

Key information document

Version exclusively for the United Kingdom | Professional investors only



ETC Issuance GmbH

Purpose

This information document provides key information about this investment product. It is not marketing material. This information is required by law to help you understand the nature, risk, costs and potential gains and losses of this product, and to help you compare it to other products.

Product

| | |
|---|---|
| Name of the product | LTCetc - Physical Litecoin ETC („ELTC“) |
| Product numbers | ISIN: DE000A3GN5J9 |
| PRIP manufacturer | ETC Issuance GmbH (the “Issuer”) (https://etc-group.com) |
| Phone number | +49 (0) 69 8088 3728 |
| Competent authority of the manufacturer of the product | In connection with this key information document, the Federal Financial Supervisory Authority (BaFin) |
| Key information document created: | 15 March 2021 |
| Key information document last updated: | 26 July 2021, Time: 8.00 am |

Caution: You are about to purchase a product that is not straightforward and can be difficult to understand.

What type of product is this?

Type

LTCetc under the primary ticker ELTC are bearer bonds under German law that are secured by Litecoin deposited in a depository for safekeeping. The product does not have a fixed maturity date.

Objectives

Investors who wish to invest in the cryptocurrency Litecoin as specified in the “Underlying” field in the table below as part of their investment strategy can purchase this product, the value of which is based on the Litecoin price, on the secondary market or, in case of professional or institutional investors, from an “Authorised Participant”. The product is purchased through the secondary market in fiat currency. Payment of the product purchased through an Authorised Participant may be made either in Litecoin, in another cryptocurrency or in such fiat currency as the respective Authorised Participant accepts.

The Litecoin received from the Issuer as consideration from the sale of the product to the Authorised Participants are transferred to a designated security account as collateral. This means that for each unit of the product in circulation, a predefined Litecoin amount is available to hedge the product (the “**Cryptocurrency Entitlement**”). At the time of issue, this is 0.1 Litecoin and decreases continuously in value by 2.0% annually, calculated on a daily basis from the Cryptocurrency Entitlement of each unit of the product over the entire holding period of the product. This means that the Cryptocurrency Entitlement per share decreases by approximately 0.005479% every day (= 1/365 of 2.0%). Litecoin held to back ELTC are held securely by BitGo Trust Company Inc, a regulated qualified cryptocurrency depository in South Dakota, USA (the “**Depository**”). The Issuer has appointed APEX Corporate Trustees (UK) Limited (the “**Security Trustee**”) as a security trustee to hold the collateral rights for the Litecoin deposited with the Depository on behalf of all current and future ELTC holders.

Termination by the Investor: An investor may sell the product anytime on the stock exchange. Alternatively, the product can be terminated in whole or in part, with the Issuer or an Authorised Participant (Certain terms and conditions apply) at any time. Repayment always takes place in Litecoin. The Investor’s claim to repayment corresponds to the Cryptocurrency Entitlement on the repayment date less repayment fees. An Authorised Participant or the Issuer transfers this claim to the Digital Wallet specified by the Investor on the repayment date.

If, for legal reasons, an investor is prevented from receiving payments in Litecoin, the Investor may request repayment in US dollars (“**USD**”) as an alternative to repayment in Litecoin. The investor will then receive an amount of money in USD equal to the amount obtained in an auction for the collateral Litecoin.

Mandatory Redemption by the Issuer: The product terms and conditions also state that, if certain events occur, the Issuer may repay the product prematurely in Litecoin or, if an investor is prevented from obtaining Litecoin for legal reasons, in USD. These events are explained in more detail in the product terms and conditions. It is likely that any return the Investor receives in the event of such early repayment will be different from the scenarios described above and may be considerably less than the amount that the Investor invested upon purchase. Total loss is also possible. Furthermore, investors run the risk that termination will be requested at a time that is unfavourable to them and that they will only be able to reinvest the terminated amount on worse conditions.

| | | | |
|--|--|-----------------------------|--|
| Underlying | Litecoin (Bloomberg ticker: XLC CFIX Curncy) | Product currency | Euro |
| Issue Date | 15/03/2021 | Trading Day | A day on which the Frankfurt Stock Exchange is open. |
| Cryptocurrency Entitlement per unit of security | Initially 0.1 Litecoin, reduced over time by a fee of 2.0% p.a. | Mandatory Redemption | The Issuer is entitled to Mandatory Redemption if certain events occur, as stated in the product conditions. |
| Rights of bondholders | ELTC holders may return the product for Litecoin at any time or, if a pay out in Litecoin is not possible due to applicable regulatory requirements, the equivalent value in USD (the exact amount is determined in the product conditions). | | |

Intended investor

The product is intended for professional investors and eligible counterparties who:

- are able to bear a total loss of the amount invested;
- are seeking a speculative investment opportunity that is accompanied by the expectation that the underlying will gain sufficient value over time to exceed any fees;
- have only limited technical capabilities or lack the relevant technical expertise and therefore, instead of investing directly in Litecoin with the aid of bearer bonds with a value based on the Litecoin price, would like to invest in Litecoin without having to hold Litecoin themselves during the lifetime of the product;
- recognise that the value of the product can change frequently due to the extremely volatile underlying and, as a result, have sufficient time to actively monitor and manage the investment;
- have advanced knowledge and/or experience with comparable financial products and understand the cost structure of the product, including the Cryptocurrency Entitlement that decreases daily.

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What are the risks and what could I get in return?

Risk Indicator



The Risk Indicator is based on the assumption that you hold the product for the recommended holding period of five years. If you dispose of the investment sooner than that, the actual risk may differ significantly, and you may receive back less. You may not be able to readily sell your product, or you may need to sell it at a price that significantly reduces the amount you receive back.



The Summary Risk Indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because the Issuer is unable to pay you.

We have classified this product 7 out of 7 which is the highest risk class.

This rates the potential losses from future performance at a very high level. In unfavourable market conditions, it is very likely that the Issuer's ability will impact our capacity to pay you. **Be aware of currency risk, since the unit of account for the repayment can be either in Litecoin or in USD. You might not receive payments in your local currency or the currency in which you wish to be repaid, meaning that your final return may depend on the exchange rate between the two currencies or units of account. This risk is not considered in the indicator shown above.** Owing to its structure, this product is subject to other risks, such as fluctuations in value and exchange rates between the date of execution and the date on which the Litecoin are received, plus loss of the Litecoin held or delivered. This risk is not considered in the indicator shown above. This product does not include any protection from future market performance. This means that you could lose some or all of the amount you invested. If the Issuer is unable to pay you the amount owed, you may lose your total amount invested.

Performance scenarios

Future market performance cannot be accurately predicted. The scenarios presented are only an indication of some possible results based on recent developments. Actual returns may be lower.

| Investment: EUR 10,000 Scenarios (based on historical data of five years; 14/05/2016 to 15/05/2021) | | One year | 3 years | 5 years (recommended holding period) |
|--|--|------------------------------------|-------------------------------------|--------------------------------------|
| Stress scenario | What you could receive after deducting costs Annual average return | EUR 145 -98.6% | EUR 2 -94.4% | EUR 0.04 -91.5% |
| Unfavourable scenario | What you could receive after deducting costs Annual average return | EUR 2,336 -76.6% | EUR 942 -54.5% | EUR 523 -44.6% |
| Moderate scenario | What you could receive after deducting costs Annual average return | EUR 10,473 4.7% | EUR 11,484 4.7% | EUR 12,542 4.6% |
| Favourable scenario | What you could receive after deducting costs Annual average return | EUR 47,850 378.5% | EUR 142,918 142.7% | EUR 306,699 98.3% |

This table shows how much you could receive in the next years under different scenarios if you invest **EUR 10,000**.

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment/product. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you. The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

What happens if ETC Issuance GmbH is unable to pay out?

Although ELTC is a product that is secured with Litecoin, the Investor bears the risk that the Issuer may not be able to fulfil its obligations in relation to the product, for example in the event of the Issuer's insolvency. The Issuer is a special purpose vehicle with no business activities of its own. As a result, the exclusive purpose of the Issuer is to issue this product. For example, the Issuer may only have access to the Litecoin deposited to hedge ELTC as a means of meeting all issue or payment claims relating to the product. This product grants you right to the deposited Litecoin or to the security rights held by the Security Trustee through the custody account and through the Issuer's securities account. The occurrence of different scenarios with regard to these Litecoin and the claims to the security rights may affect the ability of the Issuer to meet its obligations under the product conditions. Although the Issuer undertakes to deposit a sufficient amount of Litecoin with BitGo Trust Company to cover all ELTC claims, there is a risk that the Litecoin deposited by the Issuer to hedge ELTC will not be sufficient to meet your redemption request or payment claims. A total loss of the invested capital is possible. There is no obligation to make further contributions. The product is not a deposit and is not subject to deposit protection.

What are the costs?

Costs over time

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for the recommended holding period. They include potential early exit penalties. The figures assume you invest EUR 10,000. The figures are estimates and may change in the future.

| Investment: EUR 10,000 | If you redeem after one year | If you redeem after three years | If you redeem after five years (recommended holding period) |
|-----------------------------------|------------------------------|---------------------------------|---|
| Total costs (EUR) | 213.74* | 717.55* | 1,333.09* |
| Reduction in Yield (RIY) per year | 2.00% | 2.00% | 2.00% |

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

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* If a bond holder decides to terminate the bond instead of selling it on the stock exchange or on the OTC market, they may have to pay an upfront redemption fee of EUR 50 (waived by the issuer in certain situations) plus an exercise fee of 1%.

Composition of costs

The table below shows:

- the impact of the different types of costs on the investment return you might get at the end of the recommended holding period;
- the meaning of the different cost categories.

| This table shows the impact on annual returns | | | |
|---|-----------------------------|-------|--|
| One-off costs | Entry costs | 0.20% | Impact of the costs already included in the price* |
| | Exit costs | 0.20% | Impact of the costs incurred when you exit your investment** |
| Ongoing costs | Portfolio transaction costs | 0.00% | Impact of the costs incurred for us to buy and sell the underlying investments for the product |
| | Other ongoing costs | 2.0% | Impact of the costs we deduct annually for investment management |

On the date of updating this key information document, the Issuer had not charged any one-off costs.

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

* Secondary-market investors trade directly with a participating broker or via a stock exchange and pay the fees charged by their broker. The trading margins are publicly available on the stock exchanges on which the product is listed, or can be requested from brokers. You can find out the actual costs from your broker, financial adviser or sales company. The costs displayed above are estimates of such costs.

** If an investor decides to terminate the product instead of selling it on the stock exchange or on the OTC market, they may have to pay a upfront redemption fee of EUR 50 (waived by the issuer in certain situations) plus an exercise fee of 1%. Secondary-market investors trade directly with a participating broker or via a stock exchange and pay the fees charged by their broker. The trading margins are publicly available on the stock exchanges on which the product is listed or can be requested from brokers. You can find out the actual costs from your broker, financial adviser or sales company.

How long should I hold it and can I take my money out early?

Recommended holding period: Up to one year.

We recommend holding the product for a short period of time, i.e. up to one year. However, since Litecoin are very volatile, investors should constantly monitor the value of the product, as sudden changes in value can occur frequently and abruptly.

Investors can sell the product on the regulated market on which it is listed any time. You can alternatively sell the product over the counter by submitting a redemption application to an Authorised Participant or directly to the Issuer and surrendering the product to them. You must instruct your custodian bank responsible for executing the order for the specified product accordingly. After execution, you will receive 0.1 Litecoin less 2.0% p.a. administration fee (calculated from the date of issue of ELTC) as described above under "What type of product is it?".

| | | | |
|-------------------------------|---|---|---|
| Stock exchange listing | Frankfurt Stock Exchange – regulated market (XETRA), and from time to time additional stock exchanges | Last trading day on the stock exchange | One exchange trading day before the early redemption date, if the Issuer redeems the investment |
| Smallest tradable unit | One unit of the product | Listing | Listing per unit |

In exceptional market situations or in the event of technical problems, it may be temporarily difficult or impossible to buy or sell the product.

How can I complain?

Complaints about the person/entity who/that advised you or sold the product to you may be lodged directly with the relevant person. Complaints regarding the product or behaviour of the Issuer of this product may be posted in writing to ETC Issuance GmbH, Thurn- und Taxis-Platz 6, 60313 Frankfurt am Main, Germany, or emailed to complaints@etc-group.com. Complaints should include the name of the product, the ISIN and the reason for the complaint.

Other relevant information

Updated and additional documents relating to the product, particularly the prospectus and any supplements, are published on the <https://etc-group.com> website in accordance with the relevant statutory provisions. We recommend that you read these documents for more information, especially about the structure of the product and the risks associated with investing in the product.