

Betashares Funds

Product Disclosure Statement

Betashares Bitcoin ETF

ASX: QBTC

Betashares Ethereum ETF

ASX: QETH



IMPORTANT INFORMATION

About this PDS

This Product Disclosure Statement (PDS) is dated 10 February 2025.

Betashares Capital Ltd ABN 78 139 566 868 AFS Licence 341181 is the issuer of this PDS and is responsible for its contents. In this PDS references to the "Responsible Entity", "Betashares", "we", "our" and "us" refer to Betashares Capital Ltd.

This PDS is the offer document for the following registered managed investment schemes: Betashares Bitcoin ETF (ARSN 649 677 878) and Betashares Ethereum ETF (ARSN 654 541 803). These are referred to in this PDS individually as "Fund" and collectively as "Funds" or "Betashares Funds".

A copy of this PDS has been lodged with the Australian Securities and Investments Commission (ASIC) on 10 February 2025. Neither ASIC nor ASX Limited takes any responsibility for the contents of this PDS.

At the time of lodgement of this PDS with ASIC, the Units in each Fund are yet to be quoted for trading on the ASX. An application has been made to the ASX for Units in each Fund issued pursuant to this PDS to be quoted for trading on the AQUA market of the ASX under the AQUA Rules.

No applications for Units in the Funds will be accepted until the exposure period for the PDS has expired. The exposure period for the PDS expires seven days after lodgement of this PDS with ASIC, subject to possible extension by ASIC for a further period of up to seven days.

The PDS is designed so that one or a number of Betashares exchange traded funds may be offered under it over time. Additional Funds may be added by the Responsible Entity issuing a supplementary PDS or a new PDS.

A copy of the latest PDS for the Fund is available on the Betashares website at www.betashares.com.au or by contacting Betashares on (02) 9290 6888. A paper copy will be provided free of charge on request.

The offer

The offer under this PDS is for certain financial institutions, called "Authorised Participants". Certain sections of the PDS (particularly those relating to applications for and redemptions of Units in the normal course) are of direct relevance to Authorised Participants only.

Other investors cannot apply for Units under this PDS, but can buy Units on the ASX through a stockbroker, or via a financial adviser. Such investors may use this PDS for information purposes only.

The offer to which this PDS relates is available to Authorised Participants receiving the PDS (electronically or otherwise) in Australia, or in certain overseas jurisdictions by direct arrangement with the Responsible Entity.

This PDS does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer.

No action has been taken to register or qualify the Funds in any jurisdiction outside Australia and New Zealand, although the Responsible Entity reserves the right to do so at any time. The distribution of this PDS outside Australia and New Zealand may be restricted by law and persons who come into possession of this PDS outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

Units have not been registered under the United States Securities Act of 1933 (as amended) and except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America or any of its territories or for the benefit of a US Person (as defined in Regulation S of such Act).

PDS updates

Information in this PDS that is not materially adverse to investors is subject to change from time to time and may be updated by the Responsible Entity by publishing such information on the Betashares website at www.betashares.com.au. A paper copy of any updated information will be provided free of charge on request. Any new or updated information that is materially adverse to investors will be available to investors via a supplementary or new PDS accessible via the ASX Market Announcements Platform.

Risks

An investment in the Units is subject to risk (refer to section 4), which may include possible delays in repayment and loss of income and capital invested.

None of Betashares, its related entities, or any other person (including any service provider to the Funds) gives any guarantee or assurance as to the performance of, or the repayment of capital or income reinvested in, the Funds. Betashares and its related entities may invest in or provide other services to the Funds.

Not personal advice

This PDS is prepared for general information only and is not financial product advice. It is not intended to be a recommendation by the Responsible Entity, any of the Responsible Entity's associates or any other person to invest in the Funds. In preparing this PDS, the Responsible Entity did not take into account the investment objectives, financial situation or particular needs of any particular person. Before making an investment decision, investors need to consider whether an investment in the Funds is appropriate to their needs, objectives and circumstances.

Investors should consult a professional financial adviser and ensure they understand the risks of the Funds before investing.

Definitions

Certain capitalised terms used in this PDS are defined in the Glossary in section 8. All references to dollar amounts in this PDS are to Australian dollars unless otherwise stated.

For further details on Betashares Funds, please contact a stockbroker or financial adviser or visit www.betashares.com.au.

PRODUCT DISCLOSURE STATEMENT
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1 KEY FEATURES

1.1 ABOUT THE FUNDS

Overview

This PDS relates to the Betashares Bitcoin ETF and the Betashares Ethereum ETF (each a “Fund” and collectively the “Funds”). Each Fund is an exchange traded fund (or “ETF”), which is a registered managed investment scheme whose units will trade on the ASX, much like listed shares.

The investment objective of each Fund is to provide an investment return that aims to track the price of a particular digital asset - Bitcoin in the case of the Betashares Bitcoin ETF, and Ether in the case of the Betashares Ethereum ETF - in Australian dollars, before taking into account fees and expenses.

Each Fund will seek to achieve its investment objective by investing substantially all of its assets in the relevant ETF as shown in the table below (each an “Underlying Fund” and together “Underlying Funds”). Each Underlying Fund is listed on the NYSE ARCA Exchange.

<i>Fund</i>	<i>Underlying Fund</i>
Betashares Bitcoin ETF	Bitwise Bitcoin ETF (NYSE ticker symbol: BITB) (“Underlying Bitcoin Fund”)
Betashares Ethereum ETF	Bitwise Ethereum ETF (NYSE ticker symbol: ETHW) (“Underlying Ethereum Fund”)

The Underlying Funds, which are sponsored and managed by Bitwise Investment Advisers, LLC (“Bitwise”), issue common shares of beneficial interests (“Shares”) that are listed on the NYSE ARCA Exchange. The net assets of each Underlying Fund and its Shares are valued on a daily basis with reference to a standardised reference rate published by a third party benchmark provider. For information on the reference rates applicable to the Underlying Funds, see section 2.1.10.

As each Underlying Fund is denominated in U.S. dollars, the Australian dollar value of each Fund will increase or decrease as a result of AUD/USD exchange rate fluctuations. The Responsible Entity does not intend to hedge a Fund’s currency exposure.

Each Underlying Fund invests substantially all of its assets in the relevant physically-settled digital asset, Bitcoin or Ether.

As each Fund will have a passive, indirect exposure to the relevant digital asset, is not intended that a Fund will speculate with respect to changes in prices of the relevant digital asset.

The Funds seek to provide convenient investment alternatives for investors wanting to gain exposure to Bitcoin or Ether without the

inconvenience typically associated with directly purchasing and storing digital assets.

Bitcoin and Ether are each a form of digital asset or cryptographic currency (also known as a “cryptocurrency”) that is not issued or backed by any central bank or government. The Bitcoin Network and the Ethereum Network, each being a decentralised, open source protocol of peer-to-peer networks which is accessed through software and software protocols, govern the creation, movement and ownership of the relevant digital assets as reflected on the distributed ledger of transactions known as the Bitcoin or Ethereum “blockchain”. No single entity owns or operates the Bitcoin Network or the Ethereum Network, the infrastructure of which is collectively maintained by a decentralised user base.

In this PDS, where we refer to a Fund’s investments we generally do so on a ‘look-through’ basis; that is, we are referring to the assets of the relevant Underlying Fund to which a Fund has indirect exposure through its investment in the Underlying Fund.

Risks

The Funds carry investment risks. For information on the risks applicable to the Funds, see section 4.

Investors should note that:

- **an investment in each Fund should be considered extremely high risk. Exposure to Bitcoin or Ether involves substantially higher risk when compared to traditional investments due to their speculative nature and the extreme volatility of these cryptocurrencies;**
- **an investment in each Fund may not earn a positive return over any time period and may exhibit extreme volatility;**
- **an investment in each Fund is not suitable for all investors and should only be made by investors who (i) fully understand the features and risks of Bitcoin or Ether or after consulting a professional financial adviser, and (ii) who have an extremely high tolerance for risk and the capacity to absorb a rapid loss of some or all of their investment; and**
- **an investment in either or both Funds is likely to be appropriate only as a very small component (5% or less) of an investor’s overall portfolio.**

1.2 SUMMARY OF KEY INFORMATION

The following table briefly summarises some of the key information contained in this PDS. It is not a complete summary of this PDS and you should read the PDS in its entirety. You should seek your own professional investment advice before deciding to invest in the Funds.

The PDS is designed so that one or a number of Betashares exchange traded funds may be offered under it over time. Such funds are referred to in this PDS as “Funds” or “Betashares Funds”. Additional Funds may be added by the Responsible Entity issuing a supplementary PDS or a new PDS.

TABLE 1.2: SUMMARY OF KEY INFORMATION

TOPIC	SUMMARY	SECTION
Investment objective	<p>The investment objective of each Fund is to provide an investment return that aims to track the price of a particular digital asset - Bitcoin in the case of the Betashares Bitcoin ETF and Ether in the case of the Betashares Ethereum ETF - in Australian dollars, before taking into account fees and expenses.</p> <p>As at the date of this PDS, the Responsible Entity intends to obtain each Fund's investment exposure indirectly, by investing substantially all of its assets in Shares of the relevant Underlying Fund, which in turn invests substantially all of its assets in the relevant physically-settled digital asset.</p> <p>Further information regarding the investment strategy is set out in section 2.1.</p> <p>There is no assurance or guarantee that a Fund's returns will meet its investment objective.</p>	2.1
Investing	<p>The offer in this PDS is only available to Authorised Participants.</p> <p>Units can only be acquired in whole multiples of a "Creation Unit" unless the Responsible Entity agrees otherwise. The number of Units in a Creation Unit for each Fund is determined by the Responsible Entity and notified to Authorised Participants.</p> <p>Application amounts are payable in cash in Australian or U.S. dollars, unless the Responsible Entity agrees otherwise. Applications are subject to an application fee, described in section 3.</p> <p>Units in each Fund will be quoted on the ASX under the AQUA Rules. Once quoted (and subject to market conditions), investors may purchase Units by trading on the ASX. The purchase of Units on the ASX is not governed by the terms of this PDS and therefore the minimum investment does not apply to purchases of Units on the ASX.</p>	5
Redemptions	<p>A Unitholder can generally only redeem Units if it is an Authorised Participant.</p> <p>Units can only be redeemed in whole multiples of a Creation Unit unless the Responsible Entity agrees otherwise. The number of Units that constitute a Creation Unit for each Fund is determined by the Responsible Entity and notified to Authorised Participants.</p> <p>The amount payable to a Unitholder on redemption will be paid in cash in Australian dollars, unless the Responsible Entity agrees otherwise. Redemptions are subject to a withdrawal fee described in section 3.</p> <p>In certain specified circumstances, redemption requests may be delayed, rejected or scaled down. See section 6.2.8 and 6.2.9 for further information.</p> <p>Units in each Fund will be quoted on the ASX under the AQUA Rules. Once quoted (and subject to market conditions), investors may sell their Units by trading on the ASX. The sale of Units on the ASX is not governed by the terms of this PDS and therefore the minimum redemption does not apply to sales of Units on the ASX.</p> <p>A Unitholder who is not an Authorised Participant can only redeem Units in the special circumstances described in section 5.4.</p>	5, 6.2.8, 6.2.9
Distributions	<p>It is not the objective of the Funds to provide regular distributions to Unitholders. In some circumstances, however, a Fund might generate amounts of income and such income will be distributed to Unitholders at least annually.</p>	2.2
Risks	<p>There are a number of risks associated with investing in each Fund. The key risks include the following:</p> <ul style="list-style-type: none"> Market and volatility risk - Each Fund's investment returns will be influenced by the performance of the Bitcoin or Ether markets, as applicable. The prices of Bitcoin and Ether have exhibited periods of extreme volatility which could have a negative impact on each Fund's performance. 	4

TOPIC	SUMMARY	SECTION
	<ul style="list-style-type: none"> • Foreign exchange risk - The Australian dollar value of a Fund's assets denominated in U.S. dollars will increase or decrease as a result of exchange rate fluctuations. • Concentration risk - Each Fund provides exposure to a single digital asset which can result in much greater volatility compared to a broadly diversified portfolio. • Digital asset price risk - Bitcoin and Ether have a limited operating history compared to traditional asset classes and there is a limited basis for evaluating an investment in either digital asset. • Digital asset trading risk - The Underlying Funds are exposed to risks arising from digital asset transactions, including failure of a counterparty or the closure of or disruption to trading platforms. • Digital asset demand and competitor risk - The usage or adoption of the Bitcoin or Ethereum Network, or the digital asset itself, may decline, or new digital assets may pose a challenge to Bitcoin or Ether's current market dominance, resulting in a reduction in the demand for the relevant digital asset, which may negatively impact the price of Bitcoin or Ether and the performance of a Fund. • New technology risk - Bitcoin and Ether are relatively new technological innovations with limited history. The Bitcoin and Ethereum Network face challenges relating to the capabilities and development of the blockchain technology, including scaling issues, technical issues or defects with the digital asset protocol or cryptography. • Environmental impact and energy consumption risk - The Bitcoin Network requires significant electricity to mine and environmental concerns could adversely impact the ongoing use, ownership or acceptance of Bitcoin, or result in environmental protection regulation. • Risk of malicious activity and 51% attacks on the network - If a malicious actor obtains control of more than 50% of the validating stake on the Ethereum network, or 50% of the processing power on the Bitcoin network, such an actor could manipulate how data is recorded on the blockchain, adversely affecting the operation and value of the relevant digital asset. • Risk relating to software upgrades - The open-source structure of the Bitcoin and Ethereum Network protocols means that core developers and other contributors are generally not directly compensated for maintaining and developing the network protocols. A failure to properly monitor and upgrade the network protocol could damage the network. • Digital asset custody risk - There are risks associated with custody of the Bitcoin and Ether by the Digital Asset Custodian, including the relevant digital asset being lost, stolen or destroyed, potentially as a result of the loss or theft of the private keys held by the Digital Asset Custodian. • Transaction fees risk - The prevailing level of transaction fees associated with mining or validating digital asset transactions may adversely affect the usage of the Bitcoin or Ethereum Network. • Immutability, accidental transfers, access loss and theft risk - Once a transaction has been recorded on a blockchain it cannot be altered or reversed. An Underlying Fund's Bitcoin or Ether could therefore be irretrievable in the event of accidental transfer or private key theft. In addition, the Underlying Fund's Bitcoin or Ether may be subject to loss, damage, theft or restriction of access. • Illicit financing risk - Certain features of the Bitcoin and Ethereum markets may increase risks associated with facilitating illicit activity. • Risk of network forks and air drops - Hard forks in the relevant network could adversely affect the value of an investment in a Fund or the ability of an Underlying Fund to operate. The Underlying Funds may not receive the benefits of any network forks or air drops. • Banking and financial institutions risk - Banks or other financial institutions may cease to support trading platforms or other cryptocurrency related 	

TOPIC	SUMMARY	SECTION
	<p>service providers, impacting the adoption of digital assets and the ability of the Underlying Funds to transact.</p> <ul style="list-style-type: none"> Political, regulatory and legal risk - The regulatory environment relating to digital assets is constantly evolving in Australia and in overseas countries. Regulatory or tax changes can negatively impact the operation of digital asset networks or restrict the use of the digital assets. Valuation risk - Each Underlying Fund's holding of Bitcoin or Ether is calculated using the relevant Reference Rate. There is a risk that the methodology used in calculating a Reference Rate will not appropriately track the price of Bitcoin or Ether, as applicable. In addition, the value of an investment in the Funds should not be expected to track the performance of Bitcoin or Ether exactly, automatically or continuously. Fund trading risk - In certain circumstances, the ASX may suspend trading of the Units of a Fund and in that event Unitholders would not be able to buy or sell Units of the Fund on the ASX. Trading price risk – The trading price of a Fund's Units on the ASX may differ from the Net Asset Value per Unit. Liquidity risk - Although the Units of a Fund will be quoted on the AQUA market of the ASX, there can be no assurance that there will be a liquid market for a Fund's Units, and no assurance there will be a liquid market for a Fund's investments. Counterparty risk - There is a risk of loss due to a counterparty to a Fund or to an Underlying Fund not honouring a financial commitment. Counterparties include service providers and trading counterparties, such as the Fund Custodian and Digital Asset Custodian. <p>This is not a comprehensive summary of all the risks of investing in the Funds, particularly as Bitcoin and Ether are supported by relatively new technologies and there may be unforeseen risks that arise in the future which are not known today. Before investing in the Funds, investors should carefully consider the risks associated with an investment in the Funds and obtain financial advice on whether an investment in the Funds is suitable for their objectives, financial situation and needs.</p> <p>For further details of the risks of investing, see section 4.</p>	
Fees and other costs	Fees and other costs as described in section 3 of this PDS will apply.	3
Tax	Tax information of a general nature is set out in section 7. Investors should seek their own professional tax advice which takes into account their particular circumstances.	7
Complaints	The Responsible Entity has a process in place to deal with complaints from Unitholders.	6.2.23
Responsible Entity	Betashares Capital Ltd is the responsible entity of each Fund and is the issuer of this PDS.	1.3

1.3 ABOUT BETASHARES

Betashares Capital Ltd is the responsible entity of each Fund and is responsible for the ongoing management of the Funds.

The Responsible Entity is an Australian asset management business located in Sydney which was established in 2009 to be a specialist provider of fund products that are exchange traded. The Responsible Entity launched its first funds in 2010. As at the date of this PDS, it manages over \$40 billion in assets and acts as responsible entity for more than 80 funds whose units are quoted for trading on the Australian Securities Exchange under the AQUA Rules. These funds provide exposure to the performance of specific equity strategies, equity indices, fixed income strategies, fixed income indices, currencies, commodities or commodity indices. The primary focus of

the Responsible Entity's business is the operation of funds that are exchange traded.

Neither Betashares Capital Ltd nor any of its related entities, directors or officers gives any guarantee or assurance as to the performance of, or the repayment of capital invested in, the Funds.

The Responsible Entity has sufficient working capital to enable it to operate the Funds as outlined in this PDS.

1.4 ADMISSION TO TRADING UNDER THE AQUA RULES

An application has been made for the Units in the Funds to be admitted to trading status on the ASX under the AQUA Rules. The

AQUA Rules form part of the ASX Operating Rules. The Funds will not be listed on the ASX under the ASX Listing Rules.

The AQUA Rules provide a tailored framework for the quotation of exchange traded funds, managed funds and structured products on the ASX.

In operational terms, the market for products quoted under the AQUA Rules operates in the same way that it does for listed equities, with continuous matching of bids and offers and an opening and closing auction.

1.4.1 AQUA Rules: fundamental difference

The key distinction between products admitted under the ASX Listing Rules and those quoted under the AQUA Rules is the level of control

and influence that the issuer of the relevant product has over the value of the underlying assets of the product.

Under the ASX Listing Rules, listed equity securities typically reflect the value of the business operated by the issuer. By contrast, the value of a product quoted under the AQUA Rules typically reflects the performance of the underlying assets.

The following table highlights the key specific differences between the AQUA Rules and the ASX Listing Rules.

ASX LISTING RULES	AQUA RULES
Control	
<p>An issuer of an entity listed under the ASX Listing Rules:</p> <ul style="list-style-type: none"> controls the value of its own securities and the business it runs; and the value of those securities is directly influenced by the equity issuer's performance and conduct. <p>For example, the management and board of a listed company generally control the fate of the business and, therefore, have direct influence over the share price.</p>	<p>An issuer of a product quoted under the AQUA Rules:</p> <ul style="list-style-type: none"> does not control the value of the assets underlying its products, but offers products that give investors exposure to the underlying assets – such as shares, indices, currencies or commodities. <p>The value (price) of products quoted under the AQUA Rules is dependent upon the performance of the underlying assets rather than the financial performance of the issuer itself e.g. an ETF issuer does not control the value of the assets it invests in.</p>
Continuous Disclosure	
<p>Issuers are subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and Section 674 of the <i>Corporations Act</i>.</p>	<p>Issuers of products quoted under the AQUA Rules are not subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the <i>Corporations Act</i> but must disclose information about:</p> <ul style="list-style-type: none"> the Net Tangible Assets ("NTA") or the Net Asset Value ("NAV") of the funds; distributions declared; and any other information that is required to be disclosed to ASIC under section 675 of the <i>Corporations Act</i> must be disclosed via the ASX Market Announcements Platform at the same time it is disclosed to ASIC. The Responsible Entity also intends to post any such information on its website www.betashares.com.au at the same time. <p>AQUA Product issuers must also disclose to the ASX any information the non-disclosure of which may lead to the establishment of a false market in its products or would materially affect the price of its products.</p>

ASX LISTING RULES	AQUA RULES
Periodic Disclosure	
Issuers are required to disclose their half-yearly and annual financial information or annual reports to the ASX under Chapter 4 of the ASX Listing Rules.	Financial reports relating to the issuer itself are not required to be disclosed to the ASX. However, periodic financial reports relating to the AQUA Product must be disclosed to the ASX at the same time they are lodged with ASIC under Chapter 2M of the <i>Corporations Act</i> .
Corporate Control	
Requirements in the <i>Corporations Act</i> and the ASX Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings, apply to companies and listed schemes.	These requirements do not apply to AQUA Product issuers. Section 601FM of the <i>Corporations Act</i> continues to apply to the removal or change of the responsible entity. An extraordinary resolution would be required to change the responsible entity. An extraordinary resolution is a resolution passed by a majority of the total votes that may be cast by members entitled to vote on the resolution.
Related Party Transactions	
Chapter 10 of the ASX Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions.	Chapter 10 of the ASX Listing Rules does not apply to AQUA Products. Products quoted under the AQUA Rules which are registered managed investment schemes remain subject to the related party requirements in Part 5C.7 and Chapter 2E of the <i>Corporations Act</i> .
Auditor Rotation Obligations	
There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the <i>Corporations Act</i> .	Issuers of products quoted under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the <i>Corporations Act</i> . A responsible entity of a registered managed investment scheme will continue to be required to undertake an independent audit of its compliance with the scheme's compliance plan in accordance with Section 601HG of the <i>Corporations Act</i> and the auditor must not be the auditor of the scheme's financial statements (but may be from the same firm).

2 ABOUT THE FUNDS

2.1 INVESTMENT APPROACH

2.1.1 Investment objective

The investment objective of each Fund is to provide an investment return that aims to track the price of a particular digital asset - Bitcoin in the case of the Betashares Bitcoin ETF and Ether in the case of the Betashares Ethereum ETF – in Australian dollars, before taking into account fees and expenses.

It is not the objective of a Fund to provide regular distributions to Unitholders.

There is no assurance or guarantee that a Fund's returns will meet its investment objective.

2.1.2 Suitability

The Funds are intended for use as a very small allocation (5% or less) to Bitcoin or Ether for investors seeking capital growth and who have an extremely high risk and return profile for that portion of their investment portfolio. The Funds may be suitable for investors with short, medium or long investment timeframes.

2.1.3 Investment strategy

In seeking to achieve the investment objective of each Fund, the Responsible Entity will employ a passive management approach.

As at the date of this PDS, the Responsible Entity intends to obtain each Fund's investment exposure indirectly, by investing substantially all of its assets in an Underlying Fund that is sponsored and managed by Bitwise Investment Advisers, LLC ("Bitwise") and listed on the NYSE ARCA Exchange.

Betashares Bitcoin ETF will invest in the Underlying Bitcoin Fund.

Betashares Ethereum ETF will invest in the Underlying Ethereum Fund.

Each Underlying Fund in turn invests substantially all of its assets in the relevant physically-settled digital asset.

Neither the Funds nor the Underlying Funds will speculate with regard to changes in Bitcoin or Ether prices. This means that an Underlying Fund will generally only buy and sell Bitcoin or Ether (as relevant) in order to meet applications and redemptions and will not seek to sell Bitcoin or Ether at times when its price is high or acquire Bitcoin or Ether at low prices in the expectation of future price increases.

The Funds may use exchange-traded derivatives contracts (e.g. Bitcoin or Ether futures contracts) where this may help to achieve a Fund's investment objective. For example, exchange-traded derivatives may be used to obtain exposure to Bitcoin or Ether without physically buying or selling the relevant digital asset, to manage cash flows or to facilitate timely exposure to the relevant market.

Exchange-traded derivatives will only be used temporarily and in limited circumstances and will not be used to leverage the Funds. Additionally, when used, the total notional value of derivatives will generally be less than 5% of the relevant Fund's NAV, except in exceptional circumstances. Please refer to section 4.19 for further information on the risks associated with the use of derivatives.

The Funds may in future, following prior notice to Unitholders, use other methods of obtaining exposure to Bitcoin or Ether, as relevant,

including by investing in additional or alternative underlying ETFs, or by investing in Bitcoin or Ether directly in accordance with Australian regulatory requirements.

Neither a Fund nor the relevant Underlying Fund will use short selling, lending of Bitcoin or Ether, leverage or gearing to seek to enhance its returns.

Cash balances (which may include holdings in ASX-quoted cash trusts, including those managed by the Responsible Entity, and eligible money market instruments under the AQUA Rules) may be held in a Fund from time to time.

Investors will be able to regularly compare the performance of each Fund against the performance of the price of Bitcoin or Ether in Australian dollars, as applicable, via the Betashares website at www.betashares.com.au

The assets of each Fund, whether securities or cash, will be held by the Fund's custodian, other than cash held as collateral for any derivatives positions.

Currency Exposure

As each Fund's digital asset exposure will be denominated in U.S. dollars, the Australian dollar value of the assets will increase or decrease as a result of AUD/USD exchange rate fluctuations. The Responsible Entity does not intend to hedge a Fund's currency exposure.

2.1.4 About the Underlying Funds

The Underlying Funds are each sponsored and managed by the U.S. based manager, Bitwise. Bitwise is not a member of the Betashares group of companies.

Based in San Francisco and founded in 2017, Bitwise is one of the largest crypto asset managers, offering both index and active strategies across a wide array of investment vehicles.

The Underlying Funds are exchange-traded products that issue Shares that are listed on the NYSE ARCA exchange. The investment objective of each Underlying Fund is to seek to provide exposure to the value of a particular digital asset held by the Underlying Fund - Bitcoin in the case of the Underlying Bitcoin Fund and Ether in the case of the Underlying Ethereum Fund, before taking into account fees and expenses. The Underlying Funds are passively managed and do not pursue active management investment strategies.

Each Underlying Fund provides direct exposure to the value of Bitcoin or Ether, as relevant, that is held by the Underlying Fund's digital asset custodian, Coinbase Custody Trust Company, LLC ("Digital Asset Custodian"). The Digital Asset Custodian is a New York State limited liability trust company that provides custody services for digital assets. Besides cash received in connection with purchase orders, each Underlying Fund's sole asset is expected to be Bitcoin or Ether (as applicable), which is held with the Digital Asset Custodian. Each Underlying Fund has appointed the Bank of New York Mellon as the custodian for the Underlying Fund's cash holdings.

2.1.5 What are Bitcoin and Ether?

Bitcoin and Ether are digital assets that are created and transmitted through the operations of a peer-to-peer network (known as the Bitcoin Network and the Ethereum Network), being a network of

computers, known as nodes, that operates on cryptographic computer-code based logic, called a protocol. A node is a computer running a version of the relevant network software that maintains a copy of the blockchain that directly communicates transactions to other nodes on the network.

No single entity owns or operates the Bitcoin Network or the Ethereum Network, the infrastructure of which are collectively maintained by a distributed user base, a process known as “decentralisation”. Movement of the relevant digital asset is facilitated by a digital, transparent and immutable ledger, which enables the transfer of value across the internet without the need for centralised intermediaries. Bitcoin and Ether are not issued by governments, banks or any other centralised authority. Each network allows people to exchange tokens of value, called Bitcoin and Ether respectively, which are recorded on a public transaction ledger known as “blockchain”.

About Bitcoin

Bitcoin was first described in a white paper released in 2008 and published under the name “Satoshi Nakamoto.” The Bitcoin Network and its software has been under active development since that time. There is no official organisation or group responsible for making modifications to the Bitcoin Network. However, there is a vast number of individual developers and groups of developers known as Bitcoin core developers, each of whom operates on a volunteer basis and without strict hierarchical administration.

In addition to users transacting in direct peer-to-peer Bitcoin transactions through the direct sending of Bitcoin over the Bitcoin Network as a means of payment for goods and services, investors may buy and sell Bitcoin using digital asset trading platforms, where a secondary market for Bitcoin exists. As of the date of this PDS, Bitcoin is the world’s largest cryptocurrency by market capitalisation.

Bitcoin Mining

The process by which Bitcoins are created and Bitcoin transactions are verified is called “Bitcoin mining.”

Miners, through the use of the Bitcoin software program, engage in a set of prescribed complex mathematical calculations in order to verify transactions and compete for the right to add a block of verified transactions to the Bitcoin blockchain and thereby confirm Bitcoin transactions included in that block’s data. The miner who successfully “solves” the complex mathematical calculations has the right to add a block of transactions to the Bitcoin blockchain and in return is granted a “block reward”. A block reward is typically a portion of the transaction fees and newly minted Bitcoin.

The Bitcoin protocol stipulates that the supply of Bitcoins will be limited to 21 million and the rate of newly issued Bitcoins will decrease. That is, the amount of Bitcoin issued to miners is automatically halved every 210,000 blocks until Bitcoin issuance is exhausted (expected to occur in 2140). From that point, miners will no longer be rewarded with newly minted Bitcoin, but may instead rely on transaction fees.

About Ether

In addition to using blockchain technology to maintain a decentralised peer-to-peer payment network, the Ethereum Network also uses this technology to create and run decentralised applications or “DApps” that enable users to make agreements, known as “smart contracts”, and conduct transactions directly with each other to buy, sell and trade goods and services. Smart contracts can be utilised across many different applications including art and finance.

The Ethereum Network was originally described in a 2013 white paper by Vitalik Buterin. The Ethereum Network is the longest-running and largest smart contract platform in terms of market capitalisation, availability of DApps, and development activity. As at the date of this PDS, one of the most popular applications is the use of smart contracts for underpinning the operability of decentralised financial services (“DeFi”). DeFi, which consists of numerous highly operable protocols, provides a broad range of financial services allowing users to borrow against their holdings or lend them out for interest. In addition, the Ethereum Network and other smart contract platforms have been used for creating and exchanging of Non-fungible Tokens (“NFTs”) which are tokens that can be used to represent digital ownership of assets that convey certain rights to other digital or real world assets, such as art, and are sold as unique digital property.

Ether is also used to pay transaction fees also known as “gas fees” associated with executing transactions or interacting with smart contracts on the Ethereum blockchain. These fees serve as a form of remuneration for validators who maintain and secure the network. Ether can also be bought and sold as a digital currency on digital asset trading platforms like other cryptocurrencies and, as of the date of this PDS, is the world’s second largest cryptocurrency by market capitalisation.

The Ethereum Network has no formal cap on the total supply of Ether. The Ethereum Network does, however, feature several mechanisms that, individually and in aggregate, have the effect of limiting the total supply of Ether outstanding.

Ethereum: Proof-of-Work vs. Proof-of-Stake Validation Process

In September 2022, the Ethereum Network moved from a proof-of-work to a proof-of-stake mechanism called Serenity, or Ethereum 2.0. Unlike proof-of-work, in which miners expend computational resources to compete to validate transactions and are rewarded with an amount of Ether in proportion to the amount of computational resources expended, in proof-of-stake, validators risk or “stake” coins to compete to be randomly selected to validate transactions and are rewarded with coins in proportion to the total amount of coins staked. This means that new Ether is created as a result of this “staking”, or posting collateral, of Ether by validators. Any potential malicious activity, such as dishonesty or otherwise violating protocol rules, results in validators forfeiting or “slashing” a portion of their staked coins. Proof-of-stake is viewed as more energy efficient and scalable than proof-of-work. The move from proof-of-work to proof-of-stake has seen a large reduction in the rate of issuance of new Ether.

Public and private keys

Each Bitcoin or Ether network address (or wallet) is associated with both a “public key” and a “private key” pair, both of which are lengthy alphanumeric codes, possessing a unique relationship. The use of a pair of keys is a cornerstone of the digital asset network technology – a public key is used to send and receive a digital asset, while a private key is used to sign transactions or withdraw the digital asset. The use of a private key is the only mechanism by which a Bitcoin or Ethereum transaction can be approved. If a private key is lost, the corresponding Bitcoin or Ethereum is thereafter permanently non-transferable. Further, the theft of a private key provides the thief immediate and unfettered access to the corresponding Bitcoin or Ether, hence the need to keep private keys safe and secure.

2.1.6 How are Bitcoin and Ether traded?

Bitcoin and Ether are not traded in one place. Instead, they may be received as consideration in a private transaction, or bought and sold on multiple cryptocurrency trading platforms or exchanges (referred to as “trading platforms”). There are currently a large number of trading

platforms, all of which have their own bid and offer levels which enable trades to occur at those specific levels.

Trading platforms may be subject to varying levels of regulation, including no regulation, depending on the applicable laws governing securities and other investment types in Australia, the United States and other global jurisdictions.

Bitcoin and Ether can also be traded directly with certain financial institutions or proprietary trading firms on an over-the-counter (“OTC”) basis, rather than on a trading platform. The OTC market is largely institutional in nature, and OTC market participants generally consist of institutional entities, such as firms that offer two-sided liquidity for Bitcoin and Ether, investment managers and proprietary trading firms.

2.1.7 How are Bitcoin and Ether priced?

Bitcoin and Ether can be bought and sold on trading platforms, which generally report the bid and ask prices for the purchase and sale of the relevant digital asset. A common means of determining a reference price is by surveying one or more leading trading platforms where active secondary markets for Bitcoin or Ether exist.

Buying and selling the relevant digital asset on trading platforms should not be confused with peer-to-peer transactions, which, as described earlier, is the process of users transferring Bitcoin or Ether from one wallet address to another wallet address as a medium of exchange to pay for goods or services or for other purposes.

Although each trading platform has its own market prices for Bitcoin and Ether, it is expected that the leading trading platforms' market prices for a particular digital asset should be relatively consistent because price differentials that occur across trading platforms can be arbitrated between these trading platforms.

Generally, Bitcoin or Ether pricing data is available from these trading platforms with publicly disclosed prices for each executed trade, measured by one or more fiat currencies such as the U.S. dollar or Euro or another digital asset. The prices of Bitcoin and Ether on such trading platforms have a limited history and have generally been very volatile. Any fluctuations in the price will have a direct impact on the value of the relevant Underlying Fund, and therefore the value of a Fund's Units. Importantly, the past performance of the price of Bitcoin or Ether is not a reliable indicator of future performance.

Investing in digital assets such as Bitcoin and Ether can be highly speculative, with a higher degree of risk that investors could lose their entire investment. Movements in the price of Bitcoin and Ether may be influenced by various factors including supply and demand, geopolitical uncertainties, macroeconomic concerns such as inflation, changes in interest rates, and speculative investor interest. In addition, as Bitcoin and Ether volumes are still maturing, any changes in market sentiment or new developments can lead to large swings in volume and potentially significant price changes.

In particular, Bitcoin and Ether prices may be adversely impacted due to loss of confidence in the relevant digital asset's network due to malicious activity, attacks or interruptions on the network or trading platforms, thefts, concerns around digital asset security, storage systems, digital asset custodians and other digital asset service providers, network forks, high transaction fees, high energy requirements or slow transfer speeds. In addition, public comments and actions by influential cryptocurrency investors regarding the market for Bitcoin or Ether can significantly affect market sentiment and cause large price movements. This risk can be heightened where a governance organisation has developed that effectively oversees protocol development (as with Ether) and proposes quasi-official or widely publicised releases of updates and other changes to the network. In such cases governance decisions can be concentrated in the hands of a small group of core key developers who are able to

exclude other key developers and make changes unilaterally. The introduction or anticipated introduction of regulatory and/or tax changes may restrict the use or attraction of Bitcoin and Ether, respectively, or adversely impact demand for them in the future, which may in turn adversely impact their prices.

See section 4 “Risks” for further information.

2.1.8 How are Bitcoin and Ether stored?

Storage of Bitcoin and Ether can either be in a “hot wallet”, whereby the private keys which grant access to the digital asset are connected to the internet, or in “cold storage” whereby those private keys are not connected to the internet, mitigating the risk of unauthorised access, cyber hacks and other vulnerabilities to which a system that is connected to the internet is susceptible.

Where Bitcoin or Ether is stored in a “hot wallet”, both the public and private keys required to access and transact on the digital asset are stored on a system which is connected to the internet. This helps to facilitate easier and more convenient transactions, but may involve additional risk in terms of security and vulnerability to cyber attack.

Cold storage of private keys typically involves keeping them on a computer or electronic device that is not connected to the internet, or storing the private keys relating to the digital wallet on a storage device or printed medium, for example, papyrus or paper. A digital wallet may receive Bitcoin or Ether deposits (a separate digital wallet is required for each digital asset), but neither digital asset can be sent without access to the private key. In order to send Bitcoin or Ether from a digital wallet in which the private key is kept in cold storage, either the private key must be retrieved from cold storage and entered into a Bitcoin or Ethereum software program to sign the transaction, or the unsigned transaction must be sent to the “cold” server in which the private keys are held, following which wallet software is used to sign the transaction. At that point, the user of the digital wallet can transfer their Bitcoin or Ether.

2.1.9 How will the Underlying Funds purchase and sell Bitcoin and Ether

The Underlying Funds will purchase and sell Bitcoin or Ether (as applicable) by arranging private transactions with financial institutions or proprietary trading firms that have been approved by Bitwise (“OTC counterparties”), generally on an over-the-counter basis, or in rare and limited circumstances, via the Coinbase trading platform and other reputable trading platforms.

Bitwise, on behalf of the Underlying Funds, will typically seek to buy and sell Bitcoin or Ether at a price as close to the relevant reference rate (described below) as practicable. When choosing between potential OTC counterparties, Bitwise may consider factors other than simply the most favourable price. However, the most favourable price will be the predominant factor in determining the OTC counterparty with which Bitwise implements the contemplated transaction. Other factors that Bitwise may consider include the size of the proposed order, as well as a OTC counterparty's execution capabilities, reliability and responsiveness.

Bitwise maintains a process for approving and monitoring OTC counterparties, which includes policies and procedures to ensure compliance with AML and KYC requirements, laws imposing sanctions and adequacy of cybersecurity capabilities.

2.1.10 How each Underlying Fund will value its Bitcoin or Ether holdings

The net assets of each Underlying Fund is valued on a daily basis with reference to a standardised reference rate published by CF Benchmarks Ltd (“Benchmark Provider”) - the CME CF Bitcoin Reference Rate - New York Variant (“Bitcoin Reference Rate”) in the

case of the Bitcoin Underlying Fund, and the CME CF Ether – Dollar Reference Rate – New York Variant (“Ethereum Reference Rate”) in the case of the Ethereum Underlying Fund (together, the “Reference Rates”). Each Reference Rate is designed to reflect the value of the relevant digital asset in U.S. dollars and is calculated based on an aggregation of executed trade flow on major digital asset trading platforms for that digital asset (“Constituent Platforms”) during an observation window between 3:00 p.m. and 4:00 p.m. U.S Eastern Time (“ET”) to determine the U.S. dollar price of one Bitcoin or Ether at 4:00 p.m. ET.

As at the date of this PDS, the Constituent Platforms include Bitstamp, Coinbase, Gemini, itBit, Kraken, and LMAX Digital. To be selected, each Constituent Platform must meet certain criteria established by the Benchmark Provider, including with respect to policies to ensure fair and transparent market conditions and compliance with applicable laws.

Each Reference Rate is published every day of the year and is available on the Benchmark Provider’s website (at www.cfbenchmarks.com), along with the methodology guide for calculating the Reference Rates.

Each Underlying Fund’s net asset value will be determined by the Underlying Fund’s administrator on each trading day of the NYSE ARCA exchange, at 4:00pm ET.

Each Fund’s investment in the relevant Underlying Fund is valued using closing market prices, converted into Australian dollars. Further information regarding valuation and pricing for the Funds is set out in section 5.6.

2.1.11 Storage of an Underlying Fund’s Bitcoin or Ether and private keys

As at the date of this PDS, the Digital Asset Custodian maintains custody of all of an Underlying Fund’s relevant digital assets. The Digital Asset Custodian is licensed and regulated by the New York State Department of Financial Services (“NYDFS”) and provides institutional grade cryptocurrency custody services in relation to each Underlying Fund’s Bitcoin or Ether holdings. It is required to meet the banking standards of the NYDFS regarding capitalisation, anti-money laundering (“AML”) procedures, confidentiality, security and storage. The Digital Asset Custodian is also a fiduciary under section 100 of the New York Banking Law.

Each Underlying Fund’s digital assets may be held across multiple wallets, with the Digital Asset Custodian implementing the following safety and security measures:

- Cold storage: The Underlying Fund’s digital assets (Bitcoin and Ether) will be kept in high-security, offline, multi-layer cold storage vaults. This means that the private keys are stored offline on hardware that has never been connected to the internet.
- Private Keys: All private keys are stored using multiple encrypted private key ‘shards’ and in offline hardware vaults in secure environments owned by the Digital Asset Custodian. Multi-signature technology aims to provide both security against attacks and tolerance for losing access to a key or facility, eliminating single points of failure.
- Whitelisting: Transactions are only sent to vetted, known addresses (via a security practice known as “whitelisting”). The Coinbase trading platform supports preapproval and test transactions, and requires authentication when adding or removing addresses for whitelisting. All instructions to initiate a whitelist addition or removal must be submitted via the Coinbase trading platform. When a whitelist addition or removal request is

initiated, the initiating user will be prompted to authenticate their request using a two-factor authentication key. A consensus mechanism on the trading platform dictates how many approvals are required in order for the consensus to be achieved to add or remove a whitelisted address. Only when the consensus is met is the underlying transaction considered officially approved.

- Audit trails: Audit trails exist for all movement of Bitcoin within Bitcoin wallets and Ether within Ether wallets (controlled by the Digital Asset Custodian) and are audited annually for accuracy and completeness by an independent external audit firm.

Although the Digital Asset Custodian provides safekeeping of digital assets using a cold storage security platform, in the rare and limited circumstances in which buying and selling of digital assets is conducted via an approved trading platform (as opposed to via the OTC trading market), digital assets will be temporarily held across a combination of omnibus wallets including hot wallets.

The Digital Asset Custodian is covered by a commercial crime insurance policy maintained by the Digital Asset Custodian’s parent, Coinbase Global, Inc (“Coinbase Global”). This commercial crime policy covers both cold and hot storage assets held by Coinbase Global and all its subsidiaries, including the Digital Asset Custodian. Coinbase Global’s commercial crime insurance policy is intended to cover the loss of client assets held by Coinbase insureds, including from employee collusion or fraud, physical loss including theft, damage of key material, security breach or hack, and fraudulent transfer. The insurance maintained by Coinbase Global is shared among all of Coinbase’s customers, is not specific to the Underlying Funds and may not be available or sufficient to protect the Underlying Funds from all possible losses or sources of losses.

The trustee of the Underlying Funds may decide to replace the Digital Asset Custodian as the custodian of the Underlying Fund’s digital assets, or to add additional custodians.

2.1.12 Indicative Net Asset Value (“iNAV”)

The Responsible Entity intends to take all reasonable steps to make available an estimated indicative NAV per Unit, known as an “iNAV”, for each Fund during regular trading hours of the ASX of 10:00 a.m. to 4:00 p.m. AEST. The iNAV will generally be updated every second during these hours.

Such information will be calculated based upon information available to the Responsible Entity and its calculation agent. For this purpose, the estimated values of Bitcoin and Ether will be determined using the calculation agent’s proprietary pricing methodology which involves the aggregation of pricing from vetted exchanges sourced from a reputable vendor. The iNAV is intended to provide additional information not otherwise available to the public that may be useful to investors and market professionals in connection with the trading of each Fund on the ASX. It is calculated using the most recent holdings and the most recently reported price levels available to the calculation agent.

For iNAV calculation purposes, this real time pricing data will be converted to Australian dollars during the ASX trading hours.

Each Fund’s iNAV will be published on the Betashares website at www.betashares.com.au.

See section 6.2.25 for more information.

2.1.13 Labour standards and environmental, social and ethical considerations

The Responsible Entity does not take into account labour standards or environmental, social or ethical considerations when selecting, retaining or realising investments.

Each Fund does not pursue a sustainable investment strategy or have a sustainable investment objective, and will not be marketed as a sustainability related product. Each Fund is not designed for investors who wish to screen out particular types of investments or are looking for funds that meet specific environmental, social (which includes labour standards) and governance ("ESG") goals.

2.1.14 Performance

Performance information for each Fund, and the Net Asset Value for each Fund, will be published on the Betashares website at www.betashares.com.au. Information relating to past performance is not a reliable indicator of future performance. At the date of this PDS, each Fund has no material assets or liabilities and no performance information is available because it is a new fund.

2.1.15 Changes to investment objectives and strategy

The Responsible Entity may from time to time vary the investment mandate (i.e. the investment objective and strategy as described in sections 2.1.1 and 2.1.3) for any Fund as set out in this PDS.

Any significant change to the investment mandate will be notified to investors and potential investors via a supplementary or new PDS accessible through the ASX Market Announcements Platform.

Information in this PDS that is not materially adverse to investors is subject to change from time to time and may be updated by the Responsible Entity by publishing such information on the Betashares website at www.betashares.com.au (see "PDS updates" on page 1).

2.2 DISTRIBUTIONS

It is not the objective of either Fund to provide regular distributions to Unitholders.

In some circumstances, however, a Fund might generate amounts of income or receive income in the form of a distribution from an Underlying Fund. Any such income will be distributed to Unitholders. For example, a Fund may earn interest on cash balances or money market instruments held from time to time. A Fund may also receive a distribution from the relevant Underlying Fund. For example, an Underlying Fund may make a cash distribution in connection with the sale of incidental rights (i.e. resulting from a fork, airdrop or similar occurrence, see section 4.15). There is no guarantee that any income generated by a Fund or received from an Underlying Fund will be greater than a Fund's fees and expenses. As such, there is no guarantee that a Fund will distribute any income to Unitholders.

2.2.1 Distributions

Unitholders holding Units in the Fund at the end of a distribution period are entitled to a pro-rata share of the distributable income (if any) for that period based on the number of Units held in the Fund at the end of the distribution period.

The amount of distributable income at the end of any distribution period will be determined by the Responsible Entity. Under the AMIT tax rules, the Fund may make cash distributions that differ from taxable income attributed by the Fund to Unitholders. See section 7 for further information.

The Fund's NAV per Unit will normally fall after the end of each distribution period if a distribution is payable. Consequently, if you invest just before the end of a distribution period, some of your capital may be returned to you as income in the form of a distribution.

Distributions will generally be paid within 15 business days of the end of the distribution period to which they relate by deposit to a Unitholder's nominated Australian bank, building society or credit union account.

The amount of the distribution paid by the Fund may vary from period to period, and there may be periods when the Fund will not pay a distribution.

The Responsible Entity may, in its discretion, change the duration of a distribution period for the Fund (provided that distribution periods cannot be longer than one year).

Unitholders may also become entitled to the distributable income of the Fund on the redemption of their Units. See section 7.1.6 for further information.

Information about the timetable for each distribution and the declared distribution amount will be announced via the ASX Market Announcements Platform.

2.2.2 Tax statements

The Responsible Entity will, as soon as reasonably practicable after the end of each financial year, issue to each Unitholder who received an entitlement to the distributable income and/or who was attributed taxable income of the Fund during a financial year, a tax statement which outlines the amount and composition of the taxable income to which the Unitholder became entitled and/or was attributed. Where the Fund is an Attribution Managed Investment Trust ("AMIT") for the financial year, the tax statement is referred to as an AMIT member annual statement ("AMMA").

2.2.3 Distribution Reinvestment Plan

The Responsible Entity has established a distribution reinvestment plan ("DRP") for each Fund.

Participation in the DRP is subject to the terms and conditions of the DRP policy document, which is available at no charge by contacting Betashares on 1300 487 577 (within Australia). The DRP is currently available only to Unitholders who have a registered address in Australia or New Zealand, unless otherwise determined by the Responsible Entity.

Unitholders can choose to:

- if eligible, participate in the DRP, meaning distributions from the relevant Fund will be reinvested in additional Units in that Fund; or
- have their distributions paid directly to a nominated Australian bank, building society or credit union account.

Full or partial reinvestment is available. If no DRP election is made, the distributions will automatically be paid into the nominated Australian bank, building society or credit union account.

Eligible Unitholders can elect to participate in the DRP by completing an on-line form available on the Registrar's website or by contacting the Registrar.

3 FEES AND OTHER COSTS

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** Moneysmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

3.1 FEES AND OTHER COSTS

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this PDS.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

TABLE 3.1: FEES AND COSTS SUMMARY

Betashares Bitcoin ETF and Betashares Ethereum ETF

Type of fee or cost	Amount	How and when paid
Ongoing annual fees and costs		
Management fees and costs:	Betashares Bitcoin ETF:	
The fees and costs for managing your investment	0.45% per annum of the Fund's Net Asset Value.	
	Betashares Ethereum ETF:	
	0.45% per annum of the Fund's Net Asset Value.	
	As at the date of this PDS, the management fees and costs of each Fund consist of the following components:	
	Management fee	
	Betashares Bitcoin ETF:	
	0.45% per annum of the Fund's Net Asset Value.	The management fee is calculated and accrued daily as a percentage of each Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit. The amount is deducted from the Fund's assets monthly on or after the first day of the following month.
	Betashares Ethereum ETF:	
	0.45% per annum of the Fund's Net Asset Value.	
	Plus	
	Recoverable expenses¹	
	Betashares Bitcoin ETF: Estimated at 0.00% per annum of the Fund's Net Asset Value.	Any expenses normally incurred in operating each Fund are paid as and when they arise by the Responsible Entity out of its own resources. Any
	Betashares Ethereum ETF: Estimated at 0.00% per annum of the Fund's Net Asset Value.	

Type of fee or cost	Amount	How and when paid
	<p>Plus</p> <p>Indirect costs²</p> <p>Estimated at 0.00% per annum of each Fund's Net Asset Value.</p>	<p>extraordinary expenses are deducted from the Fund's assets as and when they arise.</p> <p>Any indirect costs are calculated and accrued daily as a percentage of the relevant Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit. The amount is deducted from the Fund's assets as and when incurred.</p>
<p>Performance fees:</p> <p>Amounts deducted from your investment in relation to the performance of the product</p>	Nil.	Not applicable.
<p>Transaction costs:</p> <p>The costs incurred by the scheme when buying or selling assets</p>	<p>Betashares Bitcoin ETF:</p> <p>Estimated at 0.00% per annum of the Fund's Net Asset Value.³</p> <p>Betashares Ethereum ETF:</p> <p>Estimated at 0.00% per annum of the Fund's Net Asset Value.³</p>	<p>Transaction costs reduce each Fund's Net Asset Value. How and when they are paid varies depending on the type of transaction cost. Certain costs, eg brokerage, are added to or deducted from the amounts payable from the Fund's assets or receivable by the Fund at the time of settlement in respect of investments purchased or sold for the Fund. Other costs, eg transactional custodian fees, are invoiced to each Fund and paid from the Fund's assets according to a regular monthly or quarterly cycle. Any transaction costs will be paid out of the management fee.</p>
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)		
<p>Establishment fee:</p> <p>The fee to open your investment</p>	Nil.	Not applicable.
<p>Contribution fee:</p> <p>The fee on each amount contributed to your investment</p>	<p>Betashares Bitcoin ETF:</p> <p>If you are not an Authorised Participant - \$0.</p> <p>If you are an Authorised Participant – up to \$100 plus 0.02% of the application amount for cash applications.⁴</p> <p>Betashares Ethereum ETF:</p> <p>If you are not an Authorised Participant - \$0.</p> <p>If you are an Authorised Participant – up to \$100 plus 0.02% of the application amount for cash applications.⁴</p>	<p>Payable only by Authorised Participants⁵.</p> <p>This fee will be payable by Authorised Participants together with the application consideration at the time of applying for Units, for cash applications.</p>
<p>Buy-sell spread:</p> <p>An amount deducted from your investment representing costs incurred in transactions by the scheme</p>	Nil. ⁶	Not applicable.
<p>Withdrawal fee:</p> <p>The fee on each amount you take out of your investment</p>	<p>Betashares Bitcoin ETF:</p> <p>If you are not an Authorised Participant - \$0.</p>	Payable only by Authorised Participants ⁵ .

Type of fee or cost	Amount	How and when paid
	If you are an Authorised Participant: up to \$100 plus 0.02% of the redemption amount for cash redemptions. ⁴	This fee will be deducted from the redemption proceeds at the time of the redemption, for cash redemptions.
	Betashares Ethereum ETF:	
	If you are not an Authorised Participant - \$0.	
	If you are an Authorised Participant: up to \$100 plus 0.02% of the redemption amount for cash redemptions. ⁴	
Exit fee:	Nil.	Not applicable.
The fee to close your investment		
Switching fee:	Nil.	Not applicable.
The fee for changing investment options		

¹ As each Fund is newly established, this figure reflects the recoverable expenses that the Responsible Entity, at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period). For more information on recoverable expenses, please see section 3.3.3 in the "Additional Explanation of Fees and Costs" section below.

² As each Fund is newly established, this figure reflects the indirect costs that the Responsible Entity, at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period). Any management costs borne by a Fund through its investment in the relevant Underlying Fund (or any other underlying ETF) will be reimbursed to the Fund by the Responsible Entity from its own resources. For more information on the meaning and calculation of indirect costs, see "Indirect costs" under the heading "Additional Explanation of Fees and Costs".

³ As each Fund is newly established, this figure reflects the transaction costs that the Responsible Entity, at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period). This estimate is net of estimated transaction costs for which the Responsible Entity reimburses that Fund out of the application and redemption fees it receives from Authorised Participants, as described in section 3.3.6. For more information on transaction costs and the application and redemption fees (also referred to in this PDS as contribution fees and withdrawal fees) payable by Authorised Participants see "Transaction costs" and "Application and redemption fees for Authorised Participants" under the heading "Additional Explanation of Fees and Costs".

⁴ For cash applications and redemptions, the variable fee component can be paid in Australian or US dollars. The fixed fee component must be paid in Australian dollars. In-kind applications and redemptions for each Fund are only available if agreed by the Responsible Entity. Additional contribution and withdrawal fees may apply in the case of an in-kind application or redemption as agreed with the Responsible Entity from time to time.

⁵ An Authorised Participant is a trading participant under the ASX Operating Rules (or which has engaged a trading participant to act on its behalf) which has entered into an agreement with the Responsible Entity in relation to Unit applications and redemptions. For an explanation of the contribution fees and withdrawal fees (also referred to in this PDS as application fees and redemption fees) please see section 3.3.6 "Application and Redemption Fees for Authorised Participants" in the "Additional Explanation of Fees and Costs" section. Unitholders who are not Authorised Participants may be charged a redemption fee if they redeem Units pursuant to their right to redeem in the special circumstances described in section 5.4 - see "Additional Explanation of Fees and Costs" section below for more information.

⁶ While each Fund does not charge a buy-sell spread, as each Fund is traded on a securities exchange, investors may incur a bid-offer spread when trading on the exchange.

Certain additional costs may apply. See the "Additional Explanation of Fees and Costs" section below for more information.

Each fee set out in this table may in some cases be negotiated with wholesale clients. For more information, refer to the explanation of "Differential fees, rebates and related payments" in the "Additional Explanation of Fees and Costs" section below.

All fees and costs in the table above include Goods and Services Tax ("GST") net of any reduced input tax credits and any applicable stamp duty and are shown without any other adjustment in relation to any tax deduction available to the Responsible Entity or the extent to which any tax deduction may be passed on to unitholders.

3.2 EXAMPLE OF ANNUAL FEES AND COSTS

These tables give an example of how the ongoing annual fees and costs for each Fund can affect your investment over a one year period. You should use this table to compare this product with other products offered by managed investment schemes.

TABLE 3.2.1: EXAMPLE OF ANNUAL FEES AND COSTS

EXAMPLE - Betashares Bitcoin ETF	AMOUNT	BALANCE OF \$50,000 WITH A CASH CONTRIBUTION OF \$5,000 ¹ DURING THE YEAR
CONTRIBUTION FEES²		For every additional \$5,000 you put in, you will be charged:
	\$0 if you are not an Authorised Participant; or	\$0 if you are not an Authorised Participant; or
	\$100 plus 0.02% of the application amount for cash applications if you are an Authorised Participant ²	\$101 if you are an Authorised Participant.
PLUS MANAGEMENT FEES AND COSTS³	0.45% p.a. of the Fund's Net Asset Value	And , for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$225 each year.
PLUS PERFORMANCE FEES	Nil	And , you will be charged or have deducted from your investment \$0 in performance fees each year. ⁶
PLUS TRANSACTION COSTS⁴	Estimated at 0.00% of the Fund's Net Asset Value	And , you will be charged or have deducted from your investment \$0 in transaction costs.
EQUALS COST OF FUND		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 ⁵ during that year, you would be charged fees and costs of \$225 (if you are not an Authorised Participant) or \$326 (if you are an Authorised Participant for the Fund). What it costs you will depend on whether you are an Authorised Participant, the investment option you choose and the fees you negotiate.

TABLE 3.2.2: EXAMPLE OF ANNUAL FEES AND COSTS

EXAMPLE - Betashares Ethereum ETF	AMOUNT	BALANCE OF \$50,000 WITH A CASH CONTRIBUTION OF \$5,000 ¹ DURING THE YEAR
CONTRIBUTION FEES²		For every additional \$5,000 you put in, you will be charged:
	\$0 if you are not an Authorised Participant; or	\$0 if you are not an Authorised Participant; or
	\$100 plus 0.02% of the application amount for cash applications if you are an Authorised Participant ²	\$101 if you are an Authorised Participant.
PLUS MANAGEMENT FEES AND COSTS³	0.45% p.a. of the Fund's Net Asset Value	And , for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$225 each year.
PLUS PERFORMANCE FEES	Nil	And , you will be charged or have deducted from your investment \$0 in performance fees each year. ⁶

PLUS TRANSACTION COSTS⁴	Estimated at 0.00% of the Fund's Net Asset Value	And , you will be charged or have deducted from your investment \$0 in transaction costs.
EQUALS COST OF FUND		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 ⁵ during that year, you would be charged fees and costs of \$225 (if you are not an Authorised Participant) or \$326 (if you are an Authorised Participant for the Fund). What it costs you will depend on whether you are an Authorised Participant, the investment option you choose and the fees you negotiate.

An Authorised Participant who redeems Units directly will also be charged a withdrawal fee of up to \$100 plus 0.02% of the withdrawal amount (for a cash redemption) based on a balance of \$50,000. Unitholders who are not Authorised Participants may be charged a redemption fee if they redeem Units pursuant to their right to redeem in the special circumstances described in section 5.4. For more information, see "Redemption fees for other unitholders" in the "Additional Explanation of Fees and Costs" section below.

Each fee in this table may in some cases be negotiated with wholesale clients. For more information, refer to the explanation of "Differential fees, rebates and related payments" in the "Additional Explanation of Fees and Costs" section below.

¹ Please note the minimum investment in a Fund by an Authorised Participant is one Creation Unit, unless the Responsible Entity agrees otherwise.

² Assumes the maximum contribution fee set out in Table 3.1 applies.

³ Management fees and costs are made up of the management fee, recoverable expenses and indirect costs. As each Fund is newly established, the figures used in the example above represent the amounts that the Responsible Entity, as at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period). For more information, refer to the "Additional Explanation of Fees and Costs" section below.

⁴ As each Fund is newly established, this figure reflects the transaction costs that the Responsible Entity, as at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period). This estimate is net of estimated transaction costs for which the Responsible Entity reimburses that Fund out of the application and redemption fees it receives from Authorised Participants, as described in section 3.3.6. For more information on transaction costs and the application and redemption fees payable by Authorised Participants see "Transaction costs" and "Application and redemption fees for Authorised Participants" under the heading "Additional Explanation of Fees and Costs".

⁵ Assumes the \$50,000 is invested for the entire year and the \$5,000 investment occurs on the last day of the year, and therefore the fees and costs in this example are calculated using the \$50,000 balance only.

⁶ Each Fund does not charge, and there is no right for the Responsible Entity to charge, a performance fee.

3.3 ADDITIONAL EXPLANATION OF FEES AND COSTS

3.3.1 Management fees and costs

The management fees and costs for each Fund incorporate all relevant ongoing fees and other costs involved in managing that Fund and deriving investment returns. The management fees and costs comprise:

- Responsible Entity's management fee;
- recoverable expenses; and
- indirect costs.

Management fees and costs do not include:

- transaction costs, such as brokerage, transactional custodian fees, and other transaction fees associated with buying and selling the relevant Fund's assets; and
- other costs that an investor would ordinarily incur when investing directly in the relevant Fund's underlying assets.

(These costs are therefore not included in the management fees and costs set out in Table 3.1 and Table 3.2 above, but they are paid out of the relevant Fund's assets).

3.3.2 Management fee

The management fee is charged by the Responsible Entity for managing each Fund and making it available to investors. It is calculated and accrued daily as a percentage of the relevant Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit. The amount is deducted from the relevant Fund's assets monthly on or after the first day of the following month.

Under an agreement between Betashares and Bitwise, Betashares will receive as its revenue a portion of the management fee received by Bitwise from each Underlying Fund. As described in section 3.3.4, Betashares will reimburse each Fund out of its own resources for the management costs borne by the Fund through its investment in the relevant Underlying Fund.

3.3.3 Recoverable expenses

The recoverable expenses represent the operating expenses incurred in the operation of a Fund. Each Fund's Constitution allows all properly incurred expenses to be recovered from the Fund and does not place any limit on the amount or types of expenses that can be recovered.

The expenses normally incurred in the day to day operation of each Fund include custodian, fund administration, unit registry, ASX and audit costs (other than transaction costs described above). These expenses normally incurred and charged to a Fund will be paid by the Responsible Entity out of its own resources while this PDS is

current. The Responsible Entity may withdraw or replace this PDS at any time.

The recoverable expenses normally incurred by a Fund that will apply for the current financial year (adjusted to reflect a 12 month period) will be 0.00% p.a. of the relevant Fund's Net Asset Value, as these expenses will be paid out of the Responsible Entity's own resources as and when they arise.

Extraordinary expenses are expenses that are not normally incurred in the day to day operation of each Fund and are not necessarily incurred in any given year. They may include costs associated with holding unitholder meetings, changing the Fund's constitution, or defending or pursuing legal proceedings. Extraordinary expenses will not be paid out of the Responsible Entity's own resources. Any such expenses will be recovered from the relevant Fund and reflected in its Net Asset Value per Unit. The Responsible Entity, as at the date of this PDS, reasonably estimates that the extraordinary expenses of each Fund that will apply for the current financial year (adjusted to reflect a 12 month period) will be nil.

3.3.4 Indirect costs

Indirect costs are any amounts that we know or where required, reasonably estimate, will reduce the Fund's returns that are paid from the Fund's assets (other than the management fee, recoverable expenses, and transaction costs described elsewhere in this section) or that are paid from the assets of any interposed vehicle (such as the Underlying Funds) in which the Fund may invest.

The Funds can be expected to incur indirect costs when they invest in the Underlying Funds (or any other underlying ETF), which would be accrued and paid in the relevant Underlying Fund and reflected in the value of each Fund's holding in the relevant Underlying Fund.

The Responsible Entity, as at the date of this PDS, reasonably estimates that the indirect costs of each Fund that will apply for the current financial year (adjusted to reflect a 12 month period) will be 0.00% p.a. of the Net Asset Value of the relevant Fund, on the basis that any management costs borne by a Fund through its investment in an Underlying Fund will be reimbursed to the Fund by the Responsible Entity from its own resources.

3.3.5 Transaction costs

Each Fund incurs transaction costs, such as brokerage, clearing costs, transactional custodian fees, and other transaction fees associated with buying and selling a Fund's assets. Transaction costs also include costs incurred by an interposed vehicle that would be transaction costs if they had been incurred by a Fund. Transaction costs are an additional cost to investors (to the extent they are not off-set by the application and redemption fees charged by the Responsible Entity to Authorised Participants) and are not included in the management fees and costs shown in Table 3.1.

Transaction costs reduce a Fund's Net Asset Value. How and when they are paid varies depending on the type of transaction cost. Certain costs, e.g. brokerage, are added to or deducted from the amounts payable from a Fund's assets or receivable by a Fund at the time of settlement in respect of investments purchased or sold for that Fund. Other costs, e.g. transactional custodian fees, are invoiced and paid from a Fund's assets according to a regular monthly or quarterly cycle.

The table below sets out our reasonable estimate, as at the date of this PDS, of each Fund's total transaction costs that will apply for the current financial year (adjusted to reflect a 12 month period). However, the Responsible Entity reimburses each Fund for certain transaction costs out of the application and redemption fees it receives, as described in section 3.3.6. Our estimate of the net

transaction costs of each Fund (representing the total transaction costs minus the transaction costs reimbursed to a Fund out of the application and redemption fees) that will apply for the current financial year (adjusted to reflect a 12 month period) are also set out in the table below. The net transaction costs are borne by the relevant Fund.

	Estimated total transaction costs - % p.a. of the Fund's Net Asset Value	Estimated net transaction costs - % p.a. of the Fund's Net Asset Value
Betashares Bitcoin ETF	0.01%	0.00% (or \$0 for every \$50,000 you have in the Fund)
Betashares Ethereum ETF	0.01%	0.00% (or \$0 for every \$50,000 you have in the Fund)

The transaction costs estimate shown in the fees and costs summary in Table 3.1 is shown net of any amount for which the Responsible Entity reimburses the relevant Fund out of the application and redemption fees it receives from Authorised Participants.

The amount of these costs can be expected to vary from year to year depending on the volume and value of transactions undertaken.

3.3.6 Application and redemption fees

No application fees or redemption fees are payable by investors who buy and sell Units on the ASX. However, brokerage charges may apply.

Subject to section 3.3.7 below, application fees and redemption fees will only be payable by Authorised Participants on an application for or redemption of Units directly with a Fund.

The applicable application and redemption fees are set out in Table 3.1 above and are paid by Authorised Participants to the Responsible Entity. Out of these fees, the Responsible Entity pays directly, or reimburses each Fund for, the estimated transaction costs associated with the application or redemption.

The application and redemption fees payable by Authorised Participants seek to ensure that the transaction costs associated with applications and redemptions are borne by the transacting Authorised Participants and not by other investors.

3.3.7 Redemption fees for other Unitholders

Unitholders who are not Authorised Participants may be charged a redemption fee if they redeem Units pursuant to their right to redeem in the special circumstances described in section 5.4. The redemption fee per Unit will not be greater than the redemption fee per Unit that would be payable by an Authorised Participant for a cash redemption when withdrawing the minimum parcel of Units.

3.3.8 Stockbroker fees

Investors may incur customary brokerage fees and commissions when buying and selling Units on the ASX, as for any listed or quoted security. Please consult a stockbroker for more information in relation to their fees and charges.

3.3.9 Can fees and costs change and what are the maximums?

Yes, fees and costs can change subject to maximums in a Fund's Constitution.

The Constitution of each Fund limits the amount of the Responsible Entity's management fee to a maximum of 3% p.a. of the relevant Fund's Net Asset Value (plus GST).

The Constitution of each Fund provides for the following maximum fees:

- a maximum contribution fee of 5% of the aggregate Issue Price of the Units applied for (plus GST);
- a maximum withdrawal fee of 5% of the aggregate Withdrawal Amount of the relevant Units (plus GST).

The Responsible Entity also has the right under the Constitution to recover from a Fund all expenses properly incurred in the performance of its duties.

As at the date of this PDS, the Responsible Entity does not have any intention to change the fees and costs described in this PDS, although it has the right to do so at any time without investor consent. Any increase in the fees for a Fund will be announced to the ASX via the Market Announcements Platform at least 30 days before it occurs.

As each Fund is newly established, any estimates of fees and costs in this PDS are based on information available as at the date of this PDS. As such, the actual fees and costs may differ and are subject to change from time to time. Information in this PDS that is not materially adverse to investors is subject to change from time to time and may be updated by the Responsible Entity by publishing such information on the Betashares website at www.betashares.com.au (see "PDS updates" on page 1). A paper copy of any updated information will be provided free of charge on request.

3.3.10 Differential fees, rebates and related payments

The Responsible Entity may, from time to time, agree with wholesale clients to rebate or reduce some of the management or

other fees on a case by case basis. The amount of fee reduction is at the Responsible Entity's discretion. The Responsible Entity will achieve these reductions and meet any rebates in relation to management fees by payments from its own resources. For more information, please contact the Responsible Entity at the address specified in the "Directory" section of the PDS.

Any reduction in management fees offered by the Responsible Entity to a wrap platform or master trust operator may be passed on to the clients of the operator or retained by the operator.

Subject to applicable law, the Responsible Entity may also pay one-off or annual product access payments to wrap platform or master trust operators for including the Fund in their offering. As of the date of this PDS, no product access payments have been made. The Responsible Entity would make any such payment from its own resources.

3.3.11 Indirect investors

Indirect investors investing through a wrap platform or master trust should note that the fees outlined in this section 3 are in addition to any other fees and costs imposed by the wrap platform or master trust operator.

3.3.12 Financial advisers

Additional fees may be paid to a financial adviser if you have consulted a financial adviser. You should refer to the Statement of Advice provided by your financial adviser in which details of the fees are set out.

3.3.13 Taxation

Information in relation to taxation is set out in section 7 of this PDS.

4 RISKS

Unitholders in each Fund face a number of investment risks. There are risks associated with any investment. Generally, the higher the expected return of an investment, the higher the risk and the greater the variability of returns.

The market price for Bitcoin and Ether and a Fund's respective Net Asset Value per Unit can fluctuate within a wide range. In addition, as each Underlying Fund will be denominated in U.S. dollars, the Australian dollar value of the Funds' will increase or decrease as a result of AUD/USD exchange rate fluctuations. When considering an investment in a Fund, personal tolerance for such fluctuations should be taken into account.

The most common risks associated with investing in the Funds are described below, but there could be other risks that affect the performance of the Funds. Particularly as Bitcoin and Ether have short histories and are supported by relatively new technologies, there may be unforeseen risks that arise in the future which are not known today. The discussion below is general in nature.

The Responsible Entity does not provide assurances or guarantees on future profitability, returns, distributions or return of capital. An investment in either Fund could lose money over short or long periods.

You should seek your own professional advice on the appropriateness of this investment to your circumstances. You should also consider how an investment in the Fund fits into your overall investment portfolio.

Investors should note that:

- **an investment in each Fund should be considered extremely high risk. Exposure to Bitcoin or Ether involves substantially higher risk when compared to traditional investments due to their speculative nature and the volatility of these cryptocurrencies;**
- **an investment in each Fund may not earn a positive return over any time period and may exhibit extreme volatility;**
- **an investment in each Fund is not suitable for all investors and should only be made by investors who (i) fully understand the features and risks of Bitcoin or Ether or after consulting a professional financial adviser, and (ii) who have an extremely high tolerance for risk and the capacity to absorb a rapid loss of some or all of their investment; and**
- **an investment in either or both Funds is likely to be appropriate only as a very small component (5% or less) of an investor's overall portfolio.**

4.1 MARKET AND VOLATILITY RISK

Each Fund's investment returns will be influenced by the performance of Bitcoin or Ether markets, as applicable. Changes in Bitcoin or Ether prices may result in a loss in value of the relevant Units. Bitcoin and Ether markets operate globally 24 hours a day and 7 days a week whereas Units in the Fund are only tradeable during ASX trading hours (approximately 10am to 4pm each ASX Business Day). Bitcoin and Ether prices may change significantly during times when trading in Units in the Funds is not available.

Market factors that may drive changes in Bitcoin or Ether prices, including global or regional political, economic or financial events and situations (including major market disruptions in equity or commodity markets), general economic conditions (including interest rates, monetary policy, inflation rate expectations, trade restrictions), currency exchange rates, the regulatory environment relating to digital assets and digital asset service providers, the supply and demand of Bitcoin or Ether (which may be influenced by numerous factors including the adoption and use of Bitcoin and Ether, growth of the relevant digital asset economy and the security of trading platforms), liquidity of Bitcoin or Ether markets, levels of speculative interest, investment and trading activities of large investors that invest directly or indirectly in digital assets, mining or staking activity, the level of activity in the derivatives market for Bitcoin or Ether and confidence in the Bitcoin or Ethereum network, can all be expected to influence the value of the Units in the relevant Fund.

Bitcoin and Ether markets have a limited history and Bitcoin and Ether trading prices have exhibited high levels of volatility, and in some cases such volatility has been sudden and extreme. Because of such volatility, Unitholders could lose all or substantially all of their investment in the Funds. There is a risk that Bitcoin and Ether could have little or no value in the future.

The value of the relevant Underlying Fund's Bitcoin or Ether holdings could decline rapidly in future periods, including to zero.

4.2 FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that the Australian dollar value of a Fund's assets denominated in foreign currencies will increase or decrease as a result of exchange rate fluctuations. As each Underlying Fund will be denominated in U.S. dollars, if the U.S. dollar depreciates relative to the Australian dollar, then the value of the Underlying Fund (in Australian dollar terms, and assuming no other changes) will decrease (and vice versa). The Responsible Entity does not intend to hedge the Funds' foreign currency exposure.

4.3 CONCENTRATION RISK

Each Fund provides exposure to the performance of a single asset, being Bitcoin or Ether. As such, each Fund's holdings will not be diversified across other assets, which can be expected to result in a much greater degree of volatility in the net asset value of the Fund over time, relative to the value of a more broadly diversified portfolio. The Funds are intended to be used by investors as a very small part of an overall investment portfolio.

4.4 DIGITAL ASSET PRICE RISK

Bitcoin and Ether have a relatively limited history of existence and operations compared to traditional asset classes. There is a limited established performance record for the price of Bitcoin and Ether and, in turn, a limited basis for evaluating an investment in either digital asset. Unlike traditional assets which may generate earnings or income, it may be more difficult to determine the value of Bitcoin or Ether based on fundamental indicators. As Bitcoin and Ether volumes are still maturing, any changes in market sentiment or new developments can lead to large swings in volume and potentially significant price changes. Further, market prices for digital assets may be more susceptible to manipulation than traditional asset classes.

Bitcoin and Ether, respectively, may trade at different prices on different trading platforms. It is possible that a small group of persons or entities hold a significant portion of the Bitcoin or Ether in circulation. If a significant holder or holders were to liquidate their position in Bitcoin or Ether, this may cause volatility in Bitcoin or Ether prices. The price volatility of Bitcoin or Ether due to these factors may cause the value of an investment in the relevant Units to decrease.

Speculators and investors who seek to profit from trading and holding Bitcoin and Ether generate a significant portion of Bitcoin and Ether demand presently. Such speculation regarding the potential future appreciation in the value of Bitcoin and Ether may significantly inflate the price of Bitcoin or Ether. The digital asset markets have experienced “bubbles” in the past, may be experiencing a bubble at the time of an investment in the Funds, and may do so again in the future, which may subsequently be associated with a significant fall in value if market prices correct.

4.5 DIGITAL ASSET TRADING RISK

Each Underlying Fund relies on OTC counterparties or, in limited circumstances, approved trading platforms to buy and sell Bitcoin or Ether.

If a trading platform closes or experiences disruptions, or an OTC counterparty fails to perform or otherwise defaults on its obligations, the Underlying Funds may not be able to buy or sell Bitcoin or Ether (as applicable), or there may be delays in doing so. In such instances, the Underlying Funds will bear the risk of loss as a result of such closure, disruption or failure, which may adversely impact the value of an investment in the relevant Units.

Cryptocurrency trading platforms are relatively new and, in some cases, largely unregulated. Therefore, trading platforms which may be utilised by the Underlying Funds may be more exposed to wash trading, front running, market manipulation, fraud, business failure, closure and cyber security breaches than established, regulated exchanges for other financial assets or instruments, which could have a negative impact on the value of an investment in a Fund (where the Underlying Fund is transacting on a trading platform), or could reduce confidence in Bitcoin and Ether more generally, adversely affecting their value.

4.6 DIGITAL ASSET DEMAND AND COMPETITOR RISK

As Bitcoin and Ether are still relatively new and continually evolving, the growth and ongoing demand, use or acceptance of Bitcoin or Ether and other cryptocurrencies remains subject to significant uncertainty. Since core developers who participate in monitoring and upgrading both Bitcoin or Ethereum’s software protocols are not directly compensated, the Bitcoin or Ethereum Network could lose developer activity. Accordingly, developers may cease to provide services or migrate to alternate projects. In addition, a lack of consensus and disputes among high profile or key developers may result in an inability of the Bitcoin or Ethereum network community to address novel technical issues and the future direction of the blockchain.

There is no assurance that Bitcoin or Ether will maintain its long-term value in terms of purchasing power in the future or that the acceptance of Bitcoin or Ether for payments by mainstream retail merchants and commercial businesses will continue to grow.

In addition, a decrease in demand for Bitcoin or Ether may result if a digital asset other than Bitcoin or Ether gains popularity and greater relative market share, e.g. due to more desirable features or functionality such as increased speeds to process transactions,

lower energy usage and lower transactional costs. This may also include competition from central bank currencies and other emerging payment initiatives involving financial institutions.

A decrease in the demand for, or acceptance or use of, Bitcoin or Ether could adversely impact the price of Bitcoin or Ether and the value of an investment in either Fund.

4.7 NEW TECHNOLOGY RISK

Cryptocurrencies such as Bitcoin and Ether are relatively new technological innovations with limited history. Cryptocurrency trading platforms similarly have limited history. Since the launch of Bitcoin, a number of trading platforms have closed or experienced disruptions due to fraud, system failure, hackers, business failure, malware, security breaches and government-mandated regulation. The risk of trading platforms closing or being subject to disruptions may reduce confidence in Bitcoin or Ether, which may adversely impact the value of an investment in either Fund.

Bitcoin and Ether are created, issued, sent and stored according to their protocols. The Bitcoin or Ethereum protocol may have bugs or undiscovered flaws which could make either technology open to new attacks which could result in the loss of some or all of the assets held by the relevant Underlying Fund. Bitcoin and Ethereum software are open source, which means any user can download the software, modify the code and propose the adoption of the modification. If the majority of users, stakers or miners accept an adverse change this may result in a loss of value in the relevant Underlying Fund (and its related Fund).

The cryptography underlying Bitcoin or Ether could also prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor (or actors) may be able to take an Underlying Fund’s Bitcoin or Ether, the functionality of the Bitcoin or Ethereum Network may be negatively affected such that it is no longer attractive to users, a reduction in user confidence in Bitcoin or Ether may result and/or the demand for Bitcoin or Ether may decrease, all of which would cause the value of an investment in either Fund to decrease.

The Bitcoin or Ethereum Network may also be subject to potential scaling issues, whereby records (blocks) in the Bitcoin or Ethereum Network are limited in size and frequency which caps the quantity of transactions which can be processed every second. In times of increased activity on either network, it may operate at capacity with increasing frequency, leading to increased transaction fees and decreased settlement speeds. This could reduce the use of Bitcoin or Ether, which in turn may adversely impact the demand for and price of Bitcoin or Ether. This may cause the value of an investment in either Fund to decrease.

The Bitcoin and Ethereum Networks rely on users having access to the internet. An interruption in internet service or a limitation of internet access could have a negative impact on the functionality of the Bitcoin or Ethereum Network and Bitcoin or Ether prices.

4.8 BITCOIN ENVIRONMENTAL IMPACT AND ENERGY CONSUMPTION RISK

The Bitcoin mining process requires a significant amount of computing power and energy consumption. Such energy consumption may be deemed to be too high or too expensive, may become unsustainable, the source of energy may be considered as having a negative environmental impact, or may become subject to environment protection regulation. This may adversely impact the

ongoing use, ownership or acceptance of Bitcoin, as well as Bitcoin prices, and cause the value of an investment in the relevant Fund to decrease.

4.9 RISK OF MALICIOUS ACTIVITY AND 51% ATTACKS ON THE NETWORK

The Bitcoin or Ethereum Network may be subject to malicious activity and attacks on the network. For example, the network may be subject to distributed denial of service attacks to clog the list of transactions being tabulated by miners or validators, which can slow the confirmation of authentic transactions.

A 51% attack refers to an attack on a blockchain network where an attacker or a group of attackers gain control of more than 50% of the processing power dedicated to mining, in Bitcoin's case, or gain control of more than 50% of the total staked Ether, in Ethereum's case.

Such a scenario would give rise to a greater risk that a single actor (including a governmental authority) or group of actors could exert authority over the validation of digital asset transactions, with the ability to intentionally control, delay, exclude or modify the ordering of transactions.

4.10 RISK RELATING TO SOFTWARE UPGRADE

The open-source nature of the Bitcoin Networks and Ethereum Network requires developers and other contributors who are not directly compensated for their contributions in maintaining and developing such protocols. Should these developers fail to properly monitor or upgrade the Networks this could lead to flaws in the source code or damage to the Networks which may adversely impact the value of an investment in a Fund.

The Bitcoin Network and Ethereum Network have in the past faced significant scaling challenges and may periodically be upgraded with various features designed to make the Networks more effective. The acceptance of future software modifications and other upgrades by only a portion of users of the Bitcoin Network or Ethereum Network may result in a fork of the relevant Network's blockchain, resulting in the operation of multiple separate networks.

There is no guarantee that the Bitcoin or Ethereum community will achieve consensus regarding all the future upgrades designed to address speed, efficiency and scalability. This may stymie the network's ability to grow and find solutions to overcome future problems. There is no guarantee that there are not undiscovered flaws that will emerge in future upgrades or that such upgrades will be improperly implemented. Any of the foregoing could adversely affect the price of Bitcoin or Ether and the value of Units in the Funds.

4.11 DIGITAL ASSET CUSTODY RISK

There are risks associated with custody of the Bitcoin and Ether by the Digital Asset Custodian.

There is a risk that part or all of an Underlying Fund's Bitcoin or Ether could be lost, stolen or destroyed, potentially by the loss or theft of the private keys held by the Digital Asset Custodian or the private keys maintained in relation to the digital assets held in a trading account (where an Underlying Fund is executing purchases and sales of Bitcoin and Ethereum via a trading platform). It is possible that the Digital Asset Custodian's operations may be an appealing target to hackers or malware distributors seeking to destroy, damage or steal Bitcoin or Ether or private keys. Although the Digital Asset Custodian uses multiple means and layers of

security to minimise the risk of loss, damage and theft, there is no guarantee that such security will prevent such loss, damage or theft, whether caused intentionally, accidentally or by act of God. Access to the relevant Underlying Fund's Bitcoin or Ether could also be restricted by natural events (such as an earthquake or flood), human actions (such as a terrorist attack) or security or compliance measures (such as in response to a hard fork). Any of these events may adversely affect the operations of the Underlying Fund and, consequently, an investment in the relevant Fund.

The Digital Asset Custodian will maintain such insurance arrangements in connection with its custodial obligations with respect to Bitcoin and Ether as it considers appropriate, and will be responsible for all costs, fees and expenses in relation to such insurance policy or policies. Neither a Fund nor Underlying Fund is a beneficiary of any such insurance and does not have the ability to dictate the existence, nature or amount of coverage. Investors cannot be assured that the Digital Asset Custodian will maintain adequate insurance with respect to the digital assets held by it on behalf of an Underlying Fund.

The Digital Asset Custodian maintains certain capital reserve requirements depending on the assets under custody, and such capital reserves may provide additional means to cover client asset losses, however, investors cannot be assured that the Digital Asset Custodian will maintain capital reserves sufficient to cover actual or potential losses with respect to the Underlying Fund's digital assets.

The insolvency of the Digital Asset Custodian or of any broker, custodian bank or clearing corporation used by the Digital Asset Custodian, may result in the loss of all or a substantial portion of the Underlying Fund's assets or in a significant delay in the Underlying Fund having access to those assets.

4.12 TRANSACTION FEES RISK

The Bitcoin Network is designed to periodically reduce the fixed reward given to miners for solving new blocks. As the block reward decreases over time, the mining incentive structure may transition to a higher reliance on transaction confirmation fees, which may reduce the appeal to validate Bitcoin transactions. If the combination of block reward and transaction fees is too low, miners may not be sufficiently incentivised to continue to solve blocks, slowing confirmation of transactions and reducing usage and confidence in, and security of, the Bitcoin blockchain. If certain jurisdictions limit or otherwise regulate validating activities, validators may cease their operations or demand higher transactions fees.

Similarly, with the Ethereum Network, if the digital asset award or transaction fees for recording transactions on the network are not sufficiently high to incentivise validators, or if certain jurisdictions continue to limit or otherwise regulate validating activities, validators may cease expanding validating power or demand high transaction fees, or may collude in anti-competitive behaviour to force higher fees. These events could negatively impact the value of Ether. Further, any widespread delays in recording transactions or validators ceasing to validate transactions could result in a loss of confidence in the Ethereum Network which may adversely impact the value of an investment in a Fund.

4.13 IMMUTABILITY, ACCIDENTAL TRANSFERS, ACCESS LOSS AND THEFT RISK

Movement of Bitcoin and Ether is facilitated by an immutable transaction ledger on a blockchain. This means that once a transaction has been recorded on a blockchain it cannot be altered or reversed. It could only be undone by the recipient agreeing to

return the digital asset in a separate transaction. An Underlying Fund's Bitcoin or Ether could therefore be irretrievable in the event of accidental transfer or private key theft.

The loss or destruction of private keys held by the Digital Asset Custodian on behalf of the Underlying Funds could prevent the Underlying Funds from accessing some or all of their digital assets. Loss of these private keys may be irreversible and could result in the loss of all or substantially all of an Underlying Fund's assets.

Some or all of an Underlying Fund's Bitcoin or Ether holdings may be lost, stolen, or inaccessible, including as a result of the loss or theft of private keys or destruction of private key storage hardware. Though the Digital Asset Custodian has adopted strict security measures intended to protect private keys and the Underlying Fund's Bitcoin or Ether holdings, there is no guarantee that such measures will be successful in preventing loss, theft, or inability to access a Underlying Fund's Bitcoin or Ether. Access to a Underlying Fund's Bitcoin or Ether may also be restricted or prevented due to natural events, such as flood or earthquake, or other occurrences, such as a terrorist attack.

An Underlying Fund's Bitcoin or Ether portfolio held in custody accounts may be a target for hackers or malware distributors seeking to destroy, damage or steal the Underlying Fund's Bitcoin or Ether and private keys.

In addition, storage systems and operational infrastructure may be breached due to the actions of outside parties, error or insider malfeasance of an employee of the Digital Asset Custodian, or otherwise, and, as a result, an unauthorised party may obtain access to the storage systems, private keys, data or digital assets of the Underlying Fund or the Digital Asset Custodian. Additionally, outside parties may attempt to fraudulently induce employees of the Digital Asset Custodian to disclose sensitive information in order to gain access to an Underlying Fund's infrastructure.

4.14 ILLICIT FINANCING RISK

A feature of Bitcoin and Ethereum is that it enables users to complete peer-to-peer transactions without revealing their identity. In addition, certain technologies may obscure the origin of the custody of the digital assets. The opaque nature of the Bitcoin and Ethereum market increases the risk of manipulation and fraud and, in the past, digital assets have been used to facilitate illicit activities. The Underlying Funds take measures to reduce illicit financing risks but there can be no assurance that these will be successful. If illicit financing risks eventuate, Bitwise and the Underlying Funds could face civil or criminal liability, fines, penalties, frozen assets or disruptions to their operations, which may adversely impact the value of an investment in a Fund.

4.15 RISK OF NETWORK FORKS OR AIR DROPS

Bitcoin and Ethereum software are open source, meaning that any user can download the software, modify it and then propose that the users, miners and validators of Bitcoin or Ether adopt the modification.

A "hard fork" refers to a split in the Bitcoin or Ether blockchain, where the code is modified to create a new set of rules which are incompatible with the pre-modified blockchain, resulting in a new cryptocurrency that exists side by side with the pre-modified version.

Hard forks in the relevant network could adversely affect the value of an investment in a Fund or the ability of an Underlying Fund to

operate. Additionally, laws, regulation or other factors may prevent an Underlying Fund from benefitting from the new asset even if there is a safe and practical way to custody and secure the new asset.

In the event of a hard fork of the Bitcoin or Ethereum Network, the relevant Underlying Fund will use its discretion to determine what is generally accepted as the Bitcoin or Ethereum Network and should therefore be considered the appropriate network to own. There is no guarantee that the relevant Underlying Fund will choose the network that results ultimately in the most value and this decision may adversely affect the value of Units in either Fund.

If the Bitcoin or Ethereum Network forks into two digital assets, the Underlying Fund may hold, in addition to its existing Ether or Bitcoin balance, a right to claim an equivalent amount of the new "forked" asset following the hard fork.

In the event of a hard fork of the Bitcoin or Ethereum Network, the Digital Asset Custodian's operations may be interrupted or subject to additional security risks that could disrupt the Underlying Funds' ability to process creations and redemptions of Shares or otherwise threaten the security of the Underlying Funds' digital asset holdings. Any losses experienced by the Digital Asset Custodian due to a hard fork, including due to malicious activity or technological errors in assessing the fork, could have a materially adverse impact on an investment in the Underlying Funds' Shares.

The Underlying Fund's Bitcoin or Ether holdings may also be subject to an event known as an "air drop", where promoters of a new digital asset announce to the holders of another digital asset that they will be entitled to claim a certain amount of the new digital asset for free.

In relation to the Underlying Funds, Bitwise has discretion whether to acquire or retain any right or asset. In determining whether to exercise its discretion, Bitwise may consider factors including the ability to take custody of the right or asset, the cost and operational burden, legal and regulatory implications and whether a suitable market exists. Where possible, Bitwise intends to arrange for the sale of any right or asset acquired in relation to an Underlying Fund with the proceeds to be paid to the Underlying Fund. However, Bitwise is under no obligation to do so and has discretion to abandon such rights and assets for no consideration.

4.16 POLITICAL, REGULATORY AND LEGAL RISK

This is the risk that a government or regulator may introduce regulatory and/or tax changes, or a court makes a decision regarding the interpretation of the law, which affects the value of Bitcoin, Ether, the Underlying Funds, either Fund or the Units, or the tax treatment of Bitcoin, Ether, the Underlying Funds, either Fund or its Unitholders.

The Funds, Bitcoin, Ether, or the Underlying Funds may be affected by changes to legislation or government policy in Australia or in overseas countries. These changes are monitored by the Responsible Entity and action is taken, where appropriate, to facilitate the achievement of the investment objective of each Fund. The Responsible Entity may not always be able to take such action.

Importantly, the regulation of Bitcoin and Ethereum across the world is constantly evolving. The introduction of regulatory or tax changes may negatively impact the operation of the Bitcoin or Ethereum network, restrict the use of either digital asset or adversely impact the demand for Bitcoin or Ether in the future. For example, China and other countries have taken steps to ban cryptocurrency mining and/or cryptocurrency exchanges which

could reduce the demand for and confidence in Bitcoin and Ether, reduce processing power and hence decrease transaction speeds, which may adversely affect the price of Bitcoin or Ether and the value of an investment in either Fund's Units.

Central banks in various countries have also introduced digital forms of legal tender (known as central bank digital currencies). Whether or not they incorporate blockchain or similar technology, such digital currencies, as legal tender in the issuing jurisdiction, could have an advantage in competing with, or replace, Bitcoin and Ether as a medium of exchange or store of value.

4.17 BANKING AND FINANCIAL INSTITUTIONS RISK

Banks or other financial institutions may cease to support cryptocurrency exchanges, cryptocurrency related companies or service providers. This may reduce the liquidity of Bitcoin or Ether and slow their integration into the financial system and reduce the overall confidence and perception in Bitcoin or Ether. It may also make it difficult for the Underlying Funds to buy and sell Bitcoin or Ether, and for the Funds to buy and sell Shares in the Underlying Funds, which may adversely impact the value of an investment in either Fund's Units.

4.18 UNDERLYING ETF RISKS

The Funds will be exposed to certain risks through their investment in the relevant Underlying Funds (which are exchange traded funds listed on the NYSE ARCA Exchange), including:

- although listed on an exchange, it is possible than an active trading market in an Underlying Fund may not be maintained;
- trading in an Underlying Fund may be halted or suspended, or it may be delisted;
- although it is expected that the market price of an Underlying Fund will typically approximate its net asset value, there may be times when the market price and the net asset value of the Underlying Fund differ more significantly.

These risks could have the effect of reducing the value of a Fund's investment in the Underlying Fund, causing trading in a Fund's Units on the ASX to be suspended, or reducing liquidity of a Fund's Units on the ASX.

4.19 DERIVATIVES RISK

Exchange traded derivatives may only be used by the Funds in limited circumstances (see section 2.1.3) and will not be used to leverage the Funds. The Underlying Funds do not use derivatives. The primary risks associated with the use of such derivatives are:

- the values of the derivative failing to move in line with the underlying asset;
- the potential lack of liquidity of the derivative;
- the possibility that the derivative position is difficult or costly to manage or reverse;
- a Fund may not be able to meet payment obligations as they arise, including any requirements to make margin payments;
- the counterparties involved in trading derivatives may not meet their contractual obligations;

- the collateral obligations in respect of margin requirements on derivative contracts can cause liquidity issues if insufficient collateral is available; and
- the electronic platforms on which derivatives may be traded are subject to risks related to system access, varying response times, security and system failure.

Any of the above factors could cause a Fund to incur losses, suffer increased costs, fail to realise gains or fail to achieve a high correlation with the performance of the digital asset.

The Responsible Entity will aim to ensure that there is sufficient cash and other liquid assets available in a Fund at all times to meet any payment obligations under derivatives.

4.20 GENERAL TAX RISK

Taxation law is complex and subject to changes by the Australian authorities, possibly with retrospective effect.

As the circumstances of each investor are different, the Responsible Entity strongly recommends that investors obtain professional independent tax advice relating to the tax implications of investing in and dealing in either Fund's Units.

For more information on taxation matters, see section 7 of this PDS.

4.21 FUND RISK

There is a risk that the Funds or the Underlying Funds could terminate, that each Fund's (or Underlying Fund's) investment objective or investment strategy or fees and expenses could change, or that the Responsible Entity may not be able to continue to act, for example if it loses its Australian financial services licence (in which case it could be replaced as responsible entity or trustee of the Funds). Any replacement responsible entity might achieve different results for investors, positive or negative, than would otherwise be the case.

There is also a risk that investing in the Funds may give a different result than investing directly into underlying assets.

4.22 OPERATIONAL RISK

A Fund's day to day operations may be adversely affected by circumstances beyond the reasonable control of the Responsible Entity, such as failure of technology or infrastructure, or natural disasters. A breakdown in administrative procedures and risk control measures implemented by the Responsible Entity or its service providers may also adversely affect the operation and performance of the Funds.

4.23 FUND TRADING RISK

In certain circumstances, the ASX may suspend trading of Units of either Fund and in that event, Unitholders would not be able to buy or sell Units of either Fund on the ASX. In these circumstances, the Responsible Entity may suspend the application and redemption process.

There may be other occasions where the Responsible Entity may suspend the application and redemption process, such as around the end of a distribution period or where other factors prevent the accurate calculation of Unit prices, such as the suspension or restriction of trading in the assets held by each of the Funds. This may cause a Fund's Units to be suspended from trading on the ASX.

The ASX also imposes certain requirements for Units to continue to be quoted. The Responsible Entity will endeavour to meet these requirements at all times to ensure the Units remain quoted, although there can be no assurance that Units will remain quoted on the ASX. Under these circumstances, the Responsible Entity may take measures such as suspending the application and redemption process or potentially terminating either Fund.

4.24 LIQUIDITY RISK

Although the Units will be quoted on the ASX under the AQUA Rules there can be no assurances that there will be a liquid market for a Fund's Units. The Responsible Entity has in place market making arrangements to assist in maintaining liquidity for both Funds on the ASX. The Responsible Entity cannot guarantee that a market maker will fulfil its obligations or that a market maker will continue to be appointed. The market making arrangements agreed by the Responsible Entity with a market maker also specify certain permitted circumstances where the market making obligations may be suspended (such as operational disruptions, market disruptions or unusual conditions (including those which make the market maker's ability to perform the market making function impossible, impracticable or unduly onerous such as an unusually volatile or "fast market"), other events set out in the ASX Operating Rules, the suspension or rejection of applications for Units or redemption requests, or the market maker not having ASIC relief to allow short selling of Units). If a market maker defaults on its obligations, the Responsible Entity may seek to replace the market maker, although the arrangements with the market maker may limit or exclude any liability on the part of the market maker.

In addition, there is the risk that one or more assets held by the Funds may suffer from restricted or limited liquidity, which may be associated with wider than usual bid-offer spreads for such assets, preventing the Fund from closing out certain positions or executing in a timely manner and at a fair price. This may be due to factors specific to that investment or to prevailing market conditions. The bid-offer spread for Units can be expected to increase if there is decreased liquidity for the underlying assets and/or their bid-offer spreads widen due to market conditions.

The Fund's monthly average bid-offer spread will be reported in the ASX Investment Products Monthly Update, which can be viewed on the ASX's website at www.asx.com.au.

4.25 TRADING PRICE OF UNITS MAY DIFFER FROM NET ASSET VALUE PER UNIT AND THE INAV

As with any exchange traded fund, it is possible that the trading price of Units of a Fund on the ASX may differ from a Fund's Net Asset Value per Unit and the iNAV for that Fund. The trading price is dependent on a number of factors including the demand for and supply of Units, investor confidence, the availability of market maker services during the course of the trading day and the bid-offer spread charged by a market maker. The trading price may be affected if there is a suspension of the application and redemption process. The application and redemption facility is designed to reduce the likelihood of Units trading at a significant discount or premium to the Net Asset Value per Unit. If the application or redemption facility for a Fund is closed on a particular day, the trading price might diverge further from the Net Asset Value per Units.

If the trading of a Fund's underlying assets is restricted, the Net Asset Value of that Fund and the iNAV may also be affected.

Periods of increased market volatility or disruptions to the market making function may result in wider bid-offer spreads for Units and

trading prices that differ significantly from a Fund's Net Asset Value per Unit and the iNAV. This risk may be higher in the period shortly after the ASX opens for trading and near the close of trading. If an investor purchases Units at a time when the market price is at a premium to the Net Asset Value per Unit or sells at a time when the market price is at a discount to the Net Asset Value per Unit, then the investor may sustain losses. Investors should consider placing "limit orders" to reduce the risk of trading at unfavourable prices.

The price at which investors buy and sell Units on the ASX and the price at which investors apply for and redeem Units may differ. This may be due to factors such as the ASX bid-offer spread and general ASX market conditions and supply and demand for Units during the ASX trading day. As such, the cost to acquire a Unit on the ASX may be different to the application price of a Unit in the same Fund, and the sale proceeds received from the sale of a Unit on the ASX may be different to the redemption price of a Unit in the same Fund.

4.26 VALUATION RISK

Each Underlying Fund's holding of Bitcoin or Ether is calculated using the relevant Reference Rate.

There is a risk that the methodology currently used in calculating the Reference Rate will not appropriately track the price of Bitcoin or Ether (as applicable). Third parties may be able to purchase and sell Bitcoin and Ethereum on public or private markets not included among the Constituent Platforms, and such transactions may take place at prices materially higher or lower than the Reference Rate price. If Shares in the Underlying Funds no longer track the global market price of Bitcoin or Ethereum, this could adversely affect an investment in the Underlying Funds.

In addition, each Reference Rate is available once per day, whereas the Bitcoin and Ether market is a 24-hours market place. As such, the Reference Rate may not be reflective of market events and other developments that occur after its pricing window and thus the Reference Rate may not be reflective of the then-available market price of Bitcoin or Ether (as applicable) in periods between its calculation.

Each Reference Rate is based on various inputs which may include price data from various third-party trading platforms. Technological error, data errors, manipulative activity, or fraudulent reporting from initial sources may impact the validity of these inputs. The Benchmark Provider could also experience systems failures or errors, resulting in delays in calculations and dissemination of the Reference Rates may be delayed. Errors in Reference Rate data, computations or construction may have an adverse impact on the Underlying Funds, the value of the Shares, and therefore the value of a Fund's Units.

Each Fund's holding of Shares in the relevant Underlying Fund will be valued using closing market prices (converted into Australian dollars). If there is a material difference between the market price of an Underlying Fund's Shares and the Underlying Fund's net asset value, then there may be a material difference between the Fund's performance relative to the performance of Bitcoin or Ether, as applicable.

Each Fund should not be expected to track the performance of Bitcoin or Ether, as applicable, exactly, automatically and continuously. Each Fund's returns may not match the returns of the relevant digital asset for various reasons, including as noted above. For example, the Fund will incur fees and may incur transaction costs in buying and selling Shares in the relevant Underlying Fund, which are not reflected in the price of the digital asset. In addition,

performance may differ due to the Fund's need to hold an amount of cash from time to time, or other factors.

4.27 INFLATION RISK

The returns on an investment in either Fund may not keep pace with inflation, which would reduce the real return earned by investors.

4.28 SETTLEMENT RISK

The application and redemption processes associated with the issue or redemption of Units are subject to the normal settlement procedures through CHES. The Funds are exposed to some risk if an Authorised Participant or other market participant fails to comply with its settlement obligations. These risks are mitigated by the fact that Authorised Participants and other market participants are subject to usual CHES trading practices including sanctions for failure to comply with obligations. The Funds may also suffer loss if an Authorised Participant fails to deliver the application consideration for Units, or a Unitholder fails to redeliver Units in relation to a redemption, by the settlement time and the Funds have entered into transactions in reliance on delivery occurring.

4.29 COUNTERPARTY RISK

Counterparties used in connection with a Fund's or Underlying Fund's investment activities may default on their obligations, for instance by failing to make a payment when due. This may be due to insolvency or other events of default. Such counterparties may include service providers and trading counterparties, as well as the Fund Custodian and the Digital Asset Custodian. Default on the part of a counterparty could result in financial loss to a Fund.

4.30 CYBERSECURITY RISK

With the increased use of technology to conduct business, the Responsible Entity, the Funds, the Underlying Funds and their service providers can be susceptible to information security and related risks including cyber-security attacks or incidents. The

nature of crypto-assets may mean they are more susceptible to cyber risks than other asset classes.

Cyber incidents can result from deliberate attacks or unintentional events, and include gaining unauthorised access to digital systems, networks or devices for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e. efforts to make network services unavailable to intended users).

Cybersecurity breaches may cause disruptions to a Fund's operations, potentially resulting in financial loss. Any loss of Bitcoin or Ether by the Underlying Funds as a result of a cybersecurity breach is likely to be irreversible (see section 4.13 for more information).

4.31 INAV RISK

The iNAV published for a Fund is indicative only, may not be up to date and may not reflect the true value of the relevant Unit.

Any iNAV is not, and should not be taken to be or relied on as being, the value of a Unit or the price at which Units may be applied for or redeemed, or bought or sold on any stock exchange, and may not reflect the true value of a Unit. Investors interested in applying for or redeeming Units, or buying or selling Units on a stock exchange, should not rely on any iNAV which is made available, in making investment decisions but should consider other market information and relevant economic factors. Neither the Responsible Entity nor any designate or other service provider to the Responsible Entity shall be liable to any person who relies on the iNAV.

No assurance can be given that any iNAV will be published continuously, will be up to date or free from error. The publication of an iNAV is dependent on the availability of a suitable data provider and other factors. Disruptions to iNAV services may result in periods during which an iNAV is not available.

5 HOW TO BUY AND SELL UNITS

Only Authorised Participants may apply for Units directly through this PDS.

Other investors cannot apply for Units through this PDS. Such investors may buy and sell Units by trading on the ASX through a stockbroker or via a financial adviser.

Prior to being issued Units, an Authorised Participant must execute an Authorised Participant Agreement that deals with, amongst other things, the rights and obligations of the Authorised Participant in relation to applying for Units. See section 6.3 for further information about the Authorised Participant Agreement.

Unitholders who are not Authorised Participants may only redeem Units in the special circumstances described in section 5.4. However, all Unitholders may normally sell their Units by trading on the ASX.

To effect an application or redemption, Authorised Participants must complete the Application Form or Redemption Form that accompanies this PDS or is available from www.betashares.com.au/authorised-participants or by calling Client Services on +1300 487 577 (within Australia) +61 2 9290 6888 (outside Australia).

Applications for, and redemptions of, Units will be settled through the CHES system.

5.1 MINIMUM APPLICATIONS AND REDEMPTIONS

The minimum application and redemption amount is one Creation Unit, unless otherwise agreed with the Responsible Entity. The number of Units that constitute a Creation Unit for each Fund is determined by the Responsible Entity and notified to Authorised Participants.

Applications and redemptions must be for whole multiples of Creation Units, unless otherwise agreed with the Responsible Entity.

Application and redemption amounts are payable or receivable (as applicable) in cash in Australian or U.S. dollars, unless otherwise agreed with the Responsible Entity.

5.2 PROCESSING OF APPLICATIONS AND REDEMPTIONS

Application/Redemption Forms received from Authorised Participants before the Dealing Deadline on a Dealing Day are processed at the Issue Price/Withdrawal Amount (being the Net Asset Value per Unit) for a Fund applicable to that day. Application/Redemption Forms received from Authorised Participants on or after the Dealing Deadline on a Dealing Day, or on a non-Dealing Day, will be treated as being received on the next Dealing Day.

5.3 APPLICATIONS AND REDEMPTIONS

For applications, Authorised Participants must deliver to the Responsible Entity or custodian an amount of Australian or U.S. dollars equal to the Issue Price for the relevant Units, plus the

application fee, unless otherwise agreed by the Responsible Entity. In return, they will receive the relevant Units.

For redemptions, Authorised Participants must deliver, or arrange for delivery of, the relevant Units to the Responsible Entity or custodian. In return, they will receive an amount of Australian dollars equal to the Withdrawal Amount for the relevant Units, less the redemption fee, unless otherwise agreed by the Responsible Entity.

Details of the amounts payable pursuant to applications, or receivable upon redemptions, will be notified to the Authorised Participant on the ASX Business Day following the effective date of the application or redemption.

An application received by the Dealing Deadline (on day T) will generally enable the Authorised Participant to receive the new Units in its CHES account in accordance with the standard CHES settlement period (one ASX Business Day later (T+1) as at the date of this PDS), provided the Authorised Participant has paid the application consideration and application fee by no later than the standard CHES settlement cut-off time (11:30am as at the date of this PDS) on that settlement day or as otherwise agreed with the Authorised Participant.

Units will generally be issued on the ASX Business Day after the trade date and quoted with effect from the settlement of the issue of the relevant Units through CHES.

A redemption request received by the Dealing Deadline (on day T) will generally enable the Authorised Participant to receive the redemption payment (less the redemption fee) two ASX Business Days later (T+2), provided the Authorised Participant has transferred the Units by no later than the standard CHES settlement cut-off time (11:30am as at the date of this PDS) on T+2 or as otherwise agreed with the Authorised Participant.

The relevant settlement period for applications and redemptions may be extended to accommodate applicable overseas public holidays or other days on which an exchange, on which a Fund's portfolio of investments is traded, is closed on the Dealing Day or during the settlement period.

By signing an Authorised Participant Agreement, an Authorised Participant agrees to be bound by certain execution and settlement procedures in relation to applications for and redemptions of Units which are set out in the Authorised Participant Agreement. Settlement failure procedures apply if an Authorised Participant does not comply with its obligations under the procedures. The procedures allow the Responsible Entity to cancel an application or redemption in certain circumstances and to take certain other action. The Responsible Entity may also reject any application in whole or in part at any time, without giving reasons.

5.4 UNITHOLDER REDEMPTIONS IN SPECIAL CIRCUMSTANCES

All Unitholders may normally sell their Units by trading on the ASX. Unitholders who are not Authorised Participants will not normally have a right to redeem their Units directly with a Fund. However, all Unitholders will have a right to a cash redemption and to receive payment within a reasonable time if Units are suspended

from quotation on the ASX for more than five consecutive trading days, unless:

- the relevant Fund is being wound up;
- the relevant Fund is not “liquid” as defined in the Corporations Act; or
- the Responsible Entity has suspended redemptions in accordance with the Constitution for a Fund.

Unitholders may redeem in these circumstances by completing the Redemption Form attached to this PDS. They will receive cash in Australian dollars equal to the aggregate Withdrawal Amount for the relevant Units (less any redemption fee).

No minimum redemption amount will apply.

5.5 SUSPENSIONS OF APPLICATIONS AND REDEMPTIONS

There may be occasions where the Responsible Entity may suspend the issue of Units or delay or reject redemption requests. This may occur, for example, around the end of a distribution period when the Responsible Entity is calculating and paying the distributable income for the relevant period or where there are factors, as determined by the Responsible Entity, which prevent the accurate calculation of Unit prices. The Responsible Entity will advise Unitholders of any suspension of applications or delay or rejection of redemptions.

Where the Responsible Entity cannot accurately determine the Net Asset Value per Unit, the Responsible Entity may suspend applications for Units and/or delay or reject redemptions of Units.

The Responsible Entity may also scale down redemptions in certain circumstances.

See section 6.2.8 and 6.2.9 for further information

5.6 VALUATIONS AND PRICING

The amount per Unit payable by an Authorised Participant upon an application for Units is known as the Issue Price and is equal to the Net Asset Value per Unit.

The amount per Unit to which an Authorised Participant (or other Unitholder as described in section 5.4) is entitled on the redemption of Units is known as the Withdrawal Amount and is equal to the Net Asset Value per Unit.

The Issue Price and the Withdrawal Amount are calculated in the same manner and will have the same value at any time. This value is determined by dividing the Net Asset Value of the relevant Fund by the number of Units on issue in that Fund at the time the Issue Price and/or Withdrawal Amount are determined (the valuation time).

The assets held by a Fund are normally valued at the “closing price” for the day for the relevant security on its relevant market and converted to Australian dollars using 4pm London time exchange rates for currency markets, unless otherwise determined by the Responsible Entity.

The Withdrawal Amount paid to a Unitholder on the redemption of Units may include a distribution of the distributable income of a Fund. Please refer to section 7.1.6 for information regarding how this entitlement is determined.

The Net Asset Value of a Fund is calculated by deducting from the aggregate value of the assets of the Fund all liabilities such as accrued fees and other costs, and provisions relating to that Fund. Fees and other costs, including the Responsible Entity’s fees, are normally accrued daily. A Fund’s assets reflect its market value. The valuation methods applied by the Responsible Entity to value a Fund’s assets and liabilities must be consistent with the range of ordinary commercial practice for valuing them.

Details of the daily Net Asset Value per Unit (and hence the Issue Price and Withdrawal Amount) will be made available on the Betashares website at www.betashares.com.au.

6 ADDITIONAL INFORMATION

6.1 THE ROLE OF CERTAIN ENTITIES IN REGARD TO THE FUNDS

There are a number of parties, in addition to the Responsible Entity, involved in the ongoing operation and administration of the Funds or who otherwise provide services in connection with the Fund:

6.1.1 Fund Custodian and Administrator

The Fund Custodian provides custodial services to the Responsible Entity, including holding the assets of the Funds. The Fund Custodian may, from time to time, appoint sub-custodians. The Fund Custodian has a limited role and has no obligation to monitor whether the Responsible Entity is complying with its obligations as responsible entity of a Fund.

The Fund Custodian holds each Fund's investment in the relevant Underlying Fund, but it does not hold the Bitcoin or Ether held by the Underlying Funds. Such assets are held by the Digital Asset Custodian. Neither the Responsible Entity nor the Fund Custodian has any involvement in the selection of the Digital Asset Custodian, who is not an agent, delegate, sub-custodian or affiliate of the Fund Custodian or the Responsible Entity, and neither the Fund Custodian nor the Responsible Entity assumes liability whatsoever for any acts or omissions of the Digital Asset Custodian. See sections 2.1.4 and 2.1.11 for information about the Digital Asset Custodian.

The administrator provides administration services to the Responsible Entity. These services include fund accounting, maintenance of books and records, calculating distribution amounts, valuing a Fund's assets and liabilities, calculating the Issue Price and Withdrawal Amount, and taxation and other services. The Responsible Entity may change the custodian and administrator without prior notice to Unitholders.

As of the date of this PDS, the Fund Custodian and administrator is:

Citigroup Pty Limited
Level 23
2 Park Street
Sydney NSW 2000

6.1.2 Registrar

As for any quoted security, the role of the Registrar is to keep a record of the Unitholders in a Fund. This includes details such as the quantity of Units held, tax file numbers (if provided) and details of distribution reinvestment plan participation. The Responsible Entity may change the Registrar without prior notice to Unitholders.

As of the date of this PDS, the registrar is:

MUFG Corporate Markets
Level 12
680 George Street
Sydney NSW 2000

6.1.3 Market maker

The role of a market maker is to provide liquidity in the market for Units and to satisfy supply and demand for a Fund's Units. They do this by:

- subject to certain conditions, providing liquidity to the market through acting as the buyer and seller of Units during a significant part of the trading day; and
- creating and redeeming Units in the primary market pursuant to this PDS, which helps to ensure the number of Units on issue matches supply and demand.

The Responsible Entity seeks to appoint market making firms:

- that have experience in making markets in exchange-traded securities both in Australia and internationally;
- that have the necessary skill and expertise to perform market making functions; and
- that are ASX participants (or trade through an ASX participant).

To qualify for admission as an ASX participant, a firm must meet admission requirements set out in the ASX Operating Rules, which require the firm to hold an Australian financial services licence that authorises it to carry on its business as a market participant and to satisfy the ASX of various matters including organisational competence and business integrity.

Information about the market maker(s) selected by the Responsible Entity from time to time can be obtained by contacting the Responsible Entity.

The arrangements with the market maker specify certain permitted circumstances where the market making obligations may be suspended (such as operational disruptions, market disruptions or unusual conditions (including those which make the market maker's ability to perform the market making function impossible, impracticable or unduly onerous such as an unusually volatile or "fast market"), other events set out in the ASX Operating Rules, the suspension or rejection of applications for Units or redemption requests, or the market maker not having ASIC relief to allow short selling of Units). If a market maker defaults on its obligations, the Responsible Entity may seek to replace the market maker, although the arrangements with the market maker may limit or exclude any liability on the part of the market maker. The arrangements with the market maker may also provide that the market maker has no liability or responsibility to Unitholders for any act or omission made in connection with the market making arrangements.

Unitholders should be aware that a market maker will retain for its own account any trading profit and bear any loss which may be generated by its market making activities. Subject to the AQUA Rules and the agreement with the market maker, the Responsible Entity may appoint or terminate a market maker in respect of the Fund. The Responsible Entity may determine to no longer appoint a market maker in respect of a Fund in circumstances where it is no longer required to do so under the AQUA Rules.

6.1.4 Auditor

The Responsible Entity has appointed KPMG as the auditor of the financial statements of each Fund and of the Responsible Entity's compliance plan for each Fund.

6.1.5 Other service providers

The Responsible Entity may also in the ordinary course of business engage other service providers and agents to assist in

elements of a Fund's operation e.g. brokers and trade execution agents.

6.1.6 Monitoring of service providers

The Responsible Entity has procedures in place to monitor the performance of those service providers to whom functions have been outsourced. Monitoring methods include, where appropriate, daily observation of service provider performance, review of regular compliance and audit reports, regular meetings with service providers and performance assessments.

6.2 OTHER INFORMATION YOU NEED TO KNOW

6.2.1 Betashares as the responsible entity

Betashares, as the responsible entity, is responsible for the management and administration of each Fund. The Responsible Entity holds an Australian Financial Services Licence (AFSL 341181) that authorises it to act as the responsible entity of each Fund. The powers and duties of the Responsible Entity are set out in the Constitution of each Fund, the *Corporations Act* and general trust law.

The Responsible Entity has the power to appoint an agent, or otherwise engage a person, to do anything that it is authorised to do in connection with a Fund and, for the purpose of determining whether the Responsible Entity has properly performed its duties as responsible entity, the Responsible Entity is taken to have done (or failed to do) anything that the agent or person has done (or failed to do) because of the appointment or engagement, even if they were acting fraudulently or outside the scope of their authority or engagement.

6.2.2 The Constitution

Each Fund is a registered managed investment scheme governed by a Constitution. Under the Constitution, the Responsible Entity has all the powers it is possible to confer on a trustee as though it were the absolute owner of a Fund's assets and acting in its personal capacity. The Constitution sets out the rights of the Unitholders and the obligations of the Responsible Entity, as responsible entity of each Fund. This PDS outlines some of the more important provisions of the Constitution.

A copy of the Constitution may be inspected by Unitholders at the Responsible Entity's office, during business hours. The Responsible Entity will provide Unitholders with a copy of the Constitution upon request.

6.2.3 Amendments to the Constitution

The Responsible Entity may amend a Constitution of a Fund from time to time, subject to the provisions of the Constitution and the *Corporations Act*. Generally, the Responsible Entity can only amend a Constitution where the Responsible Entity reasonably considers that the change will not adversely affect the rights of Unitholders. Otherwise, a Constitution can only be amended if approved at a meeting of Unitholders by a resolution approved by at least 75% of the votes cast by Unitholders entitled to vote on the resolution.

6.2.4 The compliance plan

The Responsible Entity has prepared and lodged a compliance plan for each Fund with ASIC. The compliance plan sets out the key criteria that the Responsible Entity will follow to ensure that it is complying with the *Corporations Act* and the relevant Constitution. Each year the relevant compliance plan, and the Responsible Entity's compliance with the compliance plan, will be

independently audited, as required by the *Corporations Act*, and the auditor's report will be lodged with ASIC.

6.2.5 The compliance committee

The Responsible Entity has established a compliance committee in relation to each Fund with a majority of members that are external to the Responsible Entity. The compliance committee's functions include:

- monitoring the Responsible Entity's compliance with the relevant compliance plan and reporting its findings to the Responsible Entity;
- reporting breaches of the *Corporations Act* or the relevant Constitution to the Responsible Entity;
- reporting to ASIC if the committee is of the view that the Responsible Entity has not taken or does not propose to take appropriate actions to deal with breaches reported to it by the committee; and
- assessing the adequacy of the relevant compliance plan, recommending any changes and reporting these to the Responsible Entity.

6.2.6 Unit pricing policy

The Responsible Entity has documented its policy on how it exercises discretions when determining Unit prices for a Fund. The policy has been designed to meet ASIC requirements and is available on request to all Unitholders and prospective Unitholders at no charge.

6.2.7 Consolidation of Units

In the event that the Unit price of a Fund closes below \$2.00 for more than 30 consecutive ASX trading days, the Responsible Entity will, where necessary to comply with ASX requirements, undertake a consolidation of Units in order to bring the Unit price to a minimum of \$20.00.

6.2.8 Information relating to redemptions

The Constitution of each Fund allows the Responsible Entity to suspend the issue of Units in a Fund by publishing a notice to that effect. Application forms received during a period of suspension may be rejected or treated as received when the period of suspension ceases. The Responsible Entity may also reject any application in whole or in part at any time without giving reasons.

The Constitution of each Fund provides that, in some circumstances, the period for satisfaction of redemption requests (generally two ASX Business Days) may be extended, or that redemption requests may be suspended or rejected for as long as the relevant circumstances apply. Those circumstances are where:

- The Responsible Entity has taken all reasonable steps to realise sufficient assets to pay amounts due in respect of Units to which a redemption request applies and is unable to do so due to circumstances outside its control, such as restricted or suspended trading in the market for an asset;
- the Responsible Entity believes that it is impracticable or not possible to transfer, in the manner acceptable to the Responsible Entity, sufficient assets to satisfy the redemption request (for example, because of disruption to a settlement or clearing system);
- the Responsible Entity believes that it is not practicable to determine the redemption securities for an in-kind redemption or carry out the calculations necessary to

satisfy a redemption request (for example, because it is impracticable to calculate the Net Asset Value of a Fund because of restricted or suspended trading in the market for an asset or because the value of any asset cannot otherwise promptly or accurately be ascertained);

- the quotation of any Units on the ASX is suspended or the trading of any Units is otherwise halted, interrupted or restricted by the ASX, or the trading of any Units is subject to a period of deferred settlement;
- the Units cease to be admitted to trading status on the ASX;
- a redemption request is received in a financial year and the Responsible Entity determines that the date on which the completion of the redemption of the Units would otherwise occur would be in the next financial year;
- a redemption request is received during any period before or after a distribution date which period the Responsible Entity determines to be necessary or desirable to facilitate the calculation and distribution of distributable income;
- the Responsible Entity does not consider that it is in the best interests of Unitholders of the relevant Fund taken as a whole to transfer or realise sufficient assets to satisfy the redemption request; or
- the Responsible Entity believes that assets cannot be realised at prices that would be obtained if assets were realised in an orderly fashion over a reasonable period in a stable market.

6.2.9 Spreading redemption requests

The Constitution of each Fund provides that, if the Responsible Entity receives one or more redemption requests in respect of a particular valuation time that seek the redemption in aggregate of more than 10% of the total number of Units on issue in that Fund, the Responsible Entity may scale down pro rata each redemption request so that no more than 10% of the number of Units on issue will be redeemed in respect of that valuation time. If a redemption request is scaled down in this way, the relevant Unitholder shall be deemed to have made a redemption request with respect to the unsatisfied balance of the Units the subject of the redemption request and that request will be deemed to have been received immediately following the first valuation time. The balance of such unsatisfied redemption request will be satisfied in priority to any subsequently received redemption request and will generally be satisfied in full no later than the 10th valuation time following the first valuation time.

6.2.10 Non-Authorised Participant redemption request

If there are no Authorised Participants, the Responsible Entity may accept a redemption request from a person who is not an Authorised Participant, provided such person is an Australian resident at the time of giving the redemption request.

6.2.11 Information relating to redemptions

The information in section 5 relating to redemptions assumes that each Fund is liquid within the meaning of section 601KA of the *Corporations Act*. A Fund will be liquid if at least 80% of its assets, by value, are liquid assets under the *Corporations Act*. Broadly, liquid assets include money in an account or on deposit with a bank, bank accepted bills, marketable securities and other property which the Responsible Entity reasonably expects can be

realised for its market value within the period specified in the Constitution for satisfying redemption requests. At the date of this PDS, the Responsible Entity expects that each Fund will be liquid under the *Corporations Act*. If a Fund is not liquid, a Unitholder will not have a right to redeem Units and can only redeem where the Responsible Entity makes a withdrawal offer to Unitholders in accordance with the *Corporations Act*. The Responsible Entity is not obliged to make such offers.

6.2.12 Rights of a Unitholder

A Unit confers a beneficial interest on a Unitholder in the assets of a Fund but not an entitlement or interest in any particular part of that Fund or any asset.

The terms and conditions of each Fund's Constitution are binding on each Unitholder in that Fund and all persons claiming through them respectively, as if the Unitholder or person were a party to the Constitution.

6.2.13 Reimbursement of expenses

In addition to any other indemnity which the Responsible Entity may have under a Fund's Constitution or at law, the Responsible Entity is indemnified and entitled to be reimbursed out of, or paid from, the assets of the relevant Fund for all liabilities, losses and expenses incurred by it in relation to the proper performance of its duties as responsible entity of that Fund.

6.2.14 Retirement of Betashares

Betashares may retire as responsible entity of a Fund by calling a meeting of Unitholders to enable Unitholders to vote on a resolution to choose a company to be the new responsible entity. The Responsible Entity may be removed from office by an extraordinary resolution (i.e. a resolution passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote on the resolution) passed at a meeting of Unitholders, in accordance with the *Corporations Act*.

6.2.15 Termination

The Responsible Entity may wind up a Fund at any time. Following winding up, the net proceeds will be distributed to Unitholders pro-rata according to the number of Units they hold.

6.2.16 Limitation of liability of Unitholders

The Constitution of each Fund provides that the liability of each Unitholder is limited to the amount subscribed, or agreed to be subscribed, by the Unitholder, subject to:

- i. the indemnities each Unitholder gives the Responsible Entity for losses or liabilities incurred by the Responsible Entity:
 - a. in relation to the Unitholder's failure to provide requested information
 - b. for tax or user pays fees as a result of a Unitholder's action or inaction, any act or omission by the Unitholder or any matter arising in connection with the Units held by the Unitholder;
 - c. in relation to the Unitholder paying or failing to pay the issue price or application or redemption fees in accordance with the Constitution of that Fund or otherwise failing to comply with the Constitution of that Fund;
- ii. execution and settlement procedures prescribed by the Responsible Entity that relate to the issue and redemption of Units.

Subject to the matters described above, a Unitholder is not required to indemnify the Responsible Entity or a creditor of the

Responsible Entity against any liability of the Responsible Entity in respect of a Fund. However, no complete assurance can be given in this regard, as the ultimate liability of a Unitholder has not been finally determined by the courts.

6.2.17 Meeting of Unitholders

The Responsible Entity may convene a meeting of Unitholders of a Fund at any time, (e.g. to approve certain amendments to a Fund's Constitution or to wind up a Fund). The Corporations Act provides that Unitholders also have limited rights to call meetings and have the right to vote at any Unitholder meetings. Except where a Fund's Constitution provides otherwise, or the *Corporations Act* requires otherwise, a resolution of Unitholders must be passed by Unitholders who hold Units exceeding 50% in value of the total value of all Units held by Unitholders who vote on the resolution.

A resolution passed at a meeting of Unitholders held in accordance with a Fund's Constitution binds all Unitholders of that Fund.

6.2.18 Indemnities and limitation of liability of the Responsible Entity

The Responsible Entity is indemnified out of the assets of each Fund for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to that Fund. To the extent permitted by the Corporations Act, the indemnity includes any liability incurred by the Responsible Entity as a result of any act or omission of a delegate or agent appointed by the Responsible Entity.

The Responsible Entity is not liable in contract, tort or otherwise to Unitholders for any loss suffered in any way relating to a Fund except to the extent that the Corporations Act imposes such liability.

6.2.19 Defective applications

The Constitution of each Fund allows the Responsible Entity to cancel Units in certain circumstances including where the Responsible Entity determines that the applicant was not entitled to apply for or hold the Units, the Application Form was incorrectly executed or was otherwise defective or where the execution and settlement procedures were not complied with.

6.2.20 Discretionary redemptions

The Constitution of each Fund allows the Responsible Entity to redeem some or all of a Unitholder's Units at any time. The Responsible Entity will give the Unitholder at least 60 days' notice of such redemption, unless the Unitholder is not entitled to hold Units under any applicable law.

6.2.21 Information from Unitholders

The Constitution of each Fund provides that the Responsible Entity may request any information from Unitholders where it believes that such information is necessary to (a) comply with any law or regulatory request; or (b) lessen the risk of that Fund or any Unitholder suffering a material detriment. If a Unitholder fails to provide the requested information, the Unitholder must indemnify the Responsible Entity for any loss suffered by the Responsible Entity in relation to such failure.

6.2.22 Borrowings

Each Fund's Constitution places no formal limits on borrowing. It is not the Responsible Entity's intention to enter into borrowing for a Fund, except that temporary overdrafts may be used occasionally to manage certain cash flows. Any borrowing may be on a secured or unsecured basis and any borrowing costs would be borne by the Fund.

6.2.23 If you have a complaint

If a Unitholder has a complaint regarding a Fund or services provided by the Responsible Entity, please contact Client Services on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia) from 9:00 am to 5:00 pm Sydney time, Monday to Friday, or refer the matter in writing to:

complaints@betashares.com.au; or

Manager Client Services
Betashares Capital Ltd
Level 46, 180 George Street
Sydney NSW 2000

A copy of the complaints handling policy can be obtained at no charge by contacting the Responsible Entity.

To expedite a resolution of the matter, copies of all relevant documentation and other information supporting the complaint should be provided when making the complaint.

The Responsible Entity will try to resolve complaints as soon as possible, but in any event, will inform the Unitholder in writing of its determination regarding the complaint within 30 days of receiving the initial complaint.

In the event that a Unitholder is not satisfied with the outcome of a complaint, the Unitholder has the right to request the Responsible Entity to review its decision or to refer the matter to an external complaints resolution scheme. The Responsible Entity is a member of the Australian Financial Complaints Authority ("AFCA"). AFCA provides independent financial services complaint resolution that is free to consumers. Unitholders can contact AFCA on:

Website: www.afca.org.au
Email: info@afca.org.au
Phone: 1800 931 678 (free call)
In writing to: Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001

Certain eligibility requirements apply for AFCA to hear a complaint, as set out in AFCA's complaint resolution scheme rules. AFCA is generally only available to retail clients.

6.2.24 Protecting your privacy

Privacy laws regulate, among other matters, the way organisations collect, use, disclose, keep secure and give people access to their personal information.

The Responsible Entity is committed to respecting the privacy of a Unitholder's personal information. The Responsible Entity's privacy policy states how the Responsible Entity manages personal information.

The Responsible Entity may collect additional personal information in the course of managing a Fund. Some information must be collected for the purposes of compliance with the *Anti-Money Laundering and Counter Terrorism Financing Act 2006*.

The Responsible Entity may provide personal information to a Unitholder's adviser if written consent is provided to the Responsible Entity. The Responsible Entity may disclose personal information to authorities investigating criminal or suspicious activity and to the Australian Transaction Reports and Analysis Centre ("AUSTRAC") in connection with anti-money laundering and counter-terrorism financing.

The Responsible Entity may provide a Unitholder's personal information to its service providers for certain related purposes (as

described under the *Privacy Act 1988*) such as account administration and the production and mailing of statements. The Responsible Entity may also use a Unitholder's personal information and disclose it to its service providers to improve customer service (including companies conducting market research) and to keep Unitholders informed of the Responsible Entity's or its partners' products and services, or to their financial adviser or broker to provide financial advice and ongoing service.

The Responsible Entity will assume consent to personal information being used for the purposes of providing information on services offered by the Responsible Entity and being disclosed to market research companies for the purposes of analysing the Responsible Entity's investor base unless otherwise advised.

Unitholders may request access to the personal information held about them at any time and ask the Responsible Entity to correct this information if it is incomplete, incorrect or out of date.

To obtain a copy of the privacy policy at no charge, contact the Responsible Entity on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia).

6.2.25 Indicative Net Asset Value per Unit

As at the date of this PDS, the Responsible Entity intends to take all reasonable steps to make available, or may designate other persons to make available on its behalf, an estimated indicative Net Asset Value per Unit ("iNAV") for each Fund from time to time during an ASX Business Day. Such information will be calculated based upon information available to the Responsible Entity or its designate during the ASX Business Day. The Responsible Entity has engaged an agent to calculate an estimated indicative NAV per Unit (iNAV) for the Fund during an ASX trading day. The iNAV will be published on the Betashares website at www.betashares.com.au.

The iNAV calculations are estimates of the Net Asset Value per Unit calculated using market data. The iNAV price is a calculation of the value of a portfolio of assets that is indicative of the Fund's portfolio as at the open of trading on the relevant day based on quotes and last sale prices, less any liabilities of the Fund.

Any iNAV is not, and should not be taken to be or relied on as being, the value of a Unit or the price at which Units may be applied for or redeemed, or bought or sold on any stock exchange, and may not reflect the true value of a Unit. Investors interested in applying for or redeeming Units, or buying or selling Units on a stock exchange, should not rely on any iNAV which is made available, in making investment decisions but should consider other market information and relevant economic factors. Neither the Responsible Entity nor any designate or other service provider to the Responsible Entity shall be liable to any person who relies on the iNAV.

No assurance can be given that any iNAV will be published continuously, will be up to date or free from error. The publication of an iNAV is dependent on the availability of a suitable data provider and other factors.

6.2.26 Anti-money laundering

The Responsible Entity is bound by laws regarding the prevention of money laundering and the financing of terrorism, including the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Laws). By completing the Application or Redemption Form, the Unitholder agrees that:

- it does not subscribe to a Fund under an assumed name;
- any money used to invest in the Units is not derived from or related to any criminal activities;
- any proceeds of the investment will not be used in relation to any criminal activities;
- if the Responsible Entity requests, the Unitholder will provide to it any additional information that is reasonably required for the purposes of AML/CTF Laws (including information about the investor, any beneficial interest in the Units, or the source of funds used to invest);
- the Responsible Entity may obtain information about the Unitholder or any beneficial owner of a Unit from third parties if it is believed this is necessary to comply with AML/CTF Laws; and
- in order to comply with AML/CTF Laws, the Responsible Entity may be required to take action, including:
 - delaying or refusing the processing of any application or redemption; or
 - disclosing information that the Responsible Entity holds about the Unitholder or any beneficial owner of the Units to the Responsible Entity's related bodies corporate or service providers, or relevant regulators of AML/CTF Laws (whether in or outside of Australia).

6.2.27 Foreign Account Tax Compliance Act (FATCA) & OECD Common Reporting Standard (CRS)

FATCA was enacted by the U.S. Congress to target non-compliance by U.S. taxpayers using foreign accounts. In order to prevent FATCA withholding tax being applied to any U.S. connected payments made to a Fund in Australia, that Fund is required to collect and report information to the Australian Taxation Office relating to certain U.S. accounts, which may be exchanged with the U.S. Internal Revenue Service.

Similar to FATCA, the CRS is the single global standard for the collection, reporting and exchange of financial account information on foreign tax residents. Australian financial institutions need to collect and report financial account information regarding non-residents to the Australian Taxation Office.

Accordingly, a Fund may request that you provide certain information about yourself (for individual investors) or your controlling persons (where you are an entity) in order for that Fund to comply with its FATCA or CRS compliance obligations.

6.2.28 Other services

The Responsible Entity in its personal capacity, or companies related to the Responsible Entity, may invest in a Fund or provide services to a Fund. Any such services will be provided on terms that would be reasonable if the parties were dealing at arm's length.

6.2.29 Warning statement for New Zealand investors

The following disclosure is made to enable a Fund's Units to be offered by the Responsible Entity in New Zealand under the mutual recognition scheme between Australia and New Zealand:

1. This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part

9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

2. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.
3. There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.
4. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.
5. Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.
6. The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
7. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

Currency exchange risk

1. The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
2. If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur

significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

Trading on financial product market

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Dispute resolution process

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

6.2.30 No minimum Units holding requirement

The Responsible Entity does not require an investor who invests through an Australian securities exchange to hold a minimum number of Units in the Fund and therefore permits such an investor to establish a holding in the Fund of one Unit or more. The Responsible Entity may, after giving at least 60 days' notice to Unitholders, update this PDS to specify a minimum number of Units which must be held at any time. Where a minimum holding amount has been set and an existing Unitholder's holding is below the minimum holding amount, in accordance with the Fund's Constitution we may choose to redeem that Unitholder's holding, after giving 60 days' notice to the Unitholder.

This does not affect the minimum application and redemption amounts applicable to Authorised Participants who apply for, or redeem, Units directly with the Fund.

6.3 MATERIAL CONTRACTS

The Responsible Entity (or the Responsible Entity's holding company) has entered into (or will enter into prior to the date Units are first issued in a Fund) a number of material contracts in relation to the offer of a Fund, as set out below.

TABLE 6.3: MATERIAL CONTRACTS

CONTRACT AND PARTY	DESCRIPTION
Custody agreement Citigroup Pty Limited	This agreement sets out the services provided by the Fund Custodian on an ongoing basis together with service standards.
Administration services agreement Citigroup Pty Limited	This agreement sets out the services provided by the administrator (accountancy services, tax services and fund administration services), together with service standards.
Registry agreement MUFG Corporate Markets (AU) Limited	This agreement sets out the services provided by the Registrar on an ongoing basis together with service standards.
Authorised participant agreement Authorised Participants	An Authorised Participant Agreement deals with execution and settlement procedures in relation to the application for and redemption of Units. The terms of each Authorised Participant Agreement may vary and each may be amended from time to time. Under the Authorised Participant Agreement, the Authorised Participant makes certain representations to the Responsible Entity about its status as an appropriately licensed entity and agrees to comply with the Constitution and with the execution and settlement procedures.
Nominee deed poll Citigroup Pty Limited	Under this document, if applicable, the Applicant Nominee agrees to hold Units the subject of an application by an Authorised Participant as nominee for the Authorised Participant pending settlement.
Nominee terms Authorised Participants	By signing the Application Form, if applicable, the Authorised Participant covenants for the benefit of the Applicant Nominee to be bound by the Nominee Terms under which the Applicant Nominee will hold application Units for the Authorised Participant subject to a security interest in favour of the Responsible Entity pending settlement of the application. Under the Nominee Terms, if the Authorised Participant does not comply with its obligations relating to the issue of Units, the Responsible Entity may direct the Applicant Nominee that the Units not be transferred to the Authorised Participant, in which case the Units are to be held solely for the Responsible Entity.
Relationship agreement Bitwise Investment Advisers, LLC.	This agreement contains Bitwise' consent to the Funds using Shares in the Underlying Funds to obtain their primary economic exposures and other terms governing the relationship between the parties.

6.4 ASIC RELIEF

6.4.1 Equal Treatment Relief

ASIC Corporations (Relief to Facilitate Admission of Exchange Traded Funds) Instrument 2024/147 exempts the Responsible Entity from the equal treatment requirement in section 601FC(1)(d) of the Corporations Act, to the extent necessary to allow the Responsible Entity to restrict eligibility to submit redemption requests in relation to Units to Authorised Participants. The Responsible Entity will not treat Unitholders of the same class equally to the extent that it restricts redemptions from the Fund to such Authorised Participants.

Relief is granted subject to certain conditions, including the condition that all Unitholders will have a right to a cash redemption if Units are suspended from trading on the ASX for more than five consecutive trading days, unless:

- the relevant Fund is being wound up;
- the relevant Fund is no longer a liquid scheme; or

- the Responsible Entity has suspended redemptions in accordance with the relevant Fund's constitution.

If such a redemption occurs, any redemption fee per Unit payable by Unitholders who are not Authorised Participants must not be greater than the redemption fee per Unit that would generally be payable on redemption by an Authorised Participant for a cash redemption when withdrawing the minimum parcel of Units.

6.4.2 Ongoing Disclosure Relief

ASIC Corporations (Relief to Facilitate Admission of Exchange Traded Funds) Instrument 2024/147 exempts the Responsible Entity from the ongoing disclosure requirements in section 1017B of the Corporations Act on the condition that the Responsible Entity complies with the continuous disclosure provisions of the Corporations Act that apply to an unlisted disclosing entity as if a Fund was an unlisted disclosing entity. The Responsible Entity will comply with these continuous disclosure provisions as if a Fund was an unlisted disclosing entity.

6.4.3 Periodic Statement Relief

ASIC Corporations (Periodic Statement Relief for Quoted Securities) Instrument 2024/14 exempts the Responsible Entity from certain periodic statement requirements. In particular, the Responsible Entity is not required (and does not propose) to include in periodic statements details of the price at which an investor transacts in Units on the ASX, or information on the return on an investment in Units acquired on the ASX (for the year in which the Units are acquired), if the Responsible Entity is not able to calculate this and the periodic statement explains why the information was not included and how it can be obtained.

6.5 DOCUMENTS LODGED WITH ASIC

As a disclosing entity, each Fund is subject to certain regular reporting and disclosure obligations as if it were an unlisted "disclosing entity" under the *Corporations Act*. We will comply with our continuous disclosure obligations under the law by publishing material information on our website in accordance with ASIC's good practice guidance for website disclosure.

As an investor in a Fund, a Unitholder may obtain the following documents from the Responsible Entity (as at the date of this PDS, no such documents have been lodged with ASIC as the Funds are newly established):

- the annual report most recently lodged with ASIC in respect of the Fund;
- any half-year financial report lodged with ASIC in respect of the Fund after the lodgement of the abovementioned annual report and before the date of this PDS; and
- any continuous disclosure notices given in respect of the Fund after the lodgement of the abovementioned annual report and before the date of this PDS.

The Responsible Entity will send a requesting Unitholder a printed or electronic copy of any of the above documents free of charge within 5 business days of the request.

Copies of documents lodged with ASIC in relation to a Fund may be obtained from, or inspected at, an ASIC office.

6.6 COOLING OFF

There is no cooling off period in relation to the subscription for Units in a Fund. This means that once an Application Form is submitted, an applicant cannot decide to withdraw the application.

6.7 INDIRECT INVESTORS

When an investor invests through a master trust or wrap platform or an IDPS, the operator of the trust, platform or IDPS is investing on the investor's behalf. Consequently, the operator (or the custodian of the platform), and not the investor as an indirect investor, holds the Units and therefore has the rights of a Unitholder in the relevant Fund. For example, if an investor is an indirect investor, they will not have rights to attend and vote at Unitholder meetings, to withdraw Units or receive distributions. Instead the platform operator will exercise those rights in accordance with their arrangements with the investor. For information about their investment, an investor should contact their platform operator.

6.8 INFORMATION AVAILABLE FROM BETASHARES

The Responsible Entity is subject to regular reporting and disclosure obligations, in its capacity as responsible entity of each Fund and issuer of the Units. The following information can be obtained from the Responsible Entity by visiting the Betashares website at www.betashares.com.au or by contacting Betashares on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia):

- the daily Net Asset Value (NAV) for the Funds;
- the daily NAV per Unit for the Funds;
- the portfolio holdings for the Funds, updated daily;
- the Responsible Entity's Unit pricing policy;
- the latest PDS for the Funds;
- copies of announcements made to the ASX via the ASX Market Announcements Platform (including continuous disclosure notices and distribution information);
- information about distributions as soon as possible after they are declared;
- annual and any half-year reports and financial statements for the Funds;
- details of the Distribution Reinvestment Plan;
- information in relation to the Funds to enable Authorised Participants and market makers to estimate the Net Asset Value per Unit of the Funds during the course of a trading day; and
- the Target Market Determination prepared by the Responsible Entity for each Fund pursuant to the "design and distribution" obligations set out in Part 7.8A of the *Corporations Act*, which sets out the class of consumers that comprise the target market for the Fund.

6.9 DISCLAIMERS

Citigroup Pty Limited ("Citigroup") has been appointed as the custodian and administrator for the Funds. Citigroup's role as custodian is limited to holding the assets of each Fund. Citigroup's role does not include holding any Bitcoin or Ether. As administrator, Citigroup is responsible for the day to day administration of each Fund. Citigroup has no supervisory role in relation to the operation of the Funds and has no liability or responsibility to Unitholders for any act done or omission made in accordance with the custody and investment administration agreements. Citigroup and the Funds' registrar, MUFG Corporate Markets (AU) Limited, were not involved in preparing, nor take any responsibility for this PDS and Citigroup and MUFG Corporate Markets (AU) Limited make no guarantee of the success of a Fund nor the repayment of capital or any particular rate of capital or income return.

Bitwise Investment Advisers, LLC ("Bitwise") has given, before the date of this PDS, and has not withdrawn, its consent to certain references to it in the form and context in which they have been included. Bitwise has not caused or authorised the issue of this PDS and does not take any responsibility for any part of this PDS, other than those references to which it has consented.

The Funds are not sponsored, endorsed, sold or promoted by Bitwise. Except as noted above, Bitwise has no responsibility for the suitability, accuracy or adequacy of descriptions and disclosures relating to the Funds. Bitwise makes no

representation or warranty, express or implied, to the owners of the Funds or any member of the public regarding the advisability of investing in securities generally or in the Funds particularly. Bitwise's only relationship to Betashares is in relation to the Funds' investment into the Bitwise Bitcoin ETF and Bitwise Ethereum ETF (together, the "Bitwise ETFs"). Bitwise has no obligation to take the needs of Betashares or the owners of the Funds into consideration in its role as sponsor and manager of the Bitwise ETFs. Bitwise has no liability in connection with the administration, marketing or trading of the Funds.

Bitwise gives no warranty, express or implied, as to results to be obtained by Betashares, owners of the Fund, or any other person or entity from the Funds' investment into the Bitwise ETFs.

Without limiting any of the foregoing, in no event shall Bitwise have any liability for any lost profits or special, incidental, punitive, indirect, or consequential damages, even if notified of the possibility of such damages.

The service providers and counterparties to the Underlying Funds referred to in this PDS, including the Digital Asset Custodian and Benchmark Provider have not been involved in preparing or issuing this PDS, are not responsible for any part of this PDS and have no responsibility or liability with respect to the operation and performance of the Funds.

7 TAXATION

The taxation information in this PDS is provided for general information only. It is a broad overview of some of the Australian tax consequences associated with investing in the Funds for a potential Australian resident investor.

It does not take into account the specific circumstances of each person who may invest in a Fund. It should not be used as the basis upon which potential investors make a decision to invest.

As the circumstances of each investor are different, the Responsible Entity strongly recommends that investors obtain professional independent tax advice relating to the tax implications of investing in and dealing in Units.

The taxation information in this PDS has been prepared based on tax laws and administrative interpretations of such laws available at the date of this PDS. These laws and interpretations may change.

7.1.1 Taxation of the Funds

The Responsible Entity intends to manage the Funds such that the Funds are not subject to Australian tax. The AMIT regime is an elective taxation regime that is available to certain eligible management investment trusts. It became generally available from 1 July 2016, with the existing tax rules for managed funds applying unless an election is made to enter the regime.

As at the date of this PDS, the Responsible Entity intends that an irrevocable election for each Fund to enter the AMIT regime will be in effect from the financial year in which the relevant Fund was launched.

The Responsible Entity does not generally expect the Funds to be subject to tax on the income of the Funds, as it is intended that:

- for eligible funds that enter the AMIT regime all taxable income and other relevant amounts will be “attributed” to the Unitholders in each financial year; and
- for funds that have not entered the AMIT regime or cease to be eligible to be AMITs: Unitholders will be presently entitled to all the income of a fund in each financial year, with the existing non-AMIT tax rules for managed funds continuing to apply.

Instead, Unitholders pay tax on their share of each Fund's income. Under the AMIT regime, each Fund may make cash distributions that differ from taxable income attributed by the Fund to Unitholders.

7.1.2 Taxation of Australian resident Unitholders

The taxable income of a Fund which is attributed to Unitholders, or to which a Unitholder becomes entitled, during a financial year forms part of the Unitholder's assessable income for that year, even if payment of the entitlement does not occur until after the end of the financial year, or the proceeds are reinvested in more of a Fund's Units.

A Unitholder may receive an entitlement to the income of a Fund for a financial year if the Unitholder holds Units at the end of a distribution period, or if the Unitholder redeems any Unit during the financial year.

7.1.3 Taxable income of the Funds

The tax impact for a Unitholder of receiving an entitlement to the income of a Fund depends upon the nature of the Fund's income.

Types of income

A Fund can derive various types of income, depending on the types of investments it makes. A Fund can derive income in the form of interest, gains on the disposal of investments and other types of income.

Generally, such income derived by a Fund is taxable, although tax credits may be available to Unitholders to offset some or all of any resulting tax liability. For example, income received by a Fund from foreign sources may be subject to tax in the country of source, and Australian tax resident investors may be entitled to claim a foreign income tax offset against their Australian tax liability in respect of their share of the foreign tax paid.

Capital gains and losses

A trust that qualifies as a managed investment trust (“MIT”) can elect to treat its gains and losses on disposal of certain investments as capital gains and losses. Each Fund has made this election.

Any assessable capital gains derived by a Fund to which a Unitholder becomes entitled or which is attributed to a Unitholder forms part of the Unitholder's assessable income.

A Unitholder may be eligible for the 50% CGT discount (where the Unitholder is an individual or trust) or a 33 1/3% CGT discount (where the Unitholder is a complying superannuation fund) in respect of the gain that forms part of that Unitholder's assessable income, depending on the Unitholder's circumstances. Unitholders should seek professional advice in relation to the availability of any CGT concession.

Tax deferred / non-assessable amounts

A Fund may distribute “tax deferred amounts” for non-AMITs, or other non-assessable amounts (other non-attributable amounts) for AMITs, relating to distributions of capital by the Fund, which are generally non-assessable for tax purposes. Where non-assessable, tax deferred amounts / non-assessable amounts reduce the capital gains tax (“CGT”) cost base of a Unitholder's Units, and may increase the capital gain or reduce the capital loss subsequently realised on disposal of the Units. Where the total tax deferred amounts / non-assessable amounts received by a Unitholder have exceeded the cost base of their Units, the excess is treated as a capital gain to the Unitholder.

For Unitholders who hold Units as trading stock, distributions from the Funds including capital gains and tax deferred / non-assessable amounts may be fully taxable as ordinary income, depending on the Unitholder's particular circumstances.

Unitholders will be provided with statements after the end of each financial year detailing the components, for tax purposes, of any distributions or attribution of income received from a Fund during the financial year, including on the redemption of Units.

Taxation of Financial Arrangements (TOFA)

The TOFA rules may apply to “financial arrangements” (e.g. cash settled futures and debt securities) held by the Funds. Under the TOFA rules, there are different methods available for a Fund to recognise gains and losses from financial arrangements in its taxable income calculation. A Fund may determine an appropriate method to use on the basis of its investment strategy.

7.1.4 Selling or transferring Units

If a Unitholder disposes of Units by selling or transferring the Units to another person (e.g. selling on-market), the Unitholder may be liable for tax on any gains realised on that disposal of Units.

If a Unitholder is assessed otherwise than under the CGT provisions on a disposal of Units (e.g. if the Unitholder is in the business of dealing in securities like Units), any profits made on the disposal of the Units should be assessable as ordinary income. Such Unitholders may be able to deduct any losses made on the disposal of Units.

If a Unitholder is assessed under the CGT provisions on disposal of Units, the Unitholder may make a capital gain or loss on the disposal of those Units, in the year in which the contract for the disposal is entered into. Some Unitholders may be eligible for the CGT discount upon disposal of Units if the Units have been held for at least 12 months (excluding the acquisition and disposal dates) and the relevant requirements are satisfied. Unitholders should obtain professional independent tax advice about the availability of the CGT discount.

Any capital loss arising on a disposal of Units may be able to be offset against capital gains made in that year or in subsequent years.

7.1.5 Goods and Services Tax (GST)

The issue and redemption of Units should not be subject to GST. However, fees and expenses, such as management costs, incurred by the Fund would likely attract GST (at the rate of 10%).

Given the nature of the activities of the Funds, it may not be entitled to claim input-tax credits for the full amount of the GST incurred. However, for the majority of the expenses, a Reduced Input-Tax Credit (RITC) may be able to be claimed.

The GST and expected RITC relating to fees and expenses is incorporated in the management costs for the Funds.

7.1.6 Applications and redemptions

A person will generally only be eligible to apply for and redeem Units if they are an Authorised Participant.

This section seeks to provide a summary of the tax consequences for Authorised Participants who are assessed on the disposal of Units otherwise than under the CGT provisions (e.g. because they are in the business of dealing in securities like Units).

Authorised Participants should obtain professional independent tax advice regarding the tax consequences of applying for and the redemption of their Units, particularly if they are assessed on the disposal of Units under the capital gains provisions.

Applications

The Units which an Authorised Participant acquires on an application for Units should be taken to have been acquired at a cost equal to the purchase price of those Units.

Redemptions

An Authorised Participant who redeems Units will become entitled to receive the Withdrawal Amount on the redemption (this may be reduced by the redemption fee).

The redemption of Units by an Authorised Participant may result in the Authorised Participant being assessed on some of the taxable income of a Fund, through a distribution of income or an attribution under the AMIT regime. This includes, but is not limited to, income and other gains realised by a Fund to fund the redemption of Units by the Authorised Participant, and potentially, where fair and reasonable, a portion of undistributed income or gains for the year as at the time of the redemption.

The Withdrawal Amount may therefore comprise a share of the income of a Fund as well as the payment of the redemption price for the Units which are to be redeemed.

An Authorised Participant whose Units are redeemed should be assessed on any profit arising on the redemption of the Units. An Authorised Participant who redeems Units may be entitled to a deduction for any loss arising on the redemption of Units.

For the purposes of determining the profit or loss arising on the redemption, the redemption price (being the Withdrawal Amount less the share of income provided as part of the Withdrawal Amount) should be regarded as the proceeds received in respect of the disposal.

That part of the Withdrawal Amount that is a share of income should also be assessable, based on the components of the distribution of income.

The Responsible Entity will notify persons who have redeemed Units during a financial year of the composition of the Withdrawal Amount, including the composition of any income entitlement they received in connection with the redemption of Units during that year, following the end of the financial year, once that information becomes available.

7.1.7 Tax reform

Tax reform activity that affects trusts is generally ongoing, and such reforms may impact on the tax position of a Fund and its investors. Accordingly, Unitholders should monitor the progress of any proposed legislative changes or judicial developments, and seek their own professional advice, specific to their own circumstances, in relation to the taxation implications of investing in the Funds.

7.1.8 Tax File Number (“TFN”) or Australian Business Number (“ABN”)

Unitholders will be requested by the Funds to provide their TFN or ABN (if applicable) or claim an exemption in relation to their investment in a Fund. It should be noted that there is no obligation to provide a TFN, however, Unitholders who do not provide their TFN or ABN or claim an exemption may have tax deducted from distributions at the highest marginal rate.

7.1.9 Other comments

In cases where Units are to be redeemed by a Unitholder that is an Australian resident for tax purposes, a Fund should generally not be required to withhold any amounts from the Withdrawal Amount paid on redemption of Units.

Distributions to non-resident Unitholders (including on redemption) may have tax withheld by the Responsible Entity.

8 GLOSSARY

These definitions are provided to assist investors in understanding some of the expressions used in this PDS:

Applicant Nominee	An entity which holds Units pending settlement on behalf of Authorised Participants applying for Units. As at the date of this PDS the Applicant Nominee is Citigroup Pty Limited. The Responsible Entity may determine that the Applicant Nominee is no longer to be appointed to hold Units pending settlement on behalf of Authorised Participants applying for Units.
AQUA Product	A product admitted under the ASX Operating Rules to the AQUA market of the ASX.
AQUA Rules	Schedule 10A of the ASX Operating Rules and related rules and procedures, as amended, varied or waived from time to time.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or the Australian Securities Exchange, as the case requires.
ASX Business Day	A "Business Day" as defined in the ASX Operating Rules, unless determined otherwise by the Responsible Entity.
ASX Listing Rules	The listing rules of the ASX as amended, varied or waived from time to time.
ASX Operating Rules	The operating rules of the ASX as amended, varied or waived from time to time.
Authorised Participant	A financial institution which is a trading participant under the ASX Operating Rules (or which has engaged a trading participant to act on its behalf), which has entered into an Authorised Participant Agreement with the Responsible Entity.
Authorised Participant Agreement	An agreement between the Responsible Entity and an Authorised Participant in relation to Unit applications and redemptions.
Benchmark Provider (in relation to the Underlying Funds)	CF Benchmarks Ltd.
Bitcoin	The form of digital currency known as Bitcoin.
CHESS	The Clearing House Electronic Sub-register System or any system that replaces it.
Constitution	The constitution governing a Fund, as amended or replaced from time to time.
Corporations Act	Corporations Act 2001 (Cth).
Creation Unit	A particular number of Units of a Fund, as determined by the Responsible Entity from time to time and notified to Authorised Participants.
Digital Asset Custodian	Coinbase Custody Trust Company, LLC, which provides institutional grade cryptocurrency custody services in the relation to each Underlying Fund.
Dealing Day	A day that is both (a) an ASX Business Day and (b) a day on which exchanges, on which at least 80% of a Fund's assets or derivatives are traded, are open for trading, unless the Responsible Entity determines otherwise.
Dealing Deadline	For a cash application/redemption, and for an in-kind application/redemption (if agreed to by the Responsible Entity), 4:00 pm, Sydney time on each Dealing Day (or such other time advised by the Responsible Entity to Authorised Participants), being the time by which an Application/Redemption Form must be received by the Responsible Entity to be processed for that Dealing Day.
ETF	Exchange traded fund.
Ether or Ethereum	The form of digital currency known as Ether and Ethereum.

Fund or Betashares Fund	Betashares Bitcoin ETF or Betashares Ethereum ETF, as the case requires.
Fund Custodian	Citigroup Pty Limited, or any other custodian that the Responsible Entity appoints to provide custodial services in respect of a Fund's assets, other than Bitcoin or Ether assets.
iNAV	Indicative Net Asset Value per Unit.
Issue Price	The Net Asset Value divided by the number of Units on issue in the relevant Fund.
Net Asset Value or NAV	The net asset value of a Fund calculated in accordance with section 5.6.
Nominee Terms	In relation to an application for Units, the nominee terms made available by the Responsible Entity to the applicant, as described in section 6.3.
PDS	Product Disclosure Statement.
Reference Rate	The rate used to value the Bitcoin or Ether (as relevant) held by the Underlying Funds. This is the CME CF Bitcoin Reference Rate - New York Variant in the case of the Bitcoin Underlying Fund, and the CME CF Ether – Dollar Reference Rate – New York Variant in the case of the Ethereum Underlying Fund. See section 2.1.10 for more information.
Registrar	MUFG Corporate Markets (AU) Limited (ABN 54 083 214 537), or any other registry that the Responsible Entity appoints to maintain the register.
Shares	Common shares of beneficial interests in the relevant Underlying Fund.
Underlying Fund	Bitwise Bitcoin ETF (in the case of the Betashares Bitcoin ETF) and Bitwise Ethereum ETF (in the case of Betashares Ethereum ETF), each being an exchange traded fund that is listed on the NYSE ARCA Exchange.
Unit	A unit in the relevant Fund.
Unitholder	A holder of a Unit.
Withdrawal Amount	The Net Asset Value divided by the number of Units on issue in the relevant Fund.

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