anadara

Monochrome
Investment Services

CRYPTO SERIES 1

Bitcoin

FOR WHOLESALE INVESTORS ONLY

Term Sheet IM | Dated 26 June 2024

Important information

This Term Sheet IM dated 26 June 2024 supplements the IM dated 1 September 2023 (the "**Master IM**") issued by Anadara Specialist Investments Pty Ltd ("**the Issuer**"). This Term Sheet IM together with the Master IM constitutes the IM for the Offer of the Series of Anadara Crypto Series 1 - Bitcoin ("the **Units**") as described below.

This IM is for the offer of an agreement to purchase the shares ("**Delivery Assets**") specified in Section 2 "Term Sheet" of this Term Sheet Information Memorandum ("**Term Sheet IM**") on certain terms including deferred delivery and entry into an Investment Loan for the Investment Amount ("**the Offer**"). This Term Sheet IM is dated 5 June 2024 and is issued by Anadara Specialist Investments Pty Ltd (ACN 668 232 488) ("**the Issuer**") and arranged by Viriathus Capital Pty Ltd (ACN 113 959 596 AFSL 297950.) ("**the Arranger**") pursuant to Section 911A(2)(b) of the Corporations Act. Pursuant to Section 911A(2)(b), the Issuer will issue the Units in accordance with the offer made by the Arranger.

This IM has not been lodged and is not required to be lodged with the Australian Securities and Investments Commission ("**ASIC**"). ASIC and its officers take no responsibility for the contents of this IM.

All fees in this IM are stated inclusive of any GST (unless stated otherwise).

All monetary amounts referred to in this IM are given in Australian dollars (unless stated otherwise). All references to legislation in this IM are to Australian legislation.

Investments in the Units

This IM (including the Master IM) is an important document which should be read before deciding to acquire the Units. The information in this IM is general information only and does not consider an individual's investment objectives, financial situation or particular needs or circumstances.

Nothing in this IM is a recommendation by the Issuer or its related bodies corporate or by any other person concerning investment in the Units or the Reference Asset or any specific taxation consequences arising from an investment in the Units. Potential investors should also obtain independent financial and taxation advice as to the suitability of this investment to them having regard to their investment objectives, financial situation, and particular needs. No cooling off rights apply to investments in the Units.

Potential Investors should note that the Issuer retains discretion to amend the closing date for the offer for a Series and move the Commencement Date (and all other consequential dates) for a Series, or not to continue with the issue of a Series of Units on the Commencement Date and terminate any Units in that Series already issued, including where there is a significant change in the Issuer's cost of hedging between the date of this Term Sheet IM and the Commencement Date. In particular, the Issuer will not continue with the issue of a Series of Units if it considers that it and its affiliates have not completed sufficient arrangements for management of their respective obligations in respect of that Series of Units. If a decision is made not to issue a Series of Units or to terminate Units in a Series that have already been issued, the Issuer will return the Prepaid Interest, and any applicable Fees, that have been paid upfront to applicants without interest within 10 Business Days of the scheduled Commencement Date.

Eligible investors and electronic IM

This IM and the Offer are available only to wholesale investors receiving this IM (including electronically).

The Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold in the United States or to, or for the benefit of U.S. persons unless the Units are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

Updated information

Information set out in this Term Sheet IM is subject to change from time to time. Information not materially adverse to Investors in the Units may be amended without issuing an updated or supplementary Term Sheet IM.

Making an investment

Units can only be issued if potential investors use an Application Form (including relevant attachments) attached to either a paper or electronic copy of this IM.

Returns not Guaranteed

Returns on the Units are not guaranteed. The Issuer and the Arranger nor any of their associates or subsidiaries guarantee the return on an investment in the Units or any gain. Investors may not recoup the total amount of any amounts outlaid as there is no guarantee that returns on the Units will be in excess of these amounts paid by Investors. Please refer to Section 2 "Risks" in the Master IM.

Definitions

Capitalised terms used in this IM have the meaning given in Section 8 "Definitions" of the Master IM, and as defined in this Term Sheet IM.

1. Overview

Bitcoin, the first decentralized cryptocurrency, has revolutionized the financial world since its inception in 2009. It has sparked a wave of innovation in digital currencies and blockchain technology, fundamentally altering the way people think about money, transactions, and the global financial system.

At the core of Bitcoin's innovation is blockchain technology. A blockchain is a distributed ledger that records all transactions across a network of computers. Each block contains a list of transactions, and once a block is completed, it is added to the chain in a linear, chronological order. This structure ensures the integrity and security of the data, as altering any information on the blockchain would require the consensus of the entire network.

Bitcoin's supply is capped at 21 million coins, a feature designed to mimic the scarcity of precious metals like gold. This limited supply has contributed to the perception of Bitcoin as a "digital gold," an asset that can act as a store of value and a hedge against inflation.

BTC – Source: Trading View

Bitcoin's performance has been characterized by significant growth, volatility, and increasing mainstream recognition. Its value is influenced by a complex interplay of market dynamics, regulatory developments, technological advancements, institutional adoption, macroeconomic trends, and public perception.

As Bitcoin continues to evolve and mature, it is likely to play an increasingly important role in the financial landscape, offering a unique combination of store of value, investment opportunities, and potential for financial inclusion. While challenges remain, Bitcoin's resilience and ongoing development underscore its potential to shape the future of finance.

Monochrome is the holder of Australia's only licensed, regulated fund that holds Bitcoin directly – other Bitcoin funds in Australia are feeder funds, that invest in foreign investment vehicles that hold Bitcoin.

For investors that share our view that **Bitcoin will increase in value** during the Investment Term, Anadara and Monochrome have partnered and structured a tax effective investment that offers 100% leveraged exposure to the Bitcoin via a limited recourse loan over 12 months.

Australian Tax Office Product Ruling PR 2024/6 has been issued in relation to the Master IM and confirms certain aspects of the tax treatment of an investment under this Term Sheet IM. Learn more HERE

Investors will receive a Performance Coupon based on the positive performance of Bitcoin during the investment term, adjusted for any changes in the USD/AUD exchange rate. Please consult your advisor before deciding to invest.

A summary of the key features are as follows:

Features	Anadara Crypto Series 1
Reference Asset	Bitcoin (BTC)
Performance Coupon	Yes, there is potential for a Performance Coupon at Maturity based on the Reference Assets Performance at Maturity, adjusted for any changes in the AUD/USD exchange rate during the Investment Term.
Delivery Asset	The Monochrome Bitcoin ETF (IBTC)
Currency Exposure	Yes, the potential Performance Coupon at Maturity is adjusted for changes in the AUD/USD exchange rate during the Investment Term.
Limited recourse Loan	Yes. Investors borrow 100% of the Investment Amount.
Investment Term	12 months
Annual Interest Rate on Loan	7.50% p.a.
Application Fee	0.99% including GST
Total Investment Cost	8.49% (payable upfront and tax deductible)
Minimum Amount Payable	$8,490 for a $100,000 Loan and 100,000 Units (tax deductible)
Barrier	140%
Barrier Rebate	10%
Rebate payment date	Rebate paid within 10 business days of Barrier Event occurring.
Break-Even Point	The Performance Coupon at Maturity needs to be equal to or greater than 8.49% for investors to at least break even. Refer to section 5 for more information.
Maximum Loss	Due to the limited recourse nature of the loan, the maximum loss that can be ever incurred is the Total Investment Cost. There is no additional risk of loss in relation to the Loan Amount.
Margin Calls	No
Taxation	Australian Taxation Office Product Ruling PR 2024/6 has been issued in relation to the Master IM and confirms certain aspects of the tax treatment of an investment under this Term Sheet IM. A copy of the full product ruling is available to investors on request.

2. Term Sheet – Anadara Crypto Series 1 - Bitcoin Units

The following Term Sheet is a summary of the key dates and terms of the Units. However, this section is not intended to be a complete summary of this Term Sheet IM, or the Master IM and you should read the entire Term Sheet IM and Master IM before deciding whether or not to invest. The information in this section is qualified in its entirety by the more detailed explanations set out elsewhere in this Term Sheet IM and Master IM, in particular Section 4 "Terms of the Deferred Purchase Agreement" in the Master IM.

Offer Opening Date	26 June 2024
Offer Closing Date	12 July 2024
Interest Payment Date	12 July 2024
Commencement Date	17 July 2024 or as soon as reasonably practicable thereafter as determined by the Issuer and as notified to you. The Commencement Date may be deferred as determined by the Issuer if any of the Terms of the offer cannot be achieved by the Issuer. Other relevant dates may be adjusted accordingly if required.
Maturity Date	16 July 2025
Buy-Back Dates	At the Issuer's discretion.
Settlement Date	10 Business Days after the Maturity Date, or such other date as determined by the Issuer in its discretion as is reasonably necessary for the Issuer to fulfil its obligations under the Terms.
Reference Asset	Bitcoin
Issue Price	$1.00 per Unit
Minimum Investment Amount	100,000 Units at the Issue Price of $1.00 per Unit.
Investment Loan	100% Limited Recourse Investment Loan
Interest Rate and Prepaid Interest	The Interest Rate in respect of the Investment Loan is 7.50% p.a. The Prepaid Interest per Unit is 7.50% p.a. x 1 year x $1.00 = $0.0849 per Unit Prepaid Interest is required to be paid in advance on the Application Payment Date for the full Investment Term.
Application Fee	An Application Fee of 0.99% (inclusive of GST) is payable in respect of each application for Units. For example, if you applied for the Minimum Investment Amount of 100,000 Units, you would pay an Application Fee of $999. The Application Fee is required to be paid in advance on the Interest Payment Date.
Total Investment Cost	The Total Investment Cost is calculated by multiplying the sum of the Prepaid Interest Rate and Application Fee by the number of units applied for. Based on the minimum subscription of 100,000 units, the Total Investment Cost would be A$8,490, or $0.0849

<table>
<tr><td>Performance Coupon</td><td>At Maturity, a Performance Coupon will be paid if Bitcoin has increased in value during the investment term

Barrier — 140%

Barrier Event — If Reference Asset closes at or above the Barrier on any day from the Commencement Date to the Maturity Date

Rebate — 10%

Coupon Calculation
a. If Barrier Event has occurred:
Rebate is paid at Barrier Event.
OR
b. If Barrier Event has not occurred:
$1.00 + [Reference Asset Ending Level / Reference Asset Starting Level – 1] x [$FX_{Initial}/FX_{Final}$] paid at Maturity

The minimum Final Value payable is $1.00 per unit which will be set off against any outstanding Investment Loan at Maturity.</td></tr>
<tr><td>Barrier Event</td><td>If the Reference Asset closes at or above the Barrier on any day during the Investment Term, the Rebate will be paid within 10 business days of the Barrier Event occurring.</td></tr>
<tr><td>Reference Asset Starting Level</td><td>The Reference Asset Closing Price on the Commencement Date.</td></tr>
<tr><td>Reference Asset Ending Level</td><td>The Reference Asset Closing Price on the Maturity Date.</td></tr>
<tr><td>Reference Asset Closing Price</td><td>The closing price of the Reference Asset as published by the Relevant Exchange on any scheduled Business Day.</td></tr>
<tr><td>$FX_{Initial}$</td><td>The AUD/USD exchange rate on the Commencement Date as determined by the Issuer.</td></tr>
<tr><td>FX_{Final}</td><td>The AUD/USD exchange rate on the Maturity Date as determined by the Issuer.</td></tr>
<tr><td>Listing</td><td>The Units will not be listed or displayed on any securities exchange.</td></tr>
<tr><td>Withdrawal of the Units</td><td>If the Issuer is unable to achieve the economic exposure described in this Term Sheet IM on the Commencement Date due to any condition set out in this Term Sheet IM not being satisfied (e.g. the Issuer being unable to hedge its obligations), or otherwise determines not to proceed with the issue for any reason, then the Issuer will terminate any Units already issued, and return the Prepaid Interest and Fees without interest. The Investment Loan will be terminated, and no drawdown will be made.</td></tr>
<tr><td>Promoter</td><td>Monochrome Investment Services Pty Ltd (ACN 647 701 246)</td></tr>
<tr><td>Issuer</td><td>Anadara Specialist Investments Pty Ltd (ACN 668 232 488)</td></tr>
<tr><td>Arranger</td><td>Viriathus Capital Pty Ltd (ACN 113 959 596 AFSL 297950)</td></tr>
<tr><td>Registrar</td><td>Registry Direct Pty Limited (ACN 160 181 840)</td></tr>
</table>

Counterparty Risk	Tier One Investment Bank
Minimum Buy-Back Amount	At the discretion of the Issuer.
Beneficial Interest	The Beneficial Interest in a Portion of the Delivery Asset held for each Unit an Investor holds. The Beneficial Interest will be set out in the Confirmation Notice sent to Investors and is a feature of the product designed to ensure the Units are a "security" under the Corporations Act.
Minimum Early Maturity Value, Termination Payment	$1.00 per Unit If the Units mature early for any reason, you will receive an Early Maturity Value of at least $1.00 per Unit which will be applied to repay your Investment Loan. You will not have to pay any other fees, costs, or interest. Investors will not be entitled to a refund of any Prepaid Interest, or any other Fees paid in relation to the Units and will not be entitled to payment of the Final Value. Please refer to Section 1.10 "Early Maturity" of the Master IM for more information on when the Units can mature early.
Delivery Asset	The Monochrome Bitcoin ETF (IBTC). On Maturity, the Issuer intends to deliver a parcel equal in value to the potential Performance Coupon ("**Delivery Parcel**") containing ordinary units in The Monochrome Bitcoin ETF (IBTC) ("**Delivery Asset**"). If an Investor has not repaid the Investment Loan by the Maturity Date, such Investor will be deemed to have elected the Agency Sale Option and their Final Value will be set off against the outstanding Investment Loan and the Investor will not receive a Delivery Parcel.
Agency Sale Option	Available to sell the Delivery Parcel and receive cash instead. Please refer to Clause 4.4 of Section 4 "Terms of the Deferred Purchase Agreement" in the Master IM.
Key Risks	Key risks include: • Risk of 100% loss of the Total Investment Cost. No Performance Coupon will be payable if the performance of the Reference Asset adjusted for currency movements over the Investment Term on the Maturity Date is not positive. • Your return (in the form of the Performance Coupon) is affected by the performance of the Reference Asset. • There is no guarantee that Bitcoin will increase in value during the Investment Term. • Currency risk. Changes in the AUD/USD exchange rate will have an impact on any potential Performance Coupon. • Investors must pay the Prepaid Interest to be entitled to receive any potential Performance Coupon. If Prepaid Interest is not paid on the relevant due date, Investors Units will be terminated, they will not be entitled to any returns or any Performance Coupon and will have no exposure to the Units.

	• There is no guarantee that the Units will generate returns in excess of the Prepaid Interest and any Fees during the Investment Term. Additionally, in the event of an Investor requested Issuer Buy-Back, Early Maturity Event, you will not receive a refund of your Prepaid Interest or any Fees nor will you be entitled to any Performance Coupon. Instead, you will receive the Buy-Back Price or Early Maturity Value. • Gains (and losses) may be magnified by the use of leverage. • Investors are subject to counterparty credit risk with respect to the Issuer and the Hedge Counterparty; and • the Units may mature early following an Early Maturity Event, including an Adjustment Event, Market Disruption Event or if the Issuer accepts your request for an Issuer Buy-Back. Please refer to Section 2 "Risks" of the Master IM for more information.
Taxation	Australian Tax Office Product Ruling PR 2024/6 has been issued in relation to the Master IM and confirms certain aspects of the tax treatment of an investment under this Term Sheet IM. A copy of the full product ruling is available to investors on request. The product ruling is only a ruling on the application of taxation law and is only binding on the Australian Taxation Office if the scheme is implemented in the specific manner outlined in the product ruling. **The Commissioner of Taxation (Commissioner) does not sanction, endorse or guarantee this product. Further, the Commissioner gives no assurance that the product is commercially viable, that charges are reasonable, appropriate or represent industry norms, or that projected returns will be achieved or are reasonably based.** Potential participants must form their own view about the commercial and financial viability of the product. The Commissioner recommends you consult an independent financial (or other) adviser before deciding to invest.

3. Payoff Examples

This page explains how the potential Performance Coupon is calculated. These examples are hypothetical only and are not forecasts or predictions of Unit returns. The actual returns may be significantly different from what is shown in these examples.

These examples may help Investors decide if the Units are a suitable investment. No content in this section or elsewhere in the Term Sheet IM or Master IM is investment advice and Investors should speak to a professional adviser before investing.

Units may entitle Investors to receive a Performance Coupon at the end of the Investment Term depending on the performance of the Reference Asset. The examples below demonstrate how the Performance Coupon is calculated, and what Investors will receive at Maturity, depending on whether the performance of the Reference Asset over the life of the investment has been negative, positive, or neutral.

Rounding

All calculations made by the Issuer for the purposes of these worked examples will be made to not fewer than two decimal places. Other than as provided in these examples, rounding of numbers will not occur until the final calculation of a relevant amount or number at which time the Investor's entitlements will be aggregated and that aggregate will be rounded so that all money amounts are rounded down to the nearest whole cent and all numbers of Delivery Assets are rounded down to the nearest whole number.

Assumptions

The below examples assume that Investors decide to invest in 100,000 Units with an Issue Price of A$1.00, resulting in an Investment Amount and Loan Amount of A$100,000. The below examples also assume that there are no Early Maturity Events, Issuer Buy-Backs, Adjustment Events or Market Disruption Events.

Coupon Calculation

The potential Performance Coupon is calculated with reference to the Reference Asset on Maturity Date.

A Barrier Event occurs when and if Bitcoin increases in value by 40% or more during the Investment Term. If a Barrier Event occurs, investors will receive a Rebate of 10% of the Investment Amount, and the investment will mature early.

The following examples show how the net gain or loss would be calculated, based on the assumed Reference Asset performance at Maturity. These examples do not factor in any potential changes in the AUD/USD exchange rate during the investment term. If the AUD weakens against the USD during the investment term, this will increase the Net Gain, if the AUD strengthens against the USD during the investment term, this will decrease the Net Gain.

Outcome	Investment Amount	Bitcoin Performance at Maturity	Barrier Event	Total Investment Cost	Performance Coupon	Net Gain/Loss	Return on Total Investment Cost
1	$100,000	0%	No	$8,490	$0	($8,490)	-100%
2	$100,000	5%	No	$8,490	$5,000	($3,490)	-41.1%
3	$100,000	10%	No	$8,490	$10,000	$1,510	17.7%
4	$100,000	15%	No	$8,490	$15,000	$6,510	76.7%
5	$100,000	20%	No	$8,490	$20,000	$11,510	135.5%
6	$100,000	25%	No	$8,490	$25,000	$16,510	194.5%
7	$100,000	30%	No	$8,490	$30,000	$21,510	253.3%
8	$100,000	35%	No	$8,490	$35,000	$26,510	312.2%
9	$100,000	40% (Barrier)	Yes	$8,490	$10,000	$1,510	17.7%

Applications and issue of Units

Applications may be accepted or rejected at the discretion of the Issuer. Units will be issued within one month upon receipt of application monies from an Investor. The Unit's economic exposure to the Reference Asset will begin on the Commencement Date. If a Unit is issued prior to the Commencement Date, it will have no economic exposure until the Commencement Date.

The Units will only be issued at the discretion of the Issuer, and applications may be accepted or rejected at the discretion of the Issuer. Without limiting its discretion, the Issuer may choose not to proceed with the issue of the Units for a Series and terminate the product for those Units already issued for any reason whatsoever, including (without limitation) if there is a significant change in the Issuer's cost of hedging between the date of this IM and the Commencement Date. Where the Issuer has not received the Prepaid Interest and Fees (if any) in respect of a Unit(s) from the Investor by the Application Payment Date, the Issuer will cancel the Units relating to the unpaid amounts and will arrange for the Investors name to be removed from the register of Unitholders.

If a decision is made for any reason not to issue, or not to proceed with the issue of the Units, the Issuer will return the Prepaid Interest, Fees (if any) to applicants (without interest) within 10 Business Days of the scheduled Commencement Date and any Units already issued will be terminated.

The Units may mature early in the case of an Early Maturity Event or Issuer Buy-Back, and the Maturity Date may be extended in the case of a Market Disruption Event.

4. Master IM

Investors must have read and understood the Master IM prior to applying for Units.

To obtain a copy of the Master IM, please refer to www.anadara.com.au.

All Application Forms and Correspondence to:

Anadara Specialist Investments Pty Ltd
Tower 1 – International Towers Level 35
100 Barangaroo Avenue, Barangaroo NSW 2000

Email: invest@anadara.com.au

For more information:

1300 509 924

https://anadara.com.au