

INFORMATION MEMORANDUM

March 10, 2021

**THETA BLOCKCHAIN VENTURES**

Minimum Commitment USD 500,000

Theta Fund Management B.V.

## **IMPORTANT INFORMATION**

**Prospective participants (“Participants”) should read this Information Memorandum carefully before deciding whether to purchase a participation (the “Participation(s)”) in Theta Blockchain Ventures (the “Fund”) and should pay particular attention to the information set forth under the heading ‘Risk Factors and Conflicts of Interest’.**

**The manager of the Fund is Theta Fund Management B.V. (“Theta” or the “Fund Manager”). Theta is responsible for the accuracy and completeness of the information contained in this Information Memorandum. Theta is licensed under article 2:65 of the Act as a manager of alternative investment funds and subject to supervision in The Netherlands.**

**There is not and will not be any public market for the Participations. The Participations are subject to investment risks, including the possible loss of the entire amount invested. Participants should be aware that redemption of all or part of their investment may be deferred under certain circumstances.**

**The risks inherent in investment in the Fund are greater than those typically encountered in investing in collective investment vehicles whose financial instruments are traded or listed on a regulated market, multilateral trading facility or any other trading platform. An investment in the Fund is only suitable for experienced investors who appreciate the risks involved, which include the loss of their entire investment. Investment is not suitable for investors who may wish to realize their investment at short notice.**

**Any representation or information not contained herein must not be relied upon as having been authorised by Theta since no person has been authorised to make any such representation or to provide any such information.**

**Prospective Participants should not construe the contents of this Information Memorandum as investment, legal, tax, accounting or other advice. In making an investment decision, Participants must rely on their own examination of the Fund, including the merits and risks involved, and on their own representatives, including, but not limited to, their own investment adviser, legal counsel, tax counsel and accountants.**

**This Information Memorandum is the prospectus referred to in Article 23 AIFMD with respect to the Fund. This Information Memorandum should be read in conjunction with the latest annual report, the contents of which shall be deemed to be part of this Information Memorandum and will be available on the Website.**

**This Information Memorandum does not constitute an offer to sell or solicitation of an offer to buy Participations in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.**

**The Fund is registered for distribution in The Netherlands for investments with a minimum of EUR 100,000. Theta may decide to market the Fund in other jurisdictions of the European Economic Area to eligible investors in which case it will comply with the applicable procedures under the AIFMD.**

**This Information Memorandum is governed by Dutch law. Each party has the right to submit such a dispute in relation with the Fund to the District Court of Amsterdam.**

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# 1. KEY INFORMATION AND PARTIES INVOLVED

All capitalized words in this Information Memorandum are defined in article 1 ('Definitions') of the Terms and Conditions of Management and Custody of Theta Blockchain Ventures (the "Fund") (please refer to Exhibit I).

## **Structure:**

The Fund is organized as a common contractual fund (*fonds voor gemene rekening*) under the laws of The Netherlands. Theta is licensed as a fund manager (*beheerder van een beleggingsinstelling*) under article 2:65 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "Act"). Theta is subject to supervision of both the AFM and the Dutch Central Bank.

Theta is a 100% subsidiary of Theta Capital Management B.V. Theta Capital Management B.V. is an independent hedge fund investment specialist based in Amsterdam, The Netherlands. Theta Capital Management B.V. is regulated by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) ("AFM") as an investment firm (*beleggingsonderneming*) under article 2:96 of the Act.

Darwin Depository Services B.V. acts as depository (*bewaarder*) of the Fund Estate. Stichting Juridisch Eigenaar Theta Blockchain Ventures is the legal title holder (*juridisch eigenaar*) of the Fund Estate. Furthermore, the general administration of the Fund is delegated by Theta to Apex Fund Services (Netherlands) B.V. as third party administrator.

The Fund has a closed end structure. The Fund Manager is not obliged to repurchase or redeem any Participations. Participations cannot be transferred or encumbered.

## **Investment Objective:**

The Fund's investment objective is to realize superior medium to long-term returns by investing into a pool of an expected 5-10 venture capital funds and other alternative investment funds ("Investee Funds") that invest in early stage companies that are active in blockchain technology and the digital tokens market, including but not limited to businesses focussed on cryptocurrencies and other digital tokens. These Investee Funds may also seek to invest a portion of their assets directly in digital tokens.

The Fund Manager believes that we are in the very early stage of the development of highly disruptive applications based on blockchain technology. Theta Blockchain Ventures offers investors a vehicle to obtain early exposure to some of the leading projects in the space that have the possibility to significantly increase in value over the coming decade.

The Fund Manager has a unique position as one of the first asset managers with broad exposure to investments in blockchain technology. Over several years, the Fund Manager has developed a strong network of relationships with both leading investment firms and leading entrepreneurs in the space and intends to leverage off this network, offering access to some of the most successful investment firms.

## **Investments:**

Investments can be made in Investee Funds specializing in investing in early stage companies that are active in blockchain technology and the digital token market. Underlying investments will take the form of either equity stakes or digital tokens, or instruments to obtain equity or digital tokens at a future date such as SAFTEs (simple agreements for future tokens or equity) or SAFTs (simple

agreements for future tokens). It is anticipated that most, if not all, the Investee Funds have a closed-end structure with no liquidity until assets are realised.

The investment policy of the Fund allows the Fund Manager to make investments alongside the Investee Funds and to invest in co-investment structures. The Fund will not invest more than 30% of the aggregate capital commitments of the Participants (“Commitments”) in such investments (based on the original cost basis of such investments).

### ***Participations, Commitments and Capital Calls***

Participants will participate in the Fund by acquiring participations (“Participations”). The minimum Commitment for each Participant is USD 500,000 with a minimum initial investment in USD of at least EUR 100,000.

The Commitments will be drawn over time in the form of capital calls. An initial capital call will be due at the First or Subsequent Closing of an amount equal to the USD equivalent of at least EUR 100,000. Commitments will be drawn down pro rata on 10 Business Days’ notice.

### ***Investment Period***

The Fund Manager expects to disburse about 75% of the Commitments during the Investment Period, ending 3 years after the First Closing. The Investment Period can be extended by the Fund Manager for a period of one year. At the end of the Investment Period, if the Outstanding Subscription Amounts exceed the amount of accrued outstanding commitments of the Fund plus the expected expenses and follow-on investments, any exceeding amount of the Outstanding Subscription Amounts shall be cancelled. In this context, these commitments also include amounts committed to investments but not disbursed and amounts reserved for agreed follow on investments. Participants may consequently, therefore, be called on to make payments after the Investment Period. However, no funds shall in any case be called after year 10, starting from the date of the First Closing.

### ***Fund Term***

The Fund has been established for a period of 10 years starting from the date of the Final Closing, which period may be extended by the Fund Manager for three periods of one year each to facilitate an orderly liquidation.

### ***Liquidity***

Potential investors need to realise that an investment in the Fund is an investment of a long-term nature and is in principle illiquid for at least the term of the Fund.

### ***Distribution Policy***

The Fund Manager will distribute the proceeds of investments (including the proceeds of dividend or interest payments and redemption or other exit events, and net of operating and transaction costs) to the Participants either as a distribution or as repayment of capital through a redemption of Participations. The Fund Manager does not expect any distribution to the Participants during the Investment Period. Distributions, if any, can be expected to start close to the end of the term of the Fund and in the liquidation phase of the Fund.

### ***Distribution Policy and Priority***

As long as the Commitments have not been fully called, the Fund Manager may decide to reinvest investment gains, paid out dividends or other distributions by an Investee Fund within the Fund. Any such reinvestments will however be deducted from the outstanding Commitments and deemed called from the moment of reinvestment.

The proceeds of the investments of the Fund – after regular payments of all costs related to operations and possible reservations – will be distributed as follows:

1. to Participants, pro rata up to the full principal amount of the Contributed Capital;
2. to Participants, a distribution pro rata to the Contributed Capital, up to the Benchmark Return (15% annual return compounded);
3. to the Fund Manager, an amount equal to 10/90th of the amount under (2) as Incentive Fee to catch up to the Benchmark Return;
4. of the remaining funds, 90% to the Participants pro rata to the Contributed Capital and 10% Incentive Fee to the Fund Manager until the Participants received 300% of their Contributed Capital and thereafter 85% to the Participants pro rata to the Contributed Capital and 15% Incentive Fee to the Fund Manager.

### **Reporting:**

Participants will receive quarterly reporting of the Net Asset Value.

In addition, Theta will provide:

- Quarterly reports, detailing *inter alia* the total value of the Fund Assets and an overview of the composition of the Fund Assets;
- quarterly reports, detailing *inter alia* the investment outlook and market commentary; and
- audited annual reports.

As blockchain technology is a nascent and complex field, the Fund Manager aims to provide a wide range of content related to the space in general as well as to specific underlying investments. To the extent possible the Fund Manager will share content produced by the Investee Funds including investor letters, research papers, webinars, topic discussions, founder interviews etc.

### **Valuations:**

The Net Asset Value of a Participation will be calculated in accordance with the Terms and Conditions on the last Business Day of each calendar quarter (“Valuation Day”). The latest Net Asset Value of the Participations will be available on the Website and deemed to be incorporated by reference herein.

### **Annual Accounts Date:**

Annual accounts of the Fund will be prepared as per 31 December of each calendar year.

### **Fund Currency:**

The Fund is denominated in US Dollars.

### **Hedging strategies, Leverage:**

The Fund Manager will not hedge the currency risk, if any. The Fund Manager does not use leverage (*hefboomfinanciering*) for the purpose of enhancing the Fund’s returns. The Fund Manager may however borrow for the account, and at the expense, of the Fund to temporarily finance Fund Assets, Fund Obligations and Costs. The sum outstanding at any time shall not exceed 5% of the Net Asset Value of the Fund. Beyond that, Fund Investments may not be financed with any funding (including but not limited to debt funding) other than Contributed Capital.

**Listing:**

Participations will not be listed or traded on any regulated market, multilateral trading facility or any other trading platform.

**Register:**

Theta has delegated the maintenance of the Register to the Administrator. The Register records the names and addresses of all Participants, the particulars of their Participations and the manner in which a Participant wishes to receive payments and any distributions. A Participant must notify the Fund Manager promptly of any change in the information referred to above.

Theta shall at all times be entitled to rely on the accuracy of the information provided by each Participant to the Administrator in this respect.

**Information on parties involved:***Fund Manager*

Theta Fund Management B.V.  
Concertgebouwplein 19  
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*Legal Owner*

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1083 HN Amsterdam  
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*Administrator*

Apex Fund Services (Netherlands) B.V.  
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*Legal and Tax Counsel*

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The Netherlands

*Auditor*

Ernst & Young Accountants, LLP  
Wassenaarseweg 80  
2596 CZ The Hague  
The Netherlands

## 2. INVESTMENT STRATEGY AND POLICY

### **Key Objectives and Investment Strategy**

#### **Objective:**

The Fund's investment objective is to realize superior medium to long-term returns by investing into a pool of an expected 5-10 Investee Funds that invest in early stage companies that are active in blockchain technology and the digital tokens market, including but not limited to businesses focussed on cryptocurrencies and other digital tokens. These specialist funds may also seek to invest a portion of their assets directly in digital tokens.

#### **Current situation:**

*'What the internet did for information and media, blockchain technology is doing for money and value'.*

#### Backdrop

We are witnessing the birth of a new World Wide Web, one in which not only information can be transferred freely without intermediaries, but also money and other things of value. One major effect, Theta believes, will be the disruption of many industries including the existing financial system. The far-reaching implications of this development are presenting a generational opportunity to invest early in the digital networks of the future, some of which Theta believes may significantly increase in value over time.

The first application of blockchain technology was to enable Bitcoin, the first successful form of digital cash. Bitcoin is fully decentralized, allowing anyone with an internet connection to transfer value without any intermediary at negligible costs. We are seeing an accelerated move of large legacy players like banks, payment companies, and custodians into this new industry.

Maybe most important to the rapid development of this industry is its inherent permissionless nature and the pre-existence of the internet of data. Anyone in the world can permissionlessly build tools with an immediate global reach, raise capital for it, tapping into a global liquidity pool and potentially creating the next multi-billion dollar network. We are seeing many of the smartest engineers and entrepreneurs gravitating to this industry, something which has a strong reinforcing effect.

Today, there is an opportunity to invest in this disruptive technology early on and to obtain an interest in some of the most valuable digital networks of the future. Theta believes that this is the start of a multi-year multi-cycle growth phase for blockchain technologies. Many highly rated, and long awaited, projects such as Filecoin (distributed file storage), Polkadot (blockchain interoperability), Compound (decentralized borrowing and lending markets), Uniswap (decentralized exchange), Nexus Mutual (decentralized insurance), MakerDAO (decentralized stable coin) have now gone live. There is further institutionalization of the asset class, both in terms of capital entering the space as in quality of teams building on the technology. The path has been set for significant growth in the asset class, which in many ways is analogous to the start of the internet ecosystem in the 1990's.



**Investment approach:**

Theta sees an opportunity for investors to generate outsized returns and gaining access to some of the projects in a diversified manner by allocating to a number of leading blockchain technology funds available.

Theta Blockchain Ventures will invest with managers that:

- Fully specialize in the blockchain space
- Have a track record of sourcing, structuring and executing transactions
- Understand the complexity of the space and have a demonstratable edge
- Deliver added value to the entrepreneurs, securing access and attractive terms
- Have a track record of exiting deals
- Have a solid asset management set up, with institutional quality service providers

**Investment guidelines and risk**

It is expected that the Fund Manager will allocate to funds that are longer term and less liquid. Generally, the Investee Funds will be closed-end structures with no liquidity until an underlying investment is liquidated. The Fund has a closed-end structure and will provide no liquidity until the underlying Investee Funds provide liquidity. The Investee Funds will invest in blockchain technologies and may invest into equity, debt, (or other forms of traditional securities), digital tokens including digital currencies and other digital tokens. The Investee Funds and their related entities may carry out staking and related services or new types of investments not currently known if they develop.

While the dominant risk in the Fund will be idiosyncratic risk relating to individual positions and individual Investee Funds, rather than general market risk, large moves in major crypto currencies such as Bitcoin and Ethereum as well as regulatory developments by governments and central banks could have an impact on the Fund's returns.

The Fund will be invested in a concentrated manner with allocations to an expected 5-10 specialist managers the selection of which is fully to the discretion of Theta. The Fund Manager has a wide investment mandate, enabling it to take advantage of investment opportunities that Theta considers appropriate. These may include co-investments alongside Investee Funds and other private investment structures.

When the Fund is first launched, it may be that the Fund (very) briefly has an exposure to only one Investee Fund. No such exposure will in any event exceed 85% or more of the NAV of the Fund at that time. It is expected that once the Fund has raised its capital and has reached the end of its investment phase that it will be allocated to an expected 5-10 Investee Funds. An important part of the Fund's investments will consist of vehicles managed by fund managers known to Theta, that it has gotten to know over the last couple of years in relation to the research work it has carried out. The Investee Funds will be broadly diversified over their underlying investments and while there can be a certain amount of overlap between Investee Funds, the Manager intends to allocate to funds that are largely complementary.

The Manager does not use leverage (*hefboomfinanciering*) for the purpose of enhancing the Fund's returns. Theta may however borrow for the account and at the expense of the Fund, to temporarily finance Fund Investments, Fund Obligations and Costs. The currency exposure of the Fund will not be hedged.

The Fund Manager intends to invest primarily in funds based in established on and offshore financial centers. Generally, the Investee Funds and/or their managers will be subject to

supervision in their respective jurisdiction of domiciliation. However, Investee Funds and their managers may also operate under local exemptions from license or registration duties resulting in limited or no supervision by any competent authority.

Investors should be aware that investing into blockchain technology is very high risk and they risk losing all of their capital. This is a nascent industry, which may face many issues which could negatively impact the space including regulation, technical obsolescence and cybercrime to highlight a few of the risks. Please refer to the risk section for a fuller description of some of the issues that could be faced.

The Fund Manager expects that there will be underlying investments of the Investee Funds on which all allocated capital will be lost. The Fund Manager expects that this will be compensated for by outsized returns on successful projects.

The overall success of the Fund depends on (i) the ability of Theta in selecting Investee Funds and to build a diversified investment portfolio amongst them, (ii) the Investee Fund managers' ability to be successful in their strategies.

**In summary, the Fund offers:**

- A single structure to capture the opportunity offered by the evolution of blockchain technology
- An AIFMD regulated investment product
- Unique access to capacity constrained specialist managers
- A diversified portfolio through exposure to complementary managers
- Diversified and potentially high returns in an otherwise uncertain return environment
- Access to Theta's knowledge overlay and experience in the space
- Uncorrelated returns resulting from focus on unique asset class
- Accessing a highly complex, specialized field with a strong edge
- To leverage of the unique insight, technical experience and added value of leading specialist investors
- The potential to achieve upside returns as some digital networks accrue significant value
- Strong alignment of interests across all product aspects
- Full transparency and information sharing

### 3. RISK FACTORS AND CONFLICTS OF INTEREST

*The value of the investment may fluctuate and investors may receive less than what they have invested.*

*All fund investments risk the loss of capital. No guarantee or representation is made either that the Fund will achieve its investment objectives or that Participants will not suffer loss. An investment in the Fund is speculative and involves certain risks and conflicts of interest, which prospective Participants should consider before subscribing. The following discusses certain risks and potential conflicts of interest. The list is not exhaustive and other risks and conflicts not discussed below may arise in connection with the management and operation of the Fund. In particular, the Fund's performance may be affected by changes in market conditions, and legal, regulatory and tax requirements. The Fund Manager will be responsible for paying the fees, charges and expenses referred to in this document regardless of the level of profitability.*

#### **Risks**

##### *Investments*

A part of the investments of the Investee Fund will likely be in digital tokens. Investing in digital tokens is highly speculative and cannot be compared to traditional investing. The number of risks is considerably higher than traditional investing with the potential that the asset class becomes obsolete and worthless. Digital tokens are a rapidly changing field. The rapid pace of technological development creates the risk that a token becomes obsolete or does not gain meaningful market share. It is also possible that these digital tokens or the protocols on which they are based have undiscovered flaws which could result in the loss of some or all assets, or there may also be network scale attacks, which result in the loss of some or all assets. Some assets use experimental cryptography which could have underlying flaws. Advancements in quantum computing could break the cryptographic rules of digital tokens or currencies.

An investor should only invest in the Fund if the investor can withstand a substantial loss of its investment. No guarantee or representation is given that the Fund will achieve its investment objectives.

The Fund Manager expects that certain investments made by Investee Funds may experience financial difficulties, which may not be overcome. Investee Funds may utilize highly speculative investment techniques, including but not limited to leverage and highly concentrated portfolios.

The Fund Manager and the Participants will not have the ability to direct the management of Investee Funds or their underlying portfolio investments. As a result, the returns of the Fund will primarily depend on the performance of independent fund managers and could suffer substantial adverse effects by the unfavorable performance of such fund managers.

There are no assurances that the Fund will be able to invest its capital fully, or that sufficient suitable investment opportunities will be identified. For example, as a result of market fluctuations, the Fund may at any time invest a substantial amount in a single Investee Fund so that investment concentration occurs. If the Fund receives distributions in kind from any investment, it may incur additional costs and risks to dispose of such assets.

### *Volatility*

The Fund's investment policy is to operate through Investee Funds whose investment approach may be broadly based, speculative and aggressive. Digital assets can be highly volatile compared to traditional market instruments. Because of the inherently speculative nature of the Fund's intended investment activities, the results of the Fund may be expected to fluctuate from quarter to quarter. Accordingly, Participants should understand that the results of a particular period will not necessarily be indicative of results in future periods.

### *Illiquidity of Portfolio*

The Fund's interests in Investee Funds and the investments made by those funds may in certain circumstances be difficult to realise and may be subject to restrictions on transfer. The infrastructure for trading digital tokens is nascent, and liquidity for trading digital currencies may be thin complicating the valuation and the exit of positions. This may adversely impact the liquidation of the Fund at the end of its term. A (global) market collapse or a financial crisis may in particular affect the liquidity of the Fund's investments.

### *Valuation Risk*

To the extent that the investments of Investee Funds may in certain circumstances be difficult to realise and may be subject to restrictions on transfer, the sale of any investments may sometimes be possible only at substantial discounts. Further, such investments may be difficult to value. It should be noted that in preparing the quarterly and annual reports, Theta depends on the Investee Fund managers and their administrators, both in respect of timing and the contents of the reports. Provisional valuations may sometimes have to be applied. The Investee Funds may engage in privately placed less-liquid investment for which no proper valuation may exist until a transaction is executed.

The Net Asset Valuation calculations, for the reasons noted above, are estimates according to its best judgment (following the method described under 'Portfolio Valuation/Determination of Results') which may not necessarily correspond with the actual net asset value on the relevant date. However, the Fund Manager does not make retroactive adjustments in the Net Asset Values previously used for subscriptions and redemptions, if any. Therefore, such transactions are final and binding when made notwithstanding any different later determination (See also 'Errors in the calculation of the Net Asset Valuation').

### *Concentration Risk*

The Fund may have significant exposure to a limited number of Investee Funds who, in turn, may have significant exposure to a limited number of positions. As a consequence, the value of the Fund may display a high sensitivity to adverse developments in any particular Investee Fund or underlying position. A high degree of concentration in a smaller number of Investee Funds may also lead to a higher level of volatility than if the Fund is invested in the higher end of the envisaged number of 10 Investee Funds.

### *Lack of Transferability of Participations*

There is and will not be any public market for the Participations. A Participant is not entitled to redeem or transfer a Participation. Investment in the Fund should therefore only be considered by persons financially able to maintain their investment for an extended period of time of at least 10 years from the Final Closing and who can afford a loss of all or a substantial part of their investment.

#### *Effects of Defaulting Participants*

Defaulting Participants may affect the value of a Participant's investment. Defaulting Participants may require the Fund Manager to liquidate the Fund Investments rapidly, which may adversely affect the value of the Participations. In addition, the Fund Assets may be substantially reduced, which may make it more difficult for the Fund to generate investment profits or recoup losses and may even cause the Fund to liquidate positions prematurely.

#### *Possibility of fraud, misappropriation or other misconduct*

Misconduct by the managers of the Investee Funds, service providers to the Fund or the Investee Funds and/or their respective affiliates could cause significant losses to the Fund. Misconduct may include binding the Investee Fund or the Fund to transactions that exceed authorized limits or present unacceptable risks, unauthorized trading activities, concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses) and fraud. Losses could also result from actions by service providers, including, without limitation, failing to recognize trades and misappropriating assets. In addition, employees of Investee Funds may trade on the basis of material non-public information or otherwise improperly use or disclose confidential information, which could result in litigation or cause financial harm, including limiting the Fund's or an Investee Fund's business prospects or future marketing activities. No assurances can be given that Theta or the managers of the Investee Funds, as applicable, will be able to identify or prevent such misconduct.

Custody of an Investee Fund's assets will typically rest with the Investee Fund's broker-dealer or custodian but may also, in some instances, rest with the relevant investment manager of the Investee Fund or its affiliates. Therefore, there is the risk that the party with custody of an Investee Fund's assets could abscond with, or misappropriate, those assets. In addition, information supplied by an Investee Fund's advisor or another party with custody of an Investee Fund's assets may be inaccurate or even fraudulent.

Pursuant to article 6.10 of the Conditions, neither the Fund Manager nor any of its respective directors, employees or affiliates shall be liable towards the Participants for a loss suffered by them as a result of any act or omission of a third party. Moreover, they will not be liable towards the Participants for a loss suffered by them in connection with the performance of its respective duties and responsibilities, unless and to the extent that such loss is directly caused by the gross negligence (*grove schuld*) or willful default (*opzet*) of Theta.

#### *Various legal forms of Investee Funds*

The Investee Funds may be organized in various legal forms, including but not limited to, partnerships, corporations and managed accounts. These different legal forms may have different impacts on the liabilities the Fund may incur in relation to investments in these Investee Funds. The Fund may, depending on the legal form of an Investee Fund, be required to pay up additional capital or return profits already distributed to the Fund, thereby negatively influencing the Net Asset Value.

#### *Competition*

Gaining access to pooled investment vehicles can be problematic given the high level of investor demand some vehicles receive. The business of investing in eligible Investee Funds for the Fund is highly competitive.

#### *Foreign Exchange Risk & Hedging*

The Investee Funds may be exposed to foreign exchange risk. The Fund is denominated in US Dollars. Investee Funds may have another currency than the US Dollar. The Fund Manager will not hedge any (underlying) currency risk against the US Dollar.

#### *Leverage*

The Manager does not use leverage (*hefboomfinanciering*) for the purpose of enhancing the Fund's returns. Theta may however borrow for the account, and at the expense, of the Fund, to temporarily finance Fund Investments, Fund Obligations and Costs. The sum outstanding at any time shall not exceed 5% of the Net Asset Value of the Fund. This leverage may, under certain circumstances, negatively affect the Net Asset Value of a Participation.

#### *Market collapse*

Investors should be aware that a global market collapse or other dislocation may affect the performance and success of the Fund.

#### *Covid-19 ('coronavirus')*

The outbreak of the coronavirus may have continued adverse effects on the global economy, including (1) closures or cancellations of, or reductions in, productions or operations in affected areas, (2) mandatory quarantines and other restrictions on movement, transportation, or travel, (3) decrease in demand for certain products or services, and (4) disruptions to supply chain and other logistical networks. As such, companies with operations, productions, offices, and/or personnel in (or other exposure to) areas affected with the virus may experience significant disruptions to their business which may continue for an unknown period of time. Although the economic effects of the coronavirus provides business opportunities for the Fund, the extent to which the coronavirus will impact and or provide opportunities to the Fund will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the coronavirus, the availability of a vaccine, the regions affected and the actions taken to contain the coronavirus and the (long term) effect thereof, among others.

#### *Default of counterparty or issuer*

Part of the general investment risk includes default of the counterparty of the Investee Funds and/or default of the issuer in whose securities the Investee Funds may invest. Furthermore, the Fund has a counterparty risk on (custody) banks when financial instruments and / or monies are placed on an (securities) account with such banks.

#### *Default in settlement and clearing system*

Participants may run the risk that the clearing and settlement of transactions undertaken for the Fund does not occur as expected, since payment or delivery of the financial instruments by a counterparty does not occur or not in time or as expected.

#### *Risk of custody*

If the Legal Owner becomes insolvent, it is theoretically possible that creditors of the Legal Owner that are not creditors of the Fund may seek recovery against the Fund Assets. In practice, however, the Legal Owner will have no creditors that are not creditors of the Fund as the Legal Owner may not perform activities other than those which it performs for the Fund.

The Fund runs the risk that when assets placed in custody with commercial custodians where the Legal Owner maintains securities and/or cash accounts may be lost as a result of the liquidation, bankruptcy, insolvency, negligence of or fraudulent activities by the (sub-)custodian appointed.

#### *No Management Participation by the Participants*

Participants will have no right or power to participate in the management or control of the Fund and thus must depend solely on the ability of Theta with respect to making investments. In addition, Participants will not have an opportunity to evaluate the specific investments made by the Fund or the terms of any investment made by the Fund.

#### *Participant may lose more than initial investment*

The Fund is structured as a common contractual fund (*fonds voor gemene rekening*). The Terms and Conditions provide that the terms and conditions and the arrangements made in connection thereto do not establish a partnership (*maatschap* or *vennootschap onder firma*) or limited partnership (*commanditaire vennootschap*). Also, a Participant's obligation to pay a consideration for Participations to be issued is a commitment (*verbintenis*) to the Fund Manager and the Legal Owner only.

In case the Fund is deemed to be a (separate) partnership, it is not certain whether what has been specified under Article 6.5 of the Terms and Conditions, which inter alia states that Participants will not be liable to contribute any sum to the Fund Estate beyond the subscription price for the Participations, can be invoked against third parties. In case Article 6.5 of the Terms and Conditions cannot be invoked against third parties, Participants may be liable to contribute any sum to the Fund beyond their Commitment.

#### *Risk of changes in legislation*

Financial and fiscal legislation and regulation are subject to change. Such changes may be unfavorable to the Fund or the Participations and may negatively influence the results of the investment. Currently, digital tokens and currencies are not regulated or are lightly regulated. Regulatory actions in the future may severely restrict the right to acquire, own, hold, sell or use digital tokens or currencies or to exchange digital tokens or currencies for fiat currency.

#### *Sustainability risks*

Sustainability risks refer to environmental, social, or governance events or conditions that can have an adverse effect on the fund's returns and its underlying assets. Examples of sustainability risks include environmental physical risks, compliance with labour standards, anti-corruption measures, and reputational risk. By not complying to sustainability standards, the value of the assets might decrease, which can negatively influence the results of the Fund. The Fund Manager will monitor the areas of compliance and regulations that apply to the underlying asset classes and monitors whether the underlying managers comply to these sustainability standards, and to what extent they are prepared for changing regulations in the future.

## **Conflicts of Interest**

#### *Incentive Fee Compensation*

Theta is entitled to incentive compensation from the Fund. Managers of the Investee Funds are likely to also receive incentive compensation from the funds they manage. As a result, the fee structure imposed by the Fund may be higher than if a Participant directly invested in the Investee Fund. Moreover, such a compensation arrangement may create an incentive for Theta or the managers of the Investee Funds to make investments that are riskier or more speculative than would be the case if such an arrangement were not in effect.

#### *Diverse Participants*

Participants are expected to include persons or entities organized in various jurisdictions and subject to various tax regimes. As a result, conflicts of interest may arise in connection with decisions made by Theta that may be more beneficial for one type of Participant than for another type of Participant. In selecting investments appropriate for the Fund, Theta will consider the investment objectives of the Fund as a whole, not the investment objectives of any Participant individually.

#### *Multiple Layers of Expense*

The Fund and the Investee Funds each have expenses and management costs that will be borne, directly or indirectly, by the Fund. However, due to long standing relationships that Theta has established with the Investee Funds, it may be able to negotiate fee reductions, which will be for the benefit of investors with the aim to reduce fees as best as possible.

#### *Activities*

In the ordinary course of business, Theta and its affiliates are engaged or may be engaged in the management and the advisory of other investment funds or portfolios of hedge funds, where its interests or the interests of its clients may conflict with the interests of the Participants. Conflicts of interest may also arise if Theta and / or its affiliates become subject to any merger or acquisition. Theta and its affiliates will, on a best efforts basis, attempt to serve the Participants' interests to the best possible extent should a conflict of interest arise. In order to avoid any potential conflict of interest Theta Capital will in its capacity as discretionary asset manager not invest on behalf of its clients in the Fund.

By acquiring Participations, each Participant will be deemed to have acknowledged the existence of such actual and potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict.

#### *Other Investment Funds*

Theta or its affiliates are, or may in the future be, the fund manager or investment adviser of other investment funds or pooled investment vehicles of other clients which may have similar objectives as the Fund.



## 4. FUND STRUCTURE

### **The Fund**

The Fund will be organized as a common contractual fund (*fonds voor gemene rekening*) and will be established on the date of the First Closing. The Fund is subject to Dutch law.

The Fund may issue Participations on each particular Valuation Day during the Commitment Period or thereafter due to Drawdown Requests. All benefits and burdens, beneficially attached to the ownership of the Fund Estate relating to the Fund, shall be in favor or for the risk and account of the Participant.

### **Common contractual fund**

Under Dutch law, a common contractual fund may be considered a contract *sui generis*. The management and custody of the assets of the Fund are governed by the Terms and Conditions. The Terms and Conditions provide that the arrangements made in connection thereto do not establish a partnership (*maatschap or vennootschap onder firma*) or limited partnership (*commanditaire vennootschap*). Dutch case law and scholars, however, have regularly deemed common contractual funds to be partnerships (*maatschappen*). Whether a common contractual fund is deemed a partnership or not is of particular importance for the applicability of the legal – statutory - provisions concerning partnerships. One of the most important provisions concerns the pro rata shared liability of the partners in a partnership for obligations assumed in the name of the partnership. In case the Fund is deemed to be (separate) partnership(s), it is not certain whether what has been specified under Article 6.5 of the Terms and Conditions can be invoked against third parties. In view of the investment policy of the Fund it is not foreseeable that, in practice, a situation will occur in which a Participant is liable for more than its Commitment.

### **Fund Management**

The Fund is managed by Theta, a private limited-liability company under Dutch law with its statutory seat in Amsterdam, The Netherlands. The Fund Manager delegates certain operational aspects of the management of the Fund to Theta Capital.

The Fund Manager is a manager of alternative investment funds specialising in the management of collective investment institutions. The Fund Manager has obtained an authorisation as referred to in Section 2:65 of the Act. Beside the Fund, Theta also manages Legends Fund and Theta Distressed Credit Opportunities Pool. The Fund Manager is pursuant its license subject to the requirements of the AIFMD and the Act, and the further regulations promulgated thereunder, including, inter alia, the requirement to maintain at all times a minimum level of own assets (*eigen vermogen*) of EUR 125,000. In order to cover professional liability risks, Theta maintains additional own funds in accordance with Article 14 of AIFMD Regulation (EU) 231/2013.

Both Theta and the Fund are subject to the permanent supervision of the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten / AFM*) and the Dutch Central Bank (*De Nederlandsche Bank / DNB*).

The Fund Manager aligned its risk structure in accordance with the applicable legislation (Article 80 AIFMD Regulation). The Fund Manager separated the responsibility for risk management within its organization. In accordance with the AIFMD Regulation, a distinction is made between risks with regard to the investment funds and risks with regard to the organization of Theta.

Solely Theta is responsible for the management of the Fund. In carrying out its task, Theta acts exclusively in the interest of the Participants. The management and administration of the Fund

encompasses investing the Fund Assets in accordance with the Terms and Conditions and all activities in connection therewith.

### **Legal Owner**

Stichting Juridisch Eigenaar Theta Blockchain Ventures (the “Legal Owner”) will be acting as legal title holder (*juridisch eigenaar*) of the Fund Assets and Fund Obligations (the “Fund Estate”). The Legal Owner is not supervised by a regulatory authority. The Legal Owner’s statutory purpose is to act solely as legal title holder of the Fund Assets.

The Legal Owner was established on 14 December 2020 and is registered with the trade register of the Chamber of Commerce under no. 81249624. The board of the Legal Owner consists solely of Theta.

Notwithstanding the liability of the Fund Manager for certain losses, the Legal Owner shall only be liable towards the Fund and the Participants for direct losses suffered to the extent that the losses result from culpable non-performance or defective performance of its obligations, also in case the Legal Owner delegated the custody of Fund Assets in whole or part to a third party.

### **Depositary**

The Fund Manager appoints, also for the benefit of the Fund and the Participants, a depositary pursuant to Section 4:62m of the Act (the “Depositary”). To that end, Theta has entered into a depositary agreement with Darwin Depositary Services B.V. The Depositary is charged with the tasks as set out in Article 21(7)-21(9) and 21(17)(c) AIFMD.

Under the rules of the Wft and AIFMD the Depositary shall safeguard the interests of the Participants. Its most important tasks are:

- to hold in custody the financial instruments referred to under article 21(8)a AIFMD and owned by the Fund (*bewaarneming*);
- to verify transfer of title of other assets (including derivatives) referred to under article 21(8)b AIFMD;
- to verify that the Investment Objectives are observed;
- to monitor whether the cash flows of the Fund are in compliance with the Information Memorandum and applicable law;
- to ensure that in transactions involving the assets of the Fund any consideration is remitted to the Fund within the usual time limits;
- to ensure that the Fund’s income is applied in accordance with applicable law and the Information Memorandum;
- verification if the calculation of the Net Asset Value takes place in accordance with applicable regulations and the Information Memorandum; and
- to verify that Participants whose Participations are redeemed receive the correct redemption amount and that Participants who subscribe receive the correct number of Participations.

The Depositary shall only be liable towards the Fund and the Participants for losses suffered by them to the extent that the losses result from:

- (i) loss of financial instruments that can be held in custody, as defined under article 21(8)a AIFMD) (unless the Depositary can demonstrate that such loss has arisen as a result of an external event beyond the Depositary’s reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary (*ondanks alle inspanningen om ze te verhinderen*); and

- (ii) for all other losses as a result of the Depositary's negligent or intentional failure to properly fulfill its obligations pursuant to the AIFMD (*niet naar behoren nakomen van zijn verplichtingen als gevolg van opzet of nalatigheid*).

If liable, the Depositary shall compensate the Fund for damages suffered. In the case of a loss of a financial instrument held in custody, the Depositary shall return a financial instrument of identical type or the corresponding amount to the Fund or the Fund Manager without undue delay.

In case the Depositary does not fulfill its duty to compensate in accordance with the AIFMD, Participants may claim their damages from the Depositary themselves. Any such claim needs to be submitted in writing to the Fund Manager, who thereupon (for the account and risk of the Fund) will take the necessary actions towards the Depositary. If the Fund Manager is of the opinion that the Depositary is not liable, it will inform the Participants thereof in writing. Participants who disagree with this opinion, are entitled (for their own risk and account) to claim directly from the Depositary or the relevant delegate of the Depositary. If Theta, for whatever reason, does not take the required actions against the Depositary, or does not do so adequately or vigorously enough, the Participants will be entitled to take those actions themselves.

The Fund, Theta and the Participants will only have recourse to the equity of the Depositary and not to assets it holds in custody for parties other than the Fund.

#### **Management and custody agreement**

The terms and conditions of the agreement between Theta and the Legal Owner concerning the management and custody of the Fund are laid down in the Terms and Conditions included herein as Exhibit I.

#### **The Administrator**

Theta has appointed Apex Fund Services (Netherlands) B.V. as administrator of the Fund (the "Administrator"). The Administrator is part of the Apex Group, a global provider of fund administration services with over 40 offices across the globe, ISAE 3402/SSAE18 audited, independently owned with \$650 Billion under administration. Apex Group provides specialist fund administration, share registrar, corporate secretarial services and directors to funds and collective investment schemes globally. The Administrator will perform all general administrative tasks for the Fund, including the preparation of valuations, keeping of financial records and maintaining the Register. The Administrator shall receive an annual fee calculated in accordance with its customary schedule of fees and is also entitled to be reimbursed for all out of pocket expenses properly incurred in performing its duties as Administrator of the Fund.

The Administrator provides administrative services required in connection with the Fund's operations, including, compiling and publishing the Net Asset Value, providing registrar and transfer agent services in connection with the issue and redemption of Participations and collecting subscription payments and disbursing redemption payments.

Under the Administration Agreement, the Administrator will not, in the absence of gross negligence, willful default or fraud on the part of the Administrator, be liable to the Fund or to any Participant for any act or omission, in the course of, or in connection with providing services to the Fund or for any losses, claims, damages, liabilities and expenses or damage which the Fund may sustain or suffer as a result of, or in the course of, the discharge by the Administrator or its duties pursuant to the Administration Agreement.

Under the Administration Agreement, the Fund will indemnify the Administrator to the fullest extent permitted by law against any and all judgments, fines, amounts paid in settlement and reasonable expenses, including legal fees and disbursements, incurred by the Administrator, save where such

actions, suits or proceedings are the result of fraud, willful misconduct or gross negligence of the Administrator.

In accordance with the terms of the Administration Agreement, the services of the Administrator may be terminated by at least 90 days written notice from either the Fund Manager or the Administrator (or such shorter notice period as the parties may agree to accept) or earlier on the liquidation of either the Fund Manager or the Administrator.

### **Term of the Fund**

The Fund has a limited term of 10 years which term may be extended by the Fund Manager for in total a maximum of 3 times one year. Upon dissolution of the Fund the cash proceeds from liquidation of the interests in the Investee Funds will be distributed to the Participants.

### **Distributions**

The Fund Manager will distribute the proceeds of investments (including the proceeds of dividend or interest payments and redemption or other exit events, and net of operating and transaction costs) to the Participants either as a distribution or as repayment of invested funds through a redemption of Participations. The Fund Manager does not expect any distribution to the Participants during the Investment Period. Distributions, if any, can be expected to start close to the end of the term of the Fund and in the liquidation phase of the Fund.

### **Outsourcing**

The general administration of the Fund is delegated by Theta to Apex Fund Services (Netherlands) B.V. as third party administrator. Services of the Administrator include processing the subscription and redemption of Participations, maintaining all appropriate investor registers and ledgers, preparing and maintaining financial and accounting books and records and maintaining the Fund's principal administrative records. The calculation of the Net Asset Value is also outsourced to the Administrator. Theta however remains responsible and liable for the NAV as calculated and monitors the NAV determination process (See page 31: *Portfolio Valuation/Determination of Results*).

### **Applicable law**

The legal relationship between the Fund and the Participants is in principle governed by Dutch law. The Terms and Conditions and the Information Memorandum are expressed to be governed by the laws of the Netherlands. The applicable legal provisions are in particular included in the Dutch Civil Code, the Act and the AIFMD. Other than pursuant to the Terms and Conditions and the law, the Participants do not have any rights against the Fund Manager, Legal Owner, Depositary or parties that provide services to the Fund. Decisions of a Dutch court or judicial body can be enforced against the aforementioned parties in accordance with the provisions of Dutch law. Decisions of non-Dutch courts or judicial bodies can be recognized and enforced in accordance with the applicable treaties and regulations.

## 5. PARTICIPATION AND SUBSCRIPTIONS

### **Participation**

#### Rights and duties

The rights and duties of a Participant are described in detail the Terms and Conditions and as to its Commitment in the Subscription Form.

#### Pro rata entitlement

Each Participant shall be beneficially entitled to the Fund Estate pro rata to the number of its Participations. All benefits and (subject to Article 6.5 of the Terms and Conditions) burdens, beneficially attached to the ownership of the Fund Estate, shall be in favor and for the account of each Participant pro rata to the number of its Participations.

#### Form

Participations shall be in registered form only. Certificates shall not be issued.

#### Transferability

No assignment, sale, transfer, or other disposition of a Participation (whether voluntary or involuntary) shall be valid or effective. Participations cannot be made subject to any pledge, mortgage, usufruct, charge, lien, retention or other encumbrance (*beperkt recht*) of any nature whatsoever.

#### Voting rights

Each Participation gives an entitlement to one vote in a meeting of Participants.

#### No management participation by the Participants

Participants will have no right or power to participate in the management or control of the Fund and thus must depend solely on the ability of Theta with respect to making investments. In addition, Participants will not have an opportunity to evaluate the specific investments made by the Fund or the terms of any investment made by the Fund.

#### Complaints

Participants may submit complaints regarding the management of the Fund to Theta by regular mail.

### **Listing**

Participations will not be listed or traded on any regulated market, multilateral trading facility or any other trading platform.

### **Commitments, Drawdown Requests, minimum paid up capital**

The minimum Commitment for each Participant is USD 500,000. The minimum initial amount for each Participant to be paid up at the First Closing or Subsequent Closing is (the USD equivalent of) EUR 100,000. The remainder of the Commitment, the Outstanding Subscription Amount, will thereafter be called by the Fund Manager through Drawdown Requests. At the First Closing Participations will be issued at a price of USD 1,000 per Participation.

The Fund Manager may, to its sole discretion, decide to accept subscriptions with a Commitment below USD 500,000. However, also in such case the initial amount to be paid up can never be less than (the USD equivalent of) EUR 100,000 which may cause such the Participant to have paid up a

higher percentage of its Commitment compared to the Participants that have Committed at least USD 500,000. These Participants will catch up later as the Fund Manager calls the capital through Drawdown Requests from the other Participants and will thereafter receive Drawdown Notices simultaneously. For the calculation of the Benchmark Return only the capital that has been contributed by each Participant up to the percentage of capital called from the Participants with a Commitment of at least USD 500,000 will be taken into account and deemed Contributed Capital.

Participants making their initial investment after the First Closing, or existing Participants subscribing for an additional Commitment, will acquire Participations at a Subsequent Closing at a price per Participation equal to the higher of: (i) the NAV of a Participation; or (ii) USD 1,000 and an additional sum at an annual rate equivalent to eight per cent (8%), which sum will accrue from the First Closing Date up to the date of issue. Any amount paid by a Participant above the initial issue price of USD 1,000 will not be treated as part of the Contributed Capital of such Participant nor deemed paid up capital for the calculation of the Benchmark Return.

To participate in the Fund, a Participant must:

- complete and execute the Subscription Form;
- send this form to the Fund Manager at least 10 Business Days before the Valuation Day on which the Participant wants to enter the Fund; and
- transfer the amount to be paid up at closing, or drawdown thereafter, to a Fund Bank Account (as advised by Theta) at least 10 Business Days before the relevant Valuation Day, unless otherwise agreed by Theta. Should the relevant amount not be paid-in on the Fund Bank Account in US Dollars, the Fund will convert the relevant currency into US Dollar at the expense of the Participant.

Theta reserves the right to accept or reject any subscription in its sole discretion. Prerequisite for acceptance of subscriptions is provision by the potential investor of information, inter alia, relating to his antecedents, so as to comply with Dutch anti money laundering regulations. Theta endeavors to provide deal confirmations to Participants within 12 Business Days after the Valuation Day.

### **Redemptions**

The Fund Manager is not required to redeem any Participations on the request of a Participant. Redemptions may however be initiated by the Fund Manager in case a Participant defaults on its payment obligation pursuant to a Drawdown Notice as provided in Article 4 of the Terms and Conditions.

### **Suspension of Subsequent Closings during the Commitment Period**

Theta may declare a suspension of valuations and the issue of Participations pursuant to Subsequent Closings for the whole or any part of a period during which:

1. by reason of the closure of or the suspension of trading on any stock exchange or over-the-counter market or any other reason, circumstances exist as a result of which, in the opinion of Theta, it is not reasonably practicable for the Fund or fairly to determine the Net Asset Value; or
2. a breakdown occurs in any of the means normally employed by Theta in ascertaining the value of investments or any other reason or circumstances exists which in the opinion of Theta means the value of the investments or other assets of the Fund cannot reasonably be ascertained; or
3. it is not possible to receive remittances in respect of the investments at all or without undue delay.

Duration of suspension

Any such suspension shall take effect at such time as Theta shall declare but not later than the close of business on the Business Day next following the declaration and thereafter there shall be no determination of Net Asset Value until Theta shall declare the suspension at an end except that the suspension shall terminate in any event on the first Business Day on which:

- the condition giving rise to the suspension shall have ceased to exist; and
- no other condition shall exist under which suspension is authorised under the Terms and Conditions.

Each such declaration by Theta shall be consistent with such official rules and regulations (if any) relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Fund as shall be in effect at the time. To the extent not inconsistent with such official rules and regulations, the determination of Theta shall be conclusive.

## 6. COSTS AND EXPENSES

This section provides a summary of article 11 of the Terms and Conditions. Please note that the latest financial annual report is incorporated by reference in this Information Memorandum. Reference is made to the annual report as regards actual costs incurred by the Fund.

### **Fund Fee Structure**

The fee structure relating to the Fund is as follows:

- **Management Fee:** Theta shall be entitled to receive an annual Management Fee equal to: (i) 0.75% of the total Commitments during the Investment Period; and (ii) 0.75% of the Net Asset Value of the Fund after the Investment Period. The Management Fee shall accrue on each Valuation Day by reference to the Net Asset Value on that day and be paid quarterly in arrears on, the last Business Day in each of March, June, September and December; and
- **Incentive Fee:** The Incentive Fee shall be based on the amount by which the Total Return exceeded the Benchmark Return ('hurdle rate'). The Incentive Fee shall be due and payable following a waterfall structure.

The proceeds of the investments of the Fund – after regular payments of all costs related to operations and possible reservations – will be distributed as follows:

1. to the Participants, pro rata up to the full principal amount of the capital contributed;
2. to the Participants, a distribution pro rata to Contributed Capital, up to the Benchmark Return;
3. to the Fund Manager, an amount equal to 10/90th of the amount under (2) as Incentive Fee to catch up to the Benchmark Return;
4. of the remaining funds, 90% to the Participants pro rata to Contributed Capital and 10% Incentive Fee to the Fund Manager until the Participants received 300% of their Contributed Capital and thereafter 85% to the Participants pro rata to the Contributed Capital and 15% Incentive Fee to the Fund Manager.

## **COSTS**

### **Depository and Administration Fees**

The fees of the Depository and the Administrator shall be borne by the Fund. The current annual fee charged by the Depository equals €16,945.

The current annual fee charged by the Administrator equals 0.045% with a minimum fixed fee of €24,000. All fees are excluding VAT, if and when due. During the life of the Fund Theta may negotiate changes in these fees without the consent of Participants being required.

### **Overhead Costs**

Theta shall provide, at its own expense, office facilities and staff to facilitate the carrying on of the activities of the Fund.

### **Establishment Costs**

The cost related to the establishment of the Fund and the Legal Owner, including costs of the AFM, will up to a maximum of EUR 40,000 be for the account of the Fund. The establishment costs will be amortised over a period of 24 months from the date of the First Closing.



**Expenses and Operating Costs**

Operating expenses shall be borne by the Fund, including (but not limited to), costs relating to the acquisition and disposal of investments, the fees and expenses of such attorneys, agents, lawyers, accountants or other advisers as Theta may deem necessary or advisable in relation to the affairs of the Fund, costs relating to the administration of the Fund, advertising and printing expenses, tax compliance costs, the costs of meetings of Participants, auditors' fees, any taxes due by the Fund, interest, bank charges and litigation related expenses.

**Audit and other professional fees**

The annual audit fees of the Fund are estimated to be approximately to be €20,000 (excluding VAT). Other professional fees are estimated to be approximately €20,000 to €25,000 per year. (excluding VAT).

**Supervisory Costs**

Levies of supervisors and costs related to supervision, including fees due by the Fund Manager based on the Fund assets under management, are borne by the Fund. The actual supervisory costs due by the Fund vary each year and will be included in the annual accounts.

## 7. THETA

### **General**

Theta Capital Management B.V. (“Theta Capital”) is an independent discretionary asset manager and investment advisor concentrating exclusively on hedge funds and alternative investment funds and is licensed with the AFM under article 2:96 of the Act. Theta Capital Management B.V. is a private limited liability company with its statutory seat in Amsterdam, The Netherlands, incorporated on May 28, 2001, and registered with the Trade Register of the Chamber of Commerce under no 34150519. The statutory directors of Theta Capital are Mr. Marc de Kloe and Mr. Ruud Smets.

Theta Fund Management B.V. is a wholly owned and fully integrated subsidiary of Theta Capital. Theta manages a range of collective investments schemes. Next to Theta Blockchain Ventures, Theta manages Legends Fund and Theta Distressed Credit Opportunities Pool. The statutory directors of Theta are Mr. Marc de Kloe, Mr. Tijo van Marle and Mr. Ruud Smets.

### **History Theta**

Theta is operationally integrated with Theta Capital of which Theta is wholly owned and fully integrated subsidiary. Theta Capital is an independent discretionary asset manager and investment advisor concentrating exclusively on hedge funds and alternative investment funds. Theta Capital was founded in 2001.

Theta Capital started investing for its clients in September 2001. Historically, Theta’s clients are mainly the 'classic' hedge fund and alternative investment investors, being high net worth private individuals, and family offices, but an increasing part of the assets is managed on behalf of institutional investors. Since its inception Theta Capital has managed separate individual portfolios of hedge funds and alternative investments for its clients. It continues to do so.

Theta Capital invests across all main hedge fund strategies on behalf of its clients. It has developed an expertise in blockchain technology since 2017.

### **Theta Capital’s Successful history of investing in blockchain technology for its clients:**

In 2017

- Started to realize the impact blockchain technology could have on a wide range of industries
- Studied the technical elements of blockchain technology as well as its applications
- Located and reached out to all the leading blockchain investment funds
- Firmed in on one of the leading funds that offered an attractive entry proposition

In 2018

- Started investing in an early stage blockchain technology fund after negotiating significant better terms for the investors
- Organized several events on the topic, which were attended by leading investors
- Introduced blockchain technology as a key component of one the hedge fund’s industry best perceived and attended industry events, Legends4Legends
- Broadened the scope of the investments by allocating to a blockchain venture capital fund with a focus on equity investments
- Continued to vigorously research the space through leading university courses, attending industry summits, reading whitepapers, meeting founders and investors etc.

- While most funds in the strategy lost 80%<sup>1</sup> plus on the back of 2018s ‘crypto winter’, the investment funds that Theta Capital invested with kept losses limited to the mid-single digits

In 2019

- As the crypto winter abated some of the first quality underlying projects started to go live, introducing the first lumpy upside to the investments as Theta Capital had been anticipating
- Theta Capital further familiarized themselves with some of the leading projects in the space, developing close relationships with key entrepreneurs
- Visited many of the leading investment firms as well as projects in the space, strengthening the network of relationships of Theta Capital and further increasing its level of understanding
- Continued to deploy capital in both the token and the private equity strategy, becoming one of Europe’s most significant investors in the technology
- Continued to vigorously research the space

In 2020

- Anticipating some of the key underlying projects to go live, Theta Capital further increased the holdings of its clients.
- As decentralized finance started to heat up at the same time as some of the most anticipated projects went live, Theta Capital saw a more than 200%<sup>2</sup> net return in July and August alone
- Demonstrating the upside in the strategy, the return was driven by a small subset of positions that had made up only about 10% of the portfolio at cost.
- Started to allocate to another open-ended fund that Theta Capital had gotten to know over the previous years and where it negotiated significant capacity and preferred terms for its clients.
- Continued to vigorously research the space.
- Realizing that the opportunity is best played through a closed-end structure, and having visibility of some of our preferred specialists raising capital near term, the decision was made to launch Theta Blockchain Ventures.

### **Investment Process**

In its investment process, Theta takes a predominantly bottom-up approach reflecting its profound belief that fund managers are well equipped to capitalize on varying market conditions. In other words, Theta does not actively manage its portfolios according to pre-formulated return expectations. Rather, Theta strives to select managers that have proven the ability to successfully exploit investment opportunities across various market environments. This approach endeavors to provide Theta’s clients with capital appreciation and to take advantage of the dislocations in the markets.

### **Manager Selection and Due Diligence**

The objective of Theta’s manager selection process is to identify fund managers with superior investment skills that have proven to operate successfully through different market environments. The selection process entails three levels of analysis, each with its own information requirements, documents and criteria. The selection process is supported by several databases, a qualitative information system and various tools (some proprietary) for quantitative fund analysis and stress-testing. Theta’s 20-year experience in hedge fund and alternative investment due diligence provides a valuable edge when investing in blockchain technology focused funds.

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<sup>1</sup> Theta’s own research

<sup>2</sup> Source: Pantera Capital

Specifically, with regards to fund managers specializing in blockchain technology, Theta looks for:

- Venture mindset: patient capital, identifying and partnering with teams on long-term strategy and execution. No leverage, shorting or short-term trading;
- Operational robustness and high integrity: in a nascent field, with a lot of speculation and get-rich-quick schemes robust operations and high integrity of the team is key;
- Technical diligence: blockchain technology is a highly complex technical field that requires a multi-disciplinary skillset.
- Deal sourcing: getting early access to the most promising projects, requires relationships with the best talent and teams long before investments are publicly available. It also requires a close connection to the developer ecosystem, to know what developers are busy with;
- Deal structuring: deals come with novel investment contracts such as SAFTs;
- Tactical participation: adding value to portfolio projects through direct operating experience, community stewardship, subsequent fundraising and crypto network participation;

Given the nascent nature of the technology and the limited history of investment firms active in the strategy, there is limited value in performing quantitative analysis. In most cases, the target Investee Funds have one earlier vintage vehicle and Theta will analyze the results of such vehicles.

The objective of Theta's operational due diligence process is to provide a transparent overview of the infrastructure supporting the investment strategy in terms of:

- people & organization;
- processes & systems; and
- involvement of third party service providers.

Again, given the nascent nature of the technology and in particular the nascent nature of digital tokens and how to hold, value, and trade them, particular emphasis is put on operational due diligence.

### **Portfolio Construction and Risk Management**

In its portfolio construction, Theta seeks to maximize exposure to potential areas of opportunity, adding specialized managers to the extent they offer exposure to additional opportunity sets. By focusing on established managers and extensive manager due diligence, Theta seeks to minimize manager specific business risks, reducing the need for multiple managers in specific sub-strategies. In relation to Theta Blockchain Ventures, the Manager looks to allocate to managers that have expertise and relationships in the different geographies, across different industries, different instruments and different focus areas in general. Whereas some investment firms may focus on deep novel technological advancements, others may focus on incumbents entering the space carrying over existing services to blockchain enabled platforms.

### **Investment Team**

Short biographies of the persons involved with the management of the Fund are provided below.

Ruud Smets, CAIA joined Theta in 2005 and is responsible for investments. He worked at the interest rate derivatives desk of NIBCcapital before joining Theta. Prior to joining NIBCcapital in 2004 Ruud worked at FundPartners, a company focusing on structured product solutions and hedge fund investments for institutional investors, where he was responsible for the hedge fund allocation of a large Dutch pension fund. Ruud has obtained his master's degree in Business Economics and Information Technology from Tilburg University in 2002 and is a Chartered Alternative Investment Analyst (CAIA). Ruud has successfully completed the Oxford Blockchain Strategy Programme and has been vigorously studying blockchain technology since mid 2017. He has been a director of Theta since September 2013.

Marc de Kloe joined Theta in 2019 is responsible for risk and compliance. Marc has an extensive investment background covering the full range of alternative investments. Marc started at Clifford Chance in Germany as a foreign associate in private equity, more recently as Global Head of Funds and Alternatives at ABN AMRO Private Banking based in Amsterdam and finally as COO of Adamas Asset Management, a Hong Kong based Private Credit Manager. In addition, Marc co-founded Alternatives4Children, an industry supported charity raising money for children's education. Marc holds an LL.B in English and German Law from the University of Kent, Canterbury (U.K.) in 1996, an LL.M in European Business Law from the University of Amsterdam in 1999 and an MBA from the Vlerick Business School in Belgium in 2004. He has been a director of Theta since December 2020.

## 8. REPORTING AND INFORMATION

### **Financial year**

The financial year of the Fund coincides with the calendar year.

### **Periodical reports**

Theta will prepare quarterly and annual reports on the Fund's portfolio. The reporting currency is the US Dollar.

It should be noted that for the quarterly and annual reports, Theta depends on the administrators of the Investee Funds, both in respect of timing and the contents of the reports. Provisional valuations may sometimes have to be applied and are based on information supplied by the Investee Funds. As soon as audited annual accounts of the Investee Funds are available, any provisional information will be reviewed and necessary adjustments will be made.

### **Monthly**

As soon as reasonably practicable following the last calendar day of each month, pursuant to the periodic disclosure requirements under the AIFMD, if and when applicable and to the extent relevant, Theta will include the following items in the monthly report which will be published on the Website:

- the percentage of the Fund's assets which are subject to special arrangements arising from their illiquid nature;
- any new arrangements for managing the liquidity of the Fund;
- changes to the risk profile of the Fund and the risk management systems employed by Theta to manage those risks; and
- to the extent leverage is employed by the Fund: (i) any changes to the maximum level of leverage which Theta may employ on behalf of the Fund as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement; and (ii) the total amount of leverage employed by the Fund.

### **Quarterly**

A written narrative detailing the investment outlook and market commentary.

### **Annual report**

The annual report of the Fund will include the information required pursuant to the Act and the AIFMD.

The annual report will be audited and prepared within 6 months after the end of each financial year. The annual report will be audited by a reputable auditing firm. The annual report includes:

- balance sheet;
- income statement;
- explanatory notes;
- statement of the investments acquired, sold or otherwise disposed of during the financial year and a report by Theta expressing its opinion on the value of the investments held at the end of the financial year; and
- a specification of the composition of the Fund by Investee Funds in percentages of the portfolio for all Investee Funds which represent more than 5 % of the value of the Fund.

The annual accounts of the Fund are in principle based on audited annual accounts of the Investee Funds. Deviation from this general rule is possible when the audited accounts of the Investee Funds are not received in time. If that is the case, and also in the case that an Investee Fund has a different year-end date, an estimate of the Net Asset Value of that particular Investee Fund provided by that Investee Fund will be used.

The auditor of the Fund will be asked to express an opinion about the relevance of the use of this estimate for the accuracy of the accounts of the Fund.

All reports relating to the Fund will be sent to each Participant's (electronic) address.

### **Portfolio Valuation/Determination of Results**

The accounts of the Fund will be prepared in accordance with Dutch Generally Accepted Accounting Principles. The Fund's investments in Investee Funds will be valued based on the reporting received from the administrators of those funds, unless considered inappropriate by Theta. The value of investments in Investee Funds will generally be taken as the aggregate of the Fund's attributable share of the latest available net asset value of such Investee Funds, where it is the intention to base the Net Asset Value of the Fund on the fair value of the financial assets and liabilities of the Fund. Theta may, if it thinks fit, make adjustments as a result of the different bases of valuation applied by the Investee Funds, which will be reflected and explained in the accounts. The establishment costs will be capitalized and amortized over a 2-year period. For a corresponding amount, a legal reserve will be held. The Fund's other assets and liabilities will generally be valued at nominal value, unless a permanent impairment occurs.

The result of the Fund on its Investee Funds will generally be taken as the aggregate of the Fund's attributable share of the result of the Investee Funds. Theta may, if it thinks fit, make adjustments as a result of the different bases of determination of results applied by the Investee Funds, which will be reflected and explained in the accounts. The results made on the Fund's other assets and liabilities will generally be taken into account in the period to which they relate.

Where an up-to-date value of an Investee Fund is not available, or the valuation date does not coincide with that of the Fund, Theta will use an estimated value.

### **Assessment of Net Asset Value**

As of each Valuation Day, Theta shall determine the Net Asset Value, in accordance with article 12 of the Terms and Conditions. The Net Asset Value shall be expressed in USD. The Net Asset Value of a Participation will be calculated in accordance with the Terms and Conditions on the Valuation Day and shall be sent to the (electronic) addresses of Participants.

### **Notice of distributions**

The announcement of payment of distributions, if any, the composition of the distributions and the way the distributions will be paid, shall be sent to the (electronic) addresses of Participants.

## 9. TAXATION / LEGAL

### **Taxation General**

Prospective Participants are urged to consult their own professional advisers regarding the possible tax and legal consequences of acquiring, holding or disposing of Participations under the laws of the jurisdictions of which they are citizens, residents or domiciliaries and in which they conduct business. The Fund has been structured so as to reduce as much as possible the additional tax cost compared to a direct investment by the Participants in the Investee Funds (which generally are not directly accessible to the Participants).

### **Taxation of the Fund**

The Fund aims to qualify as a common contractual fund that is not subject to corporate income tax (i.e. transparent for Dutch tax purposes). Theta shall use reasonable endeavors to assist Participants in obtaining the benefit of any tax exemptions applicable to investments made by the Fund and any tax refunds available in respect of tax withheld from sums receivable by the Fund. Theta shall not be obliged to seek any exemption or refund where the effort or expense would be disproportionate to the sums likely might be recovered. If Theta thinks fit, the amount distributable to any Participant may take into account the availability of tax exemptions or refunds attributable to him and to the rate of withholding applicable to him.

### **Taxation of Participants – The Netherlands**

#### *General*

Please note that the summary in this section does not describe the Netherlands tax consequences for Participants if such Participants, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest (*aanmerkelijk belang*) or deemed substantial interest in the underlying investment(s) of the Fund under the Netherlands Income Tax Act 2001 nor for pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Netherlands Corporate Income Tax Act 1969) and other entities that are exempt from Netherlands corporate income tax.

#### *Residents of the Netherlands*

Generally speaking, if a Participant is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes, any income derived from the Fund or any gain or loss realized on the disposal, or deemed disposal, of the investment in the Fund is subject to Netherlands corporate income tax at a rate of 25% (a corporate income tax rate of 15% applies with respect to taxable profits up to EUR 245,000, the bracket for 2021).

If a Participant is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes, any income derived from the Fund or any gain or loss realized on the disposal, or deemed disposal, of the investment in the Fund is taxable at the progressive income tax rates (with a maximum of 49.5%), if:

- (a) the investment in the Fund is attributable to an enterprise from which the Participant derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth of such enterprise without being an entrepreneur or a shareholder (as defined in the Netherlands Income Tax Act 2001); or
- (b) the Participant is considered to perform activities with respect to the investment that go beyond ordinary asset management (*actief vermogensbeheer*) or derives benefits from the Fund that are (otherwise) taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).



If the abovementioned conditions (a) and (b) do not apply to a Participant who is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes, such Participant will be taxed annually based on a deemed return on income from savings and investments (*sparen en beleggen*) rather than on the basis of income actually received or gains actually realized. As a result, the value of the investment of the specific individual investor on January 1 is partly subject to an assumed yield of 0.03% and partly to an assumed yield of 5.69% (2021) insofar as the individual's yield basis exceeds a certain threshold (*heffingsvrij vermogen*). The assumed yield would be taxed against a tax rate of 31%.

#### *Non-residents of the Netherlands*

A Participant who is neither resident nor deemed to be resident of the Netherlands would not be subject to Netherlands taxes on income or capital gains in respect of any income derived from the Fund or in respect of any gain or loss realized on the disposal or deemed disposal of the investment in the Fund, provided that:

- (a) such Participant does not have an interest in an enterprise or deemed enterprise (as defined in the Netherlands Income Tax Act 2001 and the Netherlands Corporate Income Tax Act 1969, including, but not limited to, article 17-3-c) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the investment in the Fund is attributable;
- (b) in the event the Participant is an individual, such Participant does not carry out any activities in the Netherlands with respect to the investment in the Netherlands that go beyond ordinary asset management and does not derive benefits from the Fund that are (otherwise) taxable as benefits from other activities in the Netherlands; and
- (c) such Participant does not have an interest in an enterprise in the Netherlands and to which enterprise the investment in the Fund is attributable other than by way of the holding of securities and is not a managing director or part of a supervisory board of an enterprise in the Netherlands.

#### *Withholding tax*

To the extent the Fund invests in Dutch resident entities, Dutch dividend withholding tax may be due upon dividends distributed by these entities via the Fund to the Participants. The dividend withholding tax rate may be reduced under the applicability of a tax treaty concluded by The Netherlands and the jurisdictions of which the Participants are tax resident.

Also withholding tax may be due in case of investments by the Fund in assets outside the Netherlands for which foreign jurisdictions have the taxation rights. Next to that the Netherlands may introduce in the near future new withholding taxes on interest and royalties paid to certain low tax jurisdictions by Dutch entities subject to the Dutch corporate income tax.

## **Legal**

### General

The documentation relating to the Fund consists of:

- this Information Memorandum (including the information incorporated by reference therein);
- Terms and Conditions of Management and Custody (Exhibit I); and
- Application Form (which is available upon request).

#### Amendment of Terms and Conditions

The Terms and Conditions may be amended by Theta without the consent of the Participants unless the amendment involves:

(i) a change in the Investment Objectives;

(ii) an increase of the fees of Theta,

which requires the prior consent of the Participants through a Special Resolution.

Theta will inform the Participants of the text of an (proposed) amendment of the Terms and Conditions at least thirty (30) calendar days before the day on which the (proposed) amendment shall come into effect.

#### Termination and winding up

##### *General conditions for termination*

The Fund shall be terminated on the bankruptcy, dissolution or liquidation of Theta unless the appointment of a replacement of Theta as fund manager is approved by an Ordinary Resolution.

##### *Termination on sanction of Special Resolution*

The Fund may also be terminated at any time with the sanction of a Special Resolution, upon the Theta committing fraud, illegal acts, gross negligence (*grove schuld*), wilful default (*opzet*) or material breach of these Terms and Conditions which is not remedied within a reasonable period of time. Furthermore, it may be terminated with the consent of Theta and the sanction of a Special Resolution, or on not less than a three months' notice by Theta to the Participants.

##### *Termination on sanction of Ordinary Resolution*

Theta may also (with the consent of an Ordinary Resolution) by notice in writing to the Participants, terminate the Fund at any time if in its reasonable opinion it would be impracticable, unlawful or inadvisable to continue.

##### *Winding-up*

Upon termination or dissolution of the Fund, no further business shall be conducted for the Fund, except for such actions as shall be necessary for the winding up of the affairs of the Fund and the distribution of the Fund Assets which shall be effected by Theta.

##### *Terms and Conditions*

During the liquidation period the Terms and Conditions shall, to the extent possible, remain in full force and effect. The balance left after the liquidation shall be distributed in accordance with the provisions specified in the Terms and Conditions. Notice that distributions are to be made payable to the Participants and the composition of the distributions or collections shall be given in accordance with the provisions as specified by Article 16 of the Terms and Conditions. Theta shall duly render accounts to the Participants before making any distributions.

##### *Depositary's or Auditors certificate*

Theta shall prepare liquidation accounts, which shall be accompanied by a certificate of the Depositary or the Fund's auditor. Approval of those liquidation accounts by a meeting of Participants shall constitute, upon approval by Ordinary Resolution, a discharge of the Legal Owner and Theta for the actions up to the date of the liquidation accounts.

## Meeting of Participants

### *Meeting of Participants*

Theta may, as often as it deems necessary in the interest of the Participants, convene a meeting of all Participants. The meetings, if in person, will be held in Amsterdam or another place to be determined by Theta. Notice for a meeting will be given in accordance with Article 16 of the Terms and Conditions at least fourteen (14) days prior to the meeting and will state the date, time, place and agenda for the meeting.

### *Notification for attending*

Participants wishing to attend a meeting must notify Theta thereof in writing no later than five (5) Business Days prior to the meeting. Participants, which have so notified Theta, are entitled to be heard at the meeting and to exercise their voting rights.

### *Procedure at meetings*

Theta shall appoint a chairman and a secretary for each meeting. The chairman shall be responsible for determining the procedure to be adopted for the conduct of any meeting of Participants. The secretary shall be responsible for the preparation of minutes of the meeting.

### *Voting rights*

Each Participation entitles to one vote in a meeting of Participants.

## 10. IMPORTANT INFORMATION

### **Default / Creditworthiness / Negative Tax Implications**

If a Participant fails to fulfil any of its obligations under the Terms and Conditions, Theta may, in addition to any other rights afforded by law, undertake certain (legal) actions.

Also, pursuant to article 14.2.2 of the Terms and Conditions, if the tax status of the Fund Estate, Legal Owner or the other Participants is negatively affected by the tax status of that particular Participant, Theta is entitled to redeem that Participant's Participations.

### **Related Party transactions**

There will be no related party transactions, except for possible trades with other fund-of-funds or accounts managed by Theta. Such transactions are not concluded at a regulated market or another market in financial instruments, but will always be at the net asset value of the underlying fund and therefore on market-based terms and conditions. All such transactions will be based in all cases on an independent valuation, but a valuation by one or more of the parties involved in the transaction is also possible.

### **General Data Protection Regulation**

Theta will ensure that personal data that has been collected and processed in connection with the Fund, will be treated confidentially. Theta will comply with the General Data Protection Regulation. Personal data of Participants is collected and processed in accordance with the Privacy Policy of Theta which is available on the Website.

Theta will use the personal data in connection with its duties as mentioned in the Terms and Conditions and the Information Memorandum. The personal data will not be shared with third parties other than the Administrator, unless this is necessary to carry out the duties under the Terms and Conditions and the Information Memorandum or when statutory provisions make it mandatory to share such information with third parties.

### **Equal treatment of Participants**

Participants will not be granted a preferential treatment. Except as provided otherwise in this Information Memorandum or the Terms and Conditions, the Fund Manager will treat Participants equally in equal circumstances and will supervise compliance with all applicable rules that aim to ensure equal treatment of Participants. The equal and reasonable (*billijke*) treatment of Participants is safeguarded by the Terms and Conditions, this Information Memorandum and the legal framework wherein the Fund operates including the internal policies of Theta implementing the mandatory provisions applicable to it under the AIFMD and the Act.

### **Voting policy**

As a fund-of-funds, the Fund normally does not have voting rights in other enterprises. Occasionally, Theta is asked to vote regarding corporate actions of an Investee Fund. In such a case Theta will vote in manner as is deemed in the best interest of the Fund.

### **Sustainability Impact**

Investing can lead to adverse impacts on sustainability factors (i.e. environmental, social and governance factors). The Fund Manager does not consider the adverse impacts of its investment decisions on sustainability factors. This is because we invest into portfolios of funds and not all of the underlying fund managers take these factors into account and sufficient information on this is therefore not available. Additionally, as we invest globally, the underlying assets do not have to

comply to the level of sustainability reporting that we would need to be able to consider sustainability adverse impacts.

# EXHIBIT I

## Terms and Conditions of Management and Custody

### 1 Definitions

1.1 The following terms have the definitions hereinafter indicated whenever used in these Terms and Conditions with initial capital letters:

‘Act’ the Netherlands Financial Markets Supervision Act (*Wet op het financieel toezicht*) as amended;

‘Administrator’ means Apex Fund Services (Netherlands) B.V. or such other entity as may be appointed as administrator of the Fund by the Fund Manager, from time to time;

‘AIFMD’ means Directive 2011/61/EU of the European Parliament and of the Council dated 8 June 2011 on Alternative Investment Fund Managers, as amended, and the regulations (*verordeningen*) and further rules in relation thereto;

‘Adjusted Price’ means ninety per cent (90%) of the Net Asset Value of a Participation;

‘Annual Management Fee’ means the fee payable to the Fund Manager under Article 11.1;

‘Benchmark Return’ means an internal rate of return of 15% per annum, calculated on a compounded basis;

‘Business Day’ means a day on which banks are generally open for business in both Amsterdam and New York City;

‘Cash’ means cash in any currency held in interest bearing call accounts or bank deposits;

‘Cash Equivalents’ means money market instruments in any currency which are regularly negotiated and which have a residual maturity of twelve (12) months or less;

‘Closing Date’ means the last Business Day in each calendar quarter during the Commitment Period and such other days as the Fund Manager may determine;

‘Commencement Date’ means the date upon which Participations in the Fund are first issued;

‘Commitment’ means the commitment of a Participant to make a contribution to the Fund as consideration for Participations, as specified and agreed in the Subscription Form;

‘Commitment Period’ means the date until new Participants can be admitted to the Fund;

‘Contributed Capital’ means the amount of actual contributions of capital to the Fund;

‘Costs’ means all costs, fees and expenses incurred by or charged to the Legal Owner or the Fund Manager in connection with the Fund Estate;

‘Defaulting Participant’ means any Participant who fails to advance to the Fund the entire amount which is the subject of a Drawdown Request or which remains due 5 Business Days following the date mentioned in by the Fund Manager, after which date the Fund Manager sent a written notice to that Participant designating

such Participant as in default (*verzuim*), in accordance with the Terms and Conditions;

‘Depositary’ means the depositary (*bewaarder*) of the Fund within the meaning of the AIFMD and the Act as appointed from time to time by the Fund Manager;

‘Drawdown Request’ means a request made by the Fund Manager to a Participant in accordance with to advance part or all of the Outstanding Subscription Amount to the Fund;

‘First Closing’ means accession of the first Participants to the Fund;

‘Final Closing Date’ means the date of final accession of Participants at the latest 12 months after the First Closing Date;

‘First Closing Date’ means the date of First Closing;

‘Fund’ means the contractual arrangements between the Participants, the Fund Manager and the Legal Owner in relation to the participation in and the management, custody and administration of the Fund as governed by the Terms and Conditions and the Subscription Form, also referred to as Theta Blockchain Ventures;

‘Fund Assets’ means the Fund Means and the Fund Investments;

‘Fund Bank Account’ means a bank account in the name of the Legal Owner for the account of the Fund;

‘Fund Estate’ means the totality of the Fund Assets and the Fund Obligations;

‘Fund Investments’ means all Securities and/or other assets (*goederen*) other than Fund Means that are acquired and held by the Legal Owner for the Fund in its own name on behalf and for the account of the Participants in connection with the Fund;

‘Fund Manager’ means Theta Fund Management B.V. or an affiliate thereof or such other investment manager, as may be appointed by the Participants from time to time in accordance with Article 6;

‘Fund Means’ means Cash and Cash Equivalents;

‘Fund Obligations’ means the liabilities which the Legal Owner (or the Fund Manager, whether or not on behalf of the Legal Owner) assumes and/or incurs in its own name on behalf and for the account of the Fund;

‘Incentive Fee’ means the fee payable to the Fund Manager under Article 11.2;

‘Interested Party’ means the Fund Manager, its associates and its respective directors, officers, shareholders or partners;

‘Investee Fund’ means a company, partnership, mutual fund or other pooled investment vehicle in, or Managed Account through, which the Fund has made an investment;

‘Information Memorandum’ means the prevailing information memorandum relating to the Fund;

‘Investment Objectives’ means the investment objectives of the Fund and the restrictions imposed on the Fund Manager referred to in the Information Memorandum, as amended from time to time;

‘Investment Period’ means specified in Article 6.2;

‘Legal Owner’ means the legal holder of the Fund Assets as referred in article 4:37j of the Act, being Stichting Juridisch Eigenaar Theta Blockchain Ventures or such other holder as may be appointed in accordance with the Terms and Conditions, from time to time;

‘License’ means the license as asset manager of the Fund Manager under the applicable financial supervision laws;

‘Linked Fund’ means a collective investment vehicle or investment portfolio managed or advised by the Fund Manager and investing in parallel with the Fund, as described in Article 18;

‘Managed Account’ a segregated portfolio of assets placed with a portfolio manager for discretionary management by such portfolio manager on behalf of the Fund;

‘Minimum Holding’ means the minimum value of the Participations in the Fund which may be held or initially acquired by any Participant, as determined by the Fund Manager from time to time;

‘Net Asset Value’ means the net asset value of a Participation or the Fund as determined in accordance with the provisions of Article 12 calculated to two (2) decimal places;

‘Ordinary Resolution’ means a resolution (a) in writing (which may consist of one or more documents in like form each signed by one or more Participants) signed by Participants whose Participations represent in excess of fifty per cent. (50%) of the total Participations or (b) passed at a meeting of Participants by Participants whose Participations represent in excess of fifty per cent. (50%) of the total Participations;

‘Outstanding Subscription Amount’ means the part of the Commitment that is not Contributed Capital;

‘Participants’ means the persons or entities which participate in the Fund in accordance with the terms of the Subscription Form and the Terms and Conditions;

‘Participations’ means the units in which the rights of the Participants to the Fund Estate have been divided, each Participation representing an equal interest in the Fund Estate without priority or preference one over the other;

‘Redemption’ means the redemption of a Participation;

‘Register’ means a register maintained by the Fund Manager for the administration of the Participations and Participants;

‘Securities’ means ordinary shares, preference shares, convertible securities or other financial instruments or interests in a company or entity, including but not limited to any Investee Fund;

‘Special Resolution’ means a resolution:

(a) in writing (which may consist of one or more documents in like form each signed by one or more Participants) signed by Participants whose Participations represent seventy-five per cent. (75%) or more of the total Participations; or (b) passed at a meeting of Participants by Participants whose Participations represent seventy-five per cent. (75%) or more of the total Participations;

‘Subscriber’ means any person who has provided a Subscription Form to the Fund Manager, which Subscription Form been accepted by the Fund Manager;

‘Subscription Form’ means the form through which a prospective Participant makes a formal and binding request to the Fund Manager to subscribe for Participations;

‘Subscription Price’ means the subscription price payable for the acquisition of a Participation;



‘Subsequent Closing’ means the accession of new Participants at a Closing Date after the First Closing Date;

‘Terms and Conditions’ means the terms and conditions of participation, management and custody of the Fund set forth herein and as amended from time to time;

‘Total Return’ means the increase of the Net Asset Value of the Fund as at the end of its financial year over its level at the beginning of the year (after deduction of all expenses and liabilities before deduction of the Incentive Fee); and

‘Valuation Day’ means the last Business Day in each calendar quarter and such other days as the Fund Manager may determine.

- 1.2 Unless the context requires otherwise, references to Articles are to articles of these Terms and Conditions.

## 2 Name, Objects, Fiscal Status, term, Closings

2.1 The name of the Fund is: Theta Blockchain Ventures.

2.2 The Fund is a common contractual fund (*fonds voor gemene rekening*). These Terms and Conditions and the arrangements made in connection herewith do not establish a partnership (*maatschap* or *vennootschap onder firma*) or limited partnership (*commanditaire vennootschap*).

2.3 The Fund is set up as a tax transparent fund for joint account (*transparant fonds voor gemene rekening*) and, accordingly, does not qualify as a taxable entity for Dutch corporate income tax and Dutch dividend withholding tax purposes.

2.4 The term of the Fund is (10) years after the Final Closing Date, unless the Fund Manager decides to extend the term of the Fund for a period of one (1) year, with a maximum of three (3) extensions.

## 3 Subscriptions, Commitments, Closings, Drawdowns

3.1 During the Commitment Period new Participants may be admitted to the Fund at a Closing Date. The Closing Dates shall be determined by the Fund Manager.

3.2 The Commitment Period commences on the First Closing Date. The Commitment Period ends in principle twelve (12) months after the First Closing Date. The Fund Manager may decide to extend the Commitment Period, provided that the Commitment Period cannot be extended beyond the duration of the Investment Period.

3.3 Subsequent Closings shall take place at a Closing Date, determined by the Fund Manager. At a Subsequent Closing, new Participants will be admitted to the Fund.

3.4 The Fund Manager shall determine the part of the Outstanding Subscription Amount of the new Participants that will have to be contributed to the Fund at a Subsequent Closing Date so that all Participants that committed at least USD 500,000, shall have the same percentage of their Commitment contributed to the Fund. Participants with a Commitment less than USD 500,000, shall be required to contribute a higher percentage to meet an initial Contributed Capital of the USD equivalent of EUR 100,000. New Participants shall for the purpose of the calculation of the Benchmark Return and the distribution of capital to the Participants as referred in Article 11.2.2. be deemed to have participated as of the First Closing Date with a Contributed Capital equal to USD 1,000 for each

- Participation issued. Any difference shall be accounted as interest received by the Fund.
- 3.5 Participations shall be issued on the First Closing Date at an initial fixed Subscription Price of USD 1,000 each and at Subsequent Closings at a price per Participation equal to the higher of: (i) the NAV of a Participation; or (ii) USD 1,000 and an additional sum at an annual rate equivalent to eight percent (8%), which sum will accrue from the First Closing Date up to the date of issue.
  - 3.6 Participations may be issued on any subsequent Closing Day after payment to the Legal Owner of the Subscription Price. Payment must be made to the relevant Fund Bank Account in accordance with the Information Memorandum for value at least ten (10) Business Days before the relevant Closing Day, unless otherwise agreed by the Fund Manager.
  - 3.7 At each Subsequent Closing the Fund Manager will apply the amounts drawn at such Subsequent Closing from the additional Participants admitted or who increase their Capital Obligation to the Fund at that Subsequent Closing (including any interest received), in making payments in such proportions as may be required so as to ensure parity between all Participants. In effecting such adjustments, the Fund Manager will take all necessary steps including making payments by or to each of the Participants in such a way that all Participants will be placed in substantially the same economic position as if all Participants had been admitted on the First Closing Date.
  - 3.8 Fractional Participations may be issued at the discretion of the Fund Manager.
  - 3.9 The Fund Manager may, at its sole discretion, suspend the issue of new Participations or reject any subscription for Participations in whole or in part and return subscription moneys to Subscribers without interest.
  - 3.10 The Fund Manager may, at its discretion, agree to accept the transfer of Securities to the Fund, by way of exchange, in satisfaction of the Subscription Price payable. Any such Securities will be valued in accordance with the valuation principles applied by the Fund.
  - 3.11 During the Investment Period, the Fund Manager may, at its own discretion, partially or fully draw the Outstanding Subscription Amount of a Participant by means of a Drawdown Request to: (i) enable the Fund to acquire new Fund Assets; and (ii) pay costs of the Fund, the Fund Manager and/or the Legal Owner in accordance with the Terms and Conditions or, if reasonably needed, make reservation for costs that the Fund, the Fund Manager and / or the Legal Owner will incur in accordance with the Terms and Conditions in the next three (3) months.
  - 3.12 After the Investment Period, the Fund Manager may, at its own discretion, partially or fully draw the Outstanding Subscription Amount of a Participant by means of a Drawdown Request to; (i) enable the Fund to complete investments in Fund Assets if the respective transactions were in process at the end of the Investment Period; and (ii) repay an overdraft facility or other debt instruments of the Fund.
  - 3.13 The Fund Manager shall not be required to call any Outstanding Subscription Amount. The Fund Manager may – at its own discretion – apply the available liquidity in the Fund before issuing Drawdown Requests.
  - 3.14 The Fund Manager may cancel any Outstanding Subscription Amount if the Fund Manager believes that such cancellation is necessary or desirable in view of legal, tax or regulatory restrictions regarding the acquisition of Fund Assets or in view of

the fact that such Outstanding Subscription Amount Commitment is no longer required.

- 3.15 A Participant shall pay the corresponding amount within the payment term specified in the Drawdown Request, which term shall be a minimum of ten (10) Business Days from the date of the Drawdown Request. The Fund Manager shall indicate to which issue date the Drawdown Request pertains.
- 3.16 A Participant that fully complied with a Drawdown Request will on the issue date receive the number of Participations against the most recent available Net Asset Value at the date of issue of the Participations. The number of Participations that a Participant receives in relation to meeting such Drawdown Request will be calculated in accordance with the following formula:  $X / Y$ , whereby: X is the amount of the payment which the Fund Manager received from the Participant in connection with the Drawdown Request concerned; and Y is the Net Asset Value of a Participation on the basis of the most recent available Net Asset Value.
- 3.17 The Fund Manager will in determining the amount of each Drawdown Request, in principle, allocate Drawdown Requests *pro rata* to the amount of the Outstanding Subscription Amount of each Participant. The Fund Manager may deviate from this *pro rata* allocation in the event of a Defaulting Participant and in the event of urgent situations where the Fund Manager considers this in the best interest of the Fund and the joint Participants.
- 3.18 If the Fund Manager has redeemed Participations of a Defaulting Participant against the Adjusted Redemption Price, the Fund Manager may facilitate a simultaneous issue of new Participations against the Adjusted Price. The Fund Manager will only facilitate such simultaneous issue if the Subscriber concerned assumes the Outstanding Subscription Amount of the Defaulting Participant concerned.

#### 4 **Defaulting Participants**

- 4.1 If a Participant becomes a Defaulting Participant:
  - 4.1.1 the Defaulting Participant shall compensate any damages that the Fund suffers as a consequence of the late payment by the Defaulting Participant, including the costs for external funding, excluding consequential damages (*gevolgschade*), plus interest on the amount which is the subject of the Drawdown Request at the rate of (15) % per annum;
  - 4.1.2 as long as such Defaulting Participant is in default in complying with a Drawdown Request, any distributions from the Fund to this Participant shall be suspended and this Participant shall not be entitled to participate or cast votes in the meeting of Participants or to otherwise exercise any control rights with respect to the Participations; and
  - 4.1.3 to the extent that there is Outstanding Subscription Amount, the Fund Manager is entitled to submit additional Drawdown Requests to other Participants and to refuse and/or return all or part of the payments made by the Defaulting Participant.
- 4.2 The payment term specified by the Fund Manager in a Drawdown Request constitutes a final payment term within the meaning of Section 6:83(a) Dutch Civil Code (*Burgerlijk Wetboek*).

- 4.3 In addition, if there is a Defaulting Participant during the Commitment Period, the Fund Manager may perform the following acts:
  - 4.3.1 the Fund Manager is entitled to attract external funding to cover the Drawdown Request in respect of which the Defaulting Participant is in default. The Fund Manager may grant the Defaulting Participant an additional period to remediate its default, which shall at least include the payment of the amount of the Drawdown Request, the cost of external funding and the interest as referred to in Article 4.1.1.; and
  - 4.3.2 if the Defaulting Participant does not remediate its default within the term specified by the Fund Manager, the Fund Manager may request other Participants to assume the remaining Outstanding Subscription Amount of the Defaulting Participant; and
  - 4.3.3 if the remaining Outstanding Subscription Amount is not assumed in full by other Participants, the Fund Manager may redeem the Participations of the Defaulting Participants against the Adjusted Redemption Price. The Fund Manager may simultaneously issue the same number of Participations to other Participants or potential new Participants, against the Adjusted Price in accordance with Article 3.15.
- 4.4 In addition, if there is a Defaulting Participant during the Investment Period, but after the Commitment Period, the Fund Manager may perform the following acts:
  - 4.4.1 the Fund Manager is entitled to attract external funding to cover the Drawdown Request in respect of which the Defaulting Participant is in default. The Fund Manager may grant the Defaulting Participant an additional period to remediate its default, which shall at least include the payment of amount of the Drawdown Request, the cost of external funding and the interest as referred to in Article 4.1.
  - 4.4.2 if the Defaulting Participant does not remediate its default within the term specified by the Fund Manager, the Fund Manager may redeem the Participations of the Defaulting Participants against the Adjusted Redemption Price. The Fund Manager may simultaneously issue the same number of Participations to other Participants, against the Adjusted Price in accordance with Article 3.15.
- 4.5 In addition, if there is a Defaulting Participant after the Investment Period, the Fund Manager may perform the same acts as set out in Article 4.3, provided that the Fund Manager may, at its sole discretion, determine whether or not to attract external funding before resorting to the redemption of the Participations against the Adjusted Price.
- 4.6 In the event of a redemption in respect of a Defaulting Participant, the Fund Manager may subsequently deviate accordingly from the pro rata mechanism referred to in Article 3.17. The Outstanding Subscription Amount of a Defaulting Participant is cancelled, to the extent that one or more other Participants assume that Outstanding Subscription Amount.

## 5 **Legal Owner and Depositary**

- 5.1 All the Fund Assets shall be legally owned by, and will be administered in the name of, the Legal Owner.
- 5.2 The Legal Owner shall, inter alia:
  - 5.2.1 acquire and hold the Fund Assets for the purpose of management and custody (*ten titel van beheer en bewaring*) on behalf and for the account of the Participants;
  - 5.2.2 act solely in the interests of the Participants;

- 5.2.3 not acquire any assets or assume any obligations for its own account or for the account of third parties who or which are not Participants;
- 5.2.4 open and maintain Fund Bank Accounts with such bank or banks as the Fund Manager may from time to time select; and
- 5.2.5 shall hold all uninvested monies of the Fund in such accounts
- 5.3 The Legal Owner shall only be liable towards the Fund and the Participants for direct losses suffered to the extent that the losses result from culpable non-performance or defective performance of its obligations, also in case the Legal Owner delegated the custody of Fund Assets in whole or part to a third party.
- 5.4 The Legal Owner shall not be entitled to resign without the appointment of a new legal owner in his place by an Ordinary Resolution. If the Legal Owner notifies the Fund Manager of its wish to resign, the Fund Manager shall within 4 weeks convene a meeting of Participants to approve the appointment of a successor as nominated at the initiative of the Fund Manager only.
- 5.5 The Fund Manager will appoint a Depositary with respect to the Fund in accordance with the AIFMD and the Act. The Participants will be informed in writing of any amendment, renewal, restatement, assignment or termination of the agreement with the Depositary and of the entering into any new agreement with the Depositary, within 20 Business Days after such event. Upon request, the Participants will be provided with a copy of the agreement with the Depositary.

## **6 Management and Investments**

- 6.1 The Fund Manager is charged with the management and administration of the Fund Estate and is, subject to these Terms and Conditions, entitled to invest the Fund Means, to dispose of or exchange any of the Fund Investments, to assume Fund Obligations and to perform any and all other acts in its own name on behalf and for the account of the Fund which are in the opinion of the Fund Manager reasonably necessary for, or conducive to, the attainment of the Investment Objectives. The Fund Manager may, from time to time, seek third party advice regarding overall asset allocation and investment management.
- 6.2 The Investment Period commences at the First Closing Date, and ends in principle thirty-six (36) months after the First Closing Date. The Fund Manager may, at its discretion, extend the Investment Period with a period of twelve (12) months.
- 6.3 In managing the Fund Estate, the Fund Manager shall act solely in the interest of the Participants. In the performance of its obligations and in the exercise of its rights, powers and authorities hereunder, the Fund Manager shall exercise the standard of care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character, risk profile and investment objectives of the Fund, having regard to the provisions hereof.
- 6.4 The Fund Manager may, subject to compliance with the applicable provisions of the AIFMD and the Act, accordingly delegate all or any part of its powers and duties under these Terms and Conditions to one or more suitable third parties such as the Administrator.
- 6.5 The management and administration of the Fund Estate shall be performed for the account and at the risk of the Participants. Benefits and/or losses resulting therefrom shall consequently be for the benefit of or be borne by such Participants.

No Participant shall be liable to contribute any sum to the Fund Estate beyond the Subscription Price for his Participations.

- 6.6 The Fund Manager may borrow for the account, and at the expense, of the Fund to finance Fund Assets, Fund Obligations and Costs. The sum outstanding at any time shall not exceed five per cent. (5%) of the book value of the Fund Assets. Subject to that, Fund Investments may not be financed with any funding (including but not limited to debt funding) other than Subscription proceeds.
- 6.7 Any transaction undertaken by the Fund Manager in breach of the Terms and Conditions shall be cancelled and shall be for the account of the Fund Manager.
- 6.8 The Fund Manager shall not resign or withdraw from the Fund unless replaced by a successor with the sanction of an Ordinary Resolution (meeting of Participants to be held within 4 (four) weeks after the Fund Manager has announced its intention to resign).
- 6.9 The Fund Manager may be removed from office and a new Fund Manager may be appointed, by Special Resolution, in the event of fraud, illegal acts, gross negligence (*grove schuld*), wilful default (*opzet*) or a material breach (not remedied within one hundred and twenty (120) days of a Participant giving notice to the Fund Manager requiring it to do so) by the Fund Manager in carrying out its obligations under the Terms and Conditions.
- 6.10 The Fund Manager nor any of its respective directors, employees or affiliates shall be liable towards the Participants for a loss suffered by them in connection with the performance of its respective duties and responsibilities, unless and to the extent that such loss is directly caused by the gross negligence (*grove schuld*) or wilful default (*opzet*) of the Fund Manager. Neither the Fund Manager nor any of its respective directors, employees or affiliates shall be liable towards the Participants for a loss suffered by them as a result of any act or omission of a third party.
- 6.11 The Fund Manager and the Legal Owner and their respective officers, directors, shareholders, agents and employees shall be entitled to be indemnified out of the Fund Assets against any claims, liabilities, costs and expenses (including reasonable legal fees) incurred in relation to the performance of their duties in relation to the Fund provided however that no such person shall be so indemnified with respect of any matter resulting from its or his fraud, gross negligence (*grove schuld*) or wilful default (*opzet*) in the performance by it or him of its or his obligations and duties in relation to the Fund or material breach of the Terms and Conditions not remedied within sixty (60) days of receiving notice requiring such remedy.

## 7 **Fund Means**

- 7.1 The Fund Means of the Fund may be received by the Legal Owner in consideration for the subscription of Participations, in respect of or in exchange for Fund Investments, by creation and increase of Fund Obligations and/or by creation, increase and application of provisions and reserves, if any.
- 7.2 The Fund Means shall be held by the Legal Owner pending the selection and purchase of suitable investments and reinvestments by the Fund Manager, and to maintain liquidity to meet payment obligations which arise or may arise.
- 7.3 The Fund Means may be used to pay for all Fund Obligations and Costs.

**8 Authority to Invest and Administer Fund Assets**

- 8.1 Subject to the provisions set forth in the Terms and Conditions, the Fund Manager may invest the Fund Means in any Fund Investments and the determination of the Fund Manager as to whether or not any investments are of a type which may be purchased or held by the Legal Owner in view of the Investment Objectives shall be conclusive.
- 8.2 It is the intention that (subject only to the specific restrictions mentioned herein) the Fund Manager shall have the broadest power and authority in making investments consistent with the investment powers herein provided. The Fund Manager shall have full discretionary power to retain Fund Assets for as long a period as it shall think proper and to manage, convert, exchange, transfer and dispose of the Fund Assets. The Fund Manager shall have and may exercise every right and privilege pertaining to management provided that the exercise of such right or privilege is, in its opinion, conducive to the attainment of the Investment Objectives.
- 8.3 Without limiting the generality of the foregoing, the Fund Manager's powers and authority shall include:
- 8.3.1 to enter into, perform and carry out contracts of any kind necessary or incidental to the matters set forth in this Article, including, without limitation, contracts with affiliates of the Fund Manager and/or with the Depositary;
- 8.3.2 to bring, sue, prosecute, defend, settle or compromise actions at law related to the purposes of the Fund;
- 8.3.3 to employ, retain or otherwise secure or enter into agreements or other undertakings with persons or firms in connection with the management and operation of the Fund's business, including, without limitation, auditors, attorneys, consultants, investment bankers, any other agents, all on such terms and for such consideration as the Fund Manager deems advisable;
- 8.3.4 to enter into partnership and joint venture agreements and to take any and all actions incidental to investing in Investee Funds;
- 8.3.5 to exercise the statutory and contractual voting rights attached to or concerning the Fund Investments; and
- 8.3.6 to engage in any kind of lawful activity, and perform and carry out contracts of any kind, necessary or advisable in connection with the accomplishment of the purposes of the Fund.

**9 Participants**

- 9.1 Each Participant shall be beneficially entitled to the Fund Estate pro rata to the number of its Participations.
- 9.2 All benefits and (subject to Article 6.5) burdens, beneficially attached to the ownership of the Fund Estate, shall be in favour and for the account of each Participant pro rata to the number of its Participations.
- 9.3 By signing an Subscription Form, each Participant shall be bound by and subject to the Terms and Conditions.

**10 Participations**

- 10.1 Participations shall be in registered form only. Certificates shall not be issued.

- 10.2 In the Register the names and addresses of all Participants will be recorded, stating the particulars of their Participations and the date of acquisition of the Participations. The Register shall also state the manner in which a Participant wishes to receive payments and any distributions.
- 10.3 The Fund Manager shall at all times be entitled to rely on the accuracy of the information provided by each Participant for inclusion in the Register and to treat such information as conclusive with respect to such Participant and its entitlement to its Participations. The Fund Manager shall not be bound:
  - 10.3.1 by any change in such information which has not been notified to the Fund Manager in accordance with Article 10.4; or
  - 10.3.2 to recognise any interest or claim of any person to a Participation other than the Participant whose details have been duly entered in the Register in respect thereof.
- 10.4 Each Participant shall notify the Fund Manager promptly of any change in the information referred to in Article 10.3 in relation to such Participant. The Fund Manager shall upon receipt cause the Register to be amended accordingly within five (5) Business Days.
- 10.5 Within ten (10) Business Days following entry (or any change in the entry relating to it) the Fund Manager shall send to each Participant an extract from the Register signed by the Fund Manager, in so far as it concerns its Participation(s). Such extract shall only serve as evidence of the entry and is non-negotiable.
- 10.6 Upon written request to that effect by the Participant to the Fund Manager, the Register shall be available at the Fund Manager's office for the inspection of each Participant on Business Days, but only in so far as it concerns the Participant's own entry.

## 11 **Costs and Fees**

- 11.1 Annual Management Fee
  - 11.1.1 The Fund Manager shall be entitled to receive out of the Fund Assets an annual management fee equal to: (i) 0.75% of all Commitments during the Investment Period; and (ii) 0.75% of the Net Asset Value of the Fund after the Investment Period. The Fund Manager may determine that a reduced or no management fee is due.
  - 11.1.2 The annual management fee shall accrue each Valuation Day by reference to the Net Asset Value on that day and be paid quarterly in arrears on, the last Business Day in each of March, June, September and December.
- 11.2 Incentive Fee
  - 11.2.1 The Fund Manager shall be entitled to an incentive fee equal to 10% of the amount by which the Total Return exceeds the Benchmark Return. The Fund Manager may at its own discretion determine a lower fee.
    - In calculating the Incentive Fee in an absolute amount:
      - 1) an equitable adjustment shall be made for Participations subscribed and redeemed during the financial year; and
      - 2) any distributions paid to Participants during the financial year shall be added back.
  - 11.2.2 The Incentive Fee shall be due and payable to the Fund Manager:
    - (a) provided first the Participants have received distributions to the full amount of their Contributed Capital;



- (b) provided thereafter the Participants have received a distribution pro rata their Participations, up to the Benchmark Return;
  - (c) then the Fund Manager shall receive an amount equal to 10/90th of the amount under (b) to catch up to the Benchmark Return; and
  - (d) then of the remaining funds to be distributed, 90% to the Participants pro rata to their Participations and 10% Incentive Fee to the Fund Manager until the Participants received 300% of their Contributed Capital and thereafter 85% to the Participants pro rata to the Contributed Capital and 15% Incentive Fee to the Fund Manager.
- 11.3 Expenses to be borne by the Fund Manager  
The Fund Manager shall at its own expense provide office facilities and staff to facilitate the carrying on of the activities of the Fund.
- 11.4 Establishment Costs  
The fees and expenses payable in connection with the formation of the Fund (including, but not limited to, fees and expenses of attorneys, tax advisers, auditors, consultants and other professional advisers) shall be borne by the Fund.
- 11.5 Other Operating Costs  
All other operating expenses shall be borne by the Fund including (but not limited to):
- 11.5.1 management or advisory fees payable in respect of any Investee Fund, fees, brokerage expenses and duties associated with any investment proposals, or with the realisation of investments and other costs of acquisition and disposal of investments;
  - 11.5.2 the fees and expenses of the Legal Owner, Depositary and the Administrator;
  - 11.5.3 the fees and expenses of such attorneys, agents, lawyers, auditors or other advisers as the Fund Manager may deem necessary or advisable in relation to the affairs of the Fund and the parties involved;
  - 11.5.4 the cost of preparation of tax returns and establishing the tax status of the Fund;
  - 11.5.5 the costs of meetings of Participants;
  - 11.5.6 auditors' fees and expenses;
  - 11.5.7 transfer and other taxes and duties (including any irrecoverable value added tax payable by the Fund Manager in respect of services provided to it in connection with the Fund);
  - 11.5.8 interest;
  - 11.5.9 bank charges;
  - 11.5.10 fees and expenses in connection with pursuing or defending any complaint or litigation by or against the Fund; and
  - 11.5.11 any other expenses reasonably incurred in connection with the operation of the Fund.
- 12 **Net Asset Value and Value of the Participations**
- 12.1 Each Valuation Day, the Fund Manager shall determine the Net Asset Value taking the following into account:
- (a) the value of units, shares or other securities of any unit trust, mutual fund, investment company or other similar investment vehicle or collective investment scheme shall be derived from the most up to date prices available from the managers or their respective administrators thereof;

- (b) deposits shall be valued at their principal amount plus accrued interest calculated on a daily basis;
- (c) certificates of deposit shall be valued with reference to the best price bid for certificates of deposit of like maturity, amount and credit risk, for settlement as at the relevant Valuation Day;
- (d) treasury bills and bills of exchange shall be valued with reference to prices ruling in the appropriate markets for such instruments for settlement as at the relevant Valuation Day;
- (e) forward foreign exchange contracts will be valued by reference to the market value of similar contracts settled as at the relevant Valuation Day;
- (f) all valuations of financial futures contracts and purchased or sold options shall be assessed by reference to the prevailing prices on the relevant futures/options exchanges;
- (g) where any financial instrument owned or contracted for the Fund is listed or dealt in on a trading platform recognised as such under the securities laws of the jurisdiction in which it is situated or any over-the-counter market, all calculations of the Net Asset Value which are required for the purpose of computing the price at which Participations are to be issued, shall be based on the latest trade price therefor as at the relevant Valuation Day. When such financial instrument is listed or dealt in on more than one trading platform or over-the-counter market, the Fund Manager may in its absolute discretion select any one of such trading platforms or over-the-counter markets for the foregoing purposes;
- (h) in respect of any financial instrument the quotation of which has been temporarily suspended or in which there has been no recent trading, the value shall be taken to be a reasonable estimate of the amount which would be received by a seller by way of consideration for an immediate transfer or assignment from the seller at arm's length less any fiscal charges, commission and other sales charges which would be payable by the seller;
- (i) the value of any investment which is not quoted, listed or normally dealt in on a trading platform or over-the-counter market shall be the value considered by the Fund Manager in good faith to be the value thereof;
- (j) all bills, notes and accounts payable;
- (k) all administrative and operating expenses, payable and/or accrued (the latter on a day-to-day basis);
- (l) all known liabilities, present and future, including the amount of any unpaid dividend, contractual obligations for the acquisition of investments or other property or for the payment of money and outstanding payments on any Participations previously redeemed;
- (m) an appropriate provision for taxes as determined from time to time by the Fund Manager;
- (n) all other liabilities of the Fund of whatsoever kind and nature except liabilities represented by Participations referable to the Fund and reserves (other than reserves authorised or approved by the Fund Manager); and
- (o) such allowance as the Fund Manager considers appropriate for contingent liabilities.

Notwithstanding the foregoing, the Fund Manager shall be entitled, at its discretion, to apply a method of valuing any investment different from that prescribed hereunder if such method would in its opinion better reflect the fair value of such investment and without prejudice to the generality of the foregoing, the Fund Manager may rely upon opinions and estimates of any persons who appear to it to be competent to value investment of any type or designation by reason of any appropriate professional qualification or experience of the relevant market. In determining the amount of liabilities the Fund Manager may calculate administrative and other expenses of a regular or recurring nature on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period.

For the purposes of determining the Net Asset Value, any assets or liabilities in currencies other than USD will be converted into USD at the rate (whether official or otherwise) which the Fund Manager shall in its absolute discretion deem appropriate to the circumstances having regard, inter alia, to any premium or discount which it considers may be relevant and to the costs of exchange at the time of determination of the Net Asset Value.

In addition the foregoing the Fund Manager shall take all necessary differences into account to determine the Net Asset Value.

12.2 The Net Asset Value shall be expressed in USD.

12.3 The reasonable and equitable decision of the Fund Manager regarding the Net Asset Value, including the determination whether a method of valuation fairly indicates fair market value, and the selection of experts for purposes of assessing the value of the Fund Assets and the Fund Obligations, shall be conclusive and binding upon all Participants.

### 13 **Transfer or Encumbrance of Participations**

13.1 No assignment, sale, transfer, or other disposition of a Participation (whether voluntary or involuntary) shall be valid or effective.

13.2 Participations cannot be made subject to any pledge, mortgage, usufruct, charge, lien, retention or other encumbrance (*beperkt recht*) of any nature whatsoever.

### 14 **Redemption of Participations**

14.1 Only the Manager may redeem Participations in accordance with the provisions of this Article.

14.2 Participations may not be transferred. The term "transferred" as used in this Article 14 in relation to the transfer of Participations means any sale, transfer, including transfer under universal title (*algemene titel*), disposal, exchange, pledge, encumbrance or other disposition of any Participation or part thereof. This Article 14.2 has proprietary effect (*goederenrechtelijk effect*).

14.3 In principle no redemption of the Participations at the request of a Participant will be effected by the Fund Manager.

14.4 The Fund Manager shall be entitled to redeem all (but not part of) the Participations of any Participant if:

14.4.1 a Participant becomes a Defaulting Participant;

- 14.4.2 the number of outstanding Participations of the relevant Participant is so limited that this would be detrimental to the adequate and efficient management of the Fund;
- 14.4.3 the Participant is dissolved, becomes insolvent, is unable to pay its debts, institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy, insolvency or similar law; or
- 14.4.4 in the Fund Manager's reasonable opinion the tax position of the Fund or any of the other Participants is or will become negatively affected due to the tax status or position or any change therein of the relevant Participant or any other circumstance concerning such Participant.
- 14.5 Each Participant shall immediately notify the Fund Manager if any such status, position, change therein or any other circumstance occurs.
- 14.6 If one or more Participants wish to redeem Participations and if one or more Subscribers wish to simultaneously acquire new Participations in situations as set out under (i) – (iii) below, the Participant(s) and Subscriber(s) concerned may request the Fund Manager to facilitate this. The Fund Manager may – at its sole discretion – facilitate a simultaneous redemption and issue of new Participations in the following situations: (i) the redeeming Participant(s) and the Subscriber(s) concerned are Affiliates; or (ii) the redeeming Participant(s) and the Subscriber(s) jointly request the Fund Manager with a request for a simultaneous redemption and issue of new Participations.
- 14.7 The Fund Manager will only facilitate a simultaneous issue and redemption as described in Article 14.6 if the Subscriber concerned assumes the Outstanding Subscription Amount of the redeeming Participant concerned.
- 14.8 Notwithstanding the possibility for the Fund Manager to make distributions under Article 20, if after the Commitment Period the Fund's cash position exceeds five percent (5%) of the Net Asset Value of the Fund for an uninterrupted period of three (3) months, the Fund Manager may offer the Participants to have Participations redeemed in order to bring the Fund's cash position at a level below five percent (5%). If the Fund Manager, wishes to redeem Participations in accordance with this Article 14.8, it shall request each Participant to indicate which number of Participations it wants to redeem.
- 14.9 If (i) after redemption in accordance with Article 14.8, the liquidity of the Fund still exceeds five percent (5%), and (ii) the Fund Manager deems this in the interest of the Fund, the Fund Manager may redeem Participations of all Participants on a pro rata basis.
- 14.10 Redemptions shall be effected at a price equal to the Net Asset Value of the Participations on the Valuation Day on which Redemption is effected unless the redemption relates to Participation of a Defaulting Participant in which case redemption shall be effected at 75% of the Net Asset Value.
- 14.11 Participations which are redeemed shall not be held by the Legal Owner but shall be automatically cancelled.
- 14.12 Immediately upon redemption the Fund Manager shall procure that the necessary amendments are made to the Register.
- 14.13 Participations may be redeemed against the transfer to the Participant concerned of an equitable proportion of the Fund Investments, with the Fund Manager making such adjustments as it thinks fit to deal with any restrictions on, or inconvenience

arising from, particular transfers. Any such transfer and redemption may be subject to the transferee also assuming an equitable proportion of the Fund Obligations, with such adjustments as the Fund Manager thinks fit. Any such redemption shall require the prior consent of the Fund Manager which may be given (with or without the imposition of conditions) or withheld at the absolute discretion of the Fund Manager.

## 15 **Suspension of Valuations**

- 15.1 The Fund Manager may declare a suspension of valuations and the issue of Participations for the whole or any part of a period during which:
  - 15.1.1 by reason of the closure of or the suspension of trading on any stock exchange or over-the-counter market or any other reason, circumstances exist as a result of which, in the opinion of the Fund Manager, it is not reasonably practicable or fairly to determine the Net Asset Value; or
  - 15.1.2 a breakdown occurs in any of the means normally employed by the Fund Manager in ascertaining the value of Fund Investments or any other reason or circumstances exists which in the opinion of the Fund Manager means the value of the investments or other assets of the Fund cannot reasonably be ascertained; or
  - 15.1.3 it is not possible to receive remittances in respect of the investments or to make payments pursuant to a redemption at all or without undue delay.
- 15.2 Any such suspension shall take effect at such time as the Fund Manager shall declare but not later than the close of business on the Business Day next following the declaration and thereafter there shall be no determination of Net Asset Value until the Fund Manager shall declare the suspension at an end except that the suspension shall terminate in any event on the first Business Day on which:
  - 15.2.1 the condition giving rise to the suspension shall have ceased to exist; and
  - 15.2.2 no other condition shall exist under which suspension is authorised under the Terms and Conditions.
- 15.3 Each such declaration by the Fund Manager shall be consistent with such official rules and regulations (if any) relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Fund as shall be in effect at the time. To the extent not inconsistent with such official rules and regulations, the determination of the Fund Manager shall be conclusive.

## 16 **Notices**

- 16.1 All notices to Participants shall be sent in writing to the (electronic) addresses of Participants stated in the Register. All notices to a Legal Owner or Fund Manager shall be sent in writing and shall be addressed or directed to the addresses set out in the Information Memorandum or such other address(es) as may have been notified to the Participants in writing.
- 16.2 The Information Memorandum sets forth the information the Fund Manager provides on its the Website;
- 16.3 The information regarding the Legal Owner, the Depositary and the Fund Manager which needs to be filed in the trade register of the Chamber of Commerce may be provided to any person at cost price. Upon request any person will be provided with a free copy of the Terms and Conditions.

- 16.4 The License and the Terms and Conditions may be inspected at the office of the Fund Manager. Participants may be provided at cost price with a copy of the License and a copy of the monthly report and notes including as per the end of the preceding month information about the Net Asset Value of the Fund and the Participations, an overview of the composition of the Fund Investments and the number of outstanding Participations.
- 16.5 The annual accounts of the Fund and the Fund Manager may be inspected at the offices of the Fund Manager. Any Participant will be provided with a free copy of aforementioned information upon request.
- 16.6 The Fund Manager will inform the Participants of a request to withdraw its License.

## 17 **Disclosure of Interests**

- 17.1 Interested Parties may buy, hold or deal in any investments upon their own account notwithstanding that the same or similar securities or other investments may be held by or on behalf of the Fund and an Interested Party shall not be liable to account either to the other Interested Parties or to the Fund, the Participants or any other person for any profits or benefits made or derived by or in connection with any such transaction.
- 17.2 An Interested Party may enter into any transaction with any Investee Fund and may be interested in any such contract or transaction (but only on an arm's length basis) and shall not be liable to account either to other Interested Parties or to the Fund, the Participants or any other person for any profits or benefits made or derived by or in connection with any such transaction.
- 17.3 Details of each transaction falling within Articles 17.1 and 17.2 entered into by any of the directors of the Fund Manager shall be provided to Participants in the annual accounts prepared in accordance with Article 19.2.

## 18 **Linked Funds**

- 18.1 The Fund Manager may manage or advise other collective investment schemes or investors for the purpose of investment in parallel with, and on substantially similar terms as, the Fund.
- 18.2 The Fund Manager shall, so far as consistent with applicable fiscal, legal and regulatory requirements, allocate investment opportunities in proportion to the funds respectively committed to the Fund and such Linked Funds and any such co-investment shall be made on the same financial terms as the acquisition by the Fund.
- 18.3 The Fund Manager may make arrangements with Linked Funds on such terms as it reasonably thinks fit to share income, costs, expenses and liabilities relating to such investments with the Linked Funds in proportion to the amounts respectively invested, to equate the rate of return earned from any investment and make such other arrangements as it thinks fit.

## 19 **Accounting and Reporting**

- 19.1 The financial year of the Fund shall coincide with the calendar year.
- 19.2 The Fund Manager shall prepare annual accounts, consisting of a balance sheet and an income statement for the Fund and explanatory notes thereto. The accounts of

the Fund shall be signed by all members of the board of directors of the Fund Manager. Should one (1) or more signatures be missing, this shall be disclosed, stating reasons. The annual accounts shall be prepared in accordance with the Act and the AIFMD.

- 19.3 The Fund Manager shall appoint an auditor, as referred to in article 2:393(1) of the Dutch Civil Code, to audit the annual accounts of the Fund and report on the Net Asset Value(s) as determined by the Fund Manager. Such person shall report on his audit to the Fund Manager, shall set out the results of his audit in a certificate and shall be entitled to receive reasonable compensation for the services rendered.
- 19.4 The Fund Manager shall with the annual accounts, send to each Participant a statement of the Participations acquired or redeemed during such period and a report by the Fund Manager expressing its opinion on the Net Asset Value of the Participations held at the end of the financial year.
- 19.5 The Fund Manager shall prepare the annual accounts within 6 months following the end of each financial year of the Fund.
- 19.6 As soon as reasonably practicable following the last calendar day of each month, the Fund Manager shall send a statement to each Participant with information with respect to the Fund as required by the Act and the AIFMD and as provided in the Information Memorandum.

## 20 **Distributions**

- 20.1 The Fund Manager shall distribute any income of the Fund in accordance with the policy described in the Information Memorandum. Any sums which it determines to distribute shall be paid to the Participants, pro rata to their Participations.
- 20.2 Distributions in cash shall be made by credit to such bank account as the Participant may agree with the Fund Manager. Cash Equivalents and Securities shall be transferred into the name of the relevant Participant.
- 20.3 Any announcement of payment of distributions pursuant to this Article 20 shall be given to Participants in accordance with Article 16.

## 21 **Tax Aspects**

- 21.1 The Fund Manager shall use reasonable endeavours to assist Participants in obtaining the benefit of any tax exemptions applicable to investments by the Fund and any tax refunds available in respect of tax withheld from sums receivable by the Fund. The Fund Manager shall not be obliged to seek any exemption or refund where the effort or expense would be disproportionate to the sums likely to be recovered. If the Fund Manager thinks fit, the amount distributable to any Participant may take into account the availability of tax exemptions or refunds attributable to him and to the rate of withholding applicable to him.
- 21.2 Each Participant shall promptly provide all information required for the purpose of Article 21.1 and do all such acts and things as the Fund Manager may reasonably require in connection therewith.
- 21.3 Each Participant shall indemnify the Fund and the other Participants for any taxes incurred or suffered by the Fund or any other Participant as a result of his failure to comply with Article 21.2, his tax residence or status or otherwise resulting from his participation in the Fund.

## 22 **Amendments to the Terms and Conditions**

- 22.1 The Terms and Conditions may be amended by the Fund Manager without any further consent of the Participants being required provided the amendment does not involve: (i) a change in the Investment Objectives; (ii) an increase of the fees of the Fund Manager, which require the prior consent of the Participants through a Special Resolution.
- 22.2 The Terms and Conditions cannot be amended at the request of the Participants.
- 22.3 Notice will be sent by the Fund Manager to all Participants to inform the Participants of the text of a proposed amendment of the Terms and Conditions at least thirty (30) calendar days before the day on which the amendment shall come into effect.
- 22.4 Upon amendment of the Terms and Conditions, the Fund Manager shall promptly send to the Participants the text of the revised Terms and Conditions.

## 23 **Termination and Winding Up**

- 23.1 The Fund shall be terminated at the end of its term.
- 23.2 The Fund shall be terminated on the bankruptcy, dissolution or liquidation of the Fund Manager unless the appointment of a replacement Fund Manager is approved by Ordinary Resolution.
- 23.3 The Fund may be terminated at any time:
  - 23.3.1 with the sanction of a Special Resolution, upon the Fund Manager committing fraud, illegal acts, gross negligence (*grove schuld*), wilful default (*opzet*) or material breach of these Terms and Conditions which is not remedied within a reasonable period of time; and
  - 23.3.2 with the agreement of the Fund Manager and the sanction of a Special Resolution.
- 23.4 The Fund Manager may (with the consent of an Ordinary Resolution) by notice in writing to the Participants, terminate the Fund at any time if in its reasonable opinion it would be impracticable, unlawful or inadvisable to continue.
- 23.5 Upon termination of the Fund in accordance with this Article, or dissolution, no further business shall be conducted for the Fund, except for such actions as shall be necessary for the winding up of the affairs of the Fund and the distribution of the assets of the Fund which shall be effected by the Fund Manager.
- 23.6 During the liquidation period the Terms and Conditions shall, to the extent possible, remain in full force and effect.
- 23.7 The balance left after the liquidation shall be distributed in accordance with Article 20. Notice that distributions are to be made payable to the Participants and the composition of the distributions or collections shall be given in accordance with the provisions of Article 16. The Fund Manager shall duly render accounts to the Participants before making any distributions.
- 23.8 The Fund Manager shall prepare liquidation accounts, which shall be accompanied by a certificate of the Depositary or the auditor as referred in Article 19.3. Approval of those liquidation accounts by a meeting of Participants shall, upon approval by Ordinary Resolution, constitute a discharge of the Legal Owner and the Fund Manager for their actions up to the date of the liquidation accounts.



24 **Meetings of Participants**

- 24.1 The Fund Manager may, as often as it deems necessary in the interest of the Participants, convene a meeting of Participants to be held virtual through electronic means or in person. The meetings will, if held through an in person meeting, be held in Amsterdam or another place to be determined by the Fund Manager. Notice for a meeting will be given in accordance with Article 16 at least fourteen (14) days prior to the meeting and will state the date, time, place and agenda for the meeting.
- 24.2 Participants wishing to attend a meeting must notify the Fund Manager thereof in writing no later than five (5) Business Days prior to the meeting. Participants which have so notified the Fund Manager are entitled to be heard at the meeting and to exercise their voting rights.
- 24.3 The Fund Manager shall appoint a chairman and a secretary. The chairman shall be responsible for determining the procedure to be adopted for the conduct of any meeting. The secretary shall be responsible for the preparation of minutes of the meeting.
- 24.4 Each Participation gives an entitlement to one vote.

25 **Applicable Law and Competent Court**

The Terms and Conditions shall be governed by the laws of The Netherlands. The competent courts of Amsterdam and its appellate courts shall have exclusive jurisdiction to decide on a dispute between the parties arising from the Terms and Conditions.