Monochrome
Exchange Traded Funds

MONOCHROME ETHEREUM ETF (IETH)

Product Disclosure Statement

4 July 2025 | ARSN 661 386 198 | APIR VIL4931AU

Responsible Entity	Investment Manager
Vasco Trustees Vasco Trustees Limited ACN 138 715 009 | AFSL 344486	Monochrome Exchange Traded Funds Monochrome Asset Management Pty Ltd ACN 647 701 246 | CAR 1286428

Important information
This is an important document that you should read in full. If you do not understand it, consult your professional advisers.

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1. Important Information

1.1 Description of the Offer

This replacement Product Disclosure Statement (PDS) is an offer document for Ethereum Interests in the Monochrome Ethereum ETF (IETH). The Monochrome Ethereum ETF (IETH) is a registered managed investment scheme. Under the terms of the Constitution, the Responsible Entity, Vasco Trustees Limited (Responsible Entity) AFSL 344486 may issue Ethereum Interests. Each Ethereum Interest will confer an interest in a Separate Trust which holds Ether.

The Offer is only available to persons receiving this PDS (electronically or otherwise) in Australia.

Investors may apply for Ethereum Interests under this PDS or Ethereum Interests may be purchased in the secondary market on the Cboe Australia Pty Ltd ("Cboe") market via a broker.

1.2 About this Product Disclosure Statement

This PDS is dated 4 July 2025 and has been prepared and issued by the Responsible Entity. This PDS replaces the PDS dated 2 October 2024.

As at the date of this document Ethereum Interests are quoted for trading on the Cboe market. A copy of this PDS has been lodged with both ASIC and Cboe. No responsibility as to the contents of this PDS is taken by ASIC or Cboe.

1.3 Disclaimer

The information provided in this PDS is not investment advice and has been prepared without taking into account your investment objectives, financial circumstances and needs. You should read the whole of this PDS and consider all of the risk factors that could affect the performance of an investment in Ethereum Interests and other information concerning the Ethereum Interests in light of your own particular investment objectives, financial circumstances and particular needs (including financial and taxation issues) before deciding whether to invest in Ethereum Interests.

An investment in Ethereum Interests is subject to investment risk and other risks, including possible loss of capital invested. Neither the Responsible Entity nor any other person gives any guarantee or assurance as to the performance of Ethereum Interests or the repayment of any capital invested. Key risks that should be considered by potential investors are set out in sections 6 and 7 of this PDS. If you have any questions or are uncertain as to whether Ethereum Interests are a suitable investment for you, you should seek professional advice from your stock broker, accountant, financial adviser or other professional adviser before deciding whether to invest in Ethereum Interests.

We do not take into account labour standards or environmental, social or ethical considerations in the selection, retention or realisation of an investment by the Fund.

1.4 No representations other than this PDS

No person is authorised to give any information or to make any representation in connection with the Offer or the Fund which is not contained in this PDS. Any information or representation that is not in this PDS may not be relied upon as having been authorised by the Responsible Entity or any associate of the Responsible Entity in connection with the Offer.

Except as required by law, and then only to the extent so required, neither the Responsible Entity nor any other person warrants the future performance of the Fund or any return on any investment made in connection with Ethereum Interests issued under this PDS.

1.5 Definitions

Capitalised terms used in this PDS have the meaning given to them in section 12, unless the context dictates otherwise.

1.6 Offering restrictions apply

The offer to which this PDS relates is only available to persons receiving this PDS (electronically or otherwise) in Australia. This PDS does not constitute a direct or indirect offer of securities in the US or to any US Person as defined in Regulation S under the Securities Act of 1933 as amended ('US Securities Act'). The Responsible Entity may vary this position and offers may be accepted on merit at the Responsible Entity's discretion. Ethereum Interests in the Fund have not been, and will not be, registered under the US Securities Act unless otherwise approved by the Responsible Entity and may not be offered or sold in the US to, or from, the account of any US Person except in a transaction that is exempt from the registration requirements of the US Securities Act and applicable US state securities laws.

1.7 Risks

An investment in Ethereum Interests is an investment in a financial product. An investor should take time to understand the risks associated with an investment in Ethereum Interests to determine whether the investment is suitable for them.

The material risks associated with an investment in Ethereum Interests of which the Responsible Entity is aware as at the date of this PDS are set out in sections 6 and 7.

1.8 Financial amounts and times

All financial amounts contained in this PDS are expressed in Australian currency unless otherwise stated. Some amounts in this PDS have been rounded and as a result some totals may not add up exactly.

A reference to time in this PDS is a reference to Sydney, New South Wales, Australia time.

1.9 Updating the PDS

Information contained in this PDS is subject to change and may be updated by the Responsible Entity from time to time. Any updated information (which is not materially adverse to investors) will be available from the Responsible Entity's website. Material updates will also be notified to the Cboe Market Announcements Platform.

An electronic copy of this PDS and updates regarding the Fund can be accessed at https://vascofm.com and https://www.monochrome.au. We will provide you with free paper copies of this PDS and updates to it on request.

1.10 Cooling-off

If you change your mind about investing in the Monochrome Ethereum ETF you need to be aware that cooling-off rights do not apply to an investment in the Fund.

2. Key Information Summary

The information set out in this section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this PDS. In deciding whether to invest in the Fund you should read this PDS carefully and in its entirety. You should seek relevant professional advice before making an investment decision.

2.1 Investment Overview

What is the Monochrome Ethereum ETF?	This PDS relates to Ethereum Interests in a bare trust managed investment scheme which has been registered with ASIC. The Ethereum Interests offered under this PDS are designed to provide investors to be absolutely entitled to Ether without taking on the technical challenges associated with storing and protecting Ether. Ethereum Interests in the Monochrome Ethereum ETF are quoted and traded on Cboe under the Cboe Operating Rules under the code IETH. Ethereum Interests may also be acquired by lodging an Application with the Registry. The issue of Ethereum Interests under this PDS is covered by the Responsible Entity's Australian financial services licence.	Section 3
What is the investment objective of the Monochrome Ethereum ETF?	The investment objective of the Monochrome Ethereum ETF is to provide Holders with an investment return that tracks the performance of the price of Ether in Australian dollars (before taking into account fees, costs and tax) by reference to the CF Benchmarks Ltd CME CF Ether-Dollar Reference Rate - Asia Pacific Variant converted to Australian dollars. The value of an investment in an Ethereum Interest will be subject to fluctuations in the AUD:USD exchange rate as well as fluctuations in the price of Ether. The Responsible Entity will not borrow money or invest in derivatives to implement the investment strategy. The Fund will not engage in securities lending. Fund asset allocation ranges are Ether: 95-100%, cash: 0-5% with a target of 100% exposure to Ether.	Section 3

	These asset allocation ranges may vary from time to time while the Fund is being established or due to market conditions. In these circumstances, the Investment Manager will seek to bring the Fund's investments within these asset allocation ranges within a reasonable period of time.	
Benchmark	CF Benchmarks Ltd CME CF Ether-Dollar Reference Rate - Asia Pacific Variant (ETHUSD_AP or ETHUSD_AP Index Price)	Sections 3, 7 and 8
Net Asset Value	The Net Asset Value (NAV) is: • for an Ethereum Interest, the AUD value of the Ethereum Allocation held in each Separate Trust less any charged management fees attributable to that Separate Trust, and • for the Fund, all of the Ethereum Interests for the Fund plus cash, less its total liabilities. The NAV published on a particular Business Day reflects the value of an Ethereum Interest or of the Fund at the close of trading on the previous Business Day. An indicative NAV per Ethereum Interest ("iNAV") will be published by the Fund throughout the Cboe Trading Day. The iNAV reflects the real time movements in the price of Ether during the Cboe Trading Day and will be calculated and disseminated by the iNAV Provider based on the CF Benchmarks Ltd CME CF Ether-Dollar Real Time Index (ETHUSD_RTI), a real time index of the USD price of one Ether, published once per second. The iNAV will be published on the Responsible Entity's and Investment Manager's websites throughout the Cboe Trading Day.	Section 8
What is an Ethereum Interest?	Each Ethereum Interest confers on the Holder an absolute entitlement to an amount of Ether held in a Separate Trust. The amount of Ether represented by such absolute entitlement from time to time is known as the Ethereum Allocation, and reduces each day by the amount of the management fee	Section 3

	(and any extraordinary expenses received by the Fund). The value of the Ethereum Allocation will generally be equal to the NAV per Ethereum Interest. The Ethereum Allocation will be published daily at https://monochrome.au. Any Claimable Forked Assets may temporarily increase the Fund's NAV (until such assets are sold and the proceeds reinvested into the dominant chain and distributed to Holders as additional Ethereum Interests pro-rata to the number of Ethereum Interests they hold at the time of the Fork). However, this will not cause an increase or decrease to the Ethereum Allocation. The Responsible Entity may suspend Applications and Redemptions until it has sold the Claimable Forked Assets, reinvested them in the dominant chain and issued additional Ethereum Interests to Holders pro-rata to the number of Ethereum Interests they hold at the time of the Fork. This may result in a suspension of trading on Cboe while this process is completed.	
Assets of the Monochrome Ethereum ETF	The Monochrome Ethereum ETF will invest in Ether, which shall be held by an Ethereum Custodian, a third party service provider which specialises in the secure storage of Digital Assets. The Responsible Entity will maintain a separate record of the Ethereum Allocation corresponding to each Separate Trust. The Fund may temporarily hold other crypto-assets and cash in the event it receives and disposes of any Forked Assets. The Fund will dispose of Forked Assets as soon as reasonably practicable.	Section 3
Who is able to subscribe to the Offer?	Persons receiving this PDS (electronically or otherwise) in Australia can acquire Ethereum Interests by completing the online Application Form available from the Registry at https://apply.automic.com.au/ieth or by purchasing Ethereum Interests on Cboe via your trading platform or stockbroker. There is no minimum number of Ethereum Interests investors must buy on Cboe.	Section 3

	The minimum initial investment amount to invest in the Fund directly with cash via the Registry is AUD$5,000. The minimum investment amount to invest in the Fund directly in specie via the Registry is 3 Ether. The above minimum amounts are subject to the Responsible Entity's discretion to accept a lower amount.	
Redemptions	Holders who wish to redeem Ethereum Interests directly with the Registry may submit in specie Redemption Requests (the Ethereum Delivery Method) where the Holder will receive Ether as their Redemption proceeds or cash Redemption Requests (the Ethereum Sale Method). Redemption Requests may be for some or all of the Holder's Ethereum Interests. Holders who acquire Ethereum Interests on Cboe or who acquire Ethereum Interests via the Registry and subsequently transfer their holding to a CHESS account, may sell their Ethereum Interests for cash on Cboe. Where a Holder transfers their holding to a CHESS account, the Holder irrevocably authorises and directs the Responsible Entity to redeem any fractional Ethereum Interest held by the Holder and offset the Redemption proceeds against the Conversion Fee. There is no Redemption Fee or Sell Spread applied for Redemptions of a fractional Ethereum Interest in connection with a Holder transferring their holding from the issuer sponsored subregister to a CHESS account. An election for the Ethereum Delivery Method is only valid if the Holder has nominated a Digital Wallet for the transfer which they can prove their ownership of to the satisfaction of the Responsible Entity and have completed all know your client and anti-money laundering checks as may be requested by the Responsible Entity. The Responsible Entity will generally require that the Holder's Digital Wallet is one which is associated with the Ethereum Custodian. Holders using the Ethereum Delivery Method should be aware that transfers of Ether are	Sections 3 and 9

	generally irreversible. To the maximum extent permitted by law, the Responsible Entity takes no responsibility for, and has no liability to, any Holder who suffers a loss due to providing the Responsible Entity with an incorrect wallet address in respect of a Redemption by way of the Ethereum Delivery Method. Under certain circumstances, the Responsible Entity may carry out a Compulsory Redemption following 60 days' notice to the relevant Holder. As at the date of the PDS, there is no minimum number of Ethereum Interests required for a Redemption Request, and there is no minimum residual holding required.	
Distributions	In the normal course Holders should not expect to receive any distributions of ordinary income.	Section 3
Trading Ethereum Interests on market	Ethereum Interests are quoted on Cboe. While Ethereum Interests are Quoted, Holders with a Cboe brokerage account may realise the value of their investment by selling their Ethereum Interests on Cboe.	Section 3

2.2 Key Parties

Investment Manager	Monochrome Asset Management Pty Ltd ACN 647 701 246	Sections 4 and 13
Responsible Entity	Vasco Trustees Limited ACN 138 715 009	Sections 4 and 13
Registry	Automic Pty Ltd ACN 152 260 814	Sections 4 and 13
Administrator and Cash Custodian	State Street Australia Limited ACN 002 965 200	Sections 4 and 13
Ethereum Custodian	Gemini Trust Company, LLC	Sections 4 and 13
iNav Provider	Solactive AG*	Section 13

ETHUSD_AP Index Price Provider	CF Benchmarks Ltd	Section 13

*The iNAV is calculated by Solactive AG (Solactive). The Monochrome Ethereum ETF is not sponsored, endorsed, promoted or sold by Solactive in any way and Solactive makes no express or implied representation, guarantee or assurance with regard to the iNAV, iNAV calculation or the Monochrome Ethereum ETF.

2.3 Information about Ethereum

What is Ethereum?	Ethereum is a Digital Asset that is not issued by any government, bank or central organisation, and as at the date of this PDS is the second largest cryptocurrency by market capitalisation behind Bitcoin. Ethereum, or Ether, is based on the decentralised, open-source protocol of the peer to-peer Ethereum computer network, which was released in 2015 and relies on a decentralised public transaction ledger, known as a 'Blockchain', on which all Ethereum transactions are recorded. The Ethereum Blockchain is an official record of every Ethereum transaction (including creation or "mining" of new Ethereum) and every Ethereum address associated with holding a specified quantity of Ethereum. Accordingly, the movement of Ethereum is facilitated by a digital, transparent and immutable ledger, enabling the rapid transfer of value across the internet without the need for centralised intermediaries.	Section 5
Ethereum's price history	Ethereum has seen exceptional price volatility since it was created. Investors should be advised that past performance is not a reliable indicator of future performance. Returns are not guaranteed and investors in the Fund may lose their entire investment amount.	Sections 6 and 7
What is Ethereum's position in the Digital Asset market?	Ethereum has held one of the largest market capitalisations of any Digital Assets since the invention of Digital Assets.	Section 5

2.4 Risks

An investment in Ethereum Interests has similar general risks to those associated with any investment fund quoted by and traded on Cboe, as well as a number of risks specific to an investment in Ethereum. These are set out in detail in sections 6 and 7. Before deciding to invest in Ethereum Interests, prospective investors should read this PDS in its entirety and carefully consider these risk factors.

General risks		
Market risk	Digital Assets can be extremely volatile and are usually highly speculative. There is a high risk your investment could fall in value or be lost entirely.	Section 6
Pricing risk	It may be difficult to value some Digital Assets accurately and reliably for reasons including the nature of their trading, susceptibility to manipulation, and a lack of identifiable fundamentals. Some Digital Assets may be purely speculative assets.	Section 6
Political, regulatory and legal risk	Government and/or regulatory changes or actions may alter the nature of an investment in or restrict the use of Ethereum in a manner that adversely affects an investment in Ethereum Interests. The effect of any future regulatory change on Ethereum or an entity dealing or holding Ether is impossible to predict, but such a change could adversely impact the price of Ethereum Interests. It may be illegal now, or in the future, to acquire, own, hold, sell or use Ether in one or more countries. Regulatory changes or interpretations could create the need for the Fund, the Responsible Entity and/or the Investment Manager to comply with new regulations or apply for new licences, resulting in potentially extraordinary, non-recurring, and unanticipated expenses. Future developments in the tax treatment of Ethereum could adversely affect an investment in the Fund.	Section 6
Cyber risk	The nature of Digital Assets may mean they are more susceptible to cyber risks than other asset classes.	Section 6

Environmental risk	To the extent Ethereum has a large environmental impact, this may raise other risks, such as increased regulation or negative market sentiment, which could affect the value of Ethereum Interests.	Section 6
Service provider risk	Your investment may be adversely impacted if any of the various parties involved in the operation of the Monochrome Ethereum ETF, including the Responsible Entity, the Investment Manager, Ethereum Custodian or other underlying agents, fail to perform their obligations.	Section 6
Custody risk	If Private Keys held by the Ethereum Custodian for the Fund's Ether are lost or compromised, this may result in the Fund's Ether becoming inaccessible or accessed by unknown third parties without authorisation.	Section 6
Taxation and legislative change risk	Changes in taxation rates, tax rules or tax law interpretation may impact your investment returns.	Section 6
Product risk	Changes may be made to the Ethereum Interests from time to time including changes to fees or minimum investment amounts.	Section 6
Industry risk	The Digital Asset sector is rapidly changing and there may be risks that arise which are currently unforeseen by the Responsible Entity or Investment Manager.	Section 6
Liquidity risk	The market for Ethereum is likely to be more liquid than the market for Ethereum Interests. Holders of Ethereum Interests should not expect their investment to be as liquid as the market for Ethereum itself.	Section 6
Settlement risk	The Monochrome Ethereum ETF is exposed to some risk if an Authorised Participant fails to comply with its settlement obligations.	Section 6
Currency risk	Ethereum prices are generally quoted in USD and Ethereum Interests are priced in AUD. To the extent a Holder values Ethereum Interests in another currency (such as AUD), that value will be affected by changes in the exchange rate between the USD and that other currency.	Section 6
Limited recourse risk	Holders only hold an interest in the assets of their respective Separate Trust, they do not have an interest in the assets of the Fund as a whole.	Section 6

Bare trust risk	The tax treatment of Ethereum Interests depends upon the investor being 'absolutely entitled' to the Ethereum Allocation of a Separate Trust. The meaning of 'absolute entitlement' is not entirely settled law, and future decisions by the ATO or the Courts may have a material adverse impact on an investment in the Fund.	Section 6
Responsible Entity risk	The Responsible Entity plays a central role in the Fund's operations and the departure or removal of the Responsible Entity could adversely impact the performance of the Fund.	Section 6
Authorised Participant risk	Authorised Participants are vital to the ongoing liquidity of the Fund on Cboe. The value of an investment in the Fund may be adversely affected in circumstances where there are no Authorised Participants to provide liquidity for the Fund on Cboe.	Section 6
Compulsory Redemption	Under certain circumstances, the Responsible Entity may compulsorily redeem Ethereum Interests. Compulsory Redemption may have an adverse effect if the timing is not appropriate to an investor's personal circumstances and investment strategy.	Section 6
Digital asset risks		
Technology risk and operational disruptions	The loss or destruction of a Private Key required to access Ethereum may be irreversible. Ethereum Network software modifications could result in a Fork in the Ethereum Blockchain, resulting in the operation of two separate Blockchains. As this is a new sector, there is very little meaningful history in operating an investment vehicle which invests in Ether. If a malicious actor acquired a majority of the Ether staked on the Ethereum Network, that actor could manipulate the Ethereum Network which could adversely affect an investment in Ethereum Interests. Ethereum miners may cease to support Ethereum mining if the aggregate revenue they receive from doing so is insufficient to support their services. Ethereum transactions are irrevocable and stolen or incorrectly transferred Ether may be irretrievable. Demand for Ethereum is partly driven by its status as one of the most prominent Digital Assets. Another Digital Asset could be developed or become seen as	Section 7

	having features that make it more desirable to a material portion of the Digital Asset user base, resulting in a reduction in demand for Ethereum, and consequently affect the value of Ethereum Interests.	
Hacking risks	Thefts and cyber-attacks can have a negative impact on the reputation of Ethereum and thus negatively affect the value of the Ethereum Interests. Holders bear the risk of a theft or hacking of Fund Assets which may, in turn, cause a decline in value of Ethereum Interests.	Section 7
Banking risks	A number of companies that provide Ethereum-related services have been or may be unable to find banks that are willing to provide them with bank accounts and banking services. This could affect public perception of Ethereum and consequently have an effect on its value and the value of Ethereum Interests.	Section 7
Ethereum valuation risks	The Fund tracks the ETHUSD_AP Index Price however limitations to the availability or quality of the ETHUSD_AP Index Price due to system errors or outages in underlying exchange constituents may have an impact in the calculation of the NAV, which could adversely affect an investment in Ethereum Interests. Fluctuations in value of Ether will also affect the value of an Ethereum Interest.	Section 7
Extreme volatility	There is extreme volatility in the price of Ethereum.	Section 7
Unsuitability of Ethereum for some investment purposes	High volatility and the market uncertainty of Ethereum makes an investment in Ethereum Interests unsuitable for many investors, particularly those with a short to medium term investment horizon or less than an extremely high tolerance to risk.	Section 7

2.5 Fees and Expenses

Management fee	0.25 % p.a.	Section 9
Establishment fee	$0	Section 9
Contribution fee	In specie Applications: • 1% of Application Consideration	Section 9

	Cash Applications: • $0	
Redemption fee	AUD$1000 for the Ethereum Delivery Method $0 for the Ethereum Sale Method	Section 9
Buy/Sell spread	0.2% for cash Applications and Redemptions using the Ethereum Sale Method. Not applicable for in specie Applications or Redemptions using the Ethereum Delivery Method.	Section 9
Wholesale clients	Holders who are wholesale clients (as defined in the Corporations Act) may negotiate differential fee arrangements based on individual negotiations with the Responsible Entity.	Section 9

Other fees and expenses may apply. For further information, refer to section 9.

2.6 About Cboe

Cboe is Cboe Australia Pty Limited (ABN 47 129 584 667), the operator of the Cboe market which is a regulated Australian exchange that uses its own trading system. An investment product quoted on Cboe under the Cboe Operating Rules is typically an investment vehicle through which investors obtain exposure to underlying assets.

As most investors are more familiar with the ASX Listing Rules in relation to listed securities, it is important to note there are differences between the Cboe Operating Rules and the ASX Listing Rules. Key, but not exhaustive, differences are outlined below:

Requirement	Securities of listed entities on the ASX	Investment products quoted on Cboe under the Cboe Operating Rules
Control	An issuing entity controls the value of its own securities as their conduct and performance directly influences the value of the securities. For example, the board has a direct role in the day to day operations of the business which influences the share price.	An issuer of a product quoted on the Cboe platform does not control the value of the assets underlying its product. It offers a product that gives investors exposure to underlying assets – such as shares, bonds, indices, currencies or commodities. The value (price) of products quoted under the Cboe Operating Rules is dependent on the performance of the underlying assets rather than the financial performance of the issuer itself e.g. a managed fund issuer does not control the value of the shares it invests in.
Continuous Disclosure	Products issued under the ASX Listing Rules are subject to continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act.	Issuers of products quoted under the Cboe Operating Rules and Procedures are not subject to the continuous disclosure requirements in section 674 of the Corporations Act. The Responsible Entity will comply with the disclosure requirements in section 675 of the Corporations Act. This means that the Responsible Entity will disclose to ASIC information which is not generally available and that a reasonable person would expect, if the information were generally available, to have a material effect on the price or value of the Ethereum Interests, provided that such information has not already been included in this PDS (as supplemented or amended). The Responsible Entity will publish such information on the Cboe announcements platform and its website at the same time as it is disclosed to ASIC.

		Under Cboe Operating Rule 14.29, the Responsible Entity must disclose information about: • the NAV of the Fund's underlying investments daily; • Total Redemptions issued in the prior month; • Information about dividends or distributions; • any other information which is required to be disclosed to ASIC under section 675 or section 1017B of the Corporations Act; • Any other information that would be required to be disclosed under section 323DA of the Corporations Act, if either the Responsible Entity or the Fund were listed; and • any information, the non-disclosure of which may lead to the establishment of a false market in the Ethereum Interests or which would otherwise impact on the price of the units.
Periodic Disclosure	Under chapter 4 of the ASX Listing Rules, issuers are required to disclose their annual and half-yearly financial information or annual reports to the ASX.	Issuers of products quoted under the Cboe Operating Rules and Procedures are not required to disclose half-yearly or annual financial information or reports to the Cboe announcements platform. The Responsible Entity is, however, required to lodge financial information and reports in respect of the Fund with ASIC under Chapter 2M of the Corporations Act and lodge with the Cboe announcements platform under Cboe Operating Rule 14.28.

Corporate Control	The ASX Listing Rules and the Corporations Act outline requirements relating to matters such as substantial shareholding disclosures, replacement of the RE, takeovers, buy-backs, change of capital, restricted securities, new issues and directors' interests which apply to companies and schemes listed on the ASX.	Although the Ethereum Interests are quoted under the Cboe Operating Rules and Procedures, the Fund itself is not listed and is therefore not subject to certain corporate governance requirements. The Responsible Entity will still be required to comply with the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act and section 601FM of the Corporations Act including that the Responsible Entity may be removed by an extraordinary resolution of members on which the Responsible Entity would not be entitled to vote.
Related Party Transactions	Restrictions of transactions between a listed entity and a person that is in a position to influence that entity are in place for listed entities pursuant to Chapter 10 of the ASX Listing Rules.	No listing rules apply to Cboe Operating Rules and Procedures quoted products. The Responsible Entity will still be required to comply with the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act.
Auditor Rotation Requirements	Listed entities are subject to Part 2M.4 Division 5 of the Corporations Act which outlines specific requirements regarding auditor rotation.	Issuers of products quoted under the Cboe Operating Rules and Procedures are not subject to the auditor rotation requirements in Division 5 of Part 2M.4 of the Corporations Act. An auditor will be appointed by the Responsible Entity to audit the financial statements and Compliance Plan of the Fund.
Spread requirements	There are requirements under the ASX Listing Rules that issuers satisfy certain minimum spread requirements (i.e. a minimum parcel size must be held by a certain number of holders).	Typically there are requirements under listing rules that main board issuers satisfy certain minimum spread requirements (i.e. a minimum number of holders each having a minimum parcel size). Equivalent requirements do not apply to

		issuers of fund products quoted under the Cboe Operating Rules. Unless and until a suitable spread of holders is achieved, the Responsible Entity must ensure a reasonable bid and volume is maintained for the Fund on Cboe except in permitted circumstances or must have in place other arrangements which meet Cboe's requirements for providing liquidity, generally through the appointment of a market maker.

3. Overview of Ethereum Interests

This PDS relates to the issue of Ethereum Interests in a registered managed investment scheme which invests in Ethereum.

The Monochrome Ethereum ETF is a registered managed investment scheme which has its Ethereum Interests quoted on Cboe under the Cboe Operating Rules. Ethereum Interests may also be acquired outside of Cboe by lodging an Application with the Registry. Ethereum Interests confer on the Holder an absolute entitlement to an amount of Ether referred to as the Ethereum Allocation. Under the Fund's Constitution, a Separate Trust is established for each Ethereum Interest. Each Ethereum Allocation allows the Holder to be absolutely entitled to an amount of Ether that is held by the Responsible Entity in a bare trust for the relevant Holder.

The Fund has been established to provide investors with an accessible way of gaining exposure to Ether without being responsible for the technical intricacies associated with acquiring, holding and designing a secure storage solution.

The Fund will be asset-backed. Under the Fund's Constitution, the Responsible Entity is required to hold the actual Ether that is the subject of the Separate Trusts.

3.1 Investment Objective

The investment objective of the Fund is to provide Holders with an investment return that tracks the performance of the price of Ethereum in Australian dollars (before taking into account fees, costs and tax) by reference to the ETHUSD_AP Index Price converted to Australian dollars. The value of an investment in an Ethereum Interest will be subject to fluctuations in the AUD:USD exchange rate as well as fluctuations in the price of Ethereum. There is no assurance or guarantee that the Fund will meet its investment objective.

The Responsible Entity will use the Application Consideration to implement a buy and hold investment strategy for Ether. The Responsible Entity will not borrow money or invest in derivatives to implement the investment strategy. The Fund will not engage in securities lending.

The Fund will adhere to the following asset allocation ranges Ether: 95-100%, cash: 0-5% with a target of 100% exposure to Ether.

These allocations may vary from time to time while the Fund is being established or due to market conditions. In these circumstances, the Investment Manager will seek to bring the Fund's investments within the guidelines within a reasonable period of time.

3.2 Key Features of an Ethereum Interest

Ownership of an Ethereum Interest confers on the Holder an absolute entitlement to an Ethereum Allocation held by the Responsible Entity in a bare trust. Ethereum Allocations will be held by the Responsible Entity on trust in accordance with the terms of the Fund's Constitution. The Responsible Entity has appointed experienced third party service providers to provide a range of services including administration, registry and custody.

The Ethereum Allocation on all Ethereum Interests will be reduced daily by the management fee. The Ethereum Allocation for every Ethereum Interest shall be equal, ensuring that all Ethereum Interests are fully fungible.

The Ethereum Allocation for each Ethereum Interest will be calculated daily by the Responsible Entity, to twelve decimal places and shall be published on https://monochrome.au rounded to eight decimal places. The final ethereum consideration for any transaction will be rounded to 8 decimal places.

In the normal course Holders should not expect to receive any distributions of ordinary income.

3.3 Investment benefits

Ethereum Interests provide an indirect method of investing in Ethereum for investors who do not wish to manage the risks of direct ownership and custody. Ethereum Interests aim to track the performance of Ethereum, while allowing Holders to buy and sell the Ethereum Interests on Cboe or to apply for and redeem Ethereum Interests directly with the Fund, via the Registry.

By investing in Ethereum Interests, an investor can gain exposure to Ethereum without having to personally handle the operational and technological risks associated with Ether ownership and storage. An investment in Ether can be lost entirely if an investor loses access to their Private Key. However, unlike Ether, the ownership of Ethereum Interests is not contingent upon possession of a Private Key. The Fund enables Holders to outsource storage and security of their Ethereum investment to third party service providers experienced in Digital Assets.

In Australia, Ethereum Interests are subject to more robust regulatory standards than Ethereum. Ethereum Interests are regulated as a financial product and will be traded on a licensed financial market. ASIC does not currently treat Ethereum as a financial product, resulting in Ethereum falling outside securities and financial services licensing legislation. Holders of Ethereum Interests benefit from certain consumer protections afforded to clients of Australian financial services licensees and registered managed investment schemes, which are otherwise not available from a direct investment in Ethereum.

The Responsible Entity has access to well established and experienced Ethereum liquidity providers. The Investment Manager oversees trade execution, investment and operational risk management and also works closely with external businesses and technical expert advisors.

3.4 Applications

The Offer contained in this PDS is a continuous offer. Unless the Responsible Entity determines otherwise, the Offer under this PDS is only available to persons receiving this PDS (electronically or otherwise) in Australia.

Investors can acquire Ethereum Interests by:

- purchasing them on Cboe via a broker, or
- applying to acquire them by completing the online Application Form available at https://apply.automic.com.au/ieth.

The method by which you enter the Fund does not affect the method by which you can exit the Fund. Investors can buy Ethereum Interests on Cboe and sell Ethereum Interests on Cboe or redeem directly with the Registry. Please refer to the sections below for more information.

An investor that applies for Ethereum Interests directly via the Registry may pay a different price for Ethereum Interests to an investor who buys Ethereum Interests on Cboe at the

exact same time. Similarly, a Holder who redeems Ethereum Interests via the Registry is likely to receive a different price for Ethereum Interests to a Holder who sells Ethereum Interests on Cboe at the exact same time. These differences in prices may result in a different return from an investment in the Fund between Holders who acquire and dispose of Ethereum Interests at the same time, using different methods.

a. Purchasing Ethereum Interests on Cboe

While the Fund is Quoted, investors may purchase Ethereum Interests on the secondary market via Cboe. Application forms are not required to be completed and there is no minimum investment amount (however the investor must have an account with a Cboe broker). The price applied to the investor's buy order will be the market price at the time of purchase as reflected by the price at which they have bought Ethereum Interests on Cboe.

b. Applying for Ethereum Interests directly with the Fund

Applications from Authorised Participants received by 4.30pm on a Cboe Trading Day will generally enable the Authorised Participant to have Ethereum Interests issued to their CHESS account on the Settlement Date, provided the Application Consideration is received in time for settlement.

For Applications by investors who are not Authorised Participants, if we accept your Application and receive your Application Consideration:

- before 1pm on a Business Day, you will generally receive the Application Price calculated for that Business Day; or
- on or after 1pm on a Business Day, or a day which is not a Business Day, you will generally receive the Application Price calculated for the next Business Day.

Application Consideration may be in cash or in specie in Ether.

Application Consideration paid in cash shall be used to purchase Ether from an OTC Provider. Any interest earned on Application Consideration will be paid to the Fund.

The minimum initial investment into the Fund in cash directly via the Registry is AUD$5,000.

If you are a direct investor in the Fund, you can make additional cash investments into the Fund at any time by submitting an additional Application to the Registry. You can pay using EFT or BPay®. The minimum additional cash investment into the Fund via EFT is AUD$1,000 for direct investors. There is no minimum additional cash investment amount for payments made via BPAY.

The minimum in specie investment into the Fund in Ether directly via the Registry is 3 Ether.

The above minimum amounts are subject to the Responsible Entity's discretion to accept a lower amount.

The Registry will send you a transaction confirmation once Ethereum Interests have been issued to you. Ethereum Interests will be issued when we accept your Application and receive your Application Consideration.

The price at which Applications for Ethereum Interests are acquired is determined in accordance with the Constitution (Application Price). The cash Application Price on a Business Day is, in general terms, equal to the NAV, divided by the number of Ethereum

Interests on issue and adjusted for transaction costs (Buy Spread). As at the date of this PDS, the Buy Spread is 0.2%.There is no Buy Spread charged for in specie Applications.

A Contribution fee for in specie Applications applies. The Contribution fee consists of 1% of the Application Consideration which is deducted from the Application Consideration.

We reserve the right to refuse any Application without giving a reason. If for any reason your Application to invest in the Fund is refused, we will return your Application Consideration to you, subject to regulatory considerations, less any taxes or fees in connection with the Application and without interest.

3.5 Redemptions

a. Selling Ethereum Interests on Cboe

While the Fund is Quoted, investors may sell Ethereum Interests on the secondary market via Cboe (however the investor must have an account with a Cboe broker). The price applied to the investor's Sell order will be the market price at the time of sale as reflected by the price at which they have sold Ethereum Interests on Cboe. Ethereum Interests acquired initially via the Registry may be sold on Cboe however the Holder must first transfer the Ethereum Interests into a CHESS account with a Cboe broker. Fractional Ethereum Interests cannot be transferred into a CHESS account with a Cboe broker. For example, if you hold 100.5 Ethereum Interests you may only transfer 100 into a CHESS account with a Cboe broker. Holders who transfer Ethereum Interests into a CHESS account with a Cboe broker must pay a Conversion Fee equal to the amount of any fractional Ethereum Interest held.

b. Redeeming Ethereum Interests directly with the Fund

Holders can redeem their Ethereum Interests directly with the Fund, via the Registry, by using the Ethereum Delivery Method or the Ethereum Sale Method.

Ethereum Interests subject to a Redemption Request cannot be transferred. Upon receipt of a valid Redemption Request, the Responsible Entity will do everything necessary to process the Redemption Request. A Redemption Request is valid only if:

- it is complete and contains all information required
- it is given by the person who, in the knowledge or reasonable opinion of the Responsible Entity, was registered as the Holder of the corresponding Ethereum Interest at 5pm on the Business Day the Redemption Request is received, and
- in the case of the Ethereum Delivery Method, the Redemption Fee has been received.

The Responsible Entity may in its absolute discretion determine whether a Redemption Request is valid and will notify the Holder if a Redemption Request is invalid. In such cases the Holder must lodge a new and valid Redemption Request in respect of those Ethereum Interests. Redemption Requests lodged after 1pm on a Business Day (4:30pm for Authorised Participants) will be treated as having been lodged on the next Business Day. Subject to the Corporations Act and the Cboe Operating Rules, a Redemption Request for Ethereum Interests may not be revoked without the consent of the Responsible Entity.

Following the transfer of the Sale Proceeds or the Ether each relevant:

- Ethereum Interest will be redeemed and cancelled; and
- the Separate Trusts associated with those Ethereum Interests will be dissolved.

The Responsible Entity shall not be responsible or liable for any failure by the Ethereum Custodian or Cash Custodian or a sale counterparty to affect a delivery or payment in respect of the Ether in accordance with the instructions of the Holder. However, in the event of such failure, the Responsible Entity shall to the extent practicable assign to the redeeming Holder its claims in relation to such Ether or cash (as applicable) in satisfaction of all claims of such Holder in respect of the Ethereum Interests to be redeemed and the Holder shall have no further claims against the Fund or the Responsible Entity.

3.6 Ethereum Delivery Method

Where a Holder lodges a Redemption Request for the Ethereum Delivery Method, they must nominate a Digital Wallet into which the Responsible Entity will arrange for delivery of the Ethereum Allocation, and pay the AUD$1000 Redemption Fee to the Responsible Entity (the Redemption Fee is not deducted from the amount of Ether transferred to the Holder). The Holder must prove ownership of this Digital Wallet to the satisfaction of the Responsible Entity and have completed all know your client and anti-money laundering checks as may be requested by the Responsible Entity.

Redemptions using the Ethereum Delivery Method shall be made by withdrawing Ether in an amount equal to the aggregate Ethereum Allocation of the Ethereum Interest being redeemed and procuring delivery of that amount of Ether. The Ether will be transferred to the Digital Wallet nominated by the Holder and such transfer shall settle the Delivery Obligations in respect of such Ethereum Interests. In order to manage operational risk for Holders electing the Ethereum Delivery Method, the Responsible Entity may require Holders to nominate a Digital Wallet associated with the Ethereum Custodian, or another Digital Asset custodian or Digital Wallet provider, at the sole discretion of the Responsible Entity.

The Responsible Entity's Delivery Obligations will be satisfied by transferring Ether using the Digital Wallet address specified by the Holder in the Redemption Request. Upon transfer of the Ethereum Allocation using the Digital Wallet address specified in the Redemption Request, all title to the Ether and all risk in and relating to the Ether pass to the Holder.

The Responsible Entity is not responsible or liable for any theft, loss, inability to recover or damage whatsoever that occurs to the Ether after such transfer.

3.7 Ethereum Sale Method

Redemptions for the Ethereum Sale Method will follow the same procedures as the Ethereum Delivery Method except that the Responsible Entity will sell the Ethereum Allocation of the Ethereum Interest being redeemed and will pay those funds less the Sell Spread in Australian dollars to the bank account nominated by the Holder.

If the Ethereum Sale Method applies:

- the Responsible Entity is irrevocably authorised to instruct delivery of the Ethereum Allocation for and on behalf of the Holder

- the Holder irrevocably authorises the Responsible Entity to procure the sale of the Ethereum Allocation at the current market price at the time of the disposal, and the Holder irrevocably directs and authorises the Responsible Entity or any of its nominees to take all action necessary or desirable to effect the sale by the Responsible Entity of the Ether

- the Responsible Entity will pay the Sale Proceeds as soon as reasonably practicable to the Holder as instructed by the Holder in the Redemption Request and the Holder acknowledges and agrees that:-

    - the Responsible Entity agrees to procure the sale of the Ethereum Allocation on behalf of the Holder, as agent for the Holder, at the price achieved in the spot market

    - the Holder agrees to accept the price obtained by the Responsible Entity in accordance with this PDS and the Constitution and to sell its Ethereum Allocation at that price

    - the Responsible Entity will endeavour to sell the Ether at the ETHUSD_AP but makes no representations or warranties as to the price at which the Ethereum Allocation will be sold or the amount of the Sale Proceeds

    - to the maximum extent permitted by law, the Responsible Entity is not responsible or liable for any loss, costs or expense incurred by or on behalf of the Holder as a result of the sale of the Ethereum Allocation on behalf of the Holder, except to the extent that such loss, cost or expense arises as a result of the Responsible Entity's gross negligence, default, fraud or dishonesty, and

    - when the Responsible Entity directs the Cash Custodian to transfer the Sale Proceeds to the Holder, the Responsible Entity will have discharged all of its obligations to the Holder and the Holder will cease to have any right, title or interest in respect of the redeemed Ethereum Interest, the Responsible Entity or the Fund (other than in respect of other Ethereum Interests that were not redeemed, and any other rights that survive termination of membership if any).

3.8 Compulsory Redemption

Under certain prescribed circumstances, the Responsible Entity can compulsorily redeem all or a portion of the Ethereum Interests for some or all Holders. The Responsible Entity must give the affected Holders 60 days' notice of any such Compulsory Redemption (see section 10.1 for more detail), unless the Responsible Entity determines it is not practicable to provide the Holder with notice.

By purchasing the Ethereum Interests, the Holder is deemed to have instructed the Responsible Entity to apply the Ethereum Sale Method for the purposes of Compulsory Redemption. A Holder may elect to change its instruction to the Ethereum Delivery Method instead for the purposes of Compulsory Redemption by providing written notice at least five Business Days prior to the relevant Compulsory Redemption Date.

If an affected Holder fails to provide updated information requested by the Responsible Entity by 5pm at least two Business Days prior to the Compulsory Redemption Date, then the Responsible Entity may process the Redemption using the delivery details previously advised by the relevant Holder.

A Redemption Fee is payable for Compulsory Redemptions using the Ethereum Delivery Method.

In addition, where a Holder transfers their holding from the issuer sponsored subregister to a CHESS account, the Holder irrevocably authorises and directs the Responsible Entity to redeem any fractional Ethereum Interest held by the Holder and offset the Redemption proceeds against the Conversion Fee. There is no Redemption Fee or Buy/Sell Spread applied for Redemption of a fractional Ethereum Interest in connection with a Holder transferring their holding from the issuer sponsored subregister to a CHESS account.

3.9 Redemptions during trading suspensions and other circumstances

Holders who have acquired Ethereum Interests on Cboe may normally sell their Ethreum Interests by trading on Cboe. If trading on Cboe is suspended or otherwise unavailable Holders may also redeem using the Ethereum Sale Method or Ethereum Delivery Method, unless:

- the Fund is being wound up
- the Fund is not 'liquid' as defined in the Corporations Act, or
- the Responsible Entity has suspended Redemptions in accordance with the Constitution of the Fund.

3.10 Transfer of Ethereum Interests

The Responsible Entity has engaged the Market Maker to ensure a liquid secondary market for Ethereum Interests on Cboe. There is no guarantee or assurance as to the price at which a market will be made. This allows Holders to sell their Ethereum Interests on Cboe through a stockbroker. The Responsible Entity or Market Maker does not charge a fee when a Holder sells their Ethereum Interests on Cboe but a stockbroker may charge brokerage fees.

The economic value of each Ethereum Interest lies in the corresponding Ethereum Allocation. Whenever there is a transfer in ownership of an Ethereum Interest, there is a transfer in the ownership of the corresponding Ethereum Allocation applicable to that Ethereum Interest.

3.11 Lodgement of Applications and Redemptions

Requests for Applications and Redemptions must be in the form provided by the Responsible Entity and available at the website of the Registry:

- Applications – https://apply.automic.com.au/ieth
- Redemptions – https://investor.automic.com.au/#/home

3.12 Summary Comparison of Applications/Redemptions for Direct Investors and Investors on Cboe

	Buying Ethereum Interests on Cboe	Applying for Ethereum Interests directly via the Registry
How do I make an investment?	You can invest during any Cboe Trading Day by purchasing Ethereum Interests via your stockbroker.	You must submit a valid Application form and supporting documentation to the Registry by 1pm on a Business Day (4:30pm for Authorised

	You do not need to submit an Application form or supporting documentation to the Registry.	Participants). Applications received after 1pm (4:30pm for Authorised Participants) or on a day which is not a Business Day will be processed on the following Business Day.
What is my entry price?	The price at which you purchase Ethereum Interests on Cboe. You should consult your stockbroker with respect to any fees and charges which may apply. The price at which Ethereum Interests are traded on Cboe may differ from the Application Price applicable to direct investors.	If you invest: • before 1pm on a Business Day (4:30pm for Authorised Participants), you will generally receive the Application Price calculated for that Business Day; or • on or after 1pm on a Business Day (4:30pm for Authorised Participants), or a day which is not a Business Day, you will generally receive the Application Price calculated for the next Business Day. The Application Price will be adjusted for the Buy Spread. The Application Price may differ from the price at which Ethereum Interests are traded on Cboe.
Is there a minimum Application amount?	No	Yes. AUD$5,000 for initial cash Applications and AUD$1,000 for additional cash Applications where the investor wishes to pay via EFT. There is no minimum for additional cash Applications where the investor pays via BPay. 3 Ether is the minimum for in specie Applications. The

		above minimum amounts are subject to the Responsible Entity's discretion to accept a lower amount.
	Selling Ethereum Interests on Cboe	**Redeeming Ethereum Interests directly via the Registry**
How do I withdraw my investment?	You can sell your Ethereum Interests during any Cboe Trading Day via your stockbroker. You do not need to submit a Redemption form or supporting documentation to the Registry when selling your Ethereum Interests on Cboe.	You must submit a valid Redemption form and supporting documentation to the Registry by 1pm on a Business Day (4:30pm for Authorised Participants). Redemption requests received after 1pm (4:30pm for Authorised Participants) or on a day which is not a Business Day will generally be processed on the following Business Day. Investors may redeem using either the Ethereum Delivery Method or Ethereum Sale Method.
What is my exit price?	The price at which you sell Ethereum Interests on Cboe. You should consult your stockbroker with respect to any fees and charges which may apply. The price at which Ethereum Interests are traded on Cboe may differ from the price at which direct investors redeem Ethereum Interests.	Investors redeeming using the Ethereum Delivery Method will receive the Ethereum Allocation applicable as at the day their Redemption is accepted, paid in Ether into their nominated wallet. Investors must pay the Redemption Fee to use this Redemption option. Investors redeeming using the Ethereum Sale Method appoint the Responsible Entity to sell the Ethereum Allocation represented by their Ethereum Interests

		on their behalf at the applicable Ether spot price as at the day their Redemption is accepted as determined by the Responsible Entity. Investors will receive the sale proceeds less the Sell Spread. The price at which Ethereum Interests are traded on Cboe may differ from the price at which direct investors redeem Ethereum Interests.
Is there a minimum withdrawal amount?	No	No

3.13 Claimable Forked Assets

Ethereum may be subject to occasional Forks which may result in the Fund temporarily holding crypto assets which are not Ether. Any Claimable Forked Assets will be disposed of as soon as practicable and the proceeds reinvested into the dominant chain and distributed to Holders as additional Ethereum Interests pro-rata to the number of Ethereum Interests they hold at the time of the Fork.

There is a risk the Fund will not be able to claim any such Forked Assets, for example, if the Ethereum Custodian determines they will not support the holding of any Forked Assets. Under the Ethereum Custody agreement, the Ethereum Custodian is not obligated to support the holding of any Forked Assets and they assume absolutely no liability, obligation or responsibility whatsoever in relation to such Forked Assets. For the purposes of determining the NAV, any Forked Assets which are unclaimable will be deemed to have a value of zero.

Any Claimable Forked Assets may temporarily increase the NAV of the Fund (until such assets are sold and the proceeds reinvested into the dominant chain and distributed to Holders as additional Ethereum Interests pro-rata to the number of Ethereum Interests they hold at the time of the Fork). However, this will not cause an increase or decrease to the Ethereum Allocation. The Responsible Entity may suspend Applications and Redemptions until it has sold the Claimable Forked Assets, reinvested them in the dominant chain and issued additional Ethereum Interests to Holders pro-rata to the number of Ethereum Interests they hold at the time of the Fork. This may result in a suspension of trading on Cboe while this process is completed.

4. Key Parties

4.1 Investment Manager

The Responsible Entity has appointed Monochrome Asset Management Pty Ltd (Monochrome) as the Investment Manager for the Fund. Monochrome is a Corporate Authorised Representative of Vasco Trustees (Corporate Authorised Representative No. 1286428). As Investment Manager, Monochrome oversees trade execution, and investment and operational risk management. The team also works closely with external service providers and technical expert advisors.

Monochrome is committed to providing a secure and compliant solution for Australian investors to gain exposure to Digital Assets. Monochrome believes that in an uncertain financial landscape, Ethereum has the potential to revolutionise the financial system and provide a globally accessible store of value

4.2 Responsible Entity

Vasco Trustees Limited ACN 138 715 009 is the Responsible Entity of the Fund and the issuer of the Ethereum Interests under this PDS.

The Responsible Entity is part of the Vasco group of companies that provide corporate trustee services and fund administration to over 80 funds managed by Australian and international fund managers.

As of 1 July 2024, the Responsible Entity (and its related group of companies) was acquired by TMF Group, a global provider of administrative services, including accounting, tax, payroll, fund administration and legal entity management services across 87 jurisdictions supported by local expertise. The clients of the TMF Group include the majority of the Fortune Global 500, FTSE 100 and top 300 private equity firms.

The Responsible Entity is responsible for the overall management of the Fund in accordance with its duties to Holders. The Responsible Entity's responsibilities and obligations, as the responsible entity of the Fund, are governed by the Fund's Constitution and the Corporations Act. Under the Corporations Act and the Constitution, the Responsible Entity is required to act in the best interests of Holders.

4.3 Registry

Automic Pty Ltd has been appointed as the Registry for the Fund. The services to be provided by the Registry include:

- maintaining the Fund's register of Holders
- generally performing actions related to the Application and Redemption of Ethereum Interests
- furnishing annual transaction records, and
- performing certain other administrative and clerical services in connection with the Fund as agreed between the Responsible Entity and the Registry.

4.4 Administrator and Cash Custodian

The Responsible Entity has engaged State Street Australia Limited as the Cash Custodian and Administrator for the Fund.

4.5 Ethereum Custodian

The Responsible Entity has appointed Gemini Trust Company, LLC as the Ethereum Custodian for the Fund. The Ethereum Custodian provides Ethereum custodial services to the Responsible Entity. The Responsible Entity ensures that the Ethereum Custodian complies with the relevant regulatory requirements that apply to custodians providing custody services in Australia, including requirements set out in ASIC Regulatory Guide 133 Managed investment and custodial and depository services: Holding assets.

Gemini Trust Company, LLC has been providing crypto asset custody services since 2015 and is a chartered limited purpose trust company with fiduciary powers under the New York Banking Law, which is licensed by the State of New York to custody crypto assets.

Gemini Trust Company, LLC:

- is prudentially regulated and subject to rigorous frameworks for chartering and supervising digital asset trust companies
- holds crypto assets in offline air-gapped cold storage systems
- uses 'multi-sig' approaches for transaction signing to reduce the risk of unauthorised parties accessing crypto assets held in custody, and
- is annually SOC 1 Type 2 and SOC 2 Type 2 audited.

4.6 Market Maker

Under the Cboe Operating Rules, the Responsible Entity is required to facilitate liquidity in the Ethereum Interests on Cboe to support a fair and orderly market. The Responsible Entity has satisfied these requirements by appointing a lead Market Maker.

The role of the lead Market Maker is to provide liquidity by:

- facilitating Creation and Redemption of Ethereum Interests directly with the Fund to manage volume; and
- posting two-way quotes on the Cboe secondary market within agreed spread limits and order size requirements.

The quotations are generally available for the majority of each trading day so that investors can consistently trade at a price that is close to the intraday NAV of the Ethereum Interests. A Market Maker may also apply to the Responsible Entity as an Authorised Participant to create and redeem Ethereum Interests.

The arrangements with the Market Maker specify special circumstances under which the market making obligations will not apply (such as trading suspensions, operational disruptions as well as including circumstances in which there is unusual trading activity that may adversely affect the Market Maker's ability to perform its market making function).

Subject to the Responsible Entity's agreement with the Market Maker and the requirements of the Cboe Operating Rules, the Responsible Entity may replace or terminate the Market Maker. The Responsible Entity may decide to no longer appoint market makers in respect to Ethereum Interests in circumstances where it is no longer required to do so under the Cboe Operating Rules.

Investors in the Fund should be aware that the Market Maker will retain for its own account profits or losses generated from its own market making activities and may

charge fees to the Responsible Entity for its role and responsibilities as the lead Market Maker.

The Market Maker is an Authorised Participant but it may be the case that not all Authorised Participants are Market Makers.

4.7 Authorised Participants

Authorised Participants are generally persons who apply for large amounts of Ethereum Interests to facilitate liquidity of Ethereum Interests on Cboe. A person can only be an Authorised Participant if it has entered into an Authorised Participant Agreement with the Responsible Entity.

The Authorised Participant Agreement sets out certain requirements which must be met by the Authorised Participant. These include participation in CHESS, compliance with certain selling restrictions in respect of the Ethereum Interests, maintenance of all applicable registrations and qualifications required to meet its obligations under the Authorised Participant Agreement and compliance with the Corporations Act, Cboe Operating Rules, and other applicable laws.

If the relevant requirements cease to be met by any such entity, the Responsible Entity may take such steps as it believes are necessary to ensure that the interests of the Fund and Holders as a whole are protected (which may include rejecting any further Applications from that entity).

The Responsible Entity encourages eligible candidates to sign up as Authorised Participants and eligible candidates should contact the Responsible Entity for more information about how to become an Authorised Participant.

The Responsible Entity will provide the following information to Authorised Participants before other members of the Fund pursuant to *ASIC Corporations (Relief to Facilitate Admission of Exchange Traded Funds) Instrument 2024/147*:

(a) the price or value of the assets of the Fund and the price or value of the ETHUSD_AP Index Price,

(b) the amount of Ether or cash required to acquire an Ethereum Interest by Authorised Participants on the trading day that first ends after the information is provided, and

(c) the amount of Ether or cash transferred on withdrawal from the Fund by Authorised Participants on the trading day that first ends after the information is provided.

4.8 Other service providers

As at the date of this PDS, the Responsible Entity has also engaged additional service providers as detailed in the Directory in section 13 of this PDS. These service providers may be changed, or added to, at any time without notice to Holders.

5. About Ethereum

5.1 What is Ethereum?

Ethereum is a Digital Asset. It is not issued by any government, bank or central organisation, and as at the date of this PDS is the second largest Digital Asset by market capitalisation behind Bitcoin. Ethereum, or Ether, is based on the decentralised, open-source protocol of the peer to-peer Ethereum Network, which was released in 2015 and relies on a decentralised public transaction ledger, known as a Blockchain, on which all Ethereum transactions are recorded. The Ethereum Blockchain is an official record of every Ethereum transaction (including creation or 'mining' of new Ethereum) and every Ethereum address associated with holding a specified quantity of Ethereum. Accordingly, the movement of Ethereum is facilitated by a digital, transparent and immutable ledger, enabling the rapid transfer of value across the internet without the need for centralised intermediaries.

The Ethereum software source code allows for the creation of decentralised applications (DApps) that are supported by a transaction protocol referred to as 'smart contracts', which includes the cryptographic operations that verify and secure Ethereum transactions. A smart contract operates by a predefined set of rules (i.e., 'if/then statements') deployed to the Ethereum network. Once deployed a smart contract is public and immutable allowing it to be automatically executed on any node within the Ethereum network. Such actions taken by the predefined set of rules are not necessarily contractual in nature, but are intended to eliminate the arbitration of a third party for carrying out code execution on behalf of users, making the system decentralised, while empowering developers to create a wide range of applications layering together multiple smart contracts. Although there are many alternatives to Ethereum, the Ethereum Network is the oldest and largest smart contract platform in terms of market capitalisation, availability of DApps, and developer activity.

5.2 What is the Ethereum Network?

The Ethereum Network can be described as analogous to a world computer that no one can shut down. At the most basic level of any computer system is the hardware that all of the software runs on. Hardware providers for the Ethereum Network are called 'miners'. Miners need to assemble a customised mining rig including a motherboard, power supply, computer RAM memory. The Ethereum Blockchain was designed with the aim of allowing the mining of its Ether cryptocurrency with consumer economical friendly equipment. These nodes secure the network by verifying Ethereum transactions, building Ethereum's Blockchain and thereby minting new Ethereum. Miners' servers run Ethereum software, which can be thought of as a program that is running on the server, just as personal computers have and run installed applications. Further, with its collective computing power on the distributed network, the Ethereum Network provides the ability to execute peer-to-peer transactions to realise, via smart contracts, automatic, conditional transfer of value and information, including money, voting rights, and property.

Assets in the Ethereum Network are held in accounts. Each wallet is made up of two components: a public address and a private key. An Ethereum private key controls the transfer or 'spending' of Ethereum from its associated public Ethereum address. An Ethereum 'wallet' is a collection of public Ethereum addresses and their associated private keys. This design allows only the owner of Ethereum to send Ethereum, the intended recipient of Ethereum to unlock it, and the validation of the transaction and ownership to be verified by any third party anywhere in the world.

Following the implementation of EIP-1559 (an upgrade that happened on 5 August 2021 to change how Ethereum calculates and processes network transaction fees (called gas fees)), the original gas payment that miners received is now split into a base fee and a priority fee (tip) (see following paragraph for an explanation of 'gas'). The base fee is an algorithmically-determined fee that is dynamically adjusted to reflect the Ethereum Network's congestion – helping to establish a more predictable settlement environment for users and service providers like exchanges – and is designed to maintain the Ethereum Network's block usage rate at 50%. Fees incrementally increase once confirmed blocks swell beyond their predetermined 50% capacity. In addition, base fees are also burned via sending them into an unusable wallet where funds can't be retrieved – causing eventually an expected 1-2% reduction in Ethereum's total supply over a year's period. Conversely, the tip serves as an optional priority fee that users can attach to the base fee to tap miners for a speedier inclusion of their respective transaction.

Fees need to be paid in Ethereum to miners – as a cost basis for accessing computational resources on the Ethereum Virtual Machine – in order to facilitate transactions and execute smart contracts. The fee that is charged is called 'gas'. Gas price is often a small fraction of Ethereum, which is denoted in the unit of Gwei (1 billion Gwei = 1 Ethereum). Gas is essential in sustaining the Ethereum Network. It motivates miners to process and verify transactions for a monetary reward. The amount of gas needed in a transaction is roughly equivalent to the value of energy needed plus a small transaction fee. Gas price fluctuates with supply and demand for processing power since miners can choose to not process transactions when gas prices are low. Gas has another important function in protecting the network against denial of service attacks. Because the coding language for Ethereum is Turing-complete, there is a possibility of a program running infinitely. Since every node is required to verify a transactions correctness, the infinite loop would occupy any node that attempted to execute the transaction, shutting down the network as further legitimate transactions would be left waiting in the queue. Gas protects the network from this kind of attack as it is financially impossible. When gas runs out, the program will be terminated, and the processing of transactions can continue.

5.3 Means of exchange versus store of value

Ethereum trading platforms operate websites that facilitate the purchase and sale of Ethereum in exchange for other crypto assets and for fiat currencies (e.g., U.S. dollar, the euro, and the Japanese Yen). This activity is different from the process where users send Ethereum from one Ethereum public address to the other. The latter is an activity that uses Ethereum as a means of exchange and is largely conducted directly using the Ethereum Blockchain, whereas the former is mostly a transactional activity revolving around the purchase of Ethereum as a store of value, and largely occurs within the trade books of exchanges (i.e. off the Ethereum Blockchain).

While the Ethereum DApp ecosystem is still nascent, as more developers and users adopt the platform over time, the potential exists for an increasing number of DApps, with the potential for greater functionality to the system as a whole. The end user relies on the hardware, operating system, and applications provided by Ethereum miners, developers and companies, respectively. The greater the number of Ethereum users, the greater the incentive will potentially be for miners, developers and companies to continue to develop their systems, which in turn may promote the Ethereum Network as a whole.

6. General Risks

All investments carry risk. Applicants should consider the general risks described in this section, together with the information contained elsewhere in this PDS, before deciding whether to apply for Ethereum Interests.

Applicants should consider whether an investment in the Fund is suitable, having regard to their own individual investment objectives, financial circumstances, financial resources available to them, and the risk factors set out below. This PDS carries no guarantee with respect to the price at which the Ethereum Interests will trade, and none of the parties associated with the issue of Ethereum Interests make any such guarantee. Prospective investors should be aware that the market price of Ethereum Interests may be influenced by many unpredictable factors and that investing in the Fund involves various risks.

This section 6 together with section 7 outline the general and specific risks relating to the Ethereum Interests and to the Fund. These sections are not exhaustive statements of all potential risk factors applicable to Ethereum Interests. Applicants should consult their professional advisers before deciding whether to invest in the Fund.

6.1 Market risk

Digital Assets can be extremely volatile and are usually highly speculative. Anyone who invests in Digital Assets directly or indirectly should be aware that there is a high risk that their investment could dramatically fall in value or, in some cases, be lost entirely. By acquiring exposure to Ethereum, you are exposed to various risks including those set out below.

6.2 Pricing risk

It may be difficult to value some Digital Assets accurately and reliably for reasons including the nature of their trading, susceptibility to manipulation, and a lack of identifiable fundamentals. Some Digital Assets may be purely speculative assets. To minimise this risk, the Fund invests only in Ethereum which is a Digital Asset with a high level of institutional support and acceptance of use for investment purposes, has service providers available and willing to support its use in an exchange traded fund, has a mature spot market, has a regulated futures market for trading derivatives linked to it, and has robust and transparent pricing mechanisms available throughout the trading day and to strike the daily NAV.

6.3 Political, regulatory and legal risk

Regulatory changes or actions may alter the nature of an investment or restrict the use of Digital Assets in a manner that adversely affects an investment.

Ethereum currently faces an uncertain regulatory landscape, not only in Australia but internationally. The treatment varies between jurisdictions and any adjustments in one jurisdiction may adversely impact the value of an investment.

The effect of any future regulatory change on Ethereum or an entity dealing or holding Ether is impossible to predict, but such change could be substantial and adverse.

Banks may not provide banking services, or may cut off banking services, to businesses that provide Ethereum-related services or that accept Ether as payment, which could damage the public perception of Ethereum and the utility of Ether as a store of value, and could decrease the price of Ether and adversely affect an investment in the Fund.

It may be illegal now, or in the future, to acquire, own, hold, sell or use Ether in one or more countries.

Although presently Ethereum is not regulated, or is lightly regulated in some countries, one or more countries may take regulatory actions in the future that severely restrict the right to acquire, own, hold, sell, or use Ether or to exchange Ether for Fiat Currency. Such an action may result in the restriction of ownership, holding, or trading in Ether and cause the price of Ether to substantially decrease.

Regulatory changes or interpretations could create the need for the Fund, the Responsible Entity and/or the Investment Manager to comply with new regulations or apply for new licences, resulting in potentially extraordinary, non-recurring and unanticipated expenses.

Current and future legislation may impact the manner in which Ethereum is treated for classification and clearing purposes. Such changes could involve gaining professional accounting and legal advice, applying for licences or being imposed with other costs in order to continue to hold Ether.

Future developments in the tax treatment of Ethereum could adversely affect an investment in the Fund.

The interpretation and application of taxation legislation in this industry is subject to change and it is expected to evolve as Ethereum is better understood by the Australian Government. As such there is a possibility that changes to the taxation treatment could adversely impact an investment in Ethereum Interests.

6.4 Cyber risks

Thefts and cyber attacks can have a negative impact on the reputation of Ethereum and thus negatively affect the value of Ethereum Interests. Holders would suffer direct losses if any Ether held by the Fund was subject to theft. While the Responsible Entity and the Ethereum Custodian have taken reasonable measures to prevent a theft or hacking of Ether held by the Fund, such an event cannot be fully excluded and the losses associated with such an event would be borne by the Holders.

6.5 Environmental risk

The Responsible Entity does not take into consideration the environmental or social impact of the Ether held by the Fund. The mining of Ethereum requires substantial quantities of energy, which may be sourced from non-renewable sources and may adversely impact the perception and reputation of Ethereum. This, in turn, may negatively impact the price of Ether and therefore the value of Ethereum Interests in the Fund.

6.6 Service provider risk

The price of Ethereum Interests could be adversely affected if any of the various parties involved in the operation of the Fund, including the Responsible Entity, Investment Manager or other underlying agents or service providers fail to perform or breach their obligations. This risk is mitigated (but not eliminated) by undertaking due diligence on all third-party service providers to the Fund, and using third party service providers who are well regarded in the Australian market or their respective overseas markets.

6.7 Custody risk

If Private Keys held by the Ethereum Custodian for the Fund's Ether are lost or compromised, for instance due to an operational failure, this may result in the Fund's Ether becoming inaccessible or accessed by unknown third parties without authorisation.

Under the Ethereum Custodian agreement, the Ethereum Custodian is generally only liable for losses that are the direct result of its own gross negligence, fraud or wilful misconduct in the performance of its duties, and then may only be liable up to the market value of the affected Ether. In addition, the Ethereum Custodian is not liable for any delay in performance or any non-performance of any of its obligations under the Ethereum Custodian agreement by reason of any cause beyond its reasonable control, including breakdown, malfunction or failure of transmission, communication or computer facilities. If any Ether forming part of the Assets attributable to any Ethereum Interests is lost, damaged, stolen or destroyed under circumstances in which the Ethereum Custodian is liable, the liability will be attributable to the Responsible Entity, because the Responsible Entity is ultimately liable to Holders for the acts and omissions of the Ethereum Custodian. The Responsible Entity generally has a right to be indemnified from Fund assets in respect of any liability it incurs with respect to the Fund, except to the extent that the liability is as a result of the Responsible Entity's fraud, gross negligence, wilful misconduct or breach of trust. Therefore any liability of the Responsible Entity in connection with the Fund may ultimately result in costs being recovered from the Fund and a resulting loss to Holders. In the event of the Responsible Entity's gross negligence, wilful misconduct or breach of trust, the Responsible Entity may be personally liable and have no right of indemnity from the Fund however the Responsible Entity may not have the financial resources (including liability insurance coverage) sufficient to satisfy the claim and consequently may not be able to satisfy its obligations in respect of the Ethereum Interests resulting in a loss to Holders.

Although the Ethereum Custodian maintains insurance in respect of its custody services, there is a risk that it may not continue to do so. Consequently, a loss may be suffered with respect to the Ether which is not covered by this insurance. Accordingly, there is a risk that some or all of the Ether could be lost, stolen or damaged and that the Fund would not be able to satisfy its obligations in respect of each Separate Trust or recover the Fund's losses from the Ethereum Custodian or its insurer.

The Ethereum Custodian is entitled to terminate the custody agreement with written notice to the Responsible Entity. If the Ethereum Custodian terminates the custody agreement and the Responsible Entity is not able to appoint a new custodian, it may be forced to redeem some or all of the Ethereum Interests which may lead to a Holder realising their investment earlier than desired and potentially crystallising investment losses.

6.8 Regulatory risk

Returns may be affected by any adverse regulatory changes in Australia or elsewhere, which could have an impact on the Fund's existing investments or adversely affect the Fund's ability to trade in the future. The Responsible Entity monitors the factors influencing the Fund's regulatory status on a regular basis and maintains a working knowledge of proposed regulatory changes that may impact the Fund. Where appropriate, the Responsible Entity and/or the Investment Manager will make submissions to regulators with a view to ensuring investors' interests are represented.

6.9 Taxation and legislative change risk

Changes in taxation rates, tax rules or tax law interpretation may impact Holders' investment returns. The taxation assumptions made in this PDS are based on existing Australian tax legislation. Any changes to such legislation may materially impact the returns of the Fund. It is recommended that you seek advice from a tax adviser before making an investment into the Fund. To mitigate risk, the Responsible Entity maintains a

working knowledge of proposed legislative and taxation changes that may impact the Fund and where relevant, the Responsible Entity and/or the Investment Manager will make submissions to regulators with a view to ensuring investors' interests are represented.

6.10 Product risk

Changes may be made to the Fund from time to time including changes to the Fund's investment strategy, changing fees or minimum investment amounts. These changes could impact the Fund's returns.

The portfolio of the Fund may be subject to change if it is considered to be in the best interests of the Holders. Furthermore, the Fund may not achieve its investment objective. This might mean that the return generated may differ from the stated investment objective.

6.11 Industry risk

The Digital Asset sector is rapidly changing and there may be risks that arise which are currently unforeseen by the Responsible Entity. The Responsible Entity will use its best endeavours to identify these risks as they arise and mitigate them to manage any potential impacts to the Fund. An investment in Ethereum Interests can be extremely risky and is highly speculative, with the price of Ethereum also potentially being exposed to or correlated with the failures of other, higher risk crypto assets. Anyone who acquires Ether directly or indirectly, should be aware that there is a high risk that their investment could fall in value and, in the event of an unforeseen or unforeseeable catastrophic failure, be lost.

6.12 Liquidity risk

TThere is no guarantee that there will be a liquid market for Ethereum Interests. There is a risk that the Ethereum Interests will be illiquid, resulting in Holders being unable to sell Ethereum Interests at the Holder's anticipated price or causing market impact. An illiquid market is one in which it is difficult to sell or buy Ethereum Interests due to a lack of demand for the Ethereum Interests. In accordance with the Cboe Operating Rules and the agreement between the Responsible Entity and the Market Maker, it is possible that the Market Maker will not be able to provide liquidity for the Ethereum Interests and thus there is no guarantee by the Responsible Entity that a Market Maker will be present or active in relation to the Ethereum Interests at all times or at the time investors wish to buy or sell an Ethereum Interest. Market Makers are only appointed in respect of Ethereum Interests traded on Cboe.

The market for Ethereum is likely to be more liquid than the market for Ethereum Interests. Regardless of the market capitalisation of Ethereum, the total capitalisation of the Ethereum Interests may be small. There is a risk that this could impact liquidity for Ethereum Interests.

If Ethereum Interests cease to meet Cboe liquidity requirements, Cboe may suspend or remove the Ethereum Interests from Quotation. If the Ethereum Interests are illiquid, there is a risk that:

- you may not be able to buy or sell Ethereum Interests at a reasonable price or at all, or
- the price of Ethereum Interests may be volatile and diverge materially from the price of the Ether.

6.13 Settlement risk

The Application and Redemption processes associated with the Creation or Redemption of Ethereum Interests for Authorised Participants are subject to the normal settlement procedures through CHESS. The Fund is exposed to some risk if an Authorised Participant fails to comply with its settlement obligations. These risks are mitigated by the fact that Authorised Participants are subject to usual Cboe trading practices including all Cboe fail fees.

In certain circumstances, Cboe may suspend trading of Ethereum Interests and therefore Holders would not be able to buy or sell Ethereum Interests on Cboe. In these circumstances, the Responsible Entity may suspend the Creation and Redemption process. There may be other occasions where the Responsible Entity may suspend the Creation and Redemption process, such as where other actors prevent the accurate calculation of Ethereum Interest prices.

Cboe also imposes certain requirements for Ethereum Interests to continue to be quoted. The Responsible Entity will endeavour to meet these requirements at all times to ensure Ethereum Interests remain quoted, although there can be no assurance that Ethereum Interests will remain quoted on Cboe in future. Although Ethereum Interests are quoted on Cboe, there can be no assurances that there will be a liquid market for Ethereum Interests.

6.14 Currency risk

Ether prices which the Fund seeks to track are generally quoted in USD and Ethereum Interests are priced in AUD. To the extent a Holder values Ethereum Interests in another currency (such as AUD), that value will be affected by changes in the exchange rate between the USD and that other currency.

6.15 Limited recourse risk

Upon Redemption, the Holder only has recourse to an entitlement to receive delivery of an amount of Ether or its cash equivalent equal to the amount of Ether represented by the Ethereum Interest from the Responsible Entity pursuant to the Separate Trust over that Ether.

Should there be insufficient Ether in the Separate Trust, the Holder will have no recourse to any other assets of the Responsible Entity or the Fund (except to the extent that the shortfall is due to fraud, wilful default or gross negligence). The Ethereum Custodian should fail to deliver the Ether from the relevant Secured Account, the Responsible Entity may transfer its rights against that Ethereum Custodian to the Holder in settlement of the Responsible Entity's obligation to deliver the Ether.

6.16 Bare trust risk

The tax treatment of this product depends on the investors being 'absolutely entitled' (for tax purposes) to the Assets as against the trustee of the Separate Trusts. The state of the law relating to absolute entitlement is subject to some uncertainty and it is important that investors are aware of the general risks relating to the tax treatment of bare trust investments such as Ethereum Interests. These risks are discussed in further detail in section 11 of this PDS.

6.17 Responsible Entity risk

There is a risk that an investment in the Fund could be adversely impacted by the termination of the Fund, changes to fees and expenses, or the retirement or replacement of the Responsible Entity. Further, operational risks which arise as a result of carrying on a funds management business require the Responsible Entity and its external service providers to implement sophisticated systems and procedures. Some of these systems and procedures are specific to the operation of the Fund, and inadequacies within these systems and procedures or the people operating them could lead to a problem with the Fund's operation.

6.18 Compulsory Redemption of Ethereum Interests

The Fund may in certain circumstances redeem all or a portion of a Holder's Ethereum Interests. Compulsory Redemption of Ethereum Interests may have a detrimental impact on a Holder's investment if the timing of the Redemption does not suit the Holder's personal circumstances and investment strategy.

Circumstances which may result in the Responsible Entity compulsorily redeeming a Holder's Ethereum Interests, and the relevant notice requirements are summarised in section 10.1 of this PDS. Compulsory Redemption may occur where the Responsible Entity forms the view that the continued operation of the Fund has become uneconomic, or in circumstances where the Responsible Entity is unable to find an appropriate Ethereum Custodian for the Fund's Ether.

6.19 Entry price risk

The price at which investors buy and sell Ethereum Interests on Cboe and the price at which investors apply for and redeem Ethereum Interests with the Registry may differ. This may be due to factors such as where Ethereum Interests are bought and sold on Cboe, the price at which an investor buys or sells Ethereum Interests will generally include an allowance to cover transaction costs but will also reflect market conditions and supply and demand for Ethereum Interests during the Cboe trading day. As such, the cost of the spread on Cboe may be different to the cost of the 'buy spread' or 'sell spread' for investors who apply or redeem Ethereum Interests directly with the Registry.

7. Digital Asset Risks

Digital Assets can be extremely volatile and are usually highly speculative. Anyone who invests in Digital Assets directly or indirectly should be aware that there is a high risk that their investment could dramatically fall in value or, in some cases, be lost entirely. By acquiring exposure to Ethereum, you are exposed to various risks including those set out below.

7.1 Technological risk

a. Loss/destruction of private keys

Ethereum is controllable only by the possessor of the Private Key relating to the digital wallet in which the Ether is held. Public keys are public and are intended to be shared when sending digital assets. Contrary to Private Keys which must be safeguarded and kept private in order to prevent a third party from accessing the Ether held within them. Whilst Ether cannot be destroyed, to the extent that a Private Key is lost, destroyed or otherwise compromised and no backup of the Private Key, subsequently the Fund will be unable to access the Ether held in the related Digital Wallet resulting in a loss of that Ether. The Responsible Entity attempts to reduce this risk through the use of a professional Ethereum Custodian, where Digital Wallets and Private Keys are stored in guarded, monitored, and access-controlled facilities that are geographically distributed.

b. Fork risk

Ethereum is an open source project and as a result, any individual can propose improvements to the Ethereum Network's source code through one or more software upgrades that could alter the protocols governing the Ethereum Network and the properties of Ether. When a modification is proposed and majority of users and miners consent to the modification, the change is implemented and the network remains uninterrupted. However, if less than a majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be a Fork of the network and Blockchain, with one prong running the pre-modified software and the other running the modified software. The effect of the Fork would be the existence of two versions of the network running in parallel, and the creation of a new digital asset which lacks interchangeability with its predecessor. A Fork could also be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software users run.

Significant Forks are typically announced several months in advance. The circumstances of each Fork are unique and their relative significance varies. Not all Forks will be supported by the Ethereum Custodian. A Fork effectively creates a new cryptocurrency and would not affect the value or operation of Ethereum except to the extent that demand for the new cryptocurrency causes a shift in demand for Ethereum or otherwise causes a change to the value of Ethereum.

c. Little meaningful history

This sector is relatively new and as a result there are very few investment providers that have experience globally in operating an investment vehicle that holds Digital Assets. A commitment to continuous research in this sector and fostering an environment in which meaningful knowledge growth is collated and built upon is critical to endeavouring to ensure the Fund meets its investment objectives.

d. 51% of Staked Ether

If a malicious actor acquired a majority of the Ether staked on the Ethereum Network it could, inter alia, reverse transactions, prevent transactions from being confirmed, and or prevent miners from mining any new valid blocks. It is widely believed that it would be difficult to finance the acquisition of such a large amount of ether, making this a remote likelihood.

e. Processing Power Ris

Miners generate revenue from both newly created crypto assets (known as the 'block reward') and from fees taken upon verification of transactions. If the aggregate revenue from transaction fees and the block reward is below a miner's cost, the miner may cease operations. Additionally, in the event of a fork of the relevant crypto asset network, some miners may choose to mine the alternative new crypto-asset resulting from the fork, thus reducing processing power on the original Blockchain. An acute cessation of mining operations would reduce the collective processing power on the Blockchain, which would adversely affect the transaction verification process by temporarily decreasing the speed at which blocks are added to the Blockchain and make the Blockchain more vulnerable to a malicious actor obtaining control in excess of 50% of the staked Ether on the Blockchain.

f. Immutability risk

Ethereum transactions are not reversible without the consent and active participation of the transferee. Once a transaction has been verified and recorded on the Blockchain, an incorrect transfer or theft of Ether will not be reversible. It is possible that, through computer or human error, or through theft or other criminal action, the Fund's Ether held by the Ethereum Custodian could be irretrievably transferred to unauthorised third parties, or to uncontrolled accounts.

g. Competitor Crypto Currencies

Although Ethereum is unarguably one of the dominant layer 1 blockchains, there are many (and an ever increasing number of) other such networks. Each one of these seeks to provide something unique that Ethereum does not offer.

7.2 Hacking risk

Holders bear the risk of a theft or hacking of Fund Assets which may, in turn, cause a decline in value of Ethereum Interests. Thefts and cyber-attacks can have a negative impact on the reputation of Ethereum and thus negatively affect the value of the Ethereum Interests. Holders would indirectly participate in such a negative performance. While the Responsible Entity and the Ethereum Custodian has taken reasonable measures to prevent a theft or hacking of the Ether held by the Fund, such an event cannot be fully excluded and the losses associated with such an event would be borne by Holders. Moreover, incidents of theft or hacking of crypto assets other than Ether can also negatively influence the market price, value, or liquidity of Ethereum and consequently of Ethereum Interests.

7.3 Banking risks

A number of companies that provide Ethereum-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to Ethereum-

related companies or companies that accept Ether for a number of reasons, such as perceived compliance risks or costs.

The difficulty that many businesses that provide Ethereum related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of Ethereum as a store of value and harming public perception of Ethereum or could decrease its usefulness and harm its public perception in the future. Similarly, this public perception could be further damaged if banks were to close the accounts of many or a few key businesses providing Ethereum-related services. This could decrease the market value of Ethereum and therefore adversely affect an investment in Ethereum Interests.

7.4 Ethereum valuation risk

The most common means of determining the value of one Ether is through one or more Digital Asset Exchanges where Ether is traded. Ethereum prices are available from Ethereum markets which operate at different times but the fragmentation of different Ethereum markets can potentially lead to divergence in prices. Digital Asset Exchanges publicly disclose the times and sales of the various listed pairs and some indices have been developed to produce a composite average value for Ether across several Digital Asset Exchanges. Data aggregators can be used to capture prices from different markets.

The Fund aims to track the CF Benchmarks Ltd ETHUSD_AP Index Price, a once a day benchmark index price for Ether that aggregates trade data from multiple ETH:USD markets operated by major cryptocurrency exchanges that conform to the CME CF Constituent Exchange Criteria. It is the pre-eminent index price for Ether risk settlement that is synchronised to 1600 Hong Kong time. The ETHUSD_AP incepted on 11 September 2023. It is a Registered Benchmark under UK BMR and as such is a Third Country benchmark under the UK BMR regime. CF Benchmarks Ltd is authorised and regulated by the UK Financial Conduct Authority (FRN 847100) and this supervision ensures it is compliant with all aspects of UK BMR obligations. The ETHUSD_AP Index Price is designed as a reference rate to track liquidity while also adjusting for deviations caused by anomalies and manipulation attempts at individual exchanges. Key elements of the algorithm and methodology are outlined at https://www.cfbenchmarks.com/data/indices/ETHUSD_AP.

a. Fluctuations in value of Ether will affect the value of an Ethereum Interest

Ethereum Interests are designed to track as closely as possible the performance of the price of Ether, net of fees and charges and before taxation. Several factors may affect the Ether price, including but not limited to:

- the total amount of Ether in existence
- global supply and demand for Ether
- investors' expectations with respect to the rate of inflation of Fiat Currencies
- interest rates
- currency exchange rates, including the rates at which Digital Assets, in particular Ether, may be exchanged for Fiat Currencies
- Fiat Currency withdrawal and deposit policies of Digital Asset Exchanges and liquidity of such Digital Asset Exchanges
- interruptions in service from or failures of major Digital Asset Exchanges
- cyber theft from online wallet providers, or news of such theft from such providers, or from individuals' wallets

- investment and trading activities of large investors, including private and registered funds, that may directly or indirectly invest in Digital Assets
- monetary policies of central banks, trade restrictions, currency devaluations and revaluations
- regulatory developments
- the availability and popularity of businesses that provide Digital Asset related services
- the maintenance and development of the Ethereum Network
- increased competition from other forms of Digital Asset or payments services
- global or regional political, economic or financial events and situations
- expectations among Digital Asset economy participants that the value of Digital Assets will soon change, and
- gas fees associated with processing Ethereum transactions.

Such factors could result in a spike or fall in Ethereum prices, and consequently in the price of Ethereum Interests.

b. Fluctuations in value of Ether will affect the value of an Ethereum Interest

Due to the unregulated nature and lack of transparency surrounding the operations of Digital Asset Exchanges, the marketplace may lose confidence in Digital Asset Exchanges. The Digital Asset Exchanges on which the Digital Assets trade are relatively new and often unregulated or subject to minimal regulatory oversight. Over the past eight years, several Digital Asset Exchanges have shut down due to fraud, business failure or security breaches. In many of these instances, the customers of those exchanges were not able to withdraw their account balances and were not otherwise compensated.

A lack of stability in the Digital Asset Exchange market and the closure or temporary shutdown of Digital Asset Exchanges due to fraud, business failure, hackers, malware or government-mandated regulation may reduce confidence in Ethereum and result in greater volatility in the ETHUSD_AP Index Price. Furthermore, the permanent or temporary closure of an exchange used in the calculation of the ETHUSD_AP Index Price may result in the loss of confidence in the valuation of the Fund on a daily basis. However, the ETHUSD_AP Index Price provider has documented procedures to mitigate against this scenario and to continue to publish the index. These potential consequences of a Digital Asset Exchange's failure could adversely affect an investment in Ethereum Interests.

Due to the 24-hour nature of the spot market, the price of Ethereum can move negatively outside of Australian business hours and result in a significant difference in the end of day price for an Ethereum Interest compared to the ETHUSD_AP Index Price. Furthermore, spot Ether market activity may adversely impact the ETHUSD_AP Index Price and therefore adversely affect the NAV. This effect on the ETHUSD_AP Index Price may also be a result of market activity in the purchase or sale of other investment vehicles and products that track the price of Ether.

Purchasing or selling large volumes of Ether on Digital Asset Exchanges can cause significant market impact or price slippage if any of the exchanges selected have low liquidity or execution is performed during periods of low market liquidity. An alternative approach is to use specialised over-the-counter providers to source liquidity, however, this will often incur additional or different costs.

c. Fluctuations in value of Ether will affect the value of an Ethereum Interest

Ethereum can be traded between any two counterparties. This includes trading on Digital Asset Exchanges, however, purchasing or selling large volumes of Ether on Digital Asset Exchanges can cause significant market impact or price slippage if any of the exchanges selected have low liquidity or execution is performed during periods of low market liquidity. To manage this risk, the Fund uses specialised OTC Providers to source liquidity and in doing so it ensures the OTC Providers it uses:

- are registered with AUSTRAC, or regulated by one or more laws of a foreign country giving effect to the Financial Action Task Force recommendations relating to customer due diligence and record-keeping, and

- implement risk-based AML/CTF systems and controls that are supervised or monitored by a body empowered by law to supervise and enforce the customer due diligence and record-keeping obligations.

7.5 ETHUSD_AP Index price risk

There may be times that the pricing methodology used by the Fund falls short of capturing market conditions. The ETHUSD_AP Index Price Provider, CF Benchmarks Ltd, may experience outages or errors which may impact the availability or quality of the ETHUSD_AP Index Price. If the ETHUSD_AP Index Price is not available, trading of Ethereum Interests may be suspended for a period of time. The ETHUSD_AP Index Price is used for calculating the NAV and consequently, any losses or costs associated with these errors or risks will generally be borne by the Holders.

7.6 Extreme volatility

Most Digital Assets are subject to extreme price volatility. Before investing in Ethereum Interests, investors should be aware that they could lose a large amount, or even all, of the money invested. In addition, the price formation of Digital Assets is often not transparent. There is a high risk that investors may not receive a fair and accurate price when buying or selling products that invest in Digital Assets.

7.7 Unsuitability of Digital Currencies for most purposes, including investment

The high volatility of Digital Assets, the uncertainty about their future and the risks associated with Digital Asset exchanges and wallet providers make Digital Assets unsuitable for many consumers, particularly those with a short to medium term investment horizon or less than an extremely high tolerance to risk.

8. Valuation and NAV

8.1 Valuation pricing of Ethereum Interests

The valuation methods applied by the Responsible Entity to value the Fund's Assets and liabilities must be consistent with ordinary commercial practice for valuing property of the relevant kind and the production of a value that is reasonably current at the relevant time.

The NAV of an Ethereum Interest will be the AUD value of the Ethereum Allocation held in the Separate Trust, calculated by reference to the ETHUSD_AP Index Price, less daily accrued fees or expenses attributable to the Separate Trust. The management fee is deducted each day from the Ethereum Allocation. The NAV of the Fund and of the Ethereum Interests will be determined in AUD. Each input will be calculated as at the Valuation Time for the Fund.

Any Claimable Forked Assets may temporarily increase the NAV of the Fund (until such assets are sold and the proceeds reinvested into the dominant chain and distributed to Holders as additional Ethereum Interests pro-rata to the number of Ethereum Interests they hold at the time of the Fork). However, this will not cause an increase or decrease to the Ethereum Allocation. The Responsible Entity may suspend Applications and Redemptions until it has sold the Claimable Forked Assets, reinvested them in the dominant chain and issued additional Ethereum Interests to Holders pro-rata to the number of Ethereum Interests they hold at the time of the Fork. This may result in a suspension of trading on Cboe while this process is completed.

An indicative NAV per Ethereum Interest (iNAV) will be published by the Fund throughout the Cboe Trading Day. The iNAV reflects the real time movements in the price of Ether during the Cboe Trading Day and will be calculated and disseminated by the iNAV Provider based on the ETHUSD_RTI, a real time index of the USD price of one Ether, published once per second. The ETHUSD_RTI is a registered benchmark under the EU BMR.

The iNAV will be published on the websites of the Responsible Entity and Investment Manager throughout the Cboe Trading Day and is provided for informational purposes only. Any iNAV is not, and should not be taken to be or relied on as being, the value of an Ethereum Interest or the price at which Ethereum Interests may be applied for or redeemed, or bought or sold on the Cboe market, and may not reflect the true value of an Ethereum Interest. Investors interested in applying for or redeeming Ethereum Interests, or buying or selling Ethereum Interests on the Cboe market, 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.

8.2 Calculation of Ethereum Interests

The Ethereum Allocation is the amount of Ether represented by each Ethereum Interest. The Ethereum Allocation as at the date of this PDS is 0.000997179003 Ether. On each day thereafter, the Ethereum Allocation reduces by the daily charged Management Fee.

8.3 Liabilities of the Fund

The Responsible Entity retains the right to deduct extraordinary expenses (if any) in calculating each Ethereum Allocation and the aggregate NAV of the Fund if any are incurred by the Responsible Entity.

8.4 Pricing policy

The Fund's portfolio will be priced based on the Fund's NAV. The NAV of the Fund is calculated by deducting from the aggregate value of the Assets of the Fund, all liabilities such as charged fees and other costs and provisions relating to the Fund. The value of any Assets or liabilities denominated in a foreign currency is converted to Australian dollars using the applicable closing spot and forward rates as at the Valuation Time for the Fund. The valuation methods applied by the Responsible Entity to value the Fund's Assets and liabilities are consistent with applicable industry standards and result in NAV per Ethereum Interest calculations that are independently verifiable.

The Responsible Entity has adopted a policy for pricing discretions it uses in relation to the Fund (Pricing Policy). The Pricing Policy and records of any discretions exercised by the Responsible Entity in respect of the Fund are available at no charge, upon request.

9. Fees and Other Costs

9.1 Consumer advisory warning

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.

9.2 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 section 11 of this document.

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

Table: Fees and costs summary

Monochrome Ethereum ETF (IETH)		
Type of fee or cost	**Amount**	**How and when paid**
Ongoing annual fees and costs		
Management fees and costs The fees and costs for managing your investment	Management fees and costs: 0.25% p.a. Indirect costs: 0.00% p.a.	The management fees and costs incorporate the fees of the Responsible Entity and Investment Manager, estimated Fund expenses and an estimate of indirect costs (if applicable). Management fees and costs are calculated as a percentage of the Fund's NAV. They are accrued daily and are paid monthly in arrears in Ether.
Performance fees Amounts deducted from your investment in relation to the performance of the product	$0	The Fund does not charge a performance fee.
Transaction costs The costs incurred by the Fund when buying or selling assets	0.00%	Transaction costs are costs deducted from the Fund's NAV. The frequency of these deductions depends on the type of transaction and are incurred usually when the cost arises or on a regular invoice schedule. This transaction costs amount is net of any amounts recovered by the Buy-Sell Spread.
Member (Holder) activity related fees and costs (fees for services or when your money moves in or out of the product)		
Establishment Fee The fee to open your investment	Not applicable	Not applicable

Contribution fee The fee on each amount contributed to your investment	Contribution fee: In specie Applications: 1% of Application Consideration Cash Applications: $0	The contribution fee is payable to the Investment Manager upon acceptance of an Application.
Withdrawal fee The fee on each amount you take out of your investment	Redemption Fee: Ethereum Delivery Method: $1000 Ethereum Sale Method: $0	Redemption fees are payable before the Redemption Request is processed. Redemption fees are applied to cover withdrawal expenses incurred by the Fund with any excess being retained by the Investment Manager.
	Compulsory Redemption Election Fee: $500	The Compulsory Redemption Election Fee will be payable by any Holder to the Investment Manager upon any change to the Redemption preference for a Compulsory Redemption.
Buy-Sell spread An amount deducted from your investment representing costs incurred in transactions by the Fund	Buy Spread: +0.2% (cash Applications) Sell Spread (Ethereum Sale Method): -0.2% Buy Spread in specie Applications: 0.00% Sell Spread (Ethereum Delivery Method): 0.00%	Paid from an investor's money when an investor applies to purchase or redeem Ethereum Interests for cash. Retained by the Responsible Entity to cover the costs of cash Applications and Redemptions.
Exit fee The fee to close your investment	Not applicable	Not applicable
Switching fee The fee for changing investment options	Not applicable	Not applicable

*Certain additional costs may apply. Please refer to "Additional explanation of fees and costs" below.

Unless otherwise stated, all fees and costs throughout this PDS include Goods and Services Tax (GST) net of any reduced input tax credits claimable by the Fund.

9.3 Example of annual fees and costs

The following table demonstrates an example of how the ongoing fees and costs outlined in the Fund can affect the performance of 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: Example of annual fees and costs

EXAMPLE - Monochrome Ethereum ETF (IETH)	Amount	Balance of $50,000 with a cash contribution of $5,000 during the year
Contribution fee	1% of Application Consideration if you submit an in-specie Application or Nil	For every additional $5,000 you put in, you will be charged: (a) $50 (if you submit an in-specie Application);* or (b) $0 (if you submit a cash Application)
PLUS Management fees and costs	0.25% p.a. of Net Asset Value	**And**, for every $50,000 you have in the Fund you will be charged or have deducted from your investment $125** each year.
PLUS Performance fees and costs	Nil	**And**, you will be charged or have deducted from your investment $0 in performance fees each year.
PLUS Transaction costs	Estimated 0.00% p.a. of Net Asset Value	**And**, you will be charged or have deducted from your investment $0 in transaction costs each year.
EQUALS Cost of Fund		If you had an investment valued at $50,000 at the beginning of the year and contributed another $5,000 during the year, you would be charged fees and costs of: (a) $175 (if you submit an in specie Application); or** (b) $125 (if you submit a cash Application).

		What it costs you will depend on the investment option you choose and the fees you negotiate.

*For the purpose of this example it is assumed that the investor makes an in specie application. No contribution fee is payable for cash Applications or by investors who acquire Ethereum Interests on the Cboe Australia market (however you may be charged separate fees by your Cboe broker).

**Additional fees and costs will apply for in specie Applications and Redemptions as noted above in the fees and costs summary table. Please note that this example does not capture all the fees and costs that may apply to you such as the Buy/Sell spread. This example assumes the additional $5,000 was invested at the end of the year. If it is assumed the additional $5,000 was invested at the beginning of the year, the management fees and costs would be $137.50 ($55,000 x 0.25%). Please note this is an example only as the actual investment balance of your holding will vary on a daily basis. Note that Government fees, duties and bank charges may also apply to investments and withdrawals.

9.4 Additional explanation of fees and costs

a. Management fees and costs

The management fees and costs for the Fund includes the applicable ongoing fees and costs involved to operate and manage the Fund.

The management fees and costs are deducted from the Fund's assets by the Responsible Entity for managing the Fund. These fees and costs are calculated and charged daily as a percentage of the Fund's NAV, where they are reflected within the daily NAV per Ethereum Interest. The management fees and costs are deducted from the Fund's assets monthly on or after the first day of the following month.

The Fund's ordinary expenses, being the expenses incurred in the day to day operation of the Fund are included within the figure given for the management fees and costs in the table above. However, in addition to ordinary expenses, the Fund may from time to time incur additional extraordinary expenses not listed above. Extraordinary expenses are expenses that are not normally incurred in the day to day operation of the Fund and are not necessarily incurred in any given year. They may include costs associated with holding Fund meetings, changing the Constitution, or defending or pursuing legal proceedings. Extraordinary expenses may not be paid out of the Responsible Entity's or Investment Manager's fees and may be recovered from the Fund and result in a reduction of the NAV and Ethereum Allocation. The Responsible Entity, as at the date of this PDS, reasonably estimates that the extraordinary expenses of the Fund that will apply for the current financial year (adjusted to reflect a 12 month period) will be nil.

b. Indirect costs

Indirect costs are any amounts that we know, or reasonably estimate will reduce the Fund's return that are deducted from the Fund's assets, other than the management fees and costs and other transaction costs. The Responsible Entity as at the date of this PDS, reasonably estimates that the indirect costs of the Fund, that will be applicable for the current financial year (adjusted to reflect a 12 month period), will be 0.00% p.a. of the NAV of the Fund.

c. Transaction costs

Transaction costs are the costs incurred when buying and selling the Fund's assets. These costs include brokerage fees, clearing costs, transactional custodian fees and other fees associated with the buying and selling of assets. Transaction costs are not included within the management fees and costs, and are deducted from the Fund's assets. How and when the costs are deducted from the Fund's assets depends on the type of transactional cost. The Responsible Entity expects to recover all transaction costs through the Buy/Sell Spread. To the extent that the Responsible Entity is unable to recover any transaction costs, such transaction costs will be an additional cost to members. The Responsible Entity, as at the date of this PDS, reasonably estimates that the gross and net transaction costs of the Fund for the current financial year (adjusted to reflect a 12 month period) will be as set out in the table below:

Total gross transaction costs	**Recovery through the buy/sell spread**	**Net transaction costs**	**For every $50,000 you have in the Fund you will likely incur approximately:**
0.2% p.a.	0.2% p.a.	0% p.a.	$0

d. Buy/Sell Spread

The price at which an investor can apply for or redeem Ethereum Interests may include an allowance for actual or estimated transaction costs incurred in selling or buying assets of the Fund to meet the Application or Redemption (a Buy Spread or Sell Spread). The Buy Spread or Sell Spread is a cost to the applying or redeeming investor, additional to the management costs noted in the table above and will be reflected in the Application or Redemption price. As at the date of this PDS, a Buy Spread of 0.2% (or $100 for a $50,000 Application) will apply for cash Applications. No Buy Spread will apply for in specie Applications (however this method will be subject to a Contribution fee 1% of Application Consideration). A Sell Spread of 0.2% (or $100 for a $50,000 Redemption) will apply for the Ethereum Sale Method. A Sell Spread will not apply to the Ethereum Delivery Method (however this method will be subject to a $1000 Redemption Fee as described above and below). The Buy Spread and Sell Spread may change without prior notice including between the time you submit an Application or Redemption Request and the time your Application or Redemption Request is accepted by the Responsible Entity. The current Buy Spread and Sell Spread can be obtained by contacting the Responsible Entity.

e. Contribution Fees

In specie applications incur a contribution fee of 1% of the Application Consideration. No contribution fee is payable for cash Applications or by investors who acquire Ethereum Interests on the Cboe Australia market (however you may be charged separate fees by your Cboe broker). Following acceptance of the Application, 1% will be deducted from the Application Consideration, meaning the amount of Ethereum Interests you receive will be based on the remaining 99% of your Application Consideration divided by the Application Price. The contribution fee is payable each time an investor wishes to make an in-specie Application. The contribution fee is retained by the Investment Manager.

f. Redemption Fees

A $1000 Redemption Fee is payable for Redemptions using the Ethereum Delivery Method. There is no Redemption Fee for Redemptions using the Ethereum Sale Method (however a Sell Spread will apply as described above). The Redemption Fee must be paid to the Responsible Entity by the investor at the time of lodging a Redemption Request under the Ethereum Delivery Method. The Redemption Fee is not deducted from the Redemption proceeds. Redemptions using the Ethereum Delivery Method will only be satisfied following the Responsible Entity's receipt of the Redemption Fee. No Redemption Fee is payable by investors who sell Ethereum Interests on the Cboe Australia market (however you may be charged separate fees by your Cboe broker).

g. Conversion Fee

Where a Holder transfers their holding from the issuer sponsored subregister to a CHESS account (i.e. from the off market register to the on market register) a Conversion Fee is payable. The Conversion Fee is payable by the Holder to the Investment Manager in Ether where such amount of Ether is equal to the Ethereum Allocation of any fractional Ethereum Interest held by the Holder.

By requesting their holding is transferred from the issuer sponsored subregister to a CHESS account the Holder irrevocably authorises and directs the Responsible Entity to redeem any fractional Ethereum Interest held by the Holder and offset the Redemption proceeds against the Conversion Fee. As such, the Conversion Fee is deducted from the Holder's investment in the Fund and is not an additional outlay required to be made by the Holder.

For example, if you held 100.5 Ethereum Interests and requested your holding to be transferred from the issuer sponsored subregister to a CHESS account, the Conversion Fee would be equal to the Ethereum Allocation applicable to 0.5 Ethereum Interests as at the time of transfer. If you held 100.9 Ethereum Interests, the Conversion Fee would be based on 0.9 Ethereum Interests and if you held some other fractional amount the Conversion Fee would be based on that fractional amount. By requesting the transfer, you also direct the Responsible Entity to redeem the fractional Ethereum Interest (0.5 Ethereum Interests in the first example) however you will not receive the Redemption proceeds from the Redemption of the fractional Ethereum Interest as the Redemption proceeds will be offset against the Conversion Fee payable. In the case of the first example above, your holding would reduce from 100.5 Ethereum Interests held on the issuer sponsored subregister to a holding of 100 Ethereum Interests held in your CHESS account.

As the Conversion Fee depends on the amount of fractional interests held by a Holder, the Conversion Fee ranges from an amount of Ether equal to the Ethereum Allocation for 0.000001 Ethereum Interests up to the Ethereum Allocation for 0.999999 Ethereum Interests (as fractional Ethereum Interests held on the issuer sponsored subregister are calculated up to 6 decimal places). The dollar value of the Conversion Fee will depend on the Ether price as at the time the Conversion Fee is deducted from the Holder's investment in the Fund and can be approximated as the Ether price at that time multiplied by the amount of the Conversion Fee in Ether.

There is no Redemption Fee or Buy/Sell Spread applied for Redemptions of a fractional Ethereum Interest in connection with a Holder transferring their holding from the issuer sponsored subregister to a CHESS account.

h. Advice fees

Your financial adviser may receive payment for providing advice services to you. You may separately negotiate an advice fee for these services. Refer to the Statement of Advice and Financial Services Guide prepared by your financial adviser in which details of these fees are set out.

i. Can the fees change?

Yes, all fees can change without investor consent, subject to the maximum fee amounts specified in the Constitution. At least 30 days' notice will be given if there is any proposed increase to the management fees. The Buy Spread and Sell Spread may change without prior notice as described above. The Fund's Constitution defines the maximum that can be charged for fees described in this PDS.

j. Differential fees

In accordance with *ASIC Corporations (Registered Schemes and CCIVs—Differential Fees) Instrument 2017/40*, the Responsible Entity may from time to time negotiate a different fee arrangement with certain Wholesale Investors.

k. Fee calculators

ASIC provides a fee calculator on its MoneySmart website (moneysmart.gov.au) which can be used to calculate the effect of fees and costs on your investment balances

10. Additional Information

10.1 Constituent documents

The operation of the Fund is governed under the Corporations Act and the Constitution of the Fund which has been lodged with, and registered by ASIC as a managed investment scheme under Chapter 5C of the Corporations Act.

The Constitution and the Corporations Act govern the rights and obligations of investors in Ethereum Interests. The Constitution sets out the conditions under which the Fund will operate, terminate, and the rights, obligations and liability of the Responsible Entity.

The Constitution also addresses matters such as pricing, Creations, Redemptions, the transfer of Ethereum Interests, investors' rights, the Investment Manager's powers to invest, borrow and generally manage the Assets of the Fund, and the Responsible Entity's fee entitlements. The Constitution provides that, while Ethereum Interests are quoted on Cboe, Holders may make transfers in any manner permitted by CHESS and the Cboe Operating Rules.

An Ethereum Interest confers an absolute entitlement on the Holder to the assets of the Separate Trust relating to the Ethereum Interest. The Constitution provides that the liability of each Holder is limited to the amount subscribed, or agreed to be subscribed by the Holder, for Ethereum Interests. Recourse of the Responsible Entity and Fund creditors is limited to the Assets.

The Responsible Entity may convene meetings of Holders at any time (e.g. to approve certain amendments to the Constitution or to wind up the Fund). Holders also have limited rights to call meetings and have the right to vote at any Holder meetings.

Except where the Constitution provides otherwise, or the Corporations Act requires otherwise, in order to pass, a resolution of Holders must be passed by Holders who hold Ethereum Interests exceeding 50% of the total value of all Ethereum Interests held by Holders who vote on the resolution. A resolution passed at a meeting of Holders held in accordance with the Constitution binds all Holders of the Fund.

No significant change to the investment objective will be made unless such change is approved by a resolution of Holders passed by Holders representing at least 75% of votes cast. The Constitution states that while the Ethereum Interests are quoted, the Responsible Entity will not acquire any property unless it reasonably believes the property is and will be likely to remain a 'liquid' asset as the Corporations Act defines that term, or unless ASIC relief is otherwise provided.

The Responsible Entity may alter the Constitution if it reasonably considers the amendments will not adversely affect Holders' rights, or with the consent of Cboe or notification to Cboe in certain circumstances. Otherwise, the Responsible Entity must obtain Holders' approval at a meeting of Holders. Under the Constitution, if the Corporations Act or ASIC Relief (including ASIC Class Orders) on which the Responsible Entity has determined it wishes to rely on, or which is expressly applicable to the Fund and the Responsible Entity, requires the Constitution to contain certain provisions (Regulatory Required Provisions), then to the extent the Corporations Act allows, the Constitution is taken to be amended so that the relevant Regulatory Required Provisions are included as separate provisions. The Holders authorise the Responsible Entity to make the amendments required in this respect in a deed and, if required, to lodge it with ASIC.

The Holders are deemed to agree that, subject to the Corporations Act, their rights under the Constitution do not include or extend to a right not to have the Constitution amended to comply with the relevant regulatory requirements or to include the Regulatory Required Provisions.

The Responsible Entity may retire or be required to retire (if Holders vote for its removal).

No Ethereum Interests may be issued after the 80th anniversary of the date of the Constitution. The Responsible Entity may exercise a right to terminate the Fund earlier. Following the winding up of the Fund, the Responsible Entity must distribute the Ethereum Allocation in each Separate Trust (after deducting liabilities and expenses referable to that Separate Trust) to the relevant Holders.

The Responsible Entity of the Fund is indemnified out of the Assets for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Fund. To the extent permitted by the Fund's Constitution and at law, this indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Responsible Entity.

The Fund may retain and pay out of any money in its hands all sums necessary to effect such an indemnity. Holders can inspect a copy of the Fund's Constitution at the head office of the Responsible Entity during normal business hours or it will provide Holders with a copy free of charge on request.

The Constitution provides for circumstances in which the Responsible Entity may compulsorily redeem all or a portion of the Ethereum Interests held by any or all Holders. The Responsible Entity may, in its absolute discretion and upon a minimum of 60 days' notice to a Holder or Holders, redeem all or a portion of the Ethereum Interests held by any or all Holders if:

- the Responsible Entity believes that the Ethereum Interests are held in breach of prohibitions contained within the Constitution
- the Responsible Entity determines that the Fund is uneconomical to operate
- a Holder made a misrepresentation in acquiring their Ethereum Interests
- the Ethereum Interests held by a Holder comprise less than a marketable parcel as provided in the ASX Settlement Operating Rules
- a Holder is a registered owner of Ethereum Interests having an aggregate value of less than the Minimum Holding, provided that it does so in accordance with the terms of the Constitution, the Corporations Act (including any ASIC Relief) and the Cboe Operating Rules (while the Fund is quoted) - as at the date of this PDS there is no Minimum Holding for Ethereum Interests
- the Ethereum Custodian terminates the Ethereum Custodian agreement and the Responsible Entity is unable to find suitable replacement Ethereum Custodian, or
- subject to the Corporations Act and the Cboe Operating Rules, such other circumstances as the Responsible Entity determines in its absolute discretion.

The Responsible Entity may, in its absolute discretion and upon a minimum of 3 Business Days' notice to a Holder or Holders, redeem all or a portion of the Ethereum Interests held by any or all Holders if:

- the Responsible Entity believes that the Ethereum Interests are held in circumstances which might result in a violation of an applicable law or regulation, or subject the Fund to taxation or otherwise adversely affect the Fund in any material respect, or

- the Responsible Entity determines that the continued participation of a Holder might cause the Responsible Entity or any Holder to violate any law or if any litigation is commenced or threatened against the Responsible Entity or any Holder arising out of the participation of the Holder in the Fund.

10.2 Compliance plan

The Responsible Entity has prepared and lodged a compliance plan for the Fund with ASIC. The compliance plan sets out a compliance framework designed to ensure that the Fund complies with the requirements of the Corporations Act and the Constitution. A copy of the compliance plan is available free of charge from the office of the Responsible Entity during normal business hours. If the compliance plan is breached in a significant way such that the breach has an adverse effect on Holders, the Responsible Entity is obliged to report such a breach to ASIC.

10.3 Investment management agreement

The investment management agreement between the Responsible Entity and the Investment Manager appoints the Investment Manager to provide investment management services to the Fund. The investment management agreement sets out the Investment Manager's obligations to the Responsible Entity and to the Fund. The agreement also contains the arrangements in relation to fees and costs that are summarised in section 9.

The investment management agreement will remain in force until the Fund is wound up, unless the agreement is terminated earlier in accordance with its provisions. The agreement can be terminated by the Responsible Entity if the Investment Manager is in material breach of the agreement, and that breach has not been remedied after a certain time. There are also provisions allowing the Responsible Entity to terminate if, for example, the Investment Manager becomes insolvent.

If the Responsible Entity is replaced then the investment management agreement will continue to operate on the same terms as between the Investment Manager and the new responsible entity of the Fund.

10.4 Reporting and information requests

a. Documents lodged with ASIC

The Responsible Entity is subject to reporting and disclosure obligations in relation to the Fund, as though the Fund were a 'disclosing entity' under the Corporations Act. Documents lodged by the Responsible Entity with ASIC in relation to the Fund can be obtained from ASIC's website or are otherwise available for inspection at ASIC's offices.

The following documents are available to Holders from the Responsible Entity upon request:

- the annual report for the Fund most recently lodged with ASIC
- half-yearly reports lodged with ASIC after the lodgement of the annual report referred to above and before the date of this PDS, and
- any continuous disclosure notices given in respect of the Fund after the lodgement of the annual report referred to above and before the date of this PDS.

b. Other information requests

The following information is available from the website of Monochrome https://monochrome.au:

- the daily NAV of the Fund
- the daily NAV per Ethereum Interest
- the intra day NAV
- the full portfolio holdings on a daily basis
- the ETHUSD_AP Index
- the latest PDS and Target Market Determination for the Fund
- information in relation to the Fund to enable Authorised Participants and Market Makers to estimate the NAV per Ethereum Interest during the course of a trading day, and
- any other information required to be disclosed under applicable law or the Cboe Operating Rules.

10.5 Related party transactions

The Responsible Entity is not aware of any related party transactions requiring disclosure in this PDS. Except as set out in this PDS, no amount has been paid or agreed to be paid, and no benefit has been given or agreed to be given, to a Director to induce them to become a Director or for services provided in connection with the formation or promotion of the Responsible Entity, Monochrome or the Offer. Where a related party arrangement is being considered by the Responsible Entity, the Responsible Entity's policy is to seek appropriate legal and financial advice as part of the decision-making process. The Directors and senior management are responsible for monitoring this policy.

10.6 Investment by Investment Manager directors, executives and staff

From time to time, directors, executives and staff of the Investment Manager may buy and sell Ethereum Interests in the Monochrome Ethereum ETF for various purposes, including for testing the operation of systems and for personal investment. All transactions are subject to the Responsible Entity's and Investment Manager's personal trading policies.

10.7 Litigation

The Responsible Entity is not involved in any pertinent legal or arbitration proceedings nor, as far as the Directors of the Responsible Entity are aware, are any such proceedings pending or threatened against it.

The Investment Manager is not involved in any legal or arbitration proceedings nor, so far as the Directors of the Investment Manager are aware, are any such proceedings pending or threatened against the Investment Manager.

10.8 Consents

All named parties have given their written consent to be named in this PDS in regards to the Offer, in the form and context in which they are named.

10.9 Privacy Policy

The Responsible Entity manages Holders' personal information in accordance with both the Privacy Act 1988 (Cth) and the Responsible Entity's own Privacy Policy. The Responsible Entity's Privacy Policy outlines how investors may access the information it holds about investors and how they may seek to correct this information if believed to be incorrect or out of date. It also contains information about how complaints may be made about a possible breach of privacy and how the Responsible Entity will deal with such a complaint. A copy of the Privacy Policy and any additional information relating to how personal information is managed is available by contacting the Responsible Entity.

10.10 AML/CTF procedures

The Responsible Entity must comply with anti-money laundering laws, including the AML/CTF Act, which requires the Responsible Entity of the Fund to have an AML/CTF Program and comply with a range of other requirements. Subject to exclusions for exempt financial market operator issues, under its AML/CTF Program and the AML/CTF Act, the Responsible Entity is required to collect and verify certain identification information (Know Your Customer (KYC)) from Holders of Ethereum Interests. If KYC information is not provided when requested, processing of Applications or Redemptions may be delayed or refused.

The Responsible Entity may be required to disclose personal information or transactions to AUSTRAC. Under the AML/CTF Act, the Responsible Entity may be required to deny (on a temporary or permanent basis) access to a Holder's investment. This could result in a loss of the capital invested, or significant delays when wishing to transact. The Responsible Entity and the Investment Manager shall not be liable for any loss suffered as a result of the Responsible Entity's compliance or attempted compliance with the AML/CTF Act.

10.11 Enquiries

Enquiries regarding this PDS should be directed to the Responsible Entity at info@vascofm.com or Investment Manager at info@monochrome.au.

10.12 Making a complaint

Persons who wish to make a complaint about the Fund should contact the Responsible Entity by telephone on (03) 8352 7120, by email to info@vascofm.com, or in writing addressed to:

The Complaints Officer
Vasco Trustees Limited
Level 4, 99 William Street
Melbourne VIC 3000

The Responsible Entity will acknowledge a complaint as soon as practicable after receiving it and will notify the complainant of its decision, remedies and other information within 30 days of the complaint being made.

A 'Dispute Resolution Guide' is available on the Responsible Entity's website at www.vascofm.com.

Complaints that cannot be resolved internally by the Responsible Entity can be taken to the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers. You can contact AFCA as follows:

Website: www.afca.org.au
Telephone: 1800 931 678 (free call within Australia)
Facsimile: (03) 9613 6399 Email: info@afca.org.au
Post: GPO Box 3, Melbourne Victoria, 3001

11. Taxation

11.1 Introduction

This summary sets out the Australian income tax considerations for an Australian tax resident investor who acquires, under a bare trust arrangement, an Ethereum Interest. Holders may hold their Ethereum Interest on revenue or capital account for tax purposes, depending on their individual circumstances. This summary is general in nature and does not take into account the specific circumstances of investors, including for example those who hold an Ethereum Interest as trading stock or those who are subject to the Taxation of Financial Arrangements (TOFA) regime.

The following discussion is based on Australian law, Australian Taxation Office (ATO) guidance and administrative practice as at the date of this PDS. Holders should be aware that the ultimate interpretation of taxation law rests with the Courts and that the law, and the way the Commissioner of Taxation (Commissioner) administers the law, may change at any time, including with retrospective effect. There are a number of areas of the taxation law that are under review (including the Board of Taxation's 'Review of the Tax Treatment of Digital Assets and Transactions in Australia' and the 'Review of the Tax Treatment of Bare Trusts and Similar Arrangements') and these may impact the tax considerations for an investor holding an Ethereum Interest.

Holders should seek independent professional taxation advice in relation to their own particular circumstances before making any investment decision.

This summary only deals with the Australian tax considerations for potential investors and does not deal with the tax consequences in relation to other jurisdictions. References in this section to the '1936 Act' and the '1997 Act' are references to the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth), respectively.

11.2 Preliminary comments – absolute entitlement

The Fund is established as a bare trust and the Constitution of the Fund provides a Holder with an absolute, vested and indefeasible interest in possession in Ether and provides for each investor's interest in each Ethereum Interest to be held as a separate trust, held separately from the interests of other investors.

For tax purposes, where an asset is held on trust and a beneficiary is 'absolutely entitled' to that asset as against the trustee, the beneficiary (not the trustee) is treated as the owner of the trust asset for the purposes of the capital gains tax ('CGT') provisions. Any actions taken by the trustee in relation to the asset are taken to have been done by the beneficiary directly and, if a CGT event happens in relation to the asset, any capital gain or loss is made directly by the beneficiary. This means that where the Ethereum Interest provides the Holder with 'absolute entitlement' to Ether, the redemption of the Ethereum Interest for Ether under the Ethereum Delivery Method should not result in a disposal for CGT purposes (as set out below).

The concept of 'absolute entitlement' for tax purposes is not defined in the tax legislation. It is considered that the test of 'absolute entitlement' is whether the beneficiary can direct the trust to transfer the trust property to them or at their direction.

As a general rule, the ATO's view is that if there is more than one beneficiary with interests in a trust asset, it is not possible for any single beneficiary to call for the asset to be transferred to them because their entitlement is not to the entire asset (see the ATO's

draft public Taxation Ruling TR 2004/D25 on absolute entitlement). However, in TR 2004/D25, the Commissioner states that an investor can be considered 'absolutely entitled' to a specific number of the trust assets for CGT purposes if:

- the assets are fungible
- the beneficiary is entitled against the trustee to have their interest in those assets satisfied by a distribution or allocation in their favour of a specific number of them, and
- there is a very clear understanding between the relevant parties that the beneficiary is entitled, to the exclusion of the other beneficiaries, to that specific number of the trust's assets.

If the principles in the ATO's draft public ruling are applied to the Separate Trusts of the Fund, it is likely that the ATO would treat a Holder as being absolutely entitled to the Ether where a Holder transfers Ether from their own wallet to the Ethereum Custodian to be held under this product or if the Holder requests the Responsible Entity to transfer Ether back into their wallet. This is because Ether is fungible and is used as a vehicle for monetary exchange. Further, the investment is liquid and a Holder may at all times call for their share of the Ether held by the Ethereum Custodian to be transferred to them or as they direct. Finally, there is a clear understanding on the part of all Holders that each Holder is entitled to a specific amount of the Ether held by the Ethereum Custodian on behalf of Holders who invest under this PDS.

Since the ATO's draft public ruling on absolute entitlement was released in 2004, a number of Australian cases have discussed the concept of absolute entitlement. These cases may raise concerns as to whether a bare trust or custodial holding can satisfy the requirements of absolute entitlement. For example, the Federal Court in CPT Custodian Pty Ltd v Commissioner of State Revenue (2005) 224 CLR 98 suggested that in some circumstances a trustee's power of indemnity may defeat absolute entitlement. We expect that because of these recent cases that the draft public ruling has not been finalised since its release.

Administrative treatment of bare trusts

The Treasury is currently reviewing whether the law in this area needs to be amended or clarified to ensure that appropriate tax outcomes result from custodial arrangements. The ATO has deferred the finalisation of its draft public ruling on absolute entitlement pending consultation with the Treasury in relation to absolute entitlement, including the issues related to multiple beneficiaries.

It is common administrative practice granted by the ATO for bare trusts not to be recognised for most income tax purposes: see generally PS LA 2000/2. That is, bare trusts are generally looked through or disregarded. Under this administrative practice, beneficiaries of bare trusts are taken to hold trust assets, and derive income and incur losses, directly as though no trust exists. The ATO has publicly acknowledged the practice and has generally not, to date, sought to disturb the current administrative practice: see Colonial First State Investments Ltd Decision Impact Statement. It is likely that this administration concession extends to the Separate Trusts given the Fund is a bare trust managed investment scheme.

Taxation reform – Cryptocurrency not a 'foreign currency'

On 22 June 2022, the Australian Government published a joint media release stating that Parliament would introduce legislation to exclude crypto-assets such as Ether from being treated as a foreign currency for Australian income tax purposes (Media Release).

Subsequent to the Media Release, Parliament has passed 'Treasury Laws Amendment (2022 Measures No. 4) Act 2022, Schedule 2 Taxation treatment of digital currency' which clarifies that digital currencies such as Ether continue to be excluded from the income tax treatment of foreign currency. This was in response to El Salvador (and other countries) recognising Bitcoin as legal tender. It appears that the amendment aims to ensure that Ether continue to be subject to the CGT rules if they are capital assets in the hands of the taxpayer, rather than the Foreign Currency Rules.

On 8 December 2021, the Treasurer announced, as part of a broader response to a review on Australia's payments system and the regulation of digital assets, that the Federal Government would task the Board of Taxation with undertaking a review into the appropriate policy framework for the taxation of digital transactions and assets such as cryptocurrency. The terms of reference were confirmed in August 2022 at which time the Board of Taxation published a Consultation Guide. Consultations were held by the Board of Taxation with interested parties including the tax profession, academia, crypto exchanges and platforms, software providers and retail and wholesale investors. The Board of Taxation also received numerous submissions from interested parties. The Board of Taxation provided its report to the Government in February 2024.

11.3 Ethereum entitlements – revenue or capital account

The income tax consequences for an investor in relation to an Ethereum Interest depend on whether the investor holds the Ethereum Interest on revenue account or on capital account for tax purposes. Whether an investor holds their Ethereum Interest on revenue account or capital account will generally depend on the investor's particular individual circumstances.

The Commissioner of Taxation expressed the view in Taxation Ruling 92/3 that a profit made by a taxpayer from an isolated transaction may be on revenue account if:

- the taxpayer enters into the transaction with the intention or purpose of making a profit or gain; and
- the transaction is entered into and the profit is made in the course of carrying on a business or in carrying out a business operation or commercial transaction.

Generally speaking, a Holder who acquires their Ethereum Interest for resale at a profit and the transaction is entered into in the course of carrying on a business, or in carrying out a business operation or commercial transaction should hold their Ethereum Interest on revenue account. In this regard, Ether is generally not an income producing asset and a Holder would typically seek to make a return from the Ether by selling the Ether at a profit. A Holder who acquires their Ethereum Interest for long term investment purposes may hold their Ethereum Interest on capital account.

11.4 Applications to acquire an Ethereum Interest

There should be no consequences for Applicants when they acquire an Ethereum Interest either as a cash Application or an in specie Application. For in specie Applications, there is no CGT event because the beneficial ownership of the Ether remains the same. For cash

Applications, the Applicant should be taken to have acquired the Ether at the time it is purchased by the Responsible Entity using the Application Consideration.

11.5 Revenue account holders – disposal or Redemption of an Ethereum Interest

A Holder who takes delivery of Ether on Redemption of an Ethereum Interest via the Ethereum Delivery Method should not be taxed until the Ether is sold by the Holder. This is because the Holder should remain absolutely entitled to the Ether as a result of the Redemption of the Ethereum Interest.

A Holder who redeems their Ethereum Interest via the Ethereum Sale Method may make a gain on Redemption of an Ethereum Interest which may be included in the Holder's assessable income as ordinary income. A loss made on Redemption of the Ethereum Interest may be deductible.

Holders holding the Ethereum Interest as trading stock or those subject to the TOFA rules should seek their own advice.

11.6 Capital account holders – disposal or Redemption of an Ethereum Interest

A Holder who takes delivery of Ether on Redemption of an Ethereum Interest via the Ethereum Delivery Method should not be taxed until the Ether is actually sold by the Holder. This is because the Holder should remain the absolutely entitled owner of the Ether as a result of the Redemption of the Ethereum Interest. A Holder who redeems their Ethereum Interest via the Ethereum Sale Method may make a capital gain or capital loss on disposal.

It is expected that Authorised Participants will not hold Ethereum Interests on capital account (because, for example, they are in the business of dealing in securities like Ethereum Interests). The cost base that a Holder has in an Ethereum Interest is, broadly, the sum of the following:

- the amount the Holder paid to acquire the Ethereum Interest (i.e. the price paid to acquire the Ethereum Interest)
- the incidental costs of acquisition and disposal of the Ethereum Interest (e.g. sale costs and any professional advisory fees), and
- any costs of ownership of the Ethereum Interest (e.g. Management Fees or Redemption Fees).

The reduced cost base of an Ethereum Interest includes bullet points 1 and 2 but not 3 of the matters listed immediately above.

CGT Discount

If a Holder is an Australian resident individual, trust (conditions apply) or complying superannuation entity then they may be able to claim the benefit of the CGT discount. A corporate investor cannot claim the benefit of the CGT discount.

Broadly, the CGT discount excludes a portion of the net assessable capital gain from taxable income, where the Holder has held the Ethereum Interest for twelve months or more. For Holders who are Australian individuals or trusts this portion is 50% (conditions apply). For Holders who are complying superannuation entities the portion is 33.33%.

Any available capital losses incurred by the Holder are offset against the capital gain before the remaining assessable net capital gain is discounted in the hands of the Holder. Capital losses can only be offset against gains assessable under the CGT provisions.

11.7 Forked Assets

Holders should seek their own advice in relation to the tax implications in relation to forked assets. Currently, the taxation of cryptocurrency and transactions in cryptocurrency is subject to some uncertainty. There are no specific provisions in the existing tax law that deal with the taxation of cryptocurrency. In 2021, the Board of Taxation was tasked with a review of the tax treatment of digital assets and transactions in Australia. The Board of Taxation delivered its report to the Government in February 2024.

As at the date of this PDS there is non-binding guidance on the ATO's website (https://www.ato.gov.au/individuals-and-families/investments-and-assets/crypto-asset-investments/crypto-chain-splits) which states that, generally and excluding certain investors such as those carrying on a business, where an investor receives a new cryptocurrency asset as the result of a chain split, the value of the new cryptocurrency asset is not treated as either ordinary income or a capital gain at the time the new cryptocurrency asset is received. In such a case, the taxpayer will need to work out their gain or loss when they dispose of the new cryptocurrency asset received as a result of the chain split and the cost base of the new cryptocurrency asset is nil. The ATO's comments on their website are not binding on the ATO and are subject to change at any time.

11.8 Management fee

Holders will be charged a management fee which will accrue daily and is payable monthly. The management fee is settled by the transfer of Ether to the Responsible Entity's account monthly.

On this basis, every quarter a Holder will be considered to have sold part of their Ether for market value. Broadly, the above discussion in relation to the income tax consequences for a Holder disposing of Ether above will apply equally here in relation to the payment of the management fee. The cost/cost base that the Holder had in the Ether prior to the sale will be required to be apportioned between the Ether which is sold as a result of the payment of the management fee and the Ether which the Holder continues to hold.

The management fee is to be paid out of the trust property of each Separate Trust. For CGT purposes, the management fee will be included in a Holder's cost base of Ether as a cost of ownership of Ether. The management fee will not however be included in a Holder's reduced cost base of Ether. On this basis, the management fee may reduce any capital gain made by the Holder on disposal of Ether but will not increase any capital loss made.

If a Holder holds the Ethereum Interest other than on capital account, then the management fee may reduce the consideration received on disposal.

Holders should seek their own tax advice in relation to the payment of the management fee.

11.9 Foreign exchange gains/losses

Division 775 of the 1997 Act provides rules on the recognition, timing and measurement of foreign exchange gains and losses. Subject to a number of exceptions and elections, foreign exchange gains and losses are generally assessed to a taxpayer on revenue account.

The purchase and sale of the Ether may involve the purchase and sale of foreign currency. As a consequence, the investment may result in foreign exchange gains or losses. As a consequence the Holder may derive or incur foreign exchange gains or losses.

11.10 Part IVA of the 1936 Act

Part IVA of the 1936 Act contains the general anti-avoidance regime for income tax. Broadly, Part IVA can apply to a Holder's investment if any party has entered into this arrangement for the dominant purpose of enabling the Holder to obtain a tax benefit.

A tax benefit can include deferring the recognition of assessable income to a later income year or converting an assessable income amount into a discount capital gain.

Part IVA of the 1936 Act may apply if, viewed objectively, a Holder would be taken to have invested in this product with the dominant purpose of obtaining a tax benefit. This question would depend on the circumstances of each Holder. Depending on the profile of the Holder, the Commissioner may need to weigh the commercial advantages of investing in this product – including those set out in this PDS – against the tax benefits of the Holder.

Holders should discuss the potential application of Part IVA of the 1936 Act with their own tax advisor.

11.11 Rulings

The ATO actively encourages issuers of financial products to apply for a product ruling before offering products to the public. The clear preference of the ATO is that issuers apply for a product ruling for each product, however the application for a product ruling is not mandatory. A product ruling was not sought for this product.

The ATO encourages Holders that invest in products for which no product ruling has been obtained by the issuer, to consider whether the investment in question is suitable for their needs. Holders should carefully review any materials, such as offering documentation such as this, that describe the tax treatment of the investment into the Fund before deciding whether to acquire Ethereum Interests.

In particular, the ATO recommends that Holders seek independent tax or legal advice about the tax consequences of investing in financial products from an independent advisor who is not involved in selling the product. Such tax advice should be separate from a licensed financial planner about the benefits or risks of making the investment.

11.12 GST

The supply of the Ethereum Interests should not be subject to GST. If GST is or becomes payable on any supply made under, or in connection with this document, you will be required to pay the GST to the supplier. A Holder may not be entitled to full input tax credits for GST paid on the acquisition of goods and services (for example, financial advisory services) relating to the issue of the Ethereum Interests and acquisition and/or subsequent sale of Ethereum Interests. This will depend on the Holder’s personal circumstances and each Holder should obtain independent tax advice applicable to their personal circumstances.

11.13 General tax gross up

Neither the Responsible Entity nor the Fund is liable for any taxes, duty or other charges payable by you in relation to or in connection with these terms or payable by the Fund or any other person on, as a consequence of, or in connection with, the purchase, sale or transfer of Ethereum Interests or rights, or any other supply under or in connection with these terms. The Holder must pay all taxes (including GST) and other charges for which the Holder becomes liable in relation to or in connection with these terms.

12. Glossary

Administrator means the entity named in Section 13 below.

AFSL means Australian Financial Services Licence issued by ASIC.

AML/CTF Act means the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) and any related regulations, rules and instruments and any amendments made from time to time.

Applicant means a person who has applied for Ethereum Interests under this PDS.

Application means an Application by an Applicant to the Responsible Entity to subscribe for Ethereum Interests, being an offer on terms referred to in the form prescribed by the Responsible Entity and this PDS from time to time.

Application Consideration means the total amount received by the Fund from an Applicant in AUD cash or in specie Ether to fund an Application.

Application Price means the price at which Applications for Ethereum Interests are acquired, determined in accordance with the Constitution.

ASIC means the Australian Securities and Investment Commission.

Assets means in respect of each Ethereum Interest issued under this PDS, the Ether together with any income, capital, property and rights of the Fund referable to that Ethereum Interest.

ASX means ASX Limited ACN 008 624 691.

ASX Listing Rules means the listing rules of the ASX as amended, varied or waived from time to time.

ATO means the Australian Taxation Office.

AUD means Australian dollars.

AUSTRAC means the Australian Transaction Reports and Analysis Centre or any government agency that replaces it or performs its functions.

Authorised Participant Agreement means an agreement between the Responsible Entity and an Authorised Participant under which such person is appointed to act as an Authorised Participant in relation to Ethereum Interests and if such agreement is subject to conditions precedent, that those conditions precedent are satisfied.

Blockchain means a digital ledger database in which different types of information can be stored including ownership and transaction data for Ethereum or other Digital Assets.

Business Day is a 'business day' as defined in the Cboe Operating Rules, unless the Responsible Entity determines otherwise.

Buy Spread means the buy spread described in fees and costs summary table located in Section 9.

Cash Custodian means the entity named in Section 13 below.

Cboe means Cboe Australia Pty Ltd ABN 47 129 584 667 or the market operated by it, as the context requires.

Cboe Operating Rules means the Cboe Operating Rules and related rules and procedures, as published by Cboe, and as amended, varied or waived from time to time.

Cboe Trading Day means any day on which Cboe is open for trading.

CHESS means the Clearing House Electronic Subregister System.

Claimable Forked Asset means a Forked Asset which is claimable and able to be sold by the Fund as described in this PDS. Generally this will only be where the Ethereum Custodian determines to support the relevant Forked Asset and a suitable market for trading in the relevant Forked Asset has been established..

Compulsory Redemption means the compulsory Redemption of a Holder's or Holders' Ethereum Interests.

Compulsory Redemption Date means the date notified by the Responsible Entity to the Holders as a date on which all or part of the Ethereum Interests will be compulsorily redeemed by the Responsible Entity.

Constitution means the Constitution of the Fund, as amended from time to time;

Conversion Fee means the fee payable for a Holder to transfer their holding from the issuer sponsored subregister into a CHESS account.

Corporations Act means the *Corporations Act 2001* (Cth).

Creation means the process by which an Ethereum Interest is issued under the terms of this PDS and in accordance with the Constitution.

Delivery Obligations means the obligation of the Responsible Entity, on behalf of the Fund, to deliver the Ether to the Holder in accordance with the terms of the Constitution.

Digital Asset means a digitally stored property interest in which encryption techniques are used to secure ownership and verify the transfer of funds, including without limitation Bitcoin, Ether, litecoin, virtual currencies, central bank digital assets, and e-Cash.

Digital Asset Exchange means a digital marketplace where traders can buy, sell, and trade Ether or other Digital Assets for fiat currencies.

Digital Wallet means a system or software-based program that stores user payment and password information and allows the user to send, receive, and store Digital Assets.

ETHUSD_AP or ETHUSD_AP Index Price means CF Benchmarks Ltd CME CF Ether-Dollar Reference Rate Asia Pacific Variant.

ETHUSD_AP Index Price Provider and **ETHUSD_RTI Provider** means the entity named in Section 13 below.

ETHUSD_RTI means CF Benchmarks Ltd CME CF Ether-Dollar Real Time Index.

Ether means the native cryptocurrency for the Ethereum Blockchain and Ethereum Network.

Ethereum means the crypto asset known as Ethereum.

Ethereum Allocation means the amount of Ether held in a Separate Trust for each Ethereum Interest less fees and costs. On the first issue date, the Ethereum Allocation was equal to 0.001 Ether. The Ethereum Allocation for each Ethereum Interest will be calculated daily by the Responsible Entity, to twelve decimal places and shall be published on https://monochrome.au/ rounded to eight decimal places. The final ethereum consideration for any transaction will be rounded to 8 decimal places.

Ethereum Custodian means the entity named in Section 13 below.

Ethereum Delivery Method means a method used by the Responsible Entity to discharge its Delivery Obligations whereby the Ether represented by the Ethereum Interests to be redeemed is transferred to the redeeming Holder as set out in this PDS and the Constitution.

Ethereum Interest means an interest in the Fund issued under the terms of this PDS and in accordance with the Constitution pursuant to which the Holder will be absolutely entitled to the Assets which are held in a Separate Trust.

Ethereum Network means the global, decentralised software platform enabled by Blockchain technology with an embedded Turing-complete programming language, enabling the creation of diverse decentralised applications, commonly referred to as DApps.

Ethereum Sale Method means a method used by the Responsible Entity to discharge its Delivery Obligations whereby the Ether representing the Ethereum Interests to be redeemed is sold and the Sale Proceeds are transferred to the redeeming Holder as set out in this PDS and the Constitution.

Fiat Currencies means those currencies issued by a government, typically used to refer to physical currencies such as Australian dollar, US dollar, Japanese Yen and other currencies.

Fork means an event where a developer or group of developers split the code base powering Ethereum into two or more branches of variations of development, resulting in the creation of a new asset which derives from the original blockchain.

Forked Assets means assets acquired by the Fund as a result of a Fork.

Fund means the Monochrome Ethereum ETF ARSN 661 386 198.

GST means the goods and services tax imposed under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth), as amended or replaced from time to time.

Holder means the person or entity recorded in the Register as the owner of an Ethereum Interest (including persons jointly registered).

Investment Manager means the entity named in Section 13 below.

Market Maker means an institution appointed by the Responsible Entity to assist it in maintaining the liquidity of the Ethereum Interests on Cboe. A Market Maker may also be an Authorised Participant.

Minimum Holding means the amount (if any) from time to time determined by the Responsible Entity to be the minimum required holding of Ethereum Interests by a Holder.

Net Asset Value or **NAV** means:

- for an Ethereum Interest, the AUD value of the Ethereum Allocation held in the Separate Trust less any charged management fees attributable to the Separate Trust, and
- for the Fund, all of the Ethereum Interests for the Fund plus cash, less its total liabilities.

Offer means the offer of Ethereum Interests under this PDS.

OTC Provider means an entity that enters into over-the-counter Ethereum transactions with the Fund.

Private Key means a secret number that allows Digital Assets to be spent. Every Digital Asset Wallet contains one or more Private Keys, which are saved in the Digital Wallet. The Private Keys are mathematically related to all Digital Asset addresses generated for the Digital Wallet.

Public Key means the cryptographic code that allows users to receive Digital Assets into their Digital Wallet. The public key and the private key are the tools required to ensure the ownership of the Digital Asset.

Quoted means officially quoted on Cboe.

Redemption means the process of redeeming an Ethereum Interest in accordance with the terms of this PDS and the Constitution.

Redemption Fee means a fee payable for a Redemption Request.

Redemption Request means a written request lodged by a Holder in a form approved by the Responsible Entity from time to time to redeem Ethereum Interests which includes sufficient instructions to allow the Responsible Entity to effect the delivery or sale of the Ether relating to the relevant Ethereum Interests.

Register means the register of Holders kept by the Registry.

Registry means the entity named in Section 13 below.

Responsible Entity means the entity named in Section 13 below.

Sale Proceeds means the cash amount received for the sale of an Ethereum Allocation, less the Sell Spread (if applicable).

Secured Account means a secure Ethereum account established in the Responsible Entity's name with the Ethereum Custodian.

Sell Spread means the sell spread described in the fees and costs summary table located in Section 9.

Separate Trust means each separate trust constituted in respect of each Ethereum Interest under the Constitution.

Settlement Date means:

(a) for Applications, the fourth Business Day (T+4) or lesser period as determined by the Responsible Entity, following the relevant CboeTrading Day (T) provided that there has been at least one Cboe Trading Day, or

(b) for Redemptions, the later of:

(i) the fourth Business Day (T+4) or lesser period as determined by the Responsible Entity, following the relevant Cboe Trading Day (T) on which the Responsible Entity accepts a Redemption Request provided that there has been at least one Cboe Trading Day, or
(ii) any Compulsory Redemption Date.

SOC 1 Type 2 and **SOC 2 Type 2** means the service organisational control compliance frameworks that attest to the controls used by an organisation. Specifically, the SOC 1 Type 2 report details how financial information is being handled safely and securely over a period. The SOC 2 Type 2 framework looks at the effectiveness of the organisation's security controls over an extended period.

USD means United States dollars.

Valuation Time means a time determined by the Responsible Entity at which the Responsible Entity calculates the Net Asset Value.

Year means the period commencing from 1 July to 30 June in any given year, unless stated otherwise.

13. Directory

Investment Manager	Monochrome Asset Management Pty Ltd ACN 647 701 246 Suite 303 3 Hosking Place Sydney NSW 2000
Responsible Entity	Vasco Trustees Limited ACN 138 715 009 4/99 William St Melbourne VIC 3000
Registry	Automic Pty Ltd ABN 27 152 260 814 Deutsche Bank Tower Level 5 126 Phillip St Sydney NSW 2000
Administrator and Cash Custodian	State Street Australia Limited ACN 002 965 200 Level 14 420 George Street Sydney NSW 2000
Ethereum Custodian	Gemini Trust Company, LLC 600 3rd Avenue 2nd Floor New York, NY 10016 United States
iNav Provider	Solactive AG Platz der Einheit 1 60327 Frankfurt am Main Germany
ETHUSD_AP Index Price and ETHUSD_RTI Provider	CF Benchmarks Ltd Company Number 11654816 6th Floor One London Wall, London, United Kingdom EC2Y5EB
Legal and Tax Advisor	Baker McKenzie Tower One - International Towers Sydney Level 45 100 Barangaroo Avenue Sydney NSW 2000

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