

FiCAS AG

Investment Policy

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Introduction

FiCAS AG is a Swiss company, domiciled in Zug. Amongst its activities is the active management of crypto investments.

The purpose of this Investment Policy, henceforth “the policy”, is to establish guidelines for FiCAS’ investment portfolio and asset management activities.

In particular, it seeks to provide guidelines to ensure that the investments of the Portfolio are managed consistently with the short, mid and long-term financial goals of the Portfolio. The policy intends at the same time to provide for the required investment flexibility to accommodate changing capital & crypto markets conditions and financial circumstances.

The policy describes below the guidelines underpinning trading, execution, monitoring of investments, selection of traders and of investment consulting services. For each ETP, which FiCAS AG acts as an asset manager – the policy describes, as applicable, the investment objective, the parameters driving asset allocation, the guidelines underpinning diversification, dynamic reallocation, and standard of performance.

The policy will be reviewed at least once per year.

Portfolio Management Team

The Portfolio Management Team is a dynamic and integral part of our organization, responsible for optimizing the performance, risk, and strategic alignment of our investment portfolios. With a strong commitment to delivering value and achieving our financial goals, the team collaborates across departments to drive informed decision-making, monitor portfolio health, and ensure alignment with our business objectives.

The duties & responsibilities are:

- Develop a deep understanding of the company’s and the product strategic objectives and risk appetite.
- Align investment strategies with the company's short-term and long-term goals.
- Identify and assess potential risks unique to the cryptocurrency market, including regulatory, technological, and market-specific risks.
- Implement risk management strategies to mitigate potential negative impacts on the portfolio.
- Conduct stress tests and scenario analyses to assess the portfolio's resilience to market fluctuations.
- Evaluate and select investment opportunities that align with the portfolio's strategic objectives.
- Monitor and analyze market trends and news that could impact cryptocurrency prices and market sentiment.
- Conduct comprehensive research and due diligence on potential digital assets
- Stay informed about the latest developments, protocols, and innovations in the cryptocurrency and blockchain space.
- Monitor the performance of the cryptocurrency portfolio against established benchmarks and targets.
- Analyze and report on the returns, volatility, and correlation of different cryptocurrencies within the portfolio.

- Provide insights and recommendations for optimizing portfolio performance and managing risk.
- Implement strategies to ensure the portfolio can be rebalanced or adjusted efficiently without adversely affecting prices.
- Stay updated on regulatory developments and compliance requirements related to cryptocurrencies and digital assets.
- Ensure that the portfolio's investments and trading activities adhere to relevant legal and regulatory frameworks.
- Effectively communicate investment strategies, decisions, and performance to internal stakeholders, clients, and partners.
- Continuously explore and evaluate new investment opportunities and emerging trends within the cryptocurrency ecosystem.

Trading and Execution Guidelines

The CIO and any trader, who is authorized by the Investment Committee, have the discretion to execute transactions in cryptocurrencies with several authorized custodians and exchanges with whom an onboarding process has been successfully carried out.

As per date of this policy the company has been onboarded by the following trading entities: SEBA Bank AG, Sygnum Bank AG, Crypto Broker AG, Bitcoin Suisse AG, Coinbase Ltd., Bitstamp Ltd. and Kraken. Such variety of entities supports proper risk management requirements (diversification) and proper execution (ability to trade the targeted cryptocurrencies at fair prices). Further onboardings are possible and will be subject to strict selection criteria. The selected custodians and brokers are defined in the final term sheet of each product.

Post-execution of any transaction, the Trader shall meticulously record the details of each trade in a trade journal. This journal will include, but not be limited to, the date, time, asset type, volume, price, counterparty, and the specific exchange or custodian utilized. Additionally, the underlying rationale or decision-making process leading to the trade should be documented.

Selection of Traders

The Investment Committee might select and appoint traders or commit investments for a specific investment style or strategy, provided that the overall objectives of the Portfolio are satisfied.

Traders must have at least 3 years of documented performance and must provide statements from a non-affiliated administrative entity and annual audited statements from a recognizable accounting firm.

Selection of Investment Consulting Services

The Investment Committee might utilize services of third parties for specific due diligence, screening/evaluation of Traders, performance monitoring, asset allocation, and other services, such as legal/regulatory and tax advice, that the Investment Committee considers as necessary.

Selection of Custodians / Exchanges

Cryptocurrencies/underlying of the Portfolio shall be registered by highly qualified and authorized custodians on behalf of the company. The criteria for the selection of such entities are listed below:

- quality of execution rendered,
- financial health and integrity of the counterparty,
- overall efficiency in transacting trades,
- the jurisdiction of incorporation,
- the governance and transparency of ownership,
- the form of company,
- the solidity of KYC procedures,
- the solidity of AML procedures, including transaction monitoring,
- the nature of clients' segregation,
- the storage facility,
- license category,
- number of coins supported,
- the process to list an additional coin,
- insurance coverage (not binding)

Product “FiCAS Dynamic Crypto ETP” (issued by Bitcoin Capital AG)

Investment objective

The Product BTCD (FiCAS Dynamic Crypto ETP) trades 15 selected digital assets as defined by SIX Swiss Exchange and USD / CHF and EUR with the objective of increasing the Net Asset Value (NAV) of the ETP in the mid to long term. BTCD is a long-only strategy with the goal of generating absolute return.

The strategy is significantly influenced by the analysis of Bitcoin Dominance, which dictates asset allocation between Bitcoin and Altcoins, with a primary focus on Bitcoin and shifts to Altcoins as guided by favorable Bitcoin Dominance trends. The Market Cap BTC Dominance Index from TradingView serves as the key metric for trend analysis in the Bitcoin Dominance.

The investment style is discretionary. There is no leverage.

Fiat can be held in the Portfolio when there are no more attractive investment opportunities in the cryptocurrency universe. Secondly, fiat can be held for liquidity reasons.

It must be emphasized that FiCAS does not hedge fiat currency risk, that is the risk of unfavorable movements in the exchange rates between CHF, EUR, and USD.

Staking on crypto assets is possible. Staking involves buying a certain limited amount of digital assets and setting them aside to become an active validation node for a blockchain network. In simple terms, staking is a way to earn rewards for holding the crypto assets.

Asset Allocation

FiCAS allocates the investable funds into selected crypto assets. The selected crypto assets have to be admitted by the rules of the SIX Exchange Regulation.

The Portfolio Management Team expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. The Portfolio Management Team retains flexibility with respect to making periodic changes to the Portfolio’s asset allocation.

Assets allocation takes place within the following boundaries:

Crypto currency	Minimum and Maximum Target Allocation (excluding fiat)
Bitcoin	10% to 100%
Ethereum	0% to 80%
Solana	0% to 20%
Polkadot	0% to 20%
Ripple	0% to 20%
Litecoin	0% to 20%
Cardano	0% to 20%
Polygon	0% to 20%
Additional Cryptocurrency	0% to 20% each

The ETP may require an approval from SIX Exchange Regulation before trading in an Additional Cryptocurrency. The eligible components of the basket comprise all cryptocurrency assets which are permitted underlyings according to the rules of SIX Exchange Regulation and CHF, EUR, and USD

Changes in the procedure may change and will be reflected in new versions of this policy.

FiCAS selects and manages investments in Cryptocurrency Assets based on a series of key indicators and parameters including:

- Macro Crypto and Blockchain Industry Outlooks, Future Trends of Industry: Our scrutiny encompasses regulatory landscapes, technological breakthroughs, dominance shifts of specific assets, and overall market value determinants.
- Bitcoin Dominance Analysis: A dedicated examination of Bitcoin's market share (Bitcoin Dominance) in relation to other cryptocurrencies. This analysis aids in determining strategic asset allocations between Bitcoin and Altcoins, with a focus on capitalizing on shifts in market dynamics as indicated by trends in Bitcoin Dominance.
- Technical Analysis: Employing a diversified set of methodologies, inclusive of price action trends, a mixture of public and proprietary indicators, and volume profile assessments. These methodologies are reinforced by insights gathered from a select cohort of financial and crypto specialists.
- Quantitative Analysis: Focusing on pivotal metrics such as ROI, risk-adjusted returns, seasonality deviations, and more, ensuring our strategies are quantitatively robust and precise.
- Protocol Economics or Tokenomics: Incorporating evaluations of token utility, cash flow models, P/E ratios, FDV, among other salient token economic factors to determine a digital asset's inherent and projected worth.

Diversification

Diversification in cryptocurrency assets is a key method employed by the investment committee to manage portfolio volatility and mitigate the risk of long-term losses. However, the allocation may tilt significantly towards Bitcoin, up to 100%, when analysis of Bitcoin Dominance suggests such a concentration aligns with the strategic objectives of the portfolio

Dynamic reallocation

If the Portfolio's actual asset allocation varies from the target asset allocation, as a result of the varying periodic returns earned on its investments in different cryptocurrencies and Altcoins, the Portfolio's components will be dynamically re-allocated to its target asset allocation.

The Investment Manager can provide a rebalancing recommendation at any time.

Additionally, the Portfolio actively engages in staking, reward farming, and other yield-generating activities. The frequency of yield, dividend, and interest payouts is determined based on the specific protocols and platforms engaged with. All distributions are subject to the discretion of the management, ensuring they align with the Portfolio's broader objectives.

Custodian allocation

The following table summarizes the entities and the indicative diversification of holdings targeted by the company:

Custodian, Exchange	Indicative target range for the holdings
Coinbase	0% to 100%
Amina Bank AG	0% to 100%

Product “15 FiCAS Active Crypto ETP” (issued by Bitcoin Capital AG)

Investment objective

The Product BTCA (15 FiCAS Active Crypto ETP) trades 15 selected digital assets as defined by SIX Swiss Exchange) and USD / CHF and EUR with the objective of increasing the Net Asset Value (NAV) of the ETP in the mid to long term. BTCA is a long-only strategy with the goal of outperforming Bitcoin over time, rather than a specific benchmark of the 15 selected assets.

The investment style is discretionary. There is no leverage.

Fiat can be held in the Portfolio when there are no more attractive investment opportunities in the cryptocurrency universe. Secondly, fiat can be held for liquidity reasons.

It must be emphasized that FiCAS does not hedge fiat currency risk, that is the risk of unfavorable movements in the exchange rates between CHF, EUR, and USD.

Staking on crypto assets is possible. Staking involves buying a certain limited amount of digital assets and setting them aside to become an active validation node for a blockchain network. In simple terms, staking is a way to earn rewards for holding the crypto assets.

Asset Allocation

FiCAS allocates the investable funds into the selected 15 crypto assets defined in the final term sheet. The selected assets have a payment feature component, are not anonymous or negatively highlighted or even prohibited by authorities (such as the FATF / GAFI).

The Portfolio Management Team expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. The Portfolio Management Team wishes to retain flexibility with respect to making periodic changes to the Portfolio’s asset allocation.

Cash investments will be considered as holdings if neither an investment in crypto assets is attractive. The cash position for 15 FiCAS Active Crypto ETP will be max. 50% in general if the market requires it. There are only exceptions when the market is at its peak and a larger position in cash is needed. Cash holdings can be in USD, EUR, or CHF, while the portfolio base currency is CHF.

Assets allocation takes place within the following boundaries:

Crypto currency	Minimum and Maximum Target Allocation (excluding fiat)
Bitcoin	10% to 100%
Ethereum	0% to 80%
Solana	0% to 50%
Polkadot	0% to 30%
Ripple	0% to 20%
Litecoin	0% to 20%
Cardano	0% to 20%
Tezos	0% to 20%
Stellar Lumens	0% to 20%
Avalanche	0% to 20%
Polygon	0% to 20%
EOS	0% to 20%
Tron	0% to 20%

The ETP needs an approval from SIX to trade in a cryptocurrency that is not in the list (above) but grew into the list of the top 15 coins according to www.coinmarketcap.com/coins. Beyond the SIX approval, FiCAS also needs to make sure that the coins it trades are supported by the market maker, the authorized participant and the custodian(s). At any time, FiCAS can only trade a maximum of 15 coins. If a coin exits the top 15 cryptocurrency by coinmarketcap, it remains approved by SIX and therefore tradeable by FiCAS. Changes in this procedure can change in the future and changes will be reflected in new versions of this policy.

FiCAS selects and manages investments in Altcoins and Bitcoin based on a series of key indicators and parameters including:

- Macro Crypto and Blockchain Industry Outlooks, Future Trends of Industry: Our scrutiny encompasses regulatory landscapes, technological breakthroughs, dominance shifts of specific assets, and overall market value determinants.
- Bitcoin Dominance Analysis: A dedicated examination of Bitcoin's market share (Bitcoin Dominance) in relation to other cryptocurrencies. This analysis aids in determining strategic asset allocations between Bitcoin and Altcoins, with a focus on capitalizing on shifts in market dynamics as indicated by trends in Bitcoin Dominance.
- Technical Analysis: Employing a diversified set of methodologies, inclusive of price action trends, a mixture of public and proprietary indicators, and volume profile assessments. These methodologies are reinforced by insights gathered from a select cohort of financial and crypto specialists.
- Macro Financial Landscape: Analyzing global economic fluctuations, interest rate trends, geopolitical instabilities, and paramount transitions within financial sectors to anticipate potential impacts on the cryptocurrency milieu.
- Quantitative Analysis: Focusing on pivotal metrics such as ROI, risk-adjusted returns, seasonality deviations, and more, ensuring our strategies are quantitatively robust and precise.

Diversification

Diversification between Bitcoin and Altcoins and between different Altcoins respectively, is the primary means by which the Investment Committee expects the Portfolio to avoid undue risk of large losses over a long time period.

Dynamic reallocation

If the Portfolio's actual asset allocation varies from the target asset allocation, as a result of the varying periodic returns earned on its investments in different cryptocurrencies and Altcoins, the Portfolio's components will be dynamically re-allocated to its target asset allocation.

The Investment Manager can provide a rebalancing recommendation at any time.

Additionally, the Portfolio actively engages in staking, reward farming, and other yield-generating activities. The frequency of yield, dividend, and interest payouts is determined based on the specific protocols and platforms engaged with. All distributions are subject to the discretion of the management, ensuring they align with the Portfolio's broader objectives.

Custodian allocation

The following table summarizes the entities and the indicative diversification of holdings targeted by the company:

Custodian, Exchange	Indicative target range for the holdings
Coinbase	0% to 100%
Amina Bank AG	0% to 100%

Product “Bonk ETP” (issued by Bitcoin Capital AG)

Investment objective

The Bonk ETP aims to provide capital growth over the mid to long term by passively holding the cryptocurrency BONK. The ETP seeks to mirror the performance of BONK.

This product follows a passive investment strategy, meaning there is no use of leverage applied to the underlying assets of BONK.

Issuer will ensure that the ETP aligns with the underlying asset's performance while adhering to regulatory requirements and investor transparency.

Bitcoin Capital does not hedge fiat currency risk, such as potential adverse movements in the exchange rates between CHF and USD.

Staking of BONK is possible and may be implemented where appropriate. Staking involves allocating a portion of the cryptocurrency to validate transactions on the blockchain network, thereby earning additional rewards while holding the asset.

Asset Allocation

Bitcoin Capital shall initially allocate all funds to the cryptocurrency Bonk (BONK), which forms the core of the ETP.

The Portfolio Management Team expects that actual returns and return volatility will vary over time, primarily reflecting the performance of BONK.

Assets allocation takes place within the following boundaries:

Crypto currency	Minimum and Maximum Target Allocation (excluding fiat)
BONK	99 – 100%

The ETP will not include any additional cryptocurrencies beyond BONK.

Diversification

Not applicable.

Dynamic reallocation

Not applicable.

Custodian allocation

The following table summarizes the entities, and the indicative diversification of holdings targeted by the company:

Custodian, Exchange	Indicative target range for the holdings
Coinbase	50 - 100%
ISP Group	50 - 100%

Appendix 1: Governance of Investment Process

FiCAS adheres to the following processes for formulating the trading strategy and managing the execution of the strategy to optimize performance and minimize risk. The governance is applied over three timeframes: long term (3 years), medium term (annually) and short term (weekly).

Medium term governance is carried out by the Investment Unit to set/modify the trading strategy as a guide for selection of trading opportunities, as well as ongoing execution of trading and risk management. During the investment unit meetings, we decide the fundamental allocations of invested money.

Short term governance is carried out by means of daily trading events where we optimize trading execution to capture opportunities, while managing risks and inflows/outflows. During the trading events we define scenario boundaries and trading actions in case of occurrences which are valid and can be actioned overnight and until the next call. Decisions during the trading events cannot invalidate the allocations decided in the investment unit meetings unless this unit is also consulted.

Research material is produced and delivered to the relevant constituencies by the research team ahead of each meeting/event. The research material is a summary of the views of all analysts and includes timeframes, and also distinguishes between dominance scenarios and Bitcoin scenarios.

