

# Extract of the prospectus

## Best Crypto Index Fund - BCIF

Managed by FUTURE MONEY d.o.o.

<https://best-crypto-index.com/>

Disclaimer: The fund is intended exclusively for professional clients.

**ISIN code:** SI0037801774.

**Security code:** APXCI.

**CFI Group:** Others (Miscellaneous) (CM)

**LEI code:** 485100HVBKFINKX1HB92.

**Registration number:** 8557012002.

**Tax number:** 56003609.

**Fund type:** Open Alternative Investment Fund.

**Registered in:** Slovenia (EU).

**Supervisory authority:** The Securities Market Agency, Slovenia (ATVP, Agencija za trg vrednostnih papirjev, <https://www.a-tvp.si/si>).

**Reporting:** The Securities Market Agency, Slovenia following the direct guidelines of European Securities and Markets Agency (ESMA).

**Risk:** High.

**Investment strategy:** Other (crypto).

**Currency:** US Dollar (USD).

**Min. investment:** 20.000,00.

**Entry fee:** 2%.

**Exit fee:** 2.5%.

**Admin fee:** 0%.

**Management fee:** 0%.

**Other fees:** 0%.

**Performance fee:** 25% (High Water Mark, weekly calculation, quarterly reset).

**Cut-off date:** calculation of NAV: every Thursday; deposits and withdrawals: every Wednesday

## Payment instructions:

**IBAN:** SI56 0284 3026 4264 846

**BIC / SWIFT:** LJBAS12X

**Bank:** NLB d.d., Ljubljana, Slovenia, EU

**Manager:** FUTURE MONEY d.o.o., Ljubljana, Slovenia, EU

**Contact:** [contact@best-crypto-index.com](mailto:contact@best-crypto-index.com)

The asset diversification is limited to 18 coins and fiat including big stable coins, which are cash equivalents. The portfolio structure consists of investments representing the 18 largest coins by market capitalisation, excluding stablecoins, with continuous monitoring and the exercise of manager discretion to protect assets and prevent investments in allegedly problematic investments.

Custody is carried out with the custodian Scrypt Asset Management Ltd or any other licenced custodian.

The Fund invests exclusively in the crypto asset market. By obtaining an ISIN code, it can receive funds from institutions such as banks, asset management companies, brokerage houses, etc. It represents an efficient, fast and practical opportunity for institutions to gain access to the crypto market to their clients.

The fund manager collects market capitalisation data from internationally recognised platforms such as CMC, CoinGecko, etc. The manager decides on this on an ongoing basis. The Fund Manager monitors news on the status of individual investments (current and potential) on a daily basis (working days) in order to avoid investing in a potentially problematic investment, even if it would have been a portfolio investment by capitalisation value. In doing so, attention is focused in particular on publicly available information that could possibly have a significant impact on the depreciation of the value of an investment. Many factors influence market movements, such as news, public analysis, issuer results, issuers' development and other publicly announced plans, rating agency reports, legislation and announcements of changes to legislation, tax policy, market size and liquidity, inflation, response to crisis hotspots and the associated impact on the general economy, etc. This is the essence of crypto market price movements. On this basis, the value of the investments in the fund rise or fall, and the fund aims to capture the essence of the crypto market in as safe and controlled a way as possible.

## DESCRIPTION OF SELECTION

- Portfolio adjustment cycle: 1 x weekly (on Thursday at 12:00 CET the measurement cycle ends and a new one starts for the following week).
- Risk Management (SL/TP)
- News monitoring: twice a day on working days.

Decisions related to the exercise of discretionary portfolio intervention rights are taken on a daily basis. Actual discretionary intervention in the portfolio with a view to mitigating or even preventing damage may also be carried out on a day other than the normal (Thursday) portfolio rebalancing day

## Reporting on portfolio composition

The composition of the portfolio is published on the fund manager's website: [bcif.eu](http://bcif.eu)

Portfolio composition publication time: every Thursday. The portfolio composition, the point value of the fund.

Custody is carried out with the licenced custodian.

## Choice of custodian

The Investment Manager selected the current custodian on the basis of:

- Jurisdiction
- Regulation
- Custody and Security infrastructure
- Governance and Compliance
- Risk management and Reporting
- Option for direct liquidity access

## DESCRIPTION OF THE STRATEGY

The objective of the Fund is to enable investors to invest in the crypto market in a regulated manner. At the same time, investors should be aware that investing in the crypto market is risky due to its status as an emerging market, the volatility and constantly emerging innovations (technological, substantive), and the incomplete and evolving legislation around the world. This can bring high profits on the one hand, but it can also bring high losses, and in some extreme cases and circumstances can even lead to a complete loss.

The aim of diversifying among 18 different crypto assets is, on the one hand, to limit the risk of a total loss and, on the other hand, to ensure a balanced return at a time of general growth in the crypto market.

Many analyses carried out and published around the world by various analysts and other companies, as well as by news media channels, coin-issuing companies and other economic, geopolitical and environmental circumstances, influence investor sentiment around the world. This is no different from what happens with other investment classes (shares, bonds, currency market, commodity market, derivatives, real estate, etc.).

18 coins because this number is large enough to constitute an index (currently cca. 80% of the total crypto market cap), but small enough to make it more difficult for a coin without the right content and foundation to make its way into the portfolio.

The funds are spread evenly among the 18 coins, i.e. each investment is equally allocated to each coin regardless of the percentage of each coin represented in the total crypto market capitalization. This allows new, emerging projects to have a greater impact on the portfolio as the market is evolving strongly in terms of content (this is also the reason for the current high volatility of the crypto market). Such a capture better represents the content of the crypto market and does not rely on the dominant influence tied to a small number (2-5 coins) of highly influential coins (e.g. BTC, ETH, BNB, etc.) measured by the capitalization value of each coin. At the same time, this type of allocation offers a higher quality diversification and reduces the exposure of investors to the risk of tying up capital in only a small number of currently dominant crypto coins.

The cycle of adjusting the portfolio in line with changes in crypto capitalisation is weekly. As we are talking about the 18 most influential coins on the market, this frequency of adjustment is sufficient to keep up with major changes and at the same time not to impose unnecessary costs on investors by having too many transactions. Additionally, each time that price of any coin in portfolio grows for 50% during the cycle, automatic take-profit (TP) is applied to 10% of volume of such coin. Also, each time that price of any coin in portfolio drops for 50% during the cycle, automatic stop-loss (SL) is applied to 100% of volume of such coin.

Nevertheless, the Fund's management has the discretion to intervene in the composition of the portfolio if it perceives through publicly available channels a major threat to the assets and intervenes in order to protect the assets as a good business practice. So, this type of orders are placed at 50% tolerance as a buffer to prevent a total loss of funds in the event of sudden severe problems for the issuer of a particular coin in the event that the problems are not previously detected and the Fund's management has not been able to react in advance by exercising its discretion.

It is precisely the risks and risk management described above that make this type of investment suitable for investors.

After capturing data on crypto market capitalisation, the Fund's management will proceed to adjust the portfolio in line with the received data.

Even if the rise or fall in prices is less than 50% (e.g. 49%, which does not trigger automatic hedges), the Fund's management can react in advance to unusual market price movements and, by consensus on the use of discretion, authorize the sale of a particular investment in order to act in the Fund's favor.

Similarly, the operator shall exercise its discretion to disregard the result on the capitalisation of a minor part if:

- covers a coin about which various relevant media have written about serious shortcomings leading to a significant drop in price;
- the depth of the market for that coin is insufficient to provide liquidity and to allow transactions to take place;
- the exclusive use of this coin significantly jeopardizes the value of the entire portfolio;
- etc.

In this case, the manager places the following coin in the portfolio according to its position in the crypto market capitalisation (19th in order etc.)

The Fund has the following structure over time, we aim to:

- 75% - 100% of the funds in the first 18 crypto coins (weekly adjustment depending on the ranking by market cap)

and

- 0%-25% of assets in stable coins or fiat currencies (providing liquidity for payouts, potential investment in case of emergency etc.).

# HWM (High Water Mark)

Thanks to an innovative management concept, the manager does not charge any management fee, but shares the fate of the earnings with the investors. All non-HWM fees mentioned below are of an administrative nature and are intended to cover basic costs.

The HWM is a management reward only if the value of a point rises.

The HWM is calculated weekly (calculation of the new point value on Thursday and announcement) and reset quarterly (calendar year).

Positive capital gains are shared:

- 75% investors,
- 25% manager.

In the case of a lower result calculated on the previous weeks in the same quarterly period, the manager is not entitled to a bonus.

## Simple hypothetical examples to explain the basic mechanism of the HWM

### Point value grows:

- previous week's point value - USD 10
- new point value - USD 12
- difference - USD 2 (20% increase in assets)
- split - USD 1,50 (investors); USD 0,50 (manager)
- calculation of the new point value takes into account the payment of the bonus to the manager and the new point value is USD 11,50.

### Point value drops:

- previous week's point value - USD 10
- new point value - USD 8
- difference - USD 2 (20% drop in the value of the asset)
- no sharing as the manager is not entitled to the payment of the bonus
- HWM remains at - USD 10.

## Resetting the HWM

Investors invest in the fund at different times at different fund point prices. Some invest all the funds they intend to invest in the crypto market immediately and in full, while others spread the amount they intend to invest in the crypto market over time - \*crumble\* - investing periodically. Therefore, they enter the fund at different prices, just as they exit at different prices (depending on the timing of the exit). They should therefore pay attention to the periodic (quarterly) resetting of the HWM.

## HWM reset dates

- 1st January
- 1st April
- 1st July
- 1st October.

From the date of the start-up of the Fund (start of the operation of the Fund), the HWM shall be reset at the first fixed reset date and this period may be shorter than 3 months.

# THE OPERATIONALITY OF ASSETS AND PAYMENTS

## Receipt of funds

The Investment Manager must receive the funds in the operational account by Wednesday (15:00 CET) to be able to include them in the weekly investment cycle (every Thursday). If received later, the funds will be invested at the next cycle in the following week (Thursday).

## Withdrawal of funds

The Investment Manager must receive a complete withdrawal request by Wednesday (15:00 CET) in order to prepare it for withdrawal in the weekly rebalancing cycle (every Thursday). If a withdrawal request is received later, the funds are prepared for withdrawal (sold for the relevant amount) at the next rebalancing cycle in the following week (Thursday). Until then, they are included in the portfolio.

# LIQUIDATION OF THE FUND

The Fund shall be liquidated - ceases to operate - when:

- a change in legislation in a way that no longer allows the Fund to operate;
- business decision of the manager.

Current investors will receive a notice of liquidation by a mutually agreed method of communication. The notice shall include at least the date of commencement of the intended liquidation.

In this case, the administrator shall dispose of all assets under management at their value on the date of commencement of the liquidation and shall carry out all activities in accordance with current legislation. The transfer to the investors shall follow the procedure described above (transfer of funds procedure). The investors agree to waive any complaints relating to the liquidation of the fund.

The liquidation of the fund shall always be conducted in accordance with the laws of the domicile.