ltd ATF The Balmoral Digital Assets Fund |

Treatment of Your Distributions

| | |
|-----------------------------|---|
| Circle standing instruction | Reinvest in the fund / Pay cash to nominated bank account |
|-----------------------------|---|



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I/we being the investor(s) represent and warrant that I/we:

- Have the power and are duly authorised to invest in and hold units in the Trust;
- Have read and understood the Information Memorandum prior to completing this Application Form;
- Agree to be bound by and comply with the Constitution of the Fund;
- Acknowledge that Balmoral Asset Management Pty Ltd has not made any representation as to the future performance of the Fund, the maintenance or repayment of capital or any particular future rate of return;
- I am/we are not in the United States or a 'US Person' (as defined in Regulation S under the US Securities Act 1933, as amended) ('US Person'), nor am I/are we acting for the account or benefit of a US Person.
- By providing my/our email address I/we agree that Balmoral may use this address to provide me/us with information about my/our investment (such as investment reports, unit holding information, statements and correspond about my/our individual details and investments);
- Agree to promptly notify Balmoral Asset Management Pty Ltd if any of the information in this Application Form changes.

Please sign and date the Application Form: All parties must sign joint applications. Corporations with more than a Sole Director requires two Directors to complete the individual sections of the application form and two directors need to sign.

Signature Applicant/Office-bearer 1

| | |
|---------------|-------|
| | |
| Printed Name: | Date: |

Signature Applicant/Office-bearer 2

| | |
|---------------|-------|
| | |
| Printed Name: | Date: |

