

14th November 2022

Investor Information

- ETC Group has no exposure to FTX or Alameda Research.
- ETC Group strongly advocates for transparency, structural integrity, and independent audit.

Dear Investors,

By now you will all have heard about the problems at FTX and Alameda Research. We will know the full truth in time but what is clear is that even some of the largest companies in crypto are failing to ring-fence and protect customer assets whilst providing the requisite transparency about deposits in custody.

At ETC Group, because of our traditional finance background, we have always over engineered the product structuring of our ETPs and operational processes to ensure that the digital assets backing our ETPs are entirely segregated in enterprise custody. We also are one of the only ETP issuers to have both an independent Trustee with a full pledge over the assets in case ETC Group were to cease trading. Additionally, we have engaged a third-party administrator with a veto on operational movements of assets and the responsibility of independently verifying the digital assets in custody are always exceeding the Issuer's obligations to investors in its products¹. We did this because we understand the importance of, first and foremost, protecting investors, as this is the highest priority when operating in financial services.

Furthermore, for all existing ETC Group ETPs, the prospectus explicitly prevents the digital assets backing the ETPs from being loaned out or used for financing in any way. Our research team has been vocal about the importance of product structuring and transparency and for good reason. Much of the problems facing FTX today are the direct result of a failure to segregate client assets from the company's own.

We also want to reiterate that ETC Group has no past or present relationship with FTX or Alameda Research.

Please feel free to reach out to us with any questions and remember you can subscribe to our research and newsletter on our website at <https://etc-group.com/>.

Best wishes,

ETC Group Team



¹ ETC Group publishes an independent weekly balance report available at https://etc-group.com/resources/weekly_balance_report