



**BANK FRICK**

## Termsheet

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**BANK FRICK**

Issuer



**SWAN**

Investment Manager

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# Swan Digital Assets AMC

ISIN LI0472335640

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**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – These Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC ("IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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## Terms

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### Disclaimer

This certificate is intended exclusively for qualified and professional investors in the European Economic Area (EEA) and Switzerland and may not be offered outside these countries. This certificate is expressly not directed at persons in countries or persons subject to a jurisdiction in which the publication of information or the distribution of the certificate described in this publication is prohibited. This applies in particular to persons who are US citizens or resident in the United States of America and also applies to so-called US persons within the meaning of Regulation S of the United States Securities Act of 1933, as amended.

This document does not constitute an issue prospectus pursuant to the Liechtenstein Securities Prospectus Act (WPPG) or a basic information sheet pursuant to Regulation (EU) No. 1286/2014 (PRIIP) and has not been submitted to the Liechtenstein Financial Market Authority (FMA) for approval.

Certificates are structured products and are subject to extensive risks. The intrinsic value of the investment instrument depends not only on the performance of the underlying, but also on the creditworthiness of the issuer, which may change during the term of the product. For example, in addition to the market price risk of the underlying asset, the investor also bears the issuer's default risk (issuer risk). Structured products can be complex in individual cases and therefore difficult to understand. Investors are therefore advised to seek professional advice before making an investment decision.

The contact person is Bank Frick & Co. Aktiengesellschaft, 9496 Balzers, Liechtenstein. The only relevant documents for an investment decision can be obtained from Bank Frick & Co.

This publication is for information purposes only and constitutes neither an individual investment recommendation nor an offer to buy or sell securities or other financial instruments. Bank Frick & Co. Aktiengesellschaft does not provide any advice whatsoever. In particular, Bank Frick & Co. Aktiengesellschaft does not provide any legal or tax advice.

Investors are advised to read the risk factors in this publication carefully.

The Issuer does not provide any capital guarantee for this certificate. There is a risk of a total loss for the investor. Investors bear the issuer risk.

### Special notice to investors in Switzerland

**The certificate referred to in this publication does not constitute a collective investment scheme within the meaning of the Federal Act on Collective Investment Schemes (CISA) and is therefore not subject to the approval and supervision of the Swiss Financial Market Supervisory Authority FINMA. Accordingly, investors do not benefit from the investor protection provided by the CISA.**

The certificate is intended exclusively for qualified investors pursuant to Art. 10 para. 3, 3bis and 3ter CISA and is not listed or traded on the SIX Swiss Exchange or any other stock exchange. However, Bank Frick & Co. AG is free at any time to organise trading for the certificate on a regulated market or on other equivalent markets, but it is not obliged to do so.

This publication, the information contained therein and any other publication in connection with the certificate (i) mentioned in this publication does not constitute an issue prospectus within the meaning of Art. 652a or Art. 1156 of the Swiss Code of Obligations nor a prospectus, a simplified prospectus or Key Investor Information Document (KIID) within the meaning of the CISA nor a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or another stock exchange and (ii) may not be generally offered or otherwise made available to the public in Switzerland or from Switzerland.

Information on securities trading can be found in the brochure "Special Risks in Securities Trading" published by the Swiss Bankers Association.



## § 1. Issuer

Bank Frick & Co. Aktiengesellschaft, 9496 Balzers, Liechtenstein (hereinafter referred to as "Bank Frick & Co. AG" or "Issuer") issues the "Swan Digital Assets AMC" (hereinafter referred to as "Certificate" or "investment certificate") in accordance with the provisions of these terms.

The Issuer is licensed in accordance with Art. 15 of the Law of 21 October 1992 on Banks and Investment Firms, LGBl. 1992 No. 108 (BankG) and is subject to ongoing supervision by the Liechtenstein Financial Market Authority (FMA).

For the audited annual financial statements of previous financial years and further information on the Issuer, please refer to the website of the Issuer (<https://www.bankfrick.li/en/downloads>).

The issue proceeds in USD are collected in an issuing account of the Issuer and then transferred, in full or in part, to a separate account held with the Issuer (administrative account) and used in accordance with the investment strategy described below. The assets booked on the issuing and administrative accounts jointly constitute the reference value of this certificate.

## § 2. Product Key Data

Issuer, Valuation Agent and Paying Agent	Bank Frick & Co. AG
Investment Manager	Swan Asset Management SA
Form of Offering	to professional investors only
Issue Currency	USD
Issue Date	15.05.2019
Issue Price	100%
Form of Issuance / Subscription Period	on an ongoing basis
Valuation Day	each Wednesday
Final Fixing Date	09.05.2024
Final Redemption Date	13.05.2024 (it can be amended anytime)
Investor Redemption Right	yes
Issuer Termination Right	yes
Issuer Extension Right	yes
Issue Size	5,000 Certificates
Total Issue Volume	USD 5,000,000 (can be increased anytime)
Smallest Denomination	1 Certificate of USD 1,000 each
Minimum Subscription	10 Certificates of USD 1,000 each
Clearing	SIX SIS AG, Olten, Schweiz
Settlement	Cash



### § 3. Investment Strategy, Management and Product Type

The issue proceeds in the administrative account are invested exclusively in one or several underlying assets (basket) defined in advance and outlined in Annex A.

The Issuer and the Investment Manager entered into an Asset Management Agreement, whereby the Investment Manager is authorized to formulate the investment strategy and execute orders in relation to the underlying assets (basket).

The investment objective is to participate in the value development of the basket during the term of the certificate. The value development of the basket will not be the same as the value development of the assets held in the basket due to various factors (e.g. costs incurred on the level of the certificate, variable weighting of individual underlying assets, etc.). This means that the certificate in question is an actively managed certificate. The certificates are suitable for speculation and require regular monitoring by the investor.

### § 4. Legal Form of the Certificates

The Certificates create unsecured and non-subordinated liabilities of the Issuer which are equal to each other and to all other unsecured and non-subordinated liabilities of the Issuer, unless mandatory legal provisions provide otherwise.

The Certificates are due for redemption on the Final Redemption Date in accordance with the following conditions. Furthermore, no interest or dividends are paid out for the certificates.

The redemption of and therefore the final return on these Bank Frick investment certificates or debt securities directly depend on the underlying type of investment, investment strategy and investment technique as well as the resulting development of the underlying assets.

The redemption price of these investment certificates may therefore be significantly lower than the acquisition price and/or issue price, or the investment may even be lost in its entirety. Accordingly, no capital guarantee or minimum return guarantee is provided by the Issuer. All risks in conjunction with the underlying assets and their investment and value development are therefore borne by the investor.

### § 5. Issuance and Certification

The Bank Frick investment certificate Swan Digital Assets AMC is issued on an ongoing basis and for the first time on 15 May 2019 via the Issuer's spot business. The certificate is first issued at 100%.

Physical certification of the certificate Swan Digital Assets AMC is not possible.

The total issue volume is USD 5,000,000 with a denomination of USD 1,000 nominal amount. The issue volume can be increased anytime. The minimum subscription is 10 certificates per investor, minimum redemption is 1 certificate.

Higher subscription amounts must be divisible by 1. There is no maximum subscription limit per investor.

### § 6. Issue Currency

The issue currency is US dollars (USD).

### § 7. Subscription

By signing the subscription certificate or placing an order in writing, the investor undertakes to pay the investment amount by the payment date (subscription date), and to ensure that the amount is available in an account held with the Issuer on or before the relevant value date. If an order to



purchase Bank Frick investment certificates is issued through a third-party bank using the delivery-versus-payment procedure, the subscription certificate is replaced by the third-party bank's order confirmation.

## § 8. Indexation

The Issuer uses "Swan Digital Assets" as the benchmark index for the investment certificate.

This index is based on one or more accounts/portfolios which the Issuer holds in this connection in its own name, with itself and/or with third-parties for the purpose of crypto-asset trading and storage (administrative account). Third parties may be regulated in a lighter regime than the Issuer or not regulated at all.

The index reflects the percentage value listed for the Bank Frick investment certificate Swan Digital Assets AMC and thus the percentage that is expected to be repaid to the investors (minus any costs and fees incurred).

This percentage reflects the value development of the underlying basket, which is outlined in Annex A to these investment regulations. This index is valued as a percentage relative to the issued nominal amount of the Bank Frick investment certificate Swan Digital Assets AMC. The minimum valuation is 0% (total loss of the investment).

## § 9. Valuation

The Bank Frick investment certificate is valued on a weekly basis.

The Issuer is entitled to defer or suspend the valuation of the investment certificate if such valuation is not possible for compelling reasons, for instance when underlying assets in the administrative and/or issuing account are suspended.

## § 10. Redemption Amount

The redemption amount at the Final Redemption Date (subject to any investor redemption or Issuer termination or extension) is calculated by multiplying the nominal amount of Swan Digital Asset AMC (Z) by the percentage of the index two business days in advance, on the Final Fixing Date (I). The formula for calculating the Issuer's redemption obligation (R) on the Final Redemption Date is therefore as follows:

$$R = Z \times I.$$

The Issuer's redemption obligation therefore corresponds to the valuation of the index Swan Digital Assets managed by it (minus any costs and fees incurred).

There are therefore no capital guarantees on the part of the Issuer. All capital, counterparty and market risks are thus borne by the investor.

## § 11. Term and Maturity

The Bank Frick investment certificate Swan Digital Assets AMC is issued for the first time on 15 May 2019 via the Issuer's cash business. Subject to an Investor Redemption or Issuer Termination or Extension, this certificate matures on 13 May 2024 (Final Redemption Date) (Section 10).

## § 12. Extension of Term

The Issuer has the right to extend the term of the Bank Frick investment Swan Digital Assets AMC on multiple occasions by up to 12 months and to specify a new Final Redemption Date.

The option of placing redemption orders pursuant to Section 14 below is not affected.

## § 13. Issuer Termination



The Bank Frick investment certificate Swan Digital Assets AMC can be terminated by the Issuer at any time. The Issuer must notify the investors at least thirty value days prior to the termination.

Any payments arising from a call are calculated in advance by applying, mutatis mutandis, the provisions as outlined in Section 10.

## § 14. Subscription and Redemption Orders

### a) Subscriptions

Investors, represented in a fiduciary capacity by their principal bank, make a binding offer to the Issuer for the subscription to the debt securities in the desired nominal amount, in writing, by e-mail or by telephone. The debt securities are acquired upon acceptance of the offer by the Issuer. The Issuer reserves the right of non-acceptance of a subscription offer.

Subscription orders can be placed during regular banking hours (except for public holidays), between 8.00 a.m. and 6.00 p.m. (CET), and via the following acceptance channels of the paying agent:

E-mail: [trading@bankfrick.li](mailto:trading@bankfrick.li)

Fax: +423 388 21 15

Telephone: +423 388 21 25

Where an order is placed until 12.00 (cut-off time) on the day preceding any Valuation Day, the transaction is recorded on the subsequent Valuation Day (transaction date) and settled two banking days later (value date). The issuer confirms the order by notifying the ordering bank.

The debt securities are delivered electronically to the order-issuing bank via SIX SIS Ltd, Baslerstrasse 100, 4600 Olten, Switzerland, against payment of the purchase price (nominal value × index in %) plus any premium into the account held by Bank Frick & Co. AG, Landstrasse 14, 9496 Balzers, Liechtenstein, with SIX SIS Ltd (central custodian).

The transaction is processed on the value date using the delivery-versus-payment method (DVP). The investor's order-issuing bank acts as an investor in a fiduciary capacity (for the end investor) in respect of the debt securities and processes the transaction directly with the Issuer using the aforementioned method. This ensures that the payment and transfer of the debt securities take place simultaneously and only when both parties have issued the same instructions (matching).

The debt securities are deposited for the entire term of the product with SIX SIS Ltd, Baslerstrasse 100, 4600 Olten, Switzerland, in a global certificate made out in the name of the holder. Physical delivery of debt securities cannot be requested. The holders of the debt securities (investors) are entitled to co-ownership shares in the global certificate, which may be transferred in accordance with the rules and regulations of SIX SIS Ltd.

### b) Redemptions

The Issuer is authorised to organise trading activities for the Class I investment certificate at any time. In such case, albeit the Issuer intends to make purchase prices available on an ongoing basis for any redemptions (bid price) under normal market conditions, it is not obliged to engage in market making.

In the case of redemption orders, no fees will be calculated on the valuation price of the investment certificate.

The Issuer has the right to defer redemption orders received without stating any reasons.



Redemption orders are placed in advance in accordance with the provisions for subscription orders.

## §15. Costs and Fees

The following costs and fees will be charged to the issuing account and/or the administrative account and credited to the Issuer.

### a) Setup Fee

The Investment Manager will receive USD 10,000 as reimbursement for the setup fees which had been paid to the Issuer before launch of the product. The Setup Fees will be charged to the issuing account and/or the administrative account in 10 instalments of each USD 1'000 per month end following the start of the product.

### b) Management Fee

The Issuer receives remuneration for the performance of its services in connection with this investment certificate. It is calculated based on the average net assets of the investment certificate and is limited within the framework of the weekly price calculation (see Annex B – “Costs and fees”). Part of the Management Fee will be paid to the Investment Manager as compensation for its performance under the Asset Management Agreement.

### c) Transaction Cost

The following Transaction Cost will be applied:

- Crypto-Assets: 0.5%, min. CHF 250 (plus any third-party cost); as per 29.04.2020 this fee will be reduced to 0.3%, min. CHF 100 (plus any third-party cost)
- Classical Securities: 0.3%, min. CHF 150 (plus any third-party cost)

### d) Performance Fee

A performance fee (which shall be calculated on each Valuation Day) based on the outperformance of the NAV over the High Water Mark will be charged to the Product (the "Performance Fee"). For purpose of calculating the Performance Fee, the NAV net of any fees will be used. At the issuance of the Product the High Water Mark equals the Issue Price and will be reset only on the last business day of each calendar year during the lifetime of the certificate. The Performance Fee will be paid to the Issuer on an annual basis. (see Annex B – “Costs and fees”). The Performance Fee will be charged by the Issuer and paid to the Investment Manager for its performance under the Asset Management Agreement.

## § 16. Selling Restrictions

This Certificate has not been and will not be registered under the United States Securities Act of 1933 or with any securities regulatory authority in the United States of America and may not be offered, transferred, delivered or sold, directly or indirectly, in the United States or to U.S. persons (persons or entities who are subject to taxation under U.S. law). In this context, the term "US person" is to be understood comprehensively. Any link between the potential investor and the USA must be carefully examined before the investor acquires the certificate.

The Certificate may not be offered, sold or delivered in any jurisdiction that the Issuer would be required to prepare a prospectus or similar document relating to the Certificate in the relevant jurisdiction. The above sales restrictions are not exhaustive. The Issuer may impose further sales restrictions at any time. Potential investors should seek detailed advice prior to any purchase or resale of the Certificate.

**These Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. The certificate is aimed exclusively at professional and/or qualified investors in the EEA and Switzerland. By**



placing an order (subscription), the ordering financial institution agrees to these conditions and confirms compliance with them.

## § 17. Taxation

Potential investors are advised to consult their personal tax advisor with regard to their individual tax situation with regard to the tax consequences of the acquisition, holding, sale or repayment of the Certificate.

## § 18. Risk Factors

The acquisition of the Certificates is associated with various risks. The Issuer expressly points out that the statements below only disclose the material risks associated with an investment in the Certificates that were known to the Issuer at the time the Terms were prepared. Further information on securities trading can be found in the brochure "Special Risks in Securities Trading" published by the Swiss Bankers Association.

### *a) Risks in connection with the Issuer*

The following risk factors are the material risk factors inherent in the Issuer:

#### **a) Insolvency, default or credit risk of the Issuer (issuer risks)**

Insolvency or credit risk is the risk of the issuer's insolvency or illiquidity, i.e. a possible, temporary or final inability to meet its interest and repayment obligations on time. Issuers with low creditworthiness are typically associated with an increased risk of insolvency or default.

The issuer Bank Frick & Co. AG currently has no rating. Therefore, the investor cannot compare the solvency of the issuer with companies that have a rating.

In the extreme case, i.e. if the Issuer becomes insolvent, this product represents a direct, unconditional and unsecured obligation on the part of the Issuer and has the same rank as all other direct, unconditional and unsecured obligations on the part of the Issuer. An investment in this Certificate may result in a total loss of the investment amount.

#### **b) No guarantee**

The securities are not subject to any deposit guarantee, nor is the Issuer affiliated with any deposit guarantee fund or similar scheme.

#### **c) Counterparty risk**

Crypto-Assets of the underlying basket will be held with the Storage Provider. Therefore, there is a risk that Storage provider may no longer be able to meet its obligations to the Issuer and that the investor may suffer financial loss (total loss) as a result.

### *b) Risks in connection with the structured product*

The following risk factors are the main risk factors inherent in the Certificates:

#### **a) Product risk**

Derivative products such as this Certificate are complex financial instruments that may contain high risks and are therefore only intended for experienced investors. This certificate is intended exclusively for qualified and professional investors who are in a position to assess and bear the specific risks and all other legal, regulatory and asset-related consequences.

#### **b) Underlying**

Holding the Certificate is not the same as holding the assets included in the basket. Therefore, changes in the market value of the assets in the basket do not necessarily lead to a corresponding change in the market value of the Certificate. The actual market value may also be reduced by





commissions, fees or other charges. The trading market may be volatile and adversely affected by many factors, including, but not limited to, political events, corporate actions and macroeconomic factors.

This certificate is tracking an index composed out of different cryptocurrencies as underlying assets. Investors should be aware that due to price fluctuations the representation of the cryptocurrencies in terms of USD can deviate significantly from the weighting as per investment strategy above.

The portion of the structured product acquired by the investor is subject to the same risks and fluctuations as the crypto assets represented in the basket. The investor is aware that measures, particularly in the underlying assets (such as postponement or suspension of the valuation), affect the valuation of the Certificate.

#### **c) Secondary market**

The tradability of the certificate in the secondary market may be limited or may not occur at all. The potential investor cannot assume that the buying and selling prices cannot deviate from each other during the term of the certificate (spread risk). In addition, the investor may only be able to sell the product on the secondary market at a lower price than the original purchase price.

#### **d) Termination and early redemption**

Investors must be aware of the possibility of early repayment of the product. The Issuer has the right at any time to terminate the Product for early redemption.

It is possible that a loss in value may occur between the termination of the Product and its redemption.

#### **e) Currency risks**

The Investor may be exposed to currency risk if the currencies of the underlying assets are not the currency of the Product or if the currency of the Product is not the currency of the country in which the Investor is resident. In this case, the investment will be exposed to currency fluctuations and may gain or lose value.

#### **e) Risk of loss**

With this certificate, investors may be able to participate in the positive performance of the underlying asset. However, the investor also participates in the negative performance. A certain price performance is not guaranteed. The price performance of the certificate in the past is also no guarantee for future price performance. It cannot be ruled out that the redemption amount may be significantly lower than the individual purchase price paid for the purchase of the Certificate or even zero. The investor should therefore bear in mind that there is a risk of a partial or complete loss of the invested capital including the transaction costs incurred.

#### **f) Financial market turbulence**

Turbulence on the global financial markets can directly or indirectly affect almost all forms of investment and lead to significant government intervention. Changes resulting from current and future market conditions may have a material adverse effect on Certificates and, where applicable, their underlying assets.

#### ***b) Risks in dealing with crypto assets***

Crypto-Assets associated with specific risks, which do not exist in other forms of collateral. A non-exhaustive list of risks specific to Crypto assets as collateral is described below:

**a) Operational risks** related to the trading of crypto assets are risks arising from the user and the instability of information technology. The risk of irreversible losses due to malware, data loss or



hacker attacks on online exchanges. The loss of the entire "online wallet" (purse) due to a hacker attack cannot be ruled out. Other risks arise, for example, from overloading the capacity of the system and consequently system breaks and blackouts. General operational risks are also not excluded. For example, the loss or damage of the "private keys" required for access to the "Crypto Wallets" is possible and can lead to a permanent loss of access to the "Online Wallet" and to serious losses of the Certificate.

**b) Regulatory/political risks** with regard to crypto-assets are, for example, crypto-assets which are not currently regulated and are not excluded for illegal activities such as money laundering. Other regulatory risks arise from a lack of consumer protection in transactions with crypto-assets. The lack of regulation can lead to a lack of confidence in the crypto-assets market, which can lead to impairment. On the other hand, if currencies are more strongly regulated in the future, this may lead to a decline in demand and prices. In addition, future tax burdens or other restrictions on trading may reduce value. In general, changes in the current regulation would lead to unrest in the crypto-asset markets, the effects of which cannot currently be assessed. Potential regulations could potentially lead to increased operational and compliance tasks for online trading platforms, which in turn could lead to increased transaction costs, or, in the worst-case scenario, to significant losses or total losses if the platform is unable to comply with the legal requirements.

**c) Currency Risks:** Although crypto assets are designed to perform the function of a medium of exchange, they may be considered as tangible assets for investment purposes. Nevertheless, the certificate is exposed to the usual currency risks, e.g. the risk of a change in value of EUR against USD or CHF. In addition, the certificate is exposed to crypto asset currency risks. These fluctuations in value are of great importance for the collateralization of the Certificate.

**d) Market risks:** Due to the partially immature character of the crypto assets and the different market depth (liquidity) at the different stock exchanges and times of day, there may be the possibility of larger deviations in the price of the crypto assets at the different trading centres.

**e) Lack of popularity as a medium of exchange:** The market value of crypto assets arises from the premise that crypto assets can be used as a medium of exchange and from the expectation that their usability will improve in the future. However, since at least this premise does not apply and only a few crypto-assets are accepted as means of exchange and by a few traders, the price of crypto-assets is highly volatile. Furthermore, the above-mentioned lack of consumer protection contributes to the currently limited popularity of crypto assets as a means of exchange.

**f) Market volatility:** Due to the above-mentioned characteristics as a medium of exchange, crypto assets are considered highly speculative investments. Thus, its market price does not necessarily reflect the true economic value of the currencies, but is determined purely on the basis of demand and supply by speculative investors. These characteristics, together with the lack of central bank regulation, lead to much higher volatility compared to traditional currencies and financial instruments.

**g) Competition risk:** The risk of strong competition from other crypto assets is due to the fact that crypto assets are constantly evolving and that other crypto assets may develop more rapidly and be in greater demand. This creates a significant risk for investment products that only invest in one or more specific crypto assets. Further competitive risks lie in the possible development of other innovative payment methods.

**h) Risk of further development of crypto assets:** If crypto assets lose popularity, programming quality decreases or their usability slows down or stagnates, these developments could have a negative impact on the valuation.

**i) Liquidity risks:** If there is a lack of liquidity in the market for a specific crypto asset, this would affect pricing and increase volatility.



**j) Legal risks:** Legal cases, regardless of their outcome, can reduce public confidence in crypto assets and thus their value. Other associated risks are the loss of the currency's independence, the blocking of the "online wallet" or expropriation of the currency in the wallet.

**k) Risks with regard to mining, the blockchain, the protocol and its further development as well as the remuneration of the "miners":**

The "51% risk" refers to the hypothetical event that a participant in the network gains access to more than 50% of the computing power in the crypto-asset network and is therefore able to manipulate the blockchain. Such an event would most likely have a large impact on confidence in crypto-assets and their pricing.

If for any reason the mining activity slows down or stagnates and thus no transactions are confirmed, the whole network would slow down and become more vulnerable to external attacks (e.g. hacker attacks). Such an event would also affect confidence in crypto assets.

If the compensation paid to the "miners" they receive for their work is too low, this could lead to increased transaction costs in the blockchain. Thus, the demand for crypto assets and also the incentive for merchants to use crypto assets as a means of payment could fall.

If the remuneration to the "miners" is very high, they would offer the crypto assets directly for sale if necessary, which could result in an oversupply and thus a price decline.

Modifications in the blockchain can only be accepted by some of the users and developers of crypto-asset software. This could result in the blockchain being split between two or more blockchains, creating separate networks. The possible effects cannot be predicted.

**l) Protocol development:** The further development of the protocol and the blockchain is crucial for the acceptance of crypto assets by the general public. The development and its appropriate management depend on many different factors and can be caused, for example, by disagreements between developers or the lack of direct remuneration and lead to misguided incentives. On the other hand, developers may propose changes in the network that could damage crypto assets and consequently have an adverse effect on the certificate.

**m) Bugs:** a bug (programming error) in the protocol can endanger the security of the network and lead to losses.

## § 19. Applicable law and relevant language

All legal relationships between the investors in this Certificate and the Issuer shall be governed by Liechtenstein law. Place of performance and exclusive place of jurisdiction for all proceedings is Vaduz, Liechtenstein.

The legally binding language of this document shall be English.

## § 20. Terminology

The use of the terms "investment certificate", "certificate", "Certificate", "debt security", "Product" or similar variants and plural forms shall be equivalent in content and relate to both (Class I and Class T securities) if not otherwise specified.

The subscribers or purchasers of this Certificate are referred to as "investor" or "Investor".

## Annex A – Basket Description

Swan Digital Assets will be composed exclusively by cryptocurrencies (unregulated ICOs are not included), derivatives (including futures, ETFs, swaps, options, CFDs, and/or structured products) with sufficient liquidity may be selected as Constituents, and a Cash position.

The initial allocation will be rebalanced daily through an active management.

The number of tradable cryptocurrencies will be increased through time, following the issuer's internal evaluation process and the clients' specific requests.

In case of questions investors can contact the Investment Manager via [products@swan-am.ch](mailto:products@swan-am.ch)

## Annex B – Costs and Fees

<b>Management Fee<sup>1</sup></b>	3.00 % p.a., as per 1. January 2021 this fee will be reduced to 2.50 % p.a., as per 1. January 2022 this fee will be reduced to 2.00 % p.a.
<b>Transaction Cost</b>	See page 7
<b>Performance Fee<sup>2</sup></b>	20.00 %

<sup>1</sup> Paid to the Issuer (and partially to the Investment Manager) and calculated on the basis of the average value of the administrative account.

<sup>2</sup> Paid to the Issuer (and passed on to the Investment Manager) and calculated on the basis of the High Water Mark (the High Water Mark being reset end of each year).