LT BASKETS LTD.

Leveraged Tokens

Offering Memorandum

This Offering Memorandum (this "***Offering Memorandum***") has been prepared by LT Baskets Ltd., a corporation incorporated under the laws of Seychelles (the "***Company***"), for use by purchasers to whom the Company is offering (the "***Offering***") the opportunity to purchase certain ERC-20 compliant tokens set forth below and other similar Tokens that the Company may issue from time to time (each, a "***Token***" and collectively, the "***Tokens***" or "***Leveraged Tokens***"). Unless the context requires otherwise, in this Offering Memorandum, the terms the "***Company***," "***we***," "***us***" and "***our***" refer to LT Baskets Ltd.. The Tokens are, or will be, listed and traded on FTX, a digital token exchange platform located at https://ftx.com (the "***Exchange***"). Each Token represents the right to certain assets held in the Company's corresponding account for such Token maintained with the Exchange.

3X Bull Leveraged Tokens	***3X Bear Leveraged Tokens***
3X Long Bitcoin Token (BULL)	3X Short Bitcoin Token (BEAR)
3X Long EOS Token (EOSBULL)	3X Short EOS Token (EOSBEAR)
3X Long Ethereum Token (ETHBULL)	3X Short Ethereum Token (ETHBEAR)
3X Long Tether Token (USDTBULL)	3X Short Tether Token (USDTBEAR)
3X Long XRP Token (XRPBULL)	3X Short XRP Token (XRPBEAR)
3X Long BNB Token (BNBBULL)	3X Short BNB Token (BNBBEAR)
3X Long BCH Token (BCHBULL)	3X Short BCH Token (BCHBEAR)
3X Long BSV Token (BSVBULL)	3X Short BSV Token (BSVBEAR)
3X Long LEO Token (LEOBULL)	3X Short LEO Token (LEOBEAR)
3X Long ALGO Token (ALGOBULL)	3X Short ALGO Token (ALGOBEAR)

1X Hedge Tokens

1X Short Bitcoin Token (HEDGE)

1X Short EOS Token (EOSHEDGE)

1X Short Ethereum Token (ETHHEDGE)

1X Short Tether Token (USDTHEDGE)

1X Short XRP Token (XRPHEDGE)

1X Short BNB Token (BNBHEDGE)

1X Short BCH Token (BCHHEDGE)

1X Short BSV Token (BSVHEDGE)

1X Short LEO Token (LEOHEDGE)

1X Short ALGO Token (ALGOHEDGE)

The Tokens seek ***daily*** leveraged investment results and are intended to be used as short-term trading vehicles. The Tokens with "Bull" in their trading symbol attempt to provide daily investment results that correspond to three times the performance of an underlying digital asset and are collectively referred to as the "***Bull Tokens***." The Tokens with "Hedge" and "Bear" in their trading symbols attempt to provide daily investment results that correspond to one time and three times the inverse (or opposite) of the performance of an underlying digital asset and are collectively referred to as the "***Hedge Tokens***" and the "***Bear Tokens***," respectively. The Company may issue additional Bull, Bear, or Hedge Tokens from time to time, which shall be substantially similar in structure to the Tokens described herein but for the underlying digital asset.

The Tokens are not intended to be used by, and are not appropriate for, investors who do not intend to actively monitor and manage their portfolios. The Tokens are very different from traditional digital assets, baskets of digital assets, and digital asset funds. Investors should note that:

(1) The Tokens pursue daily leveraged investment objectives, which means that the Tokens are riskier than alternatives that do not use leverage because the Tokens magnify the performance of their underlying digital asset.

(2) Each Hedge Token and each Bear Token pursues a daily leveraged investment objective that is inverse to the performance of its underlying digital asset, a result opposite of most digital assets and digital asset funds.

(3) The pursuit of daily investment objectives means that the return of a Token for a period longer than a full trading day will be the product of a series of daily leveraged returns for each trading day during the relevant period. As a consequence, especially in periods of market volatility, the volatility of the underlying digital asset may affect a Token's return as much as, or more than, the return of the underlying digital asset. Further, the return for investors that invest for periods less than a full trading day will not be the product of the return of a Token's stated daily leveraged investment objective and the performance of the underlying digital asset for the full trading day. During periods of high volatility, the Tokens may not perform as expected and the Tokens may result in losses when an investor may have expected gains if the Tokens are held for a period that is different than one trading day.

The Tokens are not suitable for all investors. The Tokens are designed to be utilized only by sophisticated investors, such as traders and active investors employing dynamic strategies. Investors in the Tokens should:

(a) understand the risks associated with the use of leverage;

(b) understand the consequences of seeking daily leveraged investment results;

(c) for Hedge Tokens and Bear Tokens, understand the risk of shorting; and

(d) intend to actively monitor and manage their investments.

Investors who do not understand the Tokens, or do not intend to actively manage their portfolio and monitor their investments, should not buy the Tokens.

There is no assurance that any Token will achieve its investment objective and an investment in a Token could lose money, including a loss of all of your investment. No single Token is a complete investment program.

Each Token is designed to automatically rebalance itself if the underlying digital asset moves more than

10% on any trading day. However, there is no guarantee that such rebalance will be achieved and if a Bull Token or a Bear Token's underlying digital asset moves more than 33% on a given trading day in a direction adverse to such Token, such Token holders may lose all of their money.

All references to U.S. dollars ("USD") herein shall be deemed to include any "stable coins", such as USD Coin ("USDC") or True USD ("TUSD"), that may be used for settlement of U.S. Dollar denominated obligations on the Exchange pursuant to its rules.

NONE OF THE TOKENS OFFERED HEREIN HAS BEEN NOR WILL BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "***SECURITIES ACT***"), OR ANY OTHER LAW OR REGULATION GOVERNING THE OFFERING, SALE OR EXCHANGE OF SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION. THIS OFFERING IS ONLY BEING MADE OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS (AS DEFINED IN SECTION 902 OF REGULATION S UNDER THE SECURITIES ACT) (IN JURISDICTIONS WHERE THE OFFER AND SALE OF THE TOKENS IS PERMITTED UNDER APPLICABLE LAW) IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT.

THE ISSUER WILL NOT BE REQUIRED TO, NOR DOES IT CURRENTLY INTEND TO, OFFER TO EXCHANGE THE TOKENS FOR ANY SECURITIES REGISTERED UNDER THE SECURITIES ACT OR ANY OTHER LAW OR REGISTER THE TOKENS FOR RESALE UNDER THE SECURITIES ACT.

THE TOKENS WILL ONLY BE OFFERED FOR SALE IN THOSE JURISDICTIONS WHERE THE OFFER AND SALE OF TOKENS IS PERMITTED UNDER APPLICABLE LAW.

THE COMPANY AND THE EXCHANGE RESERVE THE RIGHT TO REFUSE TO RECOGNIZE ANY TRANSFER MADE IN VIOLATION OF APPLICABLE LAW OR TRANSFER RESTRICTIONS, OR TO PERSONS RESIDENT IN JURISDICTIONS THAT ARE RESTRICTED PURSUANT TO THE RULES OF THE EXCHANGE (INCLUDING THE UNITED STATES), AND TO REJECT ANY REDEMPTION REQUESTS INITIATED BY SUCH PERSONS OR TRANSFEREES.

CERTAIN NOTICES

This Offering Memorandum has been prepared in connection with a sale to purchasers of the Tokens. Each purchaser will be required to create an account on the Exchange and accurately complete and deliver any "know your customer" forms and anti-money laundering forms as have been requested by the Exchange (which may take the form of an electronic verification process conducted by a third party, or other form as may be provided for under applicable laws). This Offering Memorandum contains a summary of the Tokens and certain other documents referred to herein. However, the summaries herein do not purport to be complete and are subject to and qualified in their entirety by reference to the actual text of the relevant document, copies of which will be provided to each prospective purchaser upon request. Each prospective purchaser should review this Offering Memorandum and such other documents for complete information concerning the rights, privileges and obligations of purchasers of the Tokens. If any of the terms, conditions or other provisions of such other documents are inconsistent with or contrary to the descriptions or terms in this Offering Memorandum, such other document shall control. The Company reserves the right to modify the terms of the sale and the Tokens as described herein, and the Tokens are offered subject to the Company's ability to reject any commitment in whole or in part.

The Tokens have not been and will not be registered under the United States Securities Act of 1933, as amended (the "***Securities Act***"), the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"), or any United States state securities laws or the laws of any non-U.S. jurisdiction. The Tokens will be offered and sold only to non-U.S. Persons who are not purchasing for the account or benefit of a U.S. Person as defined under Regulation S under the Securities Act, and other exemptions of similar import in the laws of the jurisdictions where the offering will be made. The Company will not be registered as an investment company under the United States Investment Company Act of 1940, as amended (the "***Investment Company Act***"). Consequently, purchasers will not be afforded the protections of the Investment Company Act.

The Tokens described in this Offering Memorandum may be subject to restrictions on transferability and resale and may not be transferred or resold except as described herein. Purchasers should be aware that they may be required to bear the financial risks of this purchase for an indefinite period of time.

A purchase of the Tokens involves a high degree of risk. A prospective purchaser should thoroughly review the information contained herein and the terms of the Tokens, and carefully consider whether a purchase of the Tokens is suitable to the purchaser's financial situation and goals.

No person has been authorized to make any statement concerning the Company or the sale of the Tokens discussed herein other than as set forth in this Offering Memorandum, and any such statements, if made, must not be relied upon.

Prospective purchasers must make their own investigations and evaluations of the Tokens, including the merits and risks involved in a purchase therein. Prospective purchasers should inform themselves as to the legal requirements applicable to them in respect of the acquisition, holding and disposition of the Tokens upon their delivery, and as to the income and other tax consequences to them of such acquisition, holding and disposition.

This Offering Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, an interest in any jurisdiction in which it is unlawful to make such an offer or solicitation. Neither the United States Securities and Exchange Commission nor any other U.S. or non-U.S. regulatory authority has approved the purchase of the Tokens. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Memorandum, nor is it intended that the foregoing authorities will do so. Any representation to the contrary is a criminal offense.

Purchases of the Tokens may be made via spot balances of U.S. dollars on the Exchange, provided that the Company may elect to accept other forms of payment, in its sole discretion, on an as-converted to U.S. dollars basis. If payment is made other than in U.S. dollars, the form of payment and applicable exchange rate to U.S. dollars shall be reasonably determined by the Company. Such other currencies are subject to any fluctuation in the rate of exchange and, in the case of digital assets, the exchange valuations. Such fluctuations may have an adverse effect on the value, price or income of a purchase.

Cautionary Statements Regarding Forward-Looking Statements

Certain statements in this Offering Memorandum constitute forward-looking statements. When used in this Offering Memorandum, the words “may,” “will,” “should,” “project,” “anticipate,” “believe,” “estimate,” “intend,” “expect,” “continue,” and similar expressions or the negatives thereof are generally intended to identify forward-looking statements. Such forward-looking statements, including the intended performance objectives of the Company and the Tokens are based largely on current expectations and projections about future events and trends. These forward-looking statements are subject to a number of known and unknown risks, uncertainties, assumptions, and other important factors, including those described under “Risk Factors,” that could cause the actual results, performance, or achievements of the Company or the Tokens to differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements. No representation or warranty is made as to future performance or such forward-looking statements, and you should not rely on forward-looking statements as predictions of future events. The events and circumstances reflected in the forward- looking statements may not be achieved or occur.

All forward-looking statements in this Offering Memorandum speak only as of the date hereof. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

Prospective purchasers are not to construe this Offering Memorandum as investment, legal, tax, regulatory, financial, accounting or other advice, and this Offering Memorandum is not intended to provide the sole basis for any evaluation of a purchase of the Tokens. Prior to acquiring an interest, a prospective purchaser should consult with its own legal, investment, tax, accounting, and other advisors to determine the potential benefits, burdens, and other consequences of such purchase.

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TERMS OF THE OFFERING

The summary below describes the principal terms of the Tokens. Certain of the terms and conditions described below are subject to important limitations and exceptions. Prospective purchasers should review the entirety of this Offering Memorandum, the Exchange's Terms of Use and other documents referenced herein.

Company: LT Baskets Ltd.

Tokens:

Token	Underlying Digital Asset	Daily Leveraged Investment Objective
3X Long Bitcoin Token (BULL)	Bitcoin (BTC)	300%
3X Short Bitcoin Token (BEAR)		-300%
1X Short Bitcoin Token (HEDGE)		-100%
3X Long EOS Token (EOSBULL)	EOS (EOS)	300%
3X Short EOS Token (EOSBEAR)		-300%
1X Short EOS Token (EOSHEDGE)		-100%
3X Long Ethereum Token (ETHBULL)	Ethereum (ETH)	300%
3X Short Ethereum Token (ETHBEAR)		-300%
1X Short Ethereum Token (ETHHEDGE)		-100%
3X Long Tether Token (USDTBULL)	Tether (USDT)	300%
3X Short Tether Token (USDTBEAR)		-300%
1X Short Tether Token (USDTHEDGE)		-100%
3X Long XRP Token (XRPBULL)	Ripple (XRP)	300%
3X Short XRP Token (XRPBEAR)		-300%
1X Short XRP Token (XRPHEDGE)		-100%
3X Long XRP Token (BNBBULL)	Binance (BNB)	300%
3X Short XRP Token (BNBBEAR)		-300%
1X Short XRP Token (BNBHEDGE)		-100%
3X Long XRP Token (BCHBULL)	Bitcoin Cash ABC (BCH)	300%
3X Short XRP Token (BCHBEAR)		-300%
1X Short XRP Token (BCHHEDGE)		-100%
3X Long XRP Token (BSVBULL)	Bitcoin Cash SV (BSV)	300%
3X Short XRP Token (BSVBEAR)		-300%
1X Short XRP Token (BSVHEDGE)		-100%
3X Long XRP Token (LEOBULL)	Leo (LEO)	300%
3X Short XRP Token (LEOBEAR)		-300%
1X Short XRP Token (LEOHEDGE)		-100%
3X Long XRP Token (ALGOBULL)	Algorand (ALGO)	300%
3X Short XRP Token (ALGOBEAR)		-300%
1X Short XRP Token (ALGOHEDGE)		-100%

Each Token will be released on the Ethereum public blockchain using an ERC-20 compliant smart contract.

Price Each Token's price, or its NAV, is calculated as of 00:02 UTC daily, by dividing such Token's net assets by the number of Tokens outstanding.

Issuance and Redemption	All requests for Token issuances and redemptions must be made directly on the Exchange and are subject to the Exchange's standard anti-money laundering and other compliance checks. To create Tokens, purchasers must have spot balances of USD equal to the notional value of the Tokens to be issued. Creations and redemptions are processed by the Exchange via its standard processes as set forth in its user agreement, and the fees for creations, redemptions, and daily holding periods (descried below) are paid to the Exchange. Each user will be charged (or credited) an amount of USD equal to the number of Tokens created (or redeemed) multiplied by the NAV of the Tokens at the time of issuance (or redemption), and the corresponding number of Tokens will be minted (or burnt) in the user's Exchange account.
Liquidation	Each Token represents the right to receive certain assets, including financial instruments, that are held in segregated accounts in the name of the Company on the Exchange. In the event of a liquidation, the assets held in the corresponding Token's Exchange account shall be distributed to the holders of such Tokens on a pro rata basis. Holders of Tokens shall not have any rights to any assets of the Exchange or held in the accounts for other Tokens.
Fees	0.10% for creations and redemptions 0.03% per day holding costs

RISK FACTORS

An investment in the Tokens entails risk. Any Token may not achieve its leveraged investment objective and you could lose all of your money invested. The Token is not a complete investment program. In addition, the Token presents risks not traditionally associated with digital assets and digital asset funds. It is important that you closely review all of the risks listed below and understand them before purchasing any Tokens.

Risks related to the Tokens

Effects of Compounding and Market Volatility Risk

Each Token has a daily leveraged investment objective and any Token's performance for periods greater than a trading day will be the result of each day's returns compounded over the period, which is very likely to differ from the targeted leverage of 300%, -100% or -300% of the Token's performance, before fees and expenses. Compounding affects all Tokens, particularly during periods of high volatility of the underlying digital asset, where compounding could cause results for periods longer than a day to differ materially from the performance of the underlying digital asset. The effect of compounding further increases as volatility and the holding period increases. The impact of compounding will affect different Token holders differently depending on the period of time an investment in the Tokens is held and the volatility of the Tokens during a Token holder's holding period. If adverse daily performance of the underlying digital asset reduces the amount of a Token holder's investment, any further adverse daily performance will lead to a smaller loss because the Token holder's investment had already been reduced by the prior adverse performance. Conversely, if favorable daily performance of the underlying digital asset increases the amount of a Token holder's investment, the amount lost due to future adverse performance will increase because the Token holder's investment has increased.

The chart below provides examples of how volatility in the underlying digital asset could affect the Token holder's performance, excluding fees and expenses. As shown in the chart, a Token would be expected to lose 11% if the underlying digital asset provided no returns over a one-year period during which the digital asset experienced volatility of 20%. At higher ranges of volatility, there is a chance of a near complete loss of value in the Tokens, even if the underlying digital asset's return is flat. For instance, if the underlying digital asset's annualized volatility is 100%, the Token would be expected to lose 96% of its value, even if the cumulative return for such year was 0%. The table below is intended to isolate the effect of volatility and performance on the performance of a Token. Any Token's actual returns may be significantly better or worse than the returns shown below as a result of other factors described herein.

One Year Index	300% of One Year Index	Volatility Rate of Index					
Return	Return	0%	20.0%	40.0%	60.0%	80.0%	100.0%
-90%	-270%	-100%	-96%	-97%	-98%	-99%	-100%
-75%	-225%	-98%	-99%	-99%	-99%	-100%	-100%
-60%	-180%	-94%	-94%	-96%	-98%	-99%	-100%
-45%	-135%	-83%	-85%	-90%	-95%	-98%	-99%
-30%	-90%	-66%	-70%	-79%	-89%	-95%	-99%
-15%	-45%	-39%	-46%	-62%	-80%	-91%	-97%
0%	0%	0%	-11%	-38%	-66%	-86%	-96%
15%	45%	52%	35%	-6%	-49%	-79%	-93%
30%	90%	119%	95%	36%	-26%	-69%	-90%
45%	135%	204%	170%	88%	3%	-57%	-86%
60%	180%	308%	263%	154%	39%	-41%	-81%
75%	225%	434%	374%	232%	81%	-22%	-76%
90%	270%	583%	506%	325%	130%	-2%	-69%

Historically, digital assets have been subject to significant volatility and dramatic fluctuations in its prices due to various factors, including supply and demand, rate of adoption, security, cost, and mining rules of various networks, interruptions in service, technological disruptions, failures of cryptocurrency exchanges, monetary policies of governments, trade restrictions, currency devaluations and revaluations; regulatory measures, global or regional political, economic or financial events and situations, etc. A decrease in the price of a single digital asset may cause volatility in the entire blockchain asset industry and may affect the Tokens. For example, a security breach that affects investor or user confidence in Bitcoin or Ethereum may affect the industry as a whole and may also cause the price of the Tokens' underlying digital assets to fluctuate. Such fluctuations could have an adverse impact on the Tokens.

Leverage Risk

To achieve its daily investment objective, each Token employs leverage and is exposed to the risk that adverse daily performance of a Token's underlying digital asset will be magnified. This means that, if a Token's underlying index experiences an adverse daily performance, an investment in the Bull Tokens, Bear Tokens and Hedge Tokens will be reduced by an amount equal to 3%, 3% or 1%, respectively, for every 1% of adverse performance, excluding fees and expenses, which would further reduce its value.

Each Token is designed to automatically rebalance itself if the underlying digital asset moves more than 10% on any trading day. However, there is no guarantee that such rebalance will be achieved and if a Bull Token or a Bear Token's underlying digital asset moves more than 33% on a given trading day in a direction adverse to such Token (meaning a decline in the value of the underlying digital of a Bull Token and a gain in the value of the underlying digital for a Bear Token), such Token holders may lose all of their money. . Leverage will also have the effect of magnifying any differences in a Token's correlation with the underlying digital asset.

To fully understand the risks of using leverage in a Token, see “Effects of Compounding and Market Volatility Risk” above.

Market Risk

Market risks include political, regulatory, market and economic developments, including developments that impact specific digital assets or segments of the cryptocurrency market. A Bull Token typically would lose value on a day when its underlying digital asset declines. A Bear Token typically would lose value on a day when its underlying digital asset increases.

Turbulence in the cryptocurrency markets and reduced liquidity may negatively affect digital asset, which could have an adverse effect on each Token. A Token’s NAV could decline over short periods due to short-term market movements and over longer periods during broader market downturns.

Aggressive Investment Techniques Risk

Using investment techniques that may be considered aggressive, such as futures contracts, includes the risk of potentially dramatic changes (losses) in the value of the instruments, imperfect correlations between the price of the instrument and the underlying digital asset, and volatility of a Token.

Liquidity Risk

Certain digital assets or financial instruments underlying a Token, including derivatives, may be difficult to sell or illiquid, particularly during times of market turmoil. Markets for digital assets or financial instruments could be disrupted by a number of events, including, but not limited to, a financial crisis, cryptocurrency market downturns, natural disasters, new legislation or regulatory changes around the world. Illiquid assets may be difficult to value, especially in changing or volatile markets. If a Token is forced to sell an illiquid asset at an unfavorable time or price, a Token may incur a loss. Certain market conditions may prevent a Token from limiting losses, realizing gains or achieving a high correlation with its underlying digital asset. There is no assurance that a digital asset or financial instrument that is deemed liquid when purchased will continue to be liquid.

Market illiquidity may cause losses for certain Tokens. For these Tokens, to the extent that a Token’s underlying digital asset moves adversely, a Token’s underlying fund may be one of many market participants that are attempting to transact in the underlying digital asset or correlated instruments. Under such circumstances, the market for investments of the underlying digital asset may lack sufficient liquidity for all market participants’ trades. Therefore, a Token may have more difficulty transacting and exacerbate the price change of the underlying digital asset or related financial instruments. Additionally, because a Token is leveraged, a minor adverse change in the value of underlying digital asset should be expected to have a substantial adverse impact on a Token.

Derivatives Risk

A Token uses investment techniques, including investments in derivatives, such as futures, that may be considered aggressive. The use of derivatives may result in larger losses or smaller gains than investing in the underlying digital assets directly, or in the case of the Hedge Tokens and Bear Tokens, directly shorting the underlying digital assets. Investments in these derivatives may generally be subject to market risks that cause their prices to fluctuate more than an investment directly in a digital asset and may increase the volatility of a Token. The use of derivatives may expose a Token to additional risks such as counterparty risk, liquidity risk and increased daily correlation risk. When a Token uses derivatives, there may be imperfect correlation between the value of the underlying digital assets and the derivative, which may prevent a Token from achieving its investment objective.

A Token may use swaps on the underlying digital asset. If the underlying digital asset has a dramatic intraday move in value that causes a material decline in a Token's NAV, the terms of the swap agreement may allow the counterparty to immediately close out of the transaction. In such circumstances, a Token may be unable to enter into another swap agreement or invest in other derivatives to achieve the desired exposure consistent with a Token's daily leveraged investment objective. This may prevent a Token from achieving its daily leveraged investment objective particularly if the underlying digital asset reverses all or a portion of its intraday move by the end of the day. The value of an investment in the Token may change quickly and without warning. Any financing, borrowing or other costs associated with using derivatives may also have the effect of lowering a Token's return.

In addition, a Token's underlying assets are subject to the following risks:

Swap Agreements. Swap agreements are entered into primarily for a specified period which may range from one day to more than one year. In a standard swap transaction, two parties agree to exchange the return (or differentials in rates of return) earned or realized on particular predetermined reference or underlying digital asset or instruments. The gross return to be exchanged or swapped between the parties is calculated based on a notional amount or the return on or change in value of a particular amount invested in a reference asset.

Futures Contracts. A futures contact is a contract to purchase or sell a particular digital asset, or the cash value of a digital asset, at a specified future date at a price agreed upon when the contract is made. Under such contracts, no delivery of the actual digital asset is required. Rather, upon the expiration of the contract, settlement is made by exchanging cash in an amount equal to the difference between the contract price and the price of the digital asset at expiration, net of the variation margin that was previously paid.

Forward Contracts. Forward contracts are two-party contracts pursuant to which one party agrees to pay the counterparty a fixed price for an agreed upon amount of the underlying digital asset at an agreed upon date. A forward contract is an obligation to buy or sell a specific digital asset at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract.

Counterparty Risk

Counterparty risk is the risk that a counterparty is unwilling or unable to make timely payments to meet its contractual obligations with respect to the amount a Token's fund expects to receive from a counterparty to a financial instrument entered into by a Token fund. Each Token generally enters into derivatives transactions, such as futures contracts, with counterparties to achieve its daily investment objectives. A Token may be negatively impacted if a counterparty becomes bankrupt or otherwise fails to perform its obligations under such a contract, or if any collateral posted by the counterparty for the benefit of a Token is insufficient or there are delays in a Token's ability to access such collateral. If the counterparty becomes bankrupt or defaults on its payment obligations to a Token's underlying assets, it may experience significant delays in obtaining any recovery, may obtain only a limited recovery or obtain no recovery and the value of an investment held by a Token may decline. The Token fund may also not be able to exercise remedies, such as the termination of transactions, netting of obligations and realization on collateral, if such remedies are stayed or eliminated under special resolutions adopted in various jurisdictions. The rules and regulations of certain jurisdictions intervene when a counterparty is experiencing financial difficulties and could reduce or eliminate a counterparty's obligations to a Token.

In addition, a Token may enter into swap agreements with a limited number of counterparties, which may increase a Token's exposure to counterparty credit risk. A Token does not specifically limit its counterparty risk with respect to any single counterparty. There is a risk that no suitable counterparties are willing to enter into, or continue to enter into, transactions underlying a Token and, as a result, a Token may not be able to be issued or, if issued or outstanding, is unable to achieve its investment objective.

Exchange Risk

The assets underlying each Token are held on the Exchange in segregated accounts for the benefit of the corresponding Token's holders. Any event that adversely affects users of the Exchange including but not limited to market movements leading to clawbacks of user profits, security incidents, hacks, or liquidity problems, will affect the accounts holding the Token's underlying assets. If any such events occur, you may experience a loss, including a total loss of your investment, when you may otherwise be expected or entitled to make a gain. The Exchange maintains systems to mitigate such events, including an insurance fund and the backup liquidity provider program described below, however there can be no guarantee that these systems will work as intended or be sufficient to protect against Token holder losses.

In addition, the Exchange may work with a party or parties, including Alameda Research Ltd., a British Virgin Islands company ("***Alameda***") to act as a backup liquidity provider on the Exchange. There is no guarantee that a backup liquidity provider will be available to take on a counterparty's position, and the backup liquidity providers are not liable if there are insufficient assets to cover the exposure of a Token. Alameda and any other backup liquidity providers are not liable to any Token holder except to the extent such providers have provided collateral to take a position with respect to such Token.

Shorting Risk

Hedge Token and Bear Token holders will lose money when the underlying digital asset rises, which is a result that is the opposite from traditional digital asset funds. Hedge Tokens and Bear Tokens may engage in short sales designed to earn a profit from the decline in the price of the underlying digital asset. Short sales are transactions in which an Hedge Token or a Bear Token borrows and sells the digital assets. Hedge Tokens and Bear Tokens are obligated to replace the digital asset borrowed by purchasing it at the market price at the time of replacement. If the market price of the underlying security goes down between the time a Hedge Token or Bear Token sells the digital asset and buys it back, a gain will be realized on the transaction. Conversely, if the underlying digital asset goes up in price during the period, a loss will be realized on the transaction. Any such loss is increased by the amount of premium or interest paid to the lender of the digital asset. Likewise, any gain will be decreased by the amount of premium or interest paid to the lender of the digital asset. An Hedge Token or a Bear Token's investment performance may also suffer if it is required to close out a short position earlier than it had intended. This would occur if, for instance, the lender required delivery of the borrowed digital assets at the commencement of the short sale and the Token fund was unable to borrow the digital assets from another lender or otherwise obtain the digital assets by other means. In addition, a Hedge Token or a Bear Token may be subject to expenses related to short sales that are not typically associated with investing in digital assets directly, such as costs of borrowing and margin account maintenance costs associated with the open short positions.

A Hedge Token or a Bear Token may also seek inverse or "short" exposure through the use of derivatives such as swap agreements or futures contracts, which may expose them to certain risks such as an increase in volatility or decrease in liquidity of the underlying short position. If a Token were to experience this volatility or decreased liquidity, its return may be lower, the Token's ability to obtain inverse exposure through the use of derivatives may be limited or a Token may be required to obtain inverse exposure through alternative investment strategies that may be less desirable or more costly to implement. If the instruments underlying the short positions are thinly traded or have a limited market due to various factors, including regulatory action, a Hedge Token or a Bear Token may be unable to meet its investment objective due to a lack of available securities or counterparties. A Hedge Token or a Bear Token may not be able to be issued during periods when it cannot meet its investment objective due to these factors.

Intra-Day Investment Risk

Each Token seeks daily leveraged investment results, which should not be equated with seeking an investment objective for shorter than a day. Thus, an investor who purchases Tokens other than at the start and end of each trading day will likely have more, or less, than +300%, -100% or -300% leveraged investment exposure to the underlying digital asset, depending upon the movement of the underlying digital asset from the end of one trading day until the time of purchase. If the underlying digital asset moves in a direction favorable to a Token, the investor will receive less than +300%, -100% or -300% exposure to the underlying digital asset. Conversely, if the underlying digital asset moves in a direction adverse to a Token, the investor will receive exposure to the underlying index greater than 300%, -100% or -300%. Thus, an investor that purchases Tokens intra-day may experience performance that is greater than, or less than, a Token's stated multiple of its underlying digital asset.

If there is a significant intra-day market event or the underlying digital asset experience a significant change in value, a Token may not meet its investment objective or rebalance its portfolio appropriately.

Daily Positive Correlation/Tracking Risk

There is no guarantee that each Bull Token will achieve a high degree of correlation to its underlying digital asset and therefore achieve its daily leveraged investment objective. To achieve a high degree of correlation with its underlying digital asset, each Bull Fund seeks to rebalance its portfolio daily to keep leverage consistent with its daily leveraged investment objective. In addition, the target amount of portfolio exposure to the underlying digital asset is impacted dynamically by the underlying digital asset's movement. Because of this, it is unlikely that each Bull Token will be perfectly exposed to the underlying digital asset at the end of each day. The possibility of each Bull Token being materially over- or under-exposed to the underlying digital asset increases on days of greater volatility. Market disruptions, regulatory restrictions or extreme volatility will also adversely affect each Bull Token's ability to adjust exposure to the required levels.

Because a Token's underlying assets may include instruments that trade on a different market than a Token, the Token's return may vary from a multiple of the performance of the underlying digital asset because different markets may experience price arbitrage. Additionally, due to differences in trading hours between different markets, and because the price of the underlying digital assets may be determined using prices obtained at times other than a Bull Token's NAV calculation time, correlation to the underlying digital asset may not be as expected.

Each Bull Token may have difficulty achieving its daily leveraged investment objective due to fees, expenses, transactions costs, financing costs related to the use of derivatives, technological disruptions, regulatory changes, and disruptions or illiquidity in the markets for the digital assets or derivatives held by each Bull Token. Each Bull Token may be subject to large movements of assets into and out of their underlying funds, potentially resulting in a Token being over- or under-exposed to the underlying digital asset. Activities surrounding periodic rebalancing events may hinder each Bull Token's ability to meet its daily leveraged investment objective. Each Bull Token may take or refrain from taking positions to comply with various regulatory restrictions, which may negatively impact each Bull Token's correlation to the underlying digital asset.

Daily Inverse Correlation/Tracking Risk

Investors will lose money when the underlying digital Asset of a Hedge Token or Bear Token rises, which is a result that is the opposite from traditional digital asset funds. There is no guarantee that a Hedge Token or Bear Token will achieve a high degree of inverse correlation to its underlying digital asset and therefore achieve its daily inverse leveraged investment objective. To achieve a high degree of inverse correlation with the underlying digital asset, a Hedge Token or Bear Token seeks to rebalance its portfolio daily to keep leverage consistent with its daily inverse leveraged investment objective. A Hedge Token or Bear Token may have difficulty achieving its daily inverse leveraged investment objective due to fees, expenses, transaction costs, financing costs related to the use of derivatives, technological disruptions, regulatory changes, and disruptions or illiquidity in the markets for the digital assets or derivatives held by a Hedge Token or Bear Token. Market disruptions, regulatory restrictions or extreme volatility will also adversely affect their ability to adjust exposure to the required levels.

Because a Hedge Token or Bear Token's underlying funds may include instruments that trade on a different market, a Hedge Token or Bear Token's return may vary from a multiple of the performance of the underlying digital asset because different markets may experience price arbitrage. Additionally, due to differences in trading hours between different markets, and because the price of the underlying digital asset may be determined using prices obtained at times other than a Hedge Token or Bear Token's NAV calculation time, correlation to the underlying digital asset may not be as expected.

A Hedge Token or Bear Token may be subject to large movements of assets into and out of their underlying funds, potentially resulting in over- or under-exposure to its underlying digital asset. In addition, the target amount of portfolio exposure to the underlying digital asset is impacted dynamically by the underlying digital asset's movement. Because of this, it is unlikely that a Hedge Token or Bear Token will be perfectly exposed to its underlying digital asset at the end of each day. The possibility of a Hedge Token or Bear Token being materially over- or under-exposed to its underlying digital increases on days of greater volatility. Activities surrounding periodic rebalancing events may hinder a Hedge Token or Bear Token's ability to meet its daily inverse leveraged investment objective.

Other Financial Instruments Risk

Each Token is expected to invest in various financial instruments, including derivatives, to achieve its investment objectives. As such, a Token must rely on these financial instruments to achieve its investment objective. A Token's performance may be magnified positively or negatively by virtue of its investment in other financial instruments. If such instruments fails to achieve its investment objective, the Token will not perform as expected. In addition, because certain products are listed and traded on other exchanges, they may trade at a discount or a premium, which may impact the price at which a Token purchases, sells or values such instruments, which may impact a Token's ability to achieve its investment objective. Investments in such financial instruments may also be subject to trading or holding costs, which could result in greater expenses. Finally, depending on the demand in the market, a Token may not be able to liquidate its holdings in any instrument at an optimal price or time, which may adversely affect a Token's performance and your rights to redemption.

Information Risk

Investors may not be able to obtain all information it would want regarding the Tokens on a timely basis or at all. It is possible that investors may not be aware on a timely basis of material adverse changes that have occurred with respect to the Tokens. There is no guarantee that such information will be made available in a timely manner, or in a way that is easily comprehensible to you. In addition, the Company is a private entity and is not required to publicly disclose any information about its finances, cash runway, or product development status. As a result of these difficulties, as well as other uncertainties, you may not have accurate or accessible information about the Tokens.

Adverse Market Conditions Risk

The investment objective of each Token is to provide performance that correlates to the leveraged performance or the leveraged inverse performance of an underlying digital asset. A Token's performance will suffer when market conditions are adverse to the Token's investment objective. For example, if a Bear Token's underlying digital asset rises on a given day, then a Bear Token's performance should decline. Conversely, if a Bull Token's underlying digital asset falls on a given day, then a Bull Token's performance should also fall.

In addition, because each Token is leveraged to provide returns equal to 300%, -100% or -300%, respectively, of its underlying digital asset, a minor adverse move should be expected to have a substantial adverse effect on the Tokens.

Management Risk

The Company and its management have limited history of operating financial instruments and their experience may be inadequate or unsuitable to manage the Tokens. The past performances of the Company and its management in other financial instruments are no indication of their ability to manage the Tokens and their underlying assets. If the experience of the Company and its management is inadequate or unsuitable, the value of the Tokens may be adversely affected. Furthermore, the Company and its management are currently engaged in the management of other financial instruments that could divert their attention and resources. If the Company and its management experience difficulties in the management of such other financial instruments or businesses that damage them or their reputation, it could have an adverse impact on the Tokens.

Operations Risk

The mechanisms and procedures governing the creation, redemption and transfer of the Tokens have been developed specifically for the Tokens herein. There may be unanticipated problems or issues with respect to the mechanics of the Token's operations, including on the Exchange as well as on other third-party trading platforms, that could have an adverse effect on the Tokens, including the unavailability of redemptions. In addition, to the extent that unanticipated operational or trading problems or issues arise, the Company and its management's past experience and qualifications may not be suitable for solving these problems or issues, and you could lose all or part of your investments.

Investment Strategy Risk

The Company utilizes a quantitative methodology to select investments for each Token. Although this methodology is designed to correlate each Bull Token's daily performance with 300% of the daily performance of its underlying digital asset and each Hedge Token or Bear Token's daily performance with -100% and -300% of the daily performance of its underlying digital asset, respectively, there is no assurance that such methodology will be successful and will enable a Token to achieve its investment objective.

Commodity Pool Registration Risk

The Tokens may be considered commodity pools under the laws of certain jurisdictions, and therefore may be subject to regulation with applicable authorities. If such registration is required, the Company would be subject to additional laws, regulations and enforcement policies, all of which would substantially increase compliance costs and may affect the operations and financial performance of the Tokens.

Trading Halt Risk

An exchange or market may close or issue trading halts on specific digital assets, or the ability to buy or sell certain digital assets or financial instruments may be restricted, which may result in a Token being unable to buy or sell certain digital asset or financial instruments. For example, there is a risk that sharp price declines in certain digital assets or financial instruments underlying a Token may trigger trading halts, which may result in the Tokens trading at an increasingly large discount to NAV. In such circumstances, a Token may be unable to rebalance its portfolio, may be unable to accurately price its investments and/or may incur substantial trading losses.

Investment Risk

An investment in a Token is not a deposit in a bank and is not insured or guaranteed by any government agency. When you sell your Tokens, they could be worth significantly less than what you paid for them.

Non-Diversification Risk

A Token invests a high percentage of its assets in a limited number of financial instruments. A Token's NAV and total return may fluctuate more, or fall greater, in times of weaker markets than a diversified investment fund because the Token may invest its assets in a smaller number of digital assets and financial instruments, or may invest a larger proportion of its assets in a single product. As a result, the gains or losses on a single investment may have a greater impact on a Fund's NAV and may make a Token more volatile than more diversified funds.

Regulatory Risks

Tokens. Each Token is subject to the risk that a change in laws and related regulations will impact the legality of the Token, the way the Token operates, increase the particular costs of the Token's operations and/or change the competitive landscape. Additional legislative or regulatory changes could occur that may materially and adversely affect each Token. For example, the regulatory environment for derivative instruments in which a Token may invest is evolving, and changes in the regulation or taxation of derivative instruments may materially and adversely affect the ability of a Token to pursue its trading strategies. Similarly, the regulatory environment for leveraged digital asset products generally also may evolve, and changes in the direct or indirect regulation of leveraged digital asset products could have a material adverse effect on the ability of a Token to pursue its investment objective or strategy. Such legislative or regulatory changes could pose additional risks and result in material adverse consequences to a Token.

Digital Assets. Regulation of digital assets, blockchain technologies, and cryptocurrency exchanges currently is undeveloped and likely to rapidly evolve, varies significantly among international, federal, state and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies around the world may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the development and growth of the Exchange and the Tokens' underlying digital assets. Failure by issuers and users of digital assets to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines. New or changing laws and regulations or interpretations of existing laws and regulations in any jurisdiction may materially and adversely impact the value and liquidity of digital assets and the Tokens. To the extent that any domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or digital asset, the Tokens may also be materially and adversely affected.

Lending Risks

Lending risks involve the risk that a Token may lose money because the borrower of any loaned digital asset or financial instrument fails to return the digital assets or financial instruments in a timely manner or at all. A Token could also lose money in the event of a decline in the value of collateral provided for loaned assets, a decline in the value of any investments made with cash collateral, or a "gap" between the return on collateral reinvestments and any fees a Token's underlying fund has agreed to pay a borrower. In the event of a large redemption, a Fund may suffer losses if it is unable to recall the loaned assets on loan in time to fulfill the redemption.

Market Price Variance Risk.

In addition to the Exchange, the Company expects that the Token can be bought and sold in the secondary market at market prices rather than at NAV. The market prices of Tokens will fluctuate in response to changes in the value of a Token's holdings and supply and demand for the Tokens. Token holders on the secondary market may trade Tokens at a price greater than NAV (a premium) or less than NAV (a discount). The Company cannot predict if Tokens will trade at a premium or discount to its NAV. There may be times when the market price and the NAV vary significantly and a Token holder may trade at a premium or a discount to a Token's NAV. A Token's investment results are measured based upon the daily NAV of the Token over a period of time. Investors purchasing and selling Tokens in the secondary market may not experience investment results consistent with those experienced by those creating and redeeming directly with the Exchange. There is no guarantee that an active secondary market will develop for Tokens. To the extent that market makers or other participants are unavailable or unable to trade a Token and/or create or redeem Tokens, trading spreads and the resulting premium or discount on a Token may widen and a Token may possibly be subject to trading halts and/or delisting on other exchanges.

Trading Risks.

Trading in Tokens on the Exchange may be halted due to market conditions or for reasons that, in the view of the Exchange, make trading in Tokens inadvisable, such as extraordinary market volatility or other reasons. Extraordinary market volatility can lead to trading halts pursuant to "circuit breaker" rules of the Exchange or other markets. There can be no assurance that Tokens will continue to be traded on the Exchange or any other exchanges.

Intellectual Property Risks

Third parties may allege that we have infringed, misappropriated, or otherwise violated their copyrights, patents, and other intellectual property rights, and as we face increasing competition, the possibility of intellectual property infringement claims against us grows. Existing laws and regulations are evolving and subject to different interpretations, and various legislative or regulatory bodies may expand current or enact new laws or regulations. We cannot assure you that we are not infringing or violating any third-party intellectual property rights, or that we will not do so in the future. In addition, internet and technology companies are frequently subject to litigation based on allegations of infringement, misappropriation, or other violations of intellectual property rights. Many companies in these industries, including many of our competitors, have substantially larger patent and intellectual property portfolios than we do, which could make us a target for litigation as we may not be able to assert counterclaims against parties that sue us for patent, or other intellectual property infringement. It is difficult to predict whether assertions of third-party intellectual property rights or any infringement or misappropriation claims arising from such assertions will substantially harm our business, operating results, and financial condition. If we are forced to defend against any infringement or misappropriation claims, whether they are with or without merit, are settled out of court, or are determined in our favor, we may be required to expend significant time and financial resources on the defense of such claims. Furthermore, an adverse outcome of a dispute may require us to pay significant damages, which may be even greater if we are found to have willfully infringed upon a party's intellectual property; cease exploiting intellectual property that we have previously had the ability to exploit; cease using solutions that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to redesign our solutions; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies, content, or materials; indemnify our partners and other third parties; and/or take other actions that may have material effects on our business, operating results, and financial condition.

Technology Risks

The Tokens are contemplated to be ERC-20 compliant tokens deployed on the Ethereum public blockchain. Their operations will depend on the continued operations of the Ethereum blockchain, which are outside the control of the company. For instance, the Ethereum blockchain's functionality depends on the Internet and a community of miners. A significant disruption in Internet connectivity, or a degradation or loss of its community miners could significantly disrupt its operations. In addition, the production version of the Ethereum network was launched in March 2016 and it does not have an established operating history. As a result, issues may arise from time to time in the Ethereum network that affects its speed, scalability, security, operations or cost. For instance, in December 2017, the Ethereum network encountered network difficulties as a result of large volumes of purchases and sales of CryptoKitties. The Ethereum network may also be subject to "hard forks", resulting in two forks in the Ethereum blockchain, in which case we may need to make determinations as to which of the two separate blockchains to continue to adopt. Other new problems or vulnerabilities may also be identified from time to time. If any such real or perceived issues arise, including in connection with the Tokens, the transferability, liquidity, security and value of the Tokens may be materially and adversely affected.

Cybersecurity Risks

If the Company, the Exchange or the Tokens' security is compromised, or if the Ethereum blockchain is subject to attacks that thwart access to and use of the protocol, then users may cut back or stop using the Exchange and the Tokens altogether. Security compromises could also erode market confidence, negatively impact its ability to attract investors, or deter existing investors. In any such event, the Tokens' value and liquidity could be materially and adversely impacted.

Tax Risks

The tax characterization of the Tokens may be uncertain in some jurisdictions, and you must seek your own tax advice in connection with an investment in the Tokens. An investment in the Tokens may result in adverse tax consequences to you, including income taxes and tax reporting requirements.

COMPANY OVERVIEW

LT Baskets Ltd. is a corporation incorporated under the laws of Seychelles (the "***Company***").

THE EXCHANGE

THE COMPANY MAINTAINS A SEGREGATED ACCOUNT ON THE EXCHANGE FOR EACH TOKEN, WHICH CONTAINS THE CORRESPONDING ASSETS FOR SUCH TOKEN.

DESCRIPTION OF TOKENS

The Company is offering the following tokens for sale (each, a "***Token***" and collectively, the "***Tokens***" or "***Leveraged Tokens***").

Token	Underlying Digital Asset	Daily Leveraged Investment Objective
3X Long Bitcoin Token (BULL)	Bitcoin (BTC)	300%
3X Short Bitcoin Token (BEAR)		-300%
1X Short Bitcoin Token (HEDGE)		-100%
3X Long EOS Token (EOSBULL)	EOS (EOS)	300%
3X Short EOS Token (EOSBEAR)		-300%
1X Short EOS Token (EOSHEDGE)		-100%
3X Long Ethereum Token (ETHBULL)	Ethereum (ETH)	300%
3X Short Ethereum Token (ETHBEAR)		-300%
1X Short Ethereum Token (ETHHEDGE)		-100%
3X Long Tether Token (USDTBULL)	Tether (USDT)	300%
3X Short Tether Token (USDTBEAR)		-300%
1X Short Tether Token (USDTHEDGE)		-100%
3X Long XRP Token (XRPBULL)	Ripple (XRP)	300%
3X Short XRP Token (XRPBEAR)		-300%
1X Short XRP Token (XRPHEDGE)		-100%

The Tokens with "Bull" in their trading symbol below (collectively referred to as the "***Bull Tokens***") attempt to provide investment results that correlate positively to the return of an underlying digital asset, meaning the Bull Tokens attempt to move in the same direction as the underlying digital asset. The Tokens with "Hedge" and "Bear" in their trading symbols (collectively referred to as the "***Hedge Tokens***" and the "***Bear Tokens***," respectively) attempt to provide investment results that correlate negatively to the return of the underlying digital asset, meaning that the Hedge Tokens and Bear Tokens attempt to move in the opposite or inverse direction of the underlying digital asset. As used in this Offering Memorandum, the terms "daily," "day," and "trading day" refer to the period from 00:02 UTC to 00:01 UTC.

The Bull Tokens seek daily leveraged investment results, before fees and expenses, of 300% of the performance of an underlying digital asset. The Hedge Tokens and the Bear Tokens seek daily inverse leveraged investment results, before fees and expenses, of 100% and 300% of the inverse of the performance of an underlying digital asset, respectively. If, on a given day, the underlying index gains 1%, the Bull Tokens are designed to gain approximately 3% (which is equal to 300% of 1%), while the Hedge Tokens and the Bear Tokens are designed to lose approximately 1% and 3%, respectively. Conversely, if the underlying digital asset loses 1% on a given day, the Bull Tokens are designed to lose approximately 3%, while the Hedge Tokens and the Bear Tokens are designed to gain approximately 1% and 3%, respectively (which is equal to -100% and -300% of the 1% loss, respectively). The Tokens seek leveraged investment results on a daily basis — from 00:02 UTC to 00:01 UTC on the next day — which should not be equated with seeking a leveraged investment objective for any other period. The Tokens are designed as short-term trading vehicles. The Tokens are intended to be used by investors who intend to actively monitor and manage their portfolios. Each Token tracks an underlying digital asset as noted in the table above.

Each Token is, or upon commencement of operations will be, listed and traded on the Exchange. Tokens can be issued and redeemed on a continuous basis at their current net asset value ("***NAV***"). Each Token may be issued and redeemed in cash and/or in-kind for positions included in the relevant underlying digital assets. The underlying assets for each Token are held in segregated accounts on the Exchange. All requests for issuances and redemptions must be made directly via the Exchange and are subject to standard anti-money laundering and other compliance checks.

There is no assurance that the Tokens will achieve their investment objective and an investment in any Token could lose money, including all of the monies invested. No single Token is a completed investment program.

Additional Information Regarding Investment Techniques and Policies

The Company uses a number of investment techniques to achieve the stated investment objectives for each Token. Each Token seeks 300%, -100% or -300% of the return of its underlying digital assets on a given day.

For the Bull Tokens, the Company attempts to provide three times the returns of its underlying digital asset for a one-day period. Each Hedge Token and each Bear Token is managed to provide one time and three times the inverse (or opposite) of the return of its underlying index for a one-day period, respectively. To do this, the Company creates net "long" positions for the Bull Tokens and net "short" positions for the Hedge Tokens and the Bear Tokens. The Company may create short positions in the Bull Tokens and long positions in the Hedge Tokens and Bear Tokens even though the net exposure in the Bull Tokens will be long and the net exposure in the Hedge Tokens and Bear Tokens will be short. Long positions move in the same direction as its underlying digital asset, advancing when the underlying digital asset advances and declining when the underlying digital asset declines. Short positions move in the opposite direction of the underlying digital asset, advancing when the underlying digital asset declines and declining when the underlying digital asset advances. Additionally, none of the Tokens seek income that is exempt from income taxes of any jurisdiction.

In seeking to achieve each Token's investment objective, the Company uses statistical and quantitative analysis to determine the investments underlying each Token and the techniques it employs. The Company relies upon a pre-determined model to generate orders that result in repositioning each Token's underlying investments in accordance with its daily leveraged investment objective. Using this approach, the Company determines the type, quantity and mix of investment positions that it believes in combination should produce daily returns consistent with such Token's investment objective. In general, if a Token is performing as designed, the return of the underlying digital asset will dictate the return for that Token. The Company does not invest the underlying assets of a Token in securities, derivatives or other investments based on the Company's view of the investment merit of a particular security, instrument or company, nor does it conduct conventional investment research or analysis or forecast market movements or trends. Each Token is designed to pursue its investment objective regardless of the market conditions and does not take defensive positions.

Each Token has a clearly articulated daily leveraged investment objective which requires the Token to seek economic exposure in excess of its net assets (i.e., economic leverage). To meet its objectives, each

Token invests in some combination of leveraged instruments so that it generates economic exposure consistent with the Token's investment objective.

The assets underlying each Token offered herein may invest significantly in futures contracts, forward contracts, short positions and other financial instruments to obtain economic "leverage." Leveraging allows the Company to generate a greater positive or negative return for the Tokens than what would be generated on the invested capital without leverage, thus changing small market movements into larger changes in the value of the investments of a Token. The assets underlying each Hedge Token and Bear Token may invest a portion of its assets in financial instruments that provides inverse exposure to the same underlying digital asset and is another Token offered herein.

The assets underlying each Token generally includes the underlying digital asset as well as various futures contracts relating thereto. At 00:02 UTC each day, the Company will rebalance each Token's portfolio to ensure that the Token's exposure to its underlying digital asset is consistent with its stated investment objective. The impact of market movements during the day determines whether a portfolio needs to be repositioned. If the underlying digital asset has risen on a given day, a Bull Token's net assets should rise, meaning its exposure will typically need to be increased. Conversely, if the underlying digital asset has fallen on a given day, a Bull Token's net assets should fall, meaning its exposure will typically need to be reduced. If the underlying digital has risen on a given day, a Hedge Token or a Bear Token's net assets should fall, meaning its exposure will typically need to be reduced. If the underlying digital has fallen on a given day, a Hedge Token or a Bear Token's net assets should rise, meaning its exposure will typically need to be increased.

A Token may have difficulty in achieving its daily leveraged investment objective due to fees, expenses, transaction costs, significant issuance and redemption activity by Token holders and/or disruptions or a temporary lack of liquidity in the markets for the underlying digital assets.

Transactions in certain digital assets may be disrupted, or the ability to buy or sell certain financial instruments relating to digital assets may be restricted, which may result in a Token being unable to buy or sell certain digital assets or financial instruments. In such circumstances, a Token may be unable to rebalance its portfolio, may be unable to accurately price its investments and/or may incur substantial trading losses.

If a Token is unable to obtain sufficient leveraged or leveraged inverse exposure to its underlying digital asset due to the limited availability of necessary investments or financial instruments, a Token could, among other things, limit or suspend issuances until the Company determines that the requisite exposure to its underlying digital asset is obtainable. During the period that issuances are suspended, a Token could trade at a significant premium or discount to its NAV and could experience substantial redemptions.

***A Cautionary Note to Investors Regarding Dramatic Price Movements*.** A Bull Token seeks daily exposure to its underlying digital asset equal to 300% of its net assets while a Bear Token seeks daily exposure to its underlying digital asset equal to -300% of its net assets. Each Token is designed to automatically rebalance itself if the underlying digital asset moves more than 10% on any trading day. However, there is no guarantee that such rebalance will be achieved and if a Bull Token or a Bear Token's underlying digital asset moves more than 33% on a given trading day in a direction adverse to such Token, such Token holders may lose all of their money. The risk of total loss exists.

If the underlying digital asset of a Token's has a dramatic adverse move that causes a material decline in a Token's net assets, the terms of a Token's underlying financial instruments may permit the counterparty to immediately close out the transaction. In that event, a Token may be unable to enter into another instrument or invest in other derivatives to achieve exposure consistent with a Token's investment objective. This may prevent a Token from achieving its leveraged or inverse leveraged investment objective, even if the underlying digital asset later reverses all or a portion of the move.

Impact of Daily Compounding. Seeking daily leveraged investment results provides potential for greater gains and losses for the Tokens relative to its underlying digital asset's performance. For a period longer than one day, the pursuit of a daily investment objective will result in daily leveraged compounding for the Tokens. This means that the return of an underlying digital asset over a period of time greater than one day multiplied by a Token's daily leveraged investment objective (e.g., 300%, -100% or -300%) generally will not equal a Token's performance over that same period. Volatility in the performance of the underlying digital asset from day to day exacerbates the effects of compounding on a Token's returns and causes disparities between a Token's actual returns and the returns of the underlying digital asset for such period. As a consequence, investors should not plan to hold the Tokens unmonitored for periods longer than a single trading day. Further, the return for investors that invest for periods less than a full trading day or for a period different than a trading day will not be the product of the return of a Token's stated daily leveraged investment objective and the performance of the underlying digital asset for the full trading day. The actual exposure will be largely a function of the performance of the underlying digital asset from the end of the prior trading day. The Tokens are not suitable for all investors.

Market Volatility. Each Token seeks to provide a return which is a multiple of the daily performance of its underlying digital asset. No Token attempts to, and no Token should be expected to, provide returns which are a multiple of the return of the underlying digital asset for periods other than a single day. Each Token rebalances its portfolio on a daily basis, increasing exposure in response to that day's gains or reducing exposure in response to that day's losses.

Daily rebalancing will impair a Token's performance if the underlying index experiences volatility. For instance, a Bull Token would be expected to lose even if its underlying digital asset provided no return over a one-year period but experienced volatility. For instance, a 20% annualized volatility with no return in the underlying digital asset could result in 5-15% losses in the Tokens.

A Precautionary Note Regarding Unusual Circumstances. The Exchange can postpone payment of redemption proceeds for any period during which any emergency circumstances exist, as determined by the Exchange in its sole discretion.

PRICE OF TOKENS

The price of each Token is known as its NAV. Each Token's price is calculated at 00:02 UTC each day by dividing a Token's underlying net assets by the number of Tokens outstanding. In calculating its NAV, each Token generally values its assets on the basis of market quotations, last sale or settlement prices on the Exchange. If such information is not available for any asset held by a Token's underlying fund, is determined to be unreliable, or if reliable market quotations are not readily available, the Company may adjust its value in its reasonable discretion. In the event of large market moves, certain positions underlying a Token's assets may be closed down to prevent a negative NAV.

CREATIONS, REDEMPTIONS AND TRANSACTION FEES

In order to create or redeem any Tokens, you must be a verified user on the Exchange who has completed all applicable anti-money laundering and other compliance checks. All issuances and redemptions must be processed via the Exchange's token portal at https://ftx.com/tokens.

Creations

To create new Tokens, you must hold a spot balance of USD equal to the notional value of the newly created Tokens, which is the product of (a) the number of Tokens to be created, and (b) the NAV of the Token as of the time of creation. The notional value of the newly created Tokens will be debited immediately from your Exchange account. Once created, the newly minted Tokens will be deposited into your Exchange Account.

Redemptions

You must hold a spot balance of the number of Tokens you intend to redeem. After initiating a request for redemption, the redeemed Tokens will be debited immediately from your Exchange Account. Following redemption, your Exchange Account will be credited with the notional value of the redeemed Tokens, which is the product of (a) the number of Tokens redeemed, and (b) the NAV of the Token as of the time of redemption. Once redeemed, the Tokens will be burnt by the Exchange.

Transaction Fees

Token Creation: 0.10% of notional value of Tokens created.

Token Redemption: 0.10% of the notional value of Tokens redeemed.

Daily Holding Fee: 0.03% of notional value of Tokens held.

BUYING AND SELLING TOKENS

Tokens may be bought and sold on the Exchange. In addition, Tokens may be withdrawn from the Exchange to any ERC-20 compatible wallet. While it is expected that Tokens may also be listed or traded on other markets or exchanges, or directly between Token holders, neither the Company nor the Exchange has any control over such third parties, and shall not be liable for any such purchases or sales.

NEITHER THE COMPANY NOR THE EXCHANGE CAN REVERSE A WITHDRAWAL TRANSACTION WHICH HAS BEEN BROADCAST TO THE ETHEREUM NETWORK. YOU ASSUME FULL RESPONSIBILITY AND LIABILIY FOR ANY LOSSES RESULTING FOR ANY MISUSE OF THE TOKENS, INCLUDING ANY LOSS RESULTING FROM DEPOSITING THE TOKENS IN A NON-COMPATIBLE CRYPTOCURRENCY WALLET, OR TRANSFERRING THE TOKENS TO A CRYPTOCURRENCY WALLET THAT YOU ARE UNABLE TO ACCESS OR CONTROL.

LIQUIDATION

Each Token represents the right to receive certain assets, including financial instruments, held in the Token's corresponding account on the Exchange. In the event of a liquidation, the assets held in a Token's corresponding account on the Exchange shall be distributed to the holders of such Tokens on a pro rata basis.

CONFLICTS OF INTEREST

The Exchange, the Company and Alameda are all under common control by the same individuals. As a result, there may be occasions when certain individuals involved in the management of the Tokens may encounter potential conflicts of interest in connection with the maintenance and liquidation of assets underlying a Token For instance, in the event of adverse market movements, such person may avoid a loss, or even realize a gain, when Token holders are suffering losses.