

ASX ANNOUNCEMENT

10 April 2018

DigitalX opens funds under management division

Perth, 10 April, 2018: DigitalX Ltd (**DigitalX** or the **Company**) continues to diversify its offering and expertise by opening a new funds under management division, DigitalX Investments, to give investors access to a portfolio of cryptocurrencies.

DigitalX's first fund, DigitalX Investments, will invest predominantly in the leading cryptocurrencies, with a smaller allocation towards special trading opportunities including ICOs.

"We believe cryptocurrencies are under-researched by mainstream asset managers and there is an opportunity to leverage our expertise in Blockchain technology and crypto-asset investment to create value for our clients," said DigitalX Managing Director Leigh Travers.

DigitalX will hold a 73% interest in DigitalX Funds Management Pty Ltd, which will be the Investment Advisor, and will seed the fund with approximately \$750,000 from the Company's existing Bitcoin and Ethereum asset base.

The wholesale fund is licensed and administered by Boutique Capital Pty Ltd, an authorised representative of Grange Capital Partners Limited (AFSL 264772) and will be open to qualifying investors in accordance with the requirements of Sections 71G and 761GA of the *Corporations Act 2001* (Cth). Having undertaken a due diligence review of Boutique Capital, the Company is satisfied that Boutique Capital has the skills to perform the role. Boutique Capital will be paid a management fee of 2% per annum of the net asset value of the fund and will be entitled to receive a performance fee upon the achievement of certain performance criteria for the fund.

Tim Davies has been appointed Head of DigitalX Investments and Portfolio Manager of the Fund.

Mr Davies was previously a Portfolio Manager with Ellerston Capital, which was one of the first Australian funds to enter the emerging Chinese listed market in 2003.

Whilst at Ellerston, he was responsible for building a local research team of 20 investment analysts in Shanghai, China. He was also the Chief Investment Officer for the Caledonia Asia Fund from 2010-2012.

Prior to that, Mr Davies was an Associate Director of Goldman Sachs from 1998-2001. In addition to running DigitalX Investments, Mr Davies will also operate DigitalX's Treasury operations.

The development of the funds under management division expands DigitalX's revenue streams, as it is expected to generate fees received by the Investment Advisor, DigitalX Funds Management Pty Ltd, and also utilises assets that are currently underutilised within the Company.

The fund will initially have five permitted investments, being:

- (a) cryptocurrencies;
- (b) initial coin offerings;
- (c) cash holdings;
- (d) derivatives of cryptocurrencies; and
- (e) managed investment schemes.

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The fund will also have risk protection limits in place to ensure, including that no individual investment may exceed 20% of the fund assets, except into Bitcoin or cash, at the time of investment. Part of the investment decision made by the fund will need to include confirmation on the legality or otherwise of any crypto-asset, including ICO tokens, in the jurisdiction in which those crypto-assets are issued or offered.

“DigitalX continues to aim to be a leading player in the crypto-asset space in Australia and has to date built extensive experience within its team managing crypto-assets and understanding the protocols behind different crypto-assets, including currencies and tokens. This initial small step into funds management can hopefully lead to a growth in our portfolio and strengthening of DigitalX’s ongoing revenue streams in this space” said Mr Travers.

The investment into the fund is not expected to have a material effect on the financial position of the Company as it will replace existing balance sheet items with units in the fund.

Further information can be found at www.digitalx.com/digitalxinvestments.

Cautionary Statement – Cryptocurrency Related Business Activities

- Investments into crypto-assets are high risk in nature as crypto-assets have shown to be highly speculative.
- Crypto-asset related businesses have a number of risk factors, including but not limited to:
 - The development of new regulatory frameworks involving crypto-assets around the world.
 - Crypto-assets, including ICOs, have recently been the subject of regulatory comment in jurisdictions around the world, and regulators continue to issue guidance on the relevance of their existing securities and financial services laws with regard to ICOs and crypto-assets. In Australia, investors can refer to ASIC Information Sheet 225 on Initial Coin Offerings issued in October 2017.
 - The regulatory status of ICOs in some overseas jurisdictions is subject to potential change and increasingly stringent regulatory oversight.
 - Crypto-assets, like other monetary products, are subject to anti-money laundering and counter-terrorism funding legislation.

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About DigitalX

DigitalX is positioned as the leading publicly listed Blockchain and cryptocurrency advisory firm globally. DigitalX is based out of Perth, Sydney and New York and offers cryptocurrency investment, ICO advisory services, Blockchain consulting services and software development. DigitalX’s partners can use DigitalX’s Blockchain technology expertise to deliver innovative products to global markets.

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