

# Actively Managed Certificate (“AMC”)

on DAS - Diversified Crypto Exposure

End of subscription 30 March 2023

Open End | Not Listed | Private Placement

ISIN CH1214916822

**Sedna Issuer SPC Limited, an exempted company registered as a segregated portfolio company under the laws of the Cayman Islands acting on behalf of and for the account of Segregated Portfolio CH1214916822 (as “Issuer”)**

## BRIEF DESCRIPTION

Actively Managed Certificates do not constitute collective investment schemes within the meaning of the Swiss Federal Act on Collective Investment Schemes (“CISA”) and are therefore neither governed by the CISA nor subject to the supervision by the Swiss Financial Market Supervisory Authority (“FINMA”). Accordingly, holders of this product (the “Product”) do not have the benefit of the specific investor protection provided under the CISA. Holders of the Product bear the issuer’s credit risk. Furthermore, investors should be aware that AMCs have a dynamic, discretionary structure, which may result in changes to the Product terms and/or the Strategy-Components.

The Issuer was incorporated on 16 November 2023 as an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands with registration number 405789. The registered office of the Issuer is at Floor 2, Willow House, Cricket Square, PO Box 709, Grand Cayman KY1-1107, Cayman Islands.

29 January 2024

## PARTIES

### Issuer/Calculation Agent

Sedna Issuer SPC Limited an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands (the “Issuer”) acting on behalf of and for the account of Segregated Portfolio CH1214916822 (the “Segregated Portfolio”). The Issuer is not licensed or registered or authorised by the Cayman Islands Monetary Authority (“CIMA”) or registered or authorised by CIMA as a collective investment scheme and CIMA has not and will not approve the content or dissemination of this AMC or of any other document relating to or in connection with this AMC.

The Segregated Portfolio is a segregated portfolio of the Issuer and was created for the specific purpose of issuing the AMC, and is operated and controlled by the Directors of the Issuer.

The Issuer is registered as a segregated portfolio company under the Companies Act (as amended) of the Cayman Islands. Pursuant to the relevant provisions of the Companies Act (as amended) of the Cayman Islands:

- a) a segregated portfolio company may create one or more segregated portfolios in order to segregate the assets

(such assets being "Segregated Portfolio Assets") and liabilities (such liabilities being "Segregated Portfolio Liabilities") of the company held within or on behalf of one segregated portfolio from the assets or liabilities of the company which are held within or on behalf of another segregated portfolio or which are not held within or on behalf of any segregated portfolio;

- b) Segregated Portfolio Assets in respect of a segregated portfolio shall only be available and used to meet the Segregated Portfolio Liabilities attributable to that segregated portfolio; and
- c) Segregated Portfolio Assets in respect of a segregated portfolio shall not be available or used to meet liabilities, other than the Segregated Portfolio Liabilities attributable to that segregated portfolio, and shall be absolutely protected from, the creditors of a segregated portfolio company who are not creditors in respect of that segregated portfolio and who, accordingly, shall not be entitled to have recourse to the Segregated Portfolio Assets attributable to that segregated portfolio.

The assets of a segregated portfolio company shall be either Segregated Portfolio Assets or general assets of the Issuer which are not attributable to any segregated portfolio. Income, receipts and other property or rights of or acquired by a segregated portfolio company not otherwise attributable to any segregated portfolio shall be applied to and comprised in the Issuer's general assets.

The Issuer was originally incorporated on 15 April 2021 as a Protected Cell company limited by shares under the laws of Guernsey under registration number 69103 and was subsequently under section 87 of The Companies (Guernsey) Law, 2008 removed from the Register of Companies in Guernsey to be registered under the laws of the Cayman Islands instead.

Paying Agent	InCore Bank AG, Switzerland
Storage Provider	Fireblocks, USA
Crypto Exchange	Payward Ltd (a/k/a Kraken), UK
Trusted Third Party	Coincover, UK
Strategy-Manager	VT Wealth Management AG, Zurich, Switzerland (the "Strategy-Manager"). The Strategy-Manager is licensed as a portfolio manager by the Swiss Financial Market Supervisory Authority (FINMA) and monitored by AOOS.

## PRODUCT INFORMATION

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### Description

This Product (hereinafter, also "Certificate", "Note" or "AMC") is an Actively Managed Certificate. The Product allows for participation in the performance of the Underlying (the "Strategy"). The Strategy reflects a notional actively managed portfolio of assets and cash, maintained by the manager (the "Strategy-Manager"). The performance of the Strategy is tracked via the calculation of the Strategy Level.

The holders of the Product (hereinafter, "Holders of the Product", "Holders of the Certificate" or "Note Holders") have exposure to the same performance a real portfolio would have, if it was actually managed according to the Strategy. However, the Holders of the Product will not be entitled to real assets in a real portfolio and have only a claim against the Issuer on the payment of the Redemption Amount based on the Strategy-Level at the Final Valuation Date.

### Underlying

The Underlying is a basket representing a notional, actively managed portfolio (the "Reference Portfolio") of assets including cash in the Currency of the Product (the "Strategy-Components"). The basket is selected and managed by the Strategy Manager in accordance with this termsheet ("Termsheet"), the "Investment Strategy" referred to here below as well as the investment universe (the "Investment Universe"), the guidelines (the "Strategy-Guidelines") and the investment restrictions (the "Investment Restrictions"), as per Annex 1.

### Investment Strategy

The investment objective of the AMC is to achieve long-term capital growth by investing in the largest tokens and sectors by market capitalisation.

### Reinvestment of Returns

Any amounts reflecting net dividends and/or interest rates in a real portfolio consisting of the Strategy-Components will be added to the cash component of the Underlying. Any withholding taxes or similar taxes that might be charged on any of the Strategy-Components by tax authorities will not be reclaimed and will not be added to the cash component of the Underlying.

### Initial Weighting of the Strategy-Components

The Strategy-Manager starts to implement the Strategy at the first possible trading day after Payment Date according to this Termsheet, the Investment Strategy, the Investment Universe, the Strategy-Guidelines and the Investment Restrictions. The Initial Strategy Components will depend on the market conditions at the time the Strategy-Manager starts to implement the Strategy.

### Strategy-Level (t)

Sum of the value of each of the Strategy-Components on any trading day t, converted to the Currency of the Product at the prevailing exchange rate(s), less all costs linked to the management of the Strategy including (but not limited to) fees, expenses, hedging and transaction costs, storage fees and

taxes (if any), and divided by the sum of outstanding Certificates on such trading day  $t$ , as calculated by the Calculation Agent.

### Redemption Amount

On Redemption Date, the Certificates will redeem a cash amount in the Currency of the Product equal to the Strategy-Level on the Final Valuation Date, as calculated by the Calculation Agent.

The Strategy Manager, as appointed by the Issuer, is responsible for the Strategy. No party, including the Paying Agent, is therefore liable to any party for any loss in connection with the investment, nor for the performance of the Strategy. A Noteholder's entitlement is limited at all times to the Redemption Amount at Final Valuation Date. In a worst-case scenario, the Redemption Amount may be zero. Noteholders should be aware that positive performance of the Strategy cannot be guaranteed.

### Prices of the Strategy-Components

The prices of the Strategy-Components used as a basis for the calculation of the Strategy-Level are calculated at the sole discretion of the Calculation Agent, based on the values provided by the Storage Provider/ Crypto Exchange (as applicable) or any third party source that the Calculation Agent may deem appropriate to determine the fair value of the component.

### Price of the Certificate

The price of one unit of this Product on a specific trading day  $t$  is equal to Strategy-Level( $t$ ).

### Selection / Adjustments / Rebalancing of the Strategy-Components

Adjustments of the Strategy-Components are actively made by the Strategy-Manager.

### Termination Event

The Issuer and the Strategy Manager have the right to terminate the Product at any time ("the Termination Date") without a specific reason, by notifying the Holders of the Certificate on the earliest possible date.

### Consequences of a Termination Event

Following a Termination Event, the Certificates will redeem a cash amount in the Currency of the Product equal to the Strategy-Level on the Termination Date ("the Termination Amount") as calculated by the Calculation Agent.

Investors should be aware that the Termination Amount may be, due to unfavourable market conditions, considerably lower than the Issue Price or the last valuation of the Product before the Termination Event.

The Issuer has the right to reduce the Termination Amount considerably (including to zero) in certain situations. This may include, but is not limited to illiquidity or insolvency of an underlying asset(s) distressed situations related to or impacting an underlying asset.

**GENERAL TERMS**

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Structured Product Type per Swiss Derivative Map	Dynamic Tracker-Certificate (Code 1300)
Total Amount	USD 5'000'000
Issue Size	5'000 Certificates (with reopening clause)
Issue Price	USD 1'000 + Distribution Fee (if any)
Distribution Fee	Up to 2.00% times: <ul style="list-style-type: none"> <li>• USD 1'000 for the purpose of the Issue Price definition</li> <li>• the Price of the Certificate for the purpose of the Secondary Market definition</li> </ul>
Currency	USD
Denomination	1 Unit
Fees	The following fees will be deducted daily from the Strategy-Level: <ul style="list-style-type: none"> <li>• Management fee: 1.50% p.a.</li> </ul>
Performance Fee	<ul style="list-style-type: none"> <li>• 10.00% above Hurdle Rate with High Watermark</li> <li>• Hurdle Rate: 0% (quarterly observed, according to the Performance Fee Observation Dates as defined in Annex 2)</li> </ul> <p>See Annex 2 for more details on Performance Fee Entitlement, Performance Fee Calculation and Performance Fee Observation Dates.</p>
Broker Fee Schedule	See Annex 2.
Payment Date / Issue Date	6 April 2023, being the date on which the Products are issued, and the Issue Price is paid.
Final Valuation Date	Termination Date
Redemption Date	The Redemption Amount shall be due to Noteholders on the tenth business day after the Final Valuation Date.
Settlement	Cash settlement.
Exchange Rate	Applicable Exchange Rates (if any) for conversion of any amount into the relevant settlement currency for the purposes of determining the Strategy-Level or the Redemption Amount, may be sourced from the Storage Provider (if applicable), or from public sources like Bloomberg (BFIX), Reuters, Telekurs, etc. Relevant is the rate at the time or near the time of the determination of the Strategy-Level or the Redemption Amount.

Minimum Trade Size	10 Certificate(s) and multiples of 1 Certificate(s) thereafter
Valoren	121491682
ISIN	CH1214916822
Listing	Not listed
Business Day	Shall mean any day other than a Saturday, Sunday, or public holiday on which banks are open for business in Cayman, Guernsey and Switzerland
Business Day Convention	Following
Secondary Market	<p>Daily secondary market trading orders are received and processed on a best effort basis, with a bid offer spread of 1% under normal market conditions. Acceptance of an order cannot be guaranteed and is subject to, amongst other things, sufficient liquidity. Orders must be placed with the Paying Agent before 16:30 for same day trading. Orders after 16:30 will be executed on the next trading day. A Distribution Fee may apply on secondary market buy orders.</p> <p>On Secondary Market transactions, additional transaction fees may apply and are charged to the Strategy-Level.</p>
Clearance Institution / Clearing Code	SIX SIS AG / ICB CH103283

## MISCELLENEOUS

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Selling Restrictions	<p>Russian Federation, Belarus, Canada, United Kingdom, Guernsey, Cayman Islands, United States of America, US Persons.</p> <p>Under no circumstances may the product be distributed to any sanctioned person, entity or country identified by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury of the United Kingdom, Bailiwick of Guernsey sanctions regime, Swiss sanctions framework implemented by SECO or other relevant sanctions authority.</p> <p>In and from Switzerland the Product can only be offered or sold to institutional and professional clients pursuant to the Swiss Financial Services Act.</p> <p>The Product shall be distributed only by way of private placement; public distribution is not permitted.</p>
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No offer or invitation, whether directly or indirectly, may be made to the public in the Cayman Islands to subscribe for the Product and no such invitation is made hereby. The public in the Cayman Islands will not be invited to subscribe for the Product.

The Product may not be offered out of, or into Guernsey and/or to any person domiciled in Guernsey. For jurisdiction-specific tax and any regulatory considerations, investors should consult their independent advisors.

#### Product Representation

Products to be represented by Intermediated Securities (Bucheffekten)

#### United States IRC Section 871(m)

Out of scope

#### Applicable Law / Place of Jurisdiction

Swiss Law under exclusion of the Swiss Private International Law Act and of the CISG / City of Zurich

#### Risks

Regarding investments in the Product, there are several kinds of risks, inter alia:

- the market, credit and liquidity risk with respect to the Strategy-Components
- \*Underlying-related risk (Crypto Assets)
- the counterparty risk with respect to the Issuer
- the currency risk with respect to the Strategy-Components which are not denominated in the Currency of the Product (if any)
- the counterparty risk with respect of the Storage Provider/Crypto Exchange. Amongst other things, Storage Provider/Crypto Exchange default could generate loss of Strategy-Components impacting the Strategy-Level
- the risk of sub-optimal adjustments of the Strategy-Components by the Strategy-Manager.

The Issuer is registered as a segregated portfolio company. As a matter of Cayman Islands law, the assets of one Segregated Portfolio will not be available to satisfy the liabilities of another. However, the Issuer is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside the Cayman Islands will respect the limitations on liability associated with segregated portfolio companies.

In a worst-case scenario, Holders of the Product may lose their total investment.

#### Limitation of Transferability

The Certificate can only be sold back to the Issuer.

#### Tax Treatment in Switzerland

For individuals holding the Product for private investment purposes with tax domicile in Switzerland the portion of income

realised on the underlying Strategy-Level attributable to their respective portion in the underlying Strategy-Level will be subject to Swiss income taxes on an annual basis (by financial year end) or upon redemption. Gains and losses realised on the Strategy-Level as well as gains and losses derived from the sale of the Product should be considered as income tax-free private capital gains and non-tax-deductible private capital losses respectively.

The Product is not subject to the Swiss withholding tax. The Product may be subject to Swiss stamp duty of up to 0.15% on the primary as well as the secondary market. There is no Swiss stamp duty upon redemption of the Product. For Swiss paying agents, payments under the Product are not subject to the EU savings tax.

Investors and other interested parties are advised to consult their tax advisors to determine the special tax consequences of the purchase, ownership or disposition of the Product before any commitment/investment is made.

Common Depository

SIX SIS AG



**ANNEX 1**

It is the sole responsibility of the Strategy-Manager to ensure that the Strategy and the Strategy Components as well as the investments correspond to the Investment Universe, the Strategy-Guidelines, and the Investment Restrictions. Neither the Issuer, nor the Paying Agent, nor the Storage Provider, nor the Crypto Exchange, nor the Calculation Agent, nor any other involved party apart from the Strategy-Manager carries out any supervision in that regard.

The Strategy Manager, acting on behalf of the Issuer, is not obliged to invest according to the Strategy, e.g. it can invest in assets other than the Strategy-Components. However, the investor is still entitled to receive the Redemption Amount as outlined in this Termsheet independent of the returns of the investments of the Issuer.

Investment Universe

The Investment Universe consists of the following asset / asset classes and represents the basis for the selection, adjustment and rebalancing of the Strategy-Components by the Strategy-Manager. The Investment Universe may be amended by the Strategy-Manager at any time and in its sole discretion.

<b>Asset class</b>	<b>Range allocation (% of total portfolio value)</b>	<b>Permitted instruments</b>
Digital assets	Min 0% - Max 100%	Cryptocurrencies, cryptosecurities
Cash	Min 0% - Max 49%	Cash in the Product currency.

Strategy Guidelines

The Strategy-Components are selected, adjusted and rebalanced by the Strategy-Manager in accordance with the following guidelines (the "Strategy-Guidelines"):

1. The rule-based asset management approach is supplemented by a discretionary token allocation of up to 5% of the total Reference Portfolio of the product.
2. Major changes emerging over time are to be reflected in the portfolio through a monthly rebalancing.

Investment Restrictions

The following Investment Restrictions are applicable for the Strategy-Manager:

- Short selling of any asset
- Leverage through credit raising, short selling or derivatives

## ANNEX 2

### Broker Fees

Average Broker Transaction Fee: in accordance with the transaction fee list of the respective Storage Provider / Crypto Exchange.

### Performance Fee

#### High Watermark

Applicable. For the first Performance Fee Observation Date ( $t=1$ ), the High Watermark is equal to the Issue Price less the Distribution Fee (if any). Thereafter, if the Strategy Level ( $t$ ) on the Performance Fee Observation Date ( $t$ ) is higher than the previous High Watermark, the High Watermark is set to that level after deduction of the Performance Fee Amount.

#### Performance Fee Entitlement

A Performance Fee Amount is paid if the performance of the Certificate with respect to the High Watermark on the relevant Performance Fee Observation Date exceeds the Hurdle Rate, i.e.:

$$\left( \frac{\text{Strategy-Level}(t)}{\text{High Watermark}} - 1 \right) > \text{Hurdle Rate}$$

#### Performance Fee Calculation

Performance Fee Amount is equal to:

$$\text{High Watermark} \times \left( \left( \frac{\text{Strategy-Level}(t)}{\text{High Watermark}} - 1 \right) - \text{Hurdle Rate} \right) \times \text{Performance Fee}$$

where:

- *Strategy-Level( $t$ )* is the value of the Certificate on the Performance Fee Observation Date ( $t$ ), before deduction of the Performance Fee
- *High Watermark* is the highest level of the Certificate on any of the previous Performance Fee Observation Dates ( $i < t$ ) after deduction of the Performance Fee.

The Performance Fee Amount cannot be a negative number.

#### Performance Fee Observation Dates

Quarterly on the last business day of March, June, September and December, from and including the Issue Date to and including the Final Valuation Date.

**\*Underlying-related risk** (Crypto token and cryptocurrency, altogether the "Crypto Assets"):

Crypto Assets are not currencies in a legal sense, they are not accepted means of payment. Crypto Assets have no underlying value in any form and do not represent anything of value. They may or may not have a value purely as a consequence of the fact that there is actual and imminent demand for their acquisition. In the absence of such demand the value of a Crypto Asset is nil. In order to exchange offer and demand, there is the need of market. There may or may not be a market for a Crypto Asset. Markets for Crypto Assets are not regulated. In the absence of a market, demand for a specific Crypto Asset may not meet a respective offer and there is no trade. In the absence of a market, and despite a demand, the value of a Crypto Asset is nil.

Investors of Crypto Assets (and therefore investors in products with Crypto Assets as an underlying, indirectly) are exposed to elevated risk of fraud, theft and cyber attacks. Several markets for Crypto Assets already had to cease their activities or have been closed for other reasons - in some cases because of hacker attacks.

In the case of fraud, theft and cyber attacks on the positions held with the Storage Provider, the Issuer, may exercise its Termination Right and early redeem the Certificate. Moreover, a termination of a hedge position in the Underlying (including, but not limited to, any loss realized by the Issuer resulting from fraud, theft and cyber-attacks relating to the Storage Provider and/ or Reference Portfolio price source(s) of the Issuer) could lead to a considerably decreased Redemption Amount including a possible total loss.

Crypto Assets can be stolen from the Storage. After purchase, Crypto Assets are regularly stored in a "virtual wallet", either hosted in custodial with a third party or in non-custodial wallets. These virtual wallets are usually protected by a private key or password. Virtual wallets also usually have a public key and a private key or a password for the access however, virtual wallets are not fully protected from hackers. Just as with physical wallets, money can be stolen from a virtual wallet as well. Thefts and hacker attacks can have a negative impact on the reputation of the currency or the respective market place and thus affect the market price of Crypto Assets. Through the Product, investors would indirectly participate to such a negative performance, it is possible that it could lead to a total loss. Crypto Assets can be used anonymously and Crypto Assets do not have to be traded through government institutions or banks. Crypto Assets can be purchased directly from an owner or a trading venue. These platforms are generally not regulated. Thus investors face increased risk of the issuer identifying occurrence of a hedging disruption, involving the loss risks outlined below. The market value of a Crypto Asset is not based on any kind of claim, nor any physical asset. Instead, the market value depends entirely on the expectation of the Crypto Assets' use case as well as price dynamics influenced by supply and demand. This strong correlation between an expectation and market value is the basis for the current and probably future volatility of the market value of Crypto Assets. If over 50% of the computing power used for verifying Crypto Assets transactions are subject to control by a single instance, there is a risk that the controlling instance could influence 100% of all transactions on said network. Such "51% attacks", as they are known, can cause overall confidence in Crypto Assets to evaporate, bringing all trading to a halt, thereby causing losses for investors up to and including a possible total loss.

## Final Termsheet

DISCLAIMER- IMPORTANT PLEASE READ This termsheet as published by the Issuer is purely for information purpose only and is not intended as an offer or solicitation of the purchase or sale of any securities, funds, structured products or any other investment ("Investment Products"). Nothing herein constitute investment, legal, accounting or tax advice or a representation that any Investment Product is suitable for or appropriate to your investment objectives, financial situation and particular needs, or otherwise constitutes a personal recommendation to you. This termsheet does not purport to identify or suggest all the risks or material considerations which may be associated with any Investment Products. If you are in doubt as to any information in respect of any Investment Product, please consult your own financial, legal and/or tax advisers. Any assumptions, data, projections, forecasts or estimates are forward looking statements and based upon information furnished to the Issuer or publicly available information and reflect subjective estimates and assumptions concerning circumstances and events that have not yet taken place. Accordingly, there can be no assurance or guarantee that any projected or forecasted results will be attained. Actual results may vary from such projections and forecasts. Past performance is not necessarily indicative of future performance, and such variations may be material. While based on the information believed to be reliable, this termsheet and its contents are provided on an "as is" basis. The Issuer does not make any representation or warranty as to the accuracy or completeness of the information in this termsheet. Information in this termsheet is confidential. Distribution of this termsheet to any person other than the original recipient will be strictly prohibited. The Issuer and its affiliates, connected or related corporations, directors and/or employees may have an interest in the Investment Products including without limitation, in relation to the Investment Products, marketing, dealing, holding, acting as market-makers, performing financial or advisory services, acting as a manager or co-manager of private offering. The Issuer and its affiliates, connected or related corporations, directors and/or employees may also have alliances, contractual agreements or broking or investment banking or other relationships for the provision of financial services, with any counterparty mentioned in this termsheet. This termsheet may only be distributed in countries where its distribution is legally permitted and described herein within selling restrictions. This information is not directed to any person in any jurisdiction where by reason of that person's nationality, residence or net worth otherwise will be prohibited. Furthermore, this termsheet may not be publicly distributed or distributed to persons who are not institutional or professional investors by the Issuer or any other person.