

Europe's Leading Regulated Digital Asset Manager Launches Another Breakthrough Fund

- Nickel Digital Asset Management is Europe's leading UK-regulated institutional manager of digital assets
- Nickel's first fund – Digital Asset Arbitrage Fund was successfully launched in 2019 to harness extreme crypto volatility into steady positive returns
- Nickel is now launching their second fund, Digital Gold Institutional, to provide investors with secure, efficient and transparent access to growth opportunities in the digital asset market
- The fund is launched with Fidelity Digital Assets, Ltd. ("Fidelity Digital Assets") as the fund's principal custodian, supported by prime brokerage services by Copper, fund administration by Trident Trust and audit services by KPMG.
- Nickel is the first European fund that Fidelity is working with in the digital asset space

LONDON, January 14, 2020 – A London-based asset manager has broken new ground by launching a world-leading investment offering in the digital assets space, allowing for secure, efficient, transparent and liquid access to Bitcoin, the leading digital asset. The fund is run by a UK-regulated manager with an experienced investment team that brings multi-year experience from traditional finance.

Nickel Digital Asset Management draws on its partners' combined 60 years' experience in investment management, quant modelling and fixed income arbitrage at major Wall Street firms including Goldman Sachs, JPMorgan, Bankers Trust and Deutsche Bank to leverage the proven investing techniques of conventional finance in the emerging crypto markets.

The new fund, Nickel Digital Gold Institutional Fund, will remove the existing complexities and inefficiencies in Bitcoin index-tracking crypto products and offer the most competitive terms, including management fees of as low as 0.5%, daily liquidity, and subscriptions and redemption at NAV, with no premia or discounts to fair market value. Nickel uses sophisticated execution algorithms to minimise unwanted trading slippage, thus offering investors fair execution price.

The offering is primarily designed to facilitate both secure and efficient access to the underlying market for investors seeking to add crypto to their venture allocation, in a search of uncorrelated returns and upside potential.

The offering from Nickel provides investors with confidence in the security of their assets stemming from the combination of Fidelity Digital Assets' expertise and operational excellence, Copper's prime brokerage infrastructure and Nickel's execution capabilities in providing efficient access to the market. Fund administration is provided by Trident Trust who recently won an award for Best Performing Administrator and audit services are provided by KPMG.

"We entered this market to fill an unmet need – institutional-calibre custody and trade execution solutions that were developed specifically to meet the expectations and often complex requirements of the institutional investor community," said Chris Tyrer, Head of Fidelity Digital Assets in Europe. "We look forward to supporting Nickel's continued growth by offering their investors a secure, independently-audited custody solution that engages proprietary security protocols and robust digital asset expertise."

This is Nickel's second offering. The first, a market neutral crypto arbitrage fund, was launched in 2019 with the goal of converting extreme volatility swings in the crypto space into low-volatility, consistent returns. Despite underlying market being down 40% since its inception in June 2019, the fund experienced no single negative month, highlighting its pure market-neutral stance.

The manager is now making use of its highly sophisticated trading infrastructure capable of handling millions of transactions a day to expand its investment offering into critical directional strategies, such as Digital Gold fund.

"We believe it is only a matter of time until digital assets become part of regular portfolio allocation for forward-looking institutional investors." said Anatoly Crachilov, CEO of Nickel in London. "Whilst lack of transparent and cost-efficient access held back allocators' diversification efforts into this asset class amongst institutional investors so far, we are on a mission to challenge the status quo. We have built an institutional-quality gateway to this new asset class," he added.

By launching its suite of crypto funds, Nickel became the first fund manager globally to capitalise on Copper's prime brokerage solution for securely managing digital assets on multiple trading venues - one of the most pressing problems for cryptocurrency investors. Until recently, many asset managers have been using a self-custody model for digital assets. Since blockchain transactions are irreversible, the custody risk has been the main reason for institutional investors avoiding exposure to the asset class at any significant scale.

"We have selected Fidelity Digital Assets as the fund's custodian in order to offer our investors secure and transparent exposure to a new asset class with a familiar and trusted name. Fidelity has a legacy and strong track record of serving institutional investors and is providing the crypto market with the institutional foundation it needs to further the adoption of these assets." said Michael Hall, CIO at Nickel. "This custody product is further reinforced by Copper's prime brokerage solution that allows the investment manager to minimise counterparty risks at the fiat-to-crypto execution stage".

"When moving assets Nickel uses multisignature air-gapped optical technology, with multiple approval parties located in different locations around the world to mitigate single point of failure risks", added Mr. Hall.

"The demand we've seen for Fidelity's digital asset custody has been borderless", said Tyrer. "We entered the European market late last year as part of our continued effort to make digitally-native assets, such as bitcoin, more accessible to institutional investors."

"We are also committed to minimise trading slippage while processing large institutional tickets by initially securing the price through efficient execution in corresponding futures and swaps markets, benefiting from much deeper liquidity pool offered by the derivatives space", added Alek Kloda, Senior Portfolio Manager. "Once the price is secured, we optimally work into the spot position without being affected by constrained liquidity in physical markets. For large tickets of \$25m+, this allows the slippage to be reduced from over 200bps down to below 20bps on average".

At Nickel we believe that a combination of secure custody, daily liquidity with no lockups, tight execution prices, and fair level of fees are critical terms for institutional investors exploring digital assets space" concluded Anatoly Crachilov. "With Fidelity's May 2019 report¹ revealing that 47% of

¹ Fidelity Investments and Greenwich Associates. *Institutional Investment in Digital Assets Research Study*.



institutional investors view digital assets as having a place in their portfolio, we believe the market is positioned for multiyear secular expansion. Our mission is to allow investors to access this market in an efficient and transparent manner”.

About Fidelity Digital Assets

Fidelity Digital Asset Services, LLC (“Fidelity Digital AssetsSM”), offers U.S.-based customers a full-service enterprise-grade platform for securing, trading and supporting digital assets, such as bitcoin. Fidelity Digital Assets combines the operational and technical capabilities of the broader Fidelity organization with dedicated blockchain expertise to deliver a completely new offering for institutional investors.

Fidelity Digital Assets, Ltd. offers European institutional investors access to a full-service enterprise-grade platform for securing, trading and supporting digital assets, such as bitcoin. Learn more at www.fidelitydigitalassets.com.

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About Nickel Digital Asset Management

Nickel Digital Asset Management (www.nickel.digital) is a privately-owned London-based investment firm that offers a range of digital asset strategy solutions for institutional investors. The firm deploys sophisticated low-latency algorithmic trading, pursuing a range of arbitrage strategies in both spot and derivative markets, as well as a range of directional buy-and-hold products. Nickel was founded by former traders and investment professionals combining 60 years of investment experience gained in global hedge funds, such as Vega Capital, Tudor Europe and Toscafund, and major Wall Street banks, including Bankers Trust, Goldman Sachs and JPMorgan. Nickel Digital Asset Management is an Appointed Representative of Helford Capital Partners LLP, which is authorised and regulated by the FCA.

About Nickel’s Leadership Team

Anatoly Crachilov brings 24 years of experience in investment management. Prior to joining Nickel, he worked at Goldman Sachs on portfolio construction for professional family office clients. He earned an Executive MBA degree from the University of Oxford, and later studied in the first global cohort of investment professionals to complete the Oxford Blockchain Strategy Programme.

Michael Hall has over 25 years of experience in hedge funds and investment banks. Previously he traded a fixed income relative value portfolio for a multi-billion dollar hedge fund in Madrid, and traded for Bankers Trust’s New York arbitrage prop desk. He has an MBA in Finance from the Wharton Business School.

Alek Kloda brings 10 years of experience in macroeconomic research for the hedge fund industry. He has worked for Liongate Capital Management and Toscafund and previously set up a successful algorithmic cryptocurrency arbitrage system. He holds an MSc in Monetary Economics from the London School of Economics.

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