

**SALT BLOCKCHAIN ASSET PARTNERS, LLC**

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This brochure provides information about the qualifications and business practices of SALT BLOCKCHAIN ASSET PARTNERS, LLC. If you have any questions about the contents of this brochure, please contact us at 303.243.5018 or [info@S-Bam.com](mailto:info@S-Bam.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration with the SEC as an investment adviser does not imply or connote any special acumen or abilities.

Additional information about SALT BLOCKCHAIN ASSET PARTNERS, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## 2. **Material Changes**

This Firm Brochure, dated March 29, 2018, provides you with a summary of SALT Blockchain Asset Partners, LLC's ("S-BAM" or the "Firm") advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. S-BAM has updated its brochure as part of the annual amendment process. The following material changes were made to this brochure since our initial filing on November 22, 2017:

- Item 4 to enhance the description of our services.
- Item 5 to describe potential expenses (in addition to our management fee) that may be associated with Separate Account management.
- Item 8 to enhance the description of our methods of analysis and investment strategies as well as valuation practices and certain information about the role of our affiliated entity, Salt Platform, LLC in collateral liquidations.
- Item 12 to provide additional information about our practices for the allocation of investment opportunities.
- Item 13 to enhance the description of our standard Client and investor reporting.
- Item 14 to provide additional information about our practices with respect to client referrals.

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#### **4. Advisory Business**

SALT BLOCKCHAIN ASSET PARTNERS, LLC (the “Investment Manager”) is a Delaware limited liability company and is an alternative investment adviser focused on the digital asset sector. The Investment Manager registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”) in November, 2016. The Investment Manager is a wholly owned subsidiary of SALT Lending Holdings, Inc. (“Salt Lending”).

##### **Types of Advisory Services**

The Investment Manager provides investment management services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) (each, a “Fund”) and anticipates providing investment management services to high-net-worth individuals and institutional clients, including trusts, estates, endowments, pensions, and foundations (collectively “Separate Accounts” and together with the Funds, the “Clients”)

The Investment Manager primarily provides Clients indirect exposure to bitcoin or other digital currencies via investment in vehicles which, as a primary avenue of investment, directly originate or acquire interest in secured debt, loans or other collateralized fixed income securities, obligations or instruments (collectively, “Credit-Related Investments”). It is expected that the primary Credit-Related Investments will be loans (the “Loans”) facilitated through the on-line platform operated by Salt Platform LLC (the “Platform”) through which members facilitate private loan transactions that are secured by digital currencies and other digital assets. Client funds may also be invested through lending platforms operated by non-affiliated parties (the “Industry Platforms,” together with the Platform, the “Platforms”). Loans are underwritten and made by one or more Client accounts but may also be made by third-party lenders that are expected to consist primarily of financial institutions that are members of the Platforms.

The Investment Manager expects that Loans made to borrowers introduced to it via the Platforms to be its primary avenue of investment on behalf of Clients and allocates Client assets across the available inventory of Loans and other Credit-Related Investments in accordance with each Client’s investment objectives.

The Investment Manager utilizes an Investment Committee (the “IC”) for the primary purpose of reviewing fundamental investment strategies and monitors overall risk for each Client. Presently, the IC consists of Gregg Bell, the Chief Investment Officer of the Investment Manager. Client accounts are reviewed by the IC on an on-going basis and, as applicable and as the Investment Manager anticipates growth in its Investment Committee membership, are further discussed on at least a quarterly basis to ensure compliance with their stated investment objectives, review investable cash and discuss any other material subject. Portfolios are reviewed as a matter of practice rather than pursuant to any triggering event. The IC also reviews fundamental investment strategies and monitors overall risk. Reviews of Client accounts will also be conducted if the market, political, regulatory or economic environment changes materially.

The Investment Manager’s investment strategies are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

##### **Limited Partnership Management**

Each Fund has a specific and limited investment strategy that may impose restrictions on investing in certain assets or types of assets. Individual Fund investors are not given the option to impose additional restrictions beyond those described in a Fund’s governing or offering documents (collectively, the “Fund Documents”). The Investment Manager generally has no obligation to cause any Fund to sell specific assets at the direction of the holder of an interest in a Fund. If requested by an interest holder in a Separate Account, and agreed by the Investment Manager, the Client, in consultation with the Investment Manager, may direct that assets be sold and the Client will be responsible for setting the price and terms of the transaction, and the Investment Manager will only administer the transaction on the Client’s behalf.

## **Separate Account Services**

To the extent the Investment Manager provides investment services to Separate Accounts, it works with each Client to understand his or her investment objectives and to establish the elements, direction and restrictions on the client-adviser relationship, which may include restrictions on investing in certain securities or types of securities. Personnel of the Investment Manager discuss desired risk levels with prospective Separate Account investors and return targets. Separate Account Clients are also given the opportunity to elect whether to reinvest principal and interest or, at periodic intervals, withdraw interest payments received (less fees and losses from Loans that have defaulted) or withdraw principal and interest (less fees and losses from Loans that have defaulted), as well as the opportunity to impose other limitations on the assets that will be purchased for their account, primarily regarding Loan characteristics.

This process culminates with an investment management agreement (the “Advisory Agreement”) that outlines the terms of the Investment Manager’s relationship with the Client including, investment strategy, the desired allocation of Loans, any investment limitations, and fees, and authorizes the Investment Manager to implement the Client’s instructions to the best of its ability, although there can be no assurances that the desired risk level and return will be achieved.

Separate Accounts primarily invest in Loans facilitated through the Platforms and other Credit-Related Investments that meet their specific investment criteria, and subject to any limitations established in each Client’s Advisory Agreement, may also invest in other investments described in greater detail in Item 8 Methods of Analysis, Investment Strategies and Risk of Loss.

Subject to the terms of the Advisory Agreement with each Client, the Investment Manager but may invest in other investments as further described in Item 8 Methods of Analysis, Investment Strategies and Risk of Loss.

## **Amount of Managed Assets**

As of February 28, 2018, the Investment Manager was actively managing \$31,439,263 of Client assets on a discretionary basis through its management of the Funds.

## **5. Fees and Compensation**

### **Partnership Management Fees**

The Investment Manager typically will earn management fees from the Funds (“Management Fees”), as provided in the Fund Documents. In addition to Management Fees the Funds may pay non-recurring or extraordinary expenses or expenses that are not incurred in the ordinary course of the business, including indemnification, litigation costs and other extraordinary expenses. Please refer to the Fund Documents for additional details about these expenses.

### **Separate Account Management Fees**

To the extent the Investment Manager provides investment services to Separate Accounts, such Management Fees are based on the size of the account, pursuant to the specific terms within the Client’s Advisory Agreement. Separate Account Management Fees may also be negotiable (and may be waived). Management Fees are typically deducted from Client assets on an agreed upon periodic basis. In some cases, Separate Account Clients can elect to have management fees billed each month upon request.

The Investment Manager may also, in its discretion, charge Separate Account Clients a reasonable fee for certain administrative and/or legal services performed by third party service providers to the Investment Manager but for the benefit of Advisory Clients, which may include custody fees.

## **All Clients**

In addition to Management Fees, Clients are also responsible for the fees and expenses charged by custodians, broker-dealers, and the Platform and other platform(s) on which loans or other transactions occur, as applicable. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information. Advisory Clients may also be obligated to pay certain costs and expenses in connection with any sale of assets. As discussed above, the Investment Manager is not obligated to sell assets for Clients and may not choose to do so unless requested by the Client and the Investment Manager agrees, consistent with the provisions of the applicable Fund Document or Advisory Agreement.

### **6. Performance Based Fees**

The Investment Manager charges the Funds, performance-based incentive fees which are based on a share of capital gains on or capital appreciation of the assets of Clients who meet the definition of a "qualified client" under Rule 205-3 adopted under the Investment Advisers Act. Typically, the Investment Manager earns an incentive fee of a percentage of a Client's net profits for each year (taking into account gains and losses realized or deemed realized with respect to investments during such year) in excess of any previously-unrecovered net losses from prior years, adjusted for contributions, withdrawals and distributions. The terms associated with any performance-based fee arrangements are stated in the Fund Documents and Separate Account Client Advisory Agreements, respectively.

Presently, the Investment Manager charges the Funds a performance-based fee; however, the Investment Manager expects over time that some Clients will pay performance-based fees and others will not. To the extent that the Investment Manager provides Investment Services to some Clients that do have a performance-based fee and other Clients that do not, the Investment Manager has a conflict of interest in that it may be motivated to allocate some investments to those Clients paying incentive fees to the detriment of those Clients that do not pay incentive fees, or the Investment Manager may be motivated to devote greater attention to Client accounts that pay incentive fees. To address this conflict, the Investment Manager has adopted policies and procedures related to the allocation of investment opportunities to ensure fair and equitable treatment of its Clients and that investment allocations are made in the best interest of its Clients.

### **7. Types of Clients**

The Investment Manager provides investment management and advisory services solely to Funds and anticipates providing such services to Separate Accounts. Separate Accounts generally require a minimum account size of \$100,000 and may include a wide range of persons, such as high net worth individuals, family offices, hedge funds, funds of funds, registered investment advisors investing on behalf of their clients, insurance companies, private foundations and retirement or pension funds.

### **8. Methods of Analysis, Investment Strategy and Risk of Loss**

***Methods of Analysis and Investment Strategies:*** The Investment Manager's investment process, including direct origination, is anchored by research and risk management. The Investment Manager's core strategy is to leverage its proprietary resources and experience with blockchain technology, distributed ledger technology, cryptography, cryptocurrency and the credit sectors, to generate positive return and income. The Investment Manager intends to primarily invest assets for relatively long-time horizons, often for a year or more. Fundamental analysis will be used to identify what the Manager believes to be asymmetries in (or imbalances between) risks and rewards of investment opportunities. The Investment Manager relies on its ability to originate and purchase (or sell short) appropriate securities which exhibit asymmetric risk and reward profiles. Various additional strategies are expected to be utilized for Clients, including hedging, forward trading and short selling. Leverage also may be utilized.

The Investment Manager's services primarily involve assisting Clients with allocating assets across the available inventory of Loans and other Credit-Related Investments. This process focuses on ensuring

diversification of a Client's assets across a broad range of available digital currency-backed Credit-Related Investments in accordance with the Clients' investment criteria. Financial instruments originated or traded for Clients may be fixed, floating or inverse floating, interest- only or principal-only, and of any maturity or no maturity. Positions may also be leveraged, and may be financed by various sources of funding, including bank lines, margin trading, short positions, derivatives, including total return swaps, repurchase arrangements, warehouse lines of credit, participations and securitization transactions.

The performance of a Client's account will be affected by general economic conditions, such as interest rates, commodity prices, general levels of economic activity, the market price of securities and other digital assets, and participation by other investors in the financial and cryptocurrency markets. A prolonged period of market illiquidity or uncertainty regarding U.S. tax rates, the regulatory environment in the U.S. and abroad and implementation of global fiscal austerity measures may have an effect on Clients' accounts. In addition, a decline in general economic conditions may adversely affect the value and number of Loans or other Credit-Related Investments made or considered. In addition, volatility or illiquidity in the financial markets could impair the investment's profitability or result in losses. Moreover, the regulation of digital assets, digital currencies and platforms that facilitate transactions involving such assets is evolving and uncertain. The application of existing or new regulatory schemes to the digital asset sector and platforms that facilitate transactions in this sector could have an adverse impact on Clients' accounts.

***Use of Salt Platform, LLC:*** When advising Clients with underwriting Loans and assessing the risks and potential returns stemming from borrowers and Loans, the Investment Manager will rely, in part, on the quality and policy guidelines Salt Platform, LLC imposes on the Platform, such as with respect to the types of digital assets that may serve as collateral for Loans. While Salt Platform, LLC performs certain know your client due diligence on prospective borrowers on the Platform and attempts to ensure that borrowers are only located in certain jurisdictions, it does not perform credit checks or similar due diligence on borrowers. It is not expected that the operators of any Industry Platforms will perform credit checks on their member borrowers.

***Risk of Loss:*** The Investment Manager's investment strategies are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

Investing in securities and loans, including consumer and business loans, invariably involves a risk of loss. Credit-related investments may be subject to prepayment risk. Investments may lose value over time and no return is guaranteed. The Loans are collateralized, and the return may ultimately be based on the liquidation value of collateral securing each Loan. Salt Platform, LLC, through its technology and the attributes and functions of the Platform, is a required participant in an action to recover from a delinquent borrower. Accordingly, Clients must rely, in part, upon Salt Platform, LLC for collection and servicing activities relating to the Loans.

Defaults are an expected part of lending. Defaults occur when the borrower fails to make payments of its outstanding principal or interest as required. The Investment Manager believes that the key to managing the risk of loss associated with Loan defaults is to emphasize the collateral quality and liquidity securing each Loan. In the Investment Manager's opinion, employing this combination of considerations may help in achieving the goal of keeping default to a reasonable level, and accordingly may minimize Clients' principal losses. However, there can be no assurances that Clients will avoid substantial losses when investing in Loans facilitated through the Platforms or other Credit-Related Investments, regardless of their stated risk tolerance and the level of diversification maintained in their portfolio. Clients should be prepared to bear losses on some or all individual investment positions, which may result in the loss of a Client's entire investment.

***Leverage:*** The Investment Manager expects to utilize leverage when deemed to be appropriate for Clients and when consistent with applicable regulations. At times, the amount of such leverage may be substantial. Unless otherwise agreed with a Separate Account Client, Clients are not subject to any limitations on

borrowing or other forms of leverage. Indirect forms of leverage include leverage through short sales or derivative instruments such as options techniques, which have embedded leverage features. The Investment Manager may also leverage a Client's assets by entering into reverse repurchase agreements whereby the Investment Manager effectively borrows funds on a secured basis by "selling" interests in investments to a financial institution for cash and agreeing to "repurchase" such investments at a specified future date for the sales price paid plus interest at a negotiated rate.

Leverage creates an opportunity for greater yield and total return, but at the same time increases exposure to capital risk and higher current expenses. If a purchase of securities utilizes margin and the value of those securities declines, the Client may be obligated to pay down the margin loans to avoid liquidation of the securities. If Loans to a Client are collateralized with portfolio securities that decrease in value, the Client may be obligated to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. Moreover, Clients' counterparties, in their discretion, may change the leverage limits that they extend to Clients.

**Hedging:** The Investment Manager may use a variety of financial instruments such as derivatives, options, swaps, futures, and forward contracts, both for investment purposes and for risk management purposes. Hedging also involves special risks including the possible default by the other party to the transaction, illiquidity, and, to the extent that our assessment of certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if hedging had not been used. Those Clients who engage in hedging transactions are subject to the risk of the failure or default of any counterparty to that Client's transactions.

**Investment in Credit-Related Investments:** The Loans are risky and speculative, in part, because payments on the Loans depend on payments received by the individual borrowers (or with respect to business Loans, the guarantor and the recovery value of collateral securing the Loan. If a borrower (or with respect to business Loans, a guarantor) fails to make any payments on a Loan, the Client will not receive any payments and any recovery will be based on the liquidation value, if any, of the collateral. Clients must rely on Salt Platform, LLC, or other third-party operators, in their capacity as servicer and administrator of the Platforms, and any designated third-party collection agency to pursue collection against any borrower.

**Limited Transferability and Liquidity:** Neither the Loans, or other Credit-Related Investments, are registered under the Securities Act of 1933 (the "1933 Act"), the securities laws of any state or the securities laws of any other jurisdiction, and, therefore, cannot be resold unless they are subsequently registered under the 1933 Act and other applicable securities laws or an exemption from registration is available. There is not currently an established market to trade the Loans.

**Loan Terms:** The final terms and interest rate applicable to the borrowers of the Loans are not reviewed or approved by an independent third party. The Platforms' ability to attract borrowers and other third party lenders to, and build trust in, its marketplace is significantly dependent on Salt Platform, LLC's, and the operators of any Industry Platform's ability to effectively evaluate what assets may be utilized as collateral on the Platforms and the Investment Manager's ability to evaluate the potential value and liquidity of the assets utilized as collateral securing each Loan and the likelihood of loss upon default. To conduct an evaluation of Loans and collateral the Investment Manager utilizes credit and risk models that correspond to interest rate and loan-to-value ratios offered to borrowers. These credit and risk models are based on various factors that are based on an analysis of blockchain asset market data, transactional data and analysis of protocol fundamentals, which may not effectively predict future loan losses. The interest rates offered to borrowers by lenders on the Platforms may be unattractive to borrowers, and in turn offer lower returns for its investors holding an interest in the Loans. The Investment Manager intends to refine the algorithms it uses over time based on new data and changing macro and economic conditions. If any of these credit decisioning and risk models contain programming or other errors, are ineffective or the data provided by borrowers or third parties is incorrect or stale, the Loan pricing and approval process could be negatively affected, resulting in mispriced or misclassified Loans or incorrect approvals or denials of Loans. While



Salt Platform, LLC has not incurred any material liabilities to date, if operational or technological errors were to occur with respect to the Platform, participants on the Platform may try to rescind or modify Loans or transactions effected through the Platform or reduce or terminate their use of the Platform. Any interruptions or errors with the operation of the Platform could adversely affect the performance of the Funds or any Separate Account.

***Dependence on Salt Platform, LLC:*** The Platform operated by Salt Platform, LLC is the primary facilitator of the Loans, and Clients could be unable to fulfill their investment program if that Platform were to dissolve, liquidate, become obsolete, become bankrupt or otherwise cease operations or change its business structure and cease facilitating Loans. Furthermore, Salt Platform, LLC has no legal obligation to facilitate Loans for the Investment Manager.

***Insufficient Supply:*** Clients' investment programs are partially dependent upon a sufficient supply of borrowers, which is outside of the control of Salt Platform, LLC and the Investment Manager, and if there is insufficient supply to meet the Clients' demand, Clients may be unable to fulfill their investment programs. In such case, the Investment Manager may cause Clients to hold extensive cash positions for extended periods of time, reducing returns. In certain cases, the IC may allow exceptions to the allocation guidelines when circumstances suggest that a deviation from these guidelines would be in a Client's best interests and would allow the Investment Manager to put idle cash to work.

***Limited Operating History:*** The Investment Manager does not have a significant operating history upon which prospective Clients can evaluate likely performance. The Platform is expected to become operational during the fourth quarter of 2017. Accordingly, there is no, or very limited, prior return, default and recovery rates on which to evaluate potential future Loan performance. As such, there can be no assurance that Clients will achieve their investment objectives.

***Lack of Diversification:*** Although Clients will be exposed to various Credit-Related Investments, Clients assets are expected to be invested primarily in Loans, and their portfolio may not be significantly diversified beyond these investments and cash-management investments. Therefore, Clients may be subject to more risk than would be the case if invested in a wider diversification among types of securities and issuers.

***Lack of Regulatory Guidance:*** The Loans are expected to be secured by digital assets, tokens and other blockchain-based assets, which may not have clear tax or regulatory guidance and oversight in the jurisdiction in which the Client is domiciled or may conduct business. This may expose the Client to significant unknown risks.

***Valuation of Investments:*** As observable market quotations and inputs are not generally available for the Loans and may not be available for other investments, the Investment Manager will estimate the fair value of each investment, using a variety of valuation methodologies, including but not limited to, cost basis, use of publicly available price quotes, discounted cash flow analysis, and relative value analysis of comparable securities. To facilitate this process, the Investment Manager has established a Valuation Committee and adopted a valuation policy.

The Valuation Committee will review and approve the valuations for the investments monthly and the Valuation Policy shall be reviewed and updated as necessary in its discretion and at least annually. Since the Investment Manager (and specifically the Valuation Committee) will approve such fair valuations, it has a conflict of interest because certain fees and compensation it may earn are both based upon the value of the securities. The Investment Manager has implemented the Valuation Committee and related policies and procedures to help manage this conflict and ensure the valuation process serves the best interests of its Clients.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The estimated fair value of each security is intended to be determined in accordance with the fair value hierarchy of Accounting Standards Codification 820 that

requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs, which generally requires significant management judgment when measuring fair value, but due to the inherent uncertainty of valuations, the estimated fair values may differ materially from the value that would have been reported had a readily ascertainable market value existed. Since the investments may not be market priced instruments and may not be tradable, the valuation may not represent the aggregate amount of proceeds to which investors are entitled. Some investments may not change value until paid off. With such assets, the face value of the asset is generally what is reported.

Relative value analysis of comparable securities whether performed by the Investment Manager or by a third party, at the direction of the Investment Manager, may rely on investment product origination or trade data and disclosure of terms related to comparable securities that have been aggregated and provided by an affiliate of the Investment Manager, an “alternative lending platform”. Additionally, security valuations may rely heavily on the fair market valuation of collateral securing a credit related investment.

In the case where such collateral is a blockchain asset, digital asset, or cryptocurrency, such valuations will rely on the aggregation of various volume weighted averages and market price quotes from market makers, regulated and unregulated cryptocurrency marketplaces and exchanges, domestic and international, and may be performed by the Investment Manager, an affiliated entity (including Salt Platform, LLC) or by a third party, at the direction of the Investment Manager. Depending on the asset type, a third party could be a financial planner, CPA, attorney, pricing service, broker-dealer, investment advisor, custodian, exchange or other party at “arms’ length” to the Investment Manager. Such pricing sources for the valuation of collateral may be both regulated and unregulated. The collateral valuation methodologies may impact the Loan-to-Value calculation of loans held.

## **9. Disciplinary Information**

The Investment Manager is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management. Neither the Investment Manager nor its employees have any reportable disciplinary events to disclose.

## **10. Other Financial Industry Activities and Affiliations**

SALT Blockchain Asset Management, LLC, an affiliate of the Investment Manager serves as each Fund’s general partner, and therefore the Investment Manager’s engagement by or on behalf of a Fund is not determined on any arms-length basis. Additionally, employees of the Investment Manager provide services to both Salt Lending and Salt Platform, LLC, and assist in the financial or professional capacities. Gregg Bell, the Investment Manager’s Chief Investment Officer, serves as the Chief Operating Officer of Salt Lending and provides executive management services and direction to both entities. While the Investment Manager believes that these relationships, and others, are material to its business operations, the Investment Manager does not believe that these relationships present material conflicts of interest with Clients of the Investment Manager.

While the relationships described above represent the scope of the material relationships between the Investment Manager or its management persons and related persons in traditional financial industry roles, the Investment Manager also believes that its relationship with Salt Lending is material to its business. As discussed above, as a wholly owned subsidiary, the Investment Manager shares common ownership with Salt Lending. While Salt Lending is not currently a bank or other traditional financial industry participant, Clients invest in Loans facilitated through the Platform. Additionally, in part, because the Investment Manager is a subsidiary of Salt Lending it shares certain personnel with Salt Lending. For example, the, Chief Investment Officer and Chief Financial Officer, and of the Investment Manager each hold the same or similar roles with Salt Lending.

To address potential conflicts of interest in general, the Investment Manager and Salt Lending seek to

maintain an ethical wall between the two entities, whereby the operations of the Investment Manager are separate and distinct from those of Salt Lending. All employees that are investor-facing or work directly with Clients are employees of the Investment Manager or dual employees of the Investment Manager and Salt Lending.

#### **11. Code of Ethics, Participation/Interest in Client Transactions**

The Investment Manager has adopted a Code of Ethics (the “Code”) expressing its commitment to ethical conduct. The Code applies to personnel, including our “Access Persons,” who are members, officers and directors, and any employee or other supervised person who have access to non-public information regarding Clients’ purchase or sale of securities, or non-public information regarding Client investments; or is involved in making securities recommendations to Clients, executing Client recommendations, or have access to such recommendations that are non-public.

The Code establishes a standard of business conduct that takes into account the Investment Manager’s status as a fiduciary and requires Access Persons to place the interests of Clients above their own interests and the Investment Manager’s interests. The Investment Manager holds a fiduciary duty to its Clients which means it must put the interests of Clients ahead of its interests in all matters. It is the policy of the Investment Manager that all employees must:

- a. Observe high standards of commercial honor and just and equitable principles of trade in all their dealings on behalf of the Investment Manager;
- b. Comport themselves in a manner consistent with the standard of conduct as set forth in the Code;
- c. Comply with all state and federal securities laws and other applicable laws and regulations;
- d. Report all personal securities transactions and holdings to the Investment Manager;
- e. Report any violations of the Code to the Chief Compliance Officer; and
- f. Certify to the Investment Manager on an annual basis acknowledgement of the policies and procedures referred to in the Code and agreement to abide by its rules.

The Code also places restrictions on the personal trading activities of employees and requires certain reporting and pre-clearance requirements. The Code requires employees to register all personal trading accounts (and certain trading accounts in which the employee has a substantial interest or over which the employee has discretion) with the Investment Manager’s compliance personnel.

The Investment Manager itself does not take proprietary positions with regard to any Loans or securities selected for Clients. Salt Platform, LLC (and its affiliates) may from time to time take proprietary positions in certain securities, collateral or Loans selected for investment by Clients, and counterparties to collateral liquidations which occur upon covenant breach may be affiliates to the Investment Advisor. Salt Platform, LLC is expected to maintain written policies which govern its proprietary investing activities. Salt Platform, LLC seeks to maintain an ethical wall between the two entities, whereby the Investment Manager’s operations are separate and distinct from those of Salt Platform, LLC. Additionally, Salt Platform, LLC seeks to ensure access to asset inventory among all Platform participants without any one Platform participant or type of Platform participant being materially disadvantaged. Because Salt Platform, LLC only expects to take proprietary positions in Loans to the extent that Clients have no further available funds or choose not to invest in the Loans in question, or to correct an error or, in certain very limited circumstances, to reverse a transaction entered into by a Platform participant, the Investment Manager believes that the ethical wall maintained between the Investment Manager and Salt Platform, LLC, the policies adhered to by Salt Platform, LLC and the inventory access methodology discussed above are sufficient to prevent any material conflicts of interest that may negatively impact Clients in this way.

An affiliate of the Investment Manager acts as General Partner to the Funds. Additionally, affiliates and employees of the Investment Manager are expected to invest amounts in certain of the Funds and therefore may have a financial interest in certain Funds. Investments made by Salt Lending and its affiliates and

employees are generally made on the same terms as other investors in client funds. However, fees and investment minimums may be waived or reduced for Salt Lending and its employees. We do not believe this arrangement presents any material conflicts of interest since our interests are aligned with the Fund investors.

## **12. Brokerage Practices**

The Investment Manager expects to typically have full discretionary authority to manage the investments of Clients, including the authority to make decisions with respect to which investments or securities are bought and sold, the amount and price of those investments, the investment platform, brokers or dealers (if any) to be used for a particular transaction, and the commissions or mark-ups and markdowns paid. The Investment Manager expects that initially all or substantially all transactions with respect to Loans will be effected on the Platform (as it initially may be the only source for Loans with the terms and structure that are consistent with the Fund Documents or applicable Advisory Agreement), and it need not solicit competitive bids or offers for any particular investment.

It is the obligation of all investment advisers to obtain “Best Execution” of securities transactions for their clients. Best Execution is not defined in securities laws or regulations, but is generally understood to require the adviser to obtain the most favorable total cost or proceeds in a securities transaction for its clients under the circumstances. The Investment Manager’s duty is not necessarily to find the best price or lowest cost, but rather to achieve the best qualitative execution for the client. In doing this, the Investment Manager may take into consideration such factors as knowledge of the counterparty, speed of execution, confidentiality, capital commitment and recent order flow. A periodic and systematic assessment of execution services is important to the Investment Manager meeting its Best Execution obligation. Best Execution in the market for digital assets and currencies is difficult to define. Limited transparency, liquidity, size and other factors relating to transactions in digital assets make trading these instruments difficult and not subject to an exacting review of trading alternatives on either a pre-trade or post trade basis.

***Allocation of Investment Opportunities with Other Clients and Conflicting Fiduciary Duties:*** The Investment Manager and its affiliates expect to engage in a broad spectrum of activities and have extensive investment activities that are independent from, and may from time to time conflict with, the Clients. In the future, the Investment Manager may provide services to, invest in, advise, sponsor or act as investment manager to investment vehicles and other persons or entities that may have similar structures and investment objectives and policies to those of the Clients and that may compete with Clients for investment opportunities. Additionally, certain investment opportunities fall within the investment objectives of multiple Clients and, in such circumstances, the Investment Manager will allocate such opportunities among Clients on a basis that it determines in good faith to be fair and reasonable taking into account the investment strategy and restrictions in the relevant governing documents, the relative amounts of capital available for investment and other considerations deemed relevant by us in good faith.

At times, the inventory on the Platforms will not be sufficient to invest all of a Client’s assets. As a result, investable cash may be held until sufficient inventory is available to deploy as directed or otherwise invest in short-term investments. In certain cases, the IC may permit exceptions to the allocation guidelines when circumstances suggest that a deviation from these guidelines would be in the best interests of a Client and would allow the Investment Manager to put idle cash to work. It is anticipated that it may take from one to six months to fully invest a given Client’s assets, depending on the size of the account and the Loan inventory available on the Platforms and the availability of other Credit-Related Investments.

### **13. Review of Accounts**

**Reviews:** While the underlying securities within Client accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of the investment objectives as well as any investment guidelines and restrictions provided by the Client. Separate Account portfolios are reviewed more frequently, if deemed necessary (due to deposits, withdrawals, model changes, etc.). More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by the IC.

**Reports:** Clients will receive statements at least quarterly from their Custodian, or such statements will be made available for download as authorized by the Client. In addition, the Investment Manager may provide monthly and/or quarterly reports summarizing account performance, balances and holdings upon request. Such Investment Manager reports will be delivered or made available to Clients electronically and may be provided through secure web access. The Investment Manager's Client standard reports will also remind the Client to notify the Investment Manager if there have been changes in the Client's financial situation or investment objectives and whether the Client wishes to impose investment restrictions or modify existing restrictions. Clients should carefully review any account statements provided, and to the extent the Investment Manager provides reports or statements to Clients, Clients should compare such statements and reports they receive from their Custodian to any reports they receive from the Investment Manager. Fund investors will receive monthly capital account statements from the Fund's appointed independent administrator as described in the Fund Documents.

### **14. Client Referrals and Other Compensation**

**Client Referrals.** The Investment Manager does not receive any economic benefit from anyone other than its Clients for providing investment advice or advisory services to its Clients. The Investment Manager and its affiliates may enter into agreements with placement agents with respect to investors introduced to the Funds managed by the Investment Manager. Such agreements shall provide for the placement agent to receive a portion of the Investment Manager's fee with respect to investors introduced. Any amounts paid to a placement agent will reduce the amount of fees paid to the Investment Manager by the Funds; the fees paid to placement agents will not increase fees paid by any investor in a Fund. The Investment Manager may also compensate a limited number of third party referral sources who, on a fully disclosed basis (in compliance with Rule 206(4)-3), receive a portion of Investment Manager's standard advisory fees which are paid by the Client, to the Investment Manager.

The Investment Manager has relationships with other parties which may include service providers, accountants, lawyers and data providers whose compensation is solely for the services for which they are engaged and may from time to time refer clients to the Investment Manager.

**Economic Benefits.** It is the Investment Manager's policy not to accept or allow its related persons to accept any material form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services it provides to its Clients.

### **15. Custody**

The Investment Manager is deemed to have custody over the funds and securities of the Funds and is subject to SEC Rule 206(4)-2 under the Advisers Act. However, the Investment Manager is not required to comply, or is deemed to have complied, with certain requirements of the rule because it complies with the so-called "Pooled Vehicle Audit Exception". This exception requires that each Fund be subject to audit at least annually by an independent public accountant that is registered and subject to regular inspection, by the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of the Fund's fiscal year.

The Investment Manager intends to engage a third party to serve as qualified custodian for Clients and has engaged a third party as qualified custodian for the Funds. Separate Account Clients receive account statements directly from the custodian on at least a quarterly basis and are urged to carefully review these statements and compare them with any account statements received from the Investment Manager.

For Separate Accounts, the Investment Manager is deemed to have custody of the Clients' underlying assets. The Investment Manager has engaged, or will engage, a Public Company Accounting Oversight Board registered accounting firm to subject assets of these accounts to a surprise audit and requests requisite reporting to the Client.

#### **16. Investment Discretion**

Clients typically grant the Investment Manager investment discretion. While Client assets are allocated across available Loan inventory, and Credit-Related Investments, the Investment Manager is bound to follow the Fund Documents and other specific mandates of each Client regarding Loan characteristics and diversification. Investment guidelines and restrictions are set forth in respective Advisory Agreements and/or Fund Documents. When selecting securities or determining amounts, the Investment Manager observes the investment policies, limitations and restrictions imposed by the Client.

#### **17. Voting of Client Securities**

The Advisers Act requires investment advisers that have proxy voting authority to: (i) adopt policies and procedures for voting proxies in the best interest of the client; (ii) describe the procedures to clients; and (iii) inform clients how they may obtain information about how the adviser has actually voted their proxies. The Investment Manager does not expect that the securities or investments to be held by Clients will afford the holder any voting rights. Further, the Investment Manager will not have the authority to vote or be required to take any action or render any advice with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which Client assets may be invested.

#### **18. Financial Information**

As an advisory Firm that maintains discretionary authority for client accounts, the Investment Manager is also required to disclose any financial condition that is reasonable likely to impair its ability to meet its contractual obligations. The Investment Manager has no such financial circumstances to report.

Under no circumstances does the Investment Manager require or solicit payment of fees in excess of \$1,200 per Client more than six months in advance of services rendered. Therefore, the Investment Manager is not required to include a financial statement. The Investment Manager has not been the subject of a bankruptcy petition at any time during the past ten years.

**19. Requirements for State-Registered Advisers**

***MARCUS MCCAIN***

Position: Chief Compliance Officer

Year of Birth: 1984

Education: Mr. McCain received a Bachelor of Science degree in Economics from the College of Charleston.

Mr. McCain serves as the Compliance Officer of SALT Lending Holdings, Inc., the parent company of SALT Blockchain Asset Partners, LLC, for which he receives compensation for his services. Mr. McCain does not receive economic benefits from any person or entity other than of SALT Blockchain Asset Partners, LLC in connection with the provision of investment advice to clients and from SALT Lending Holdings, Inc.

Business Background: Prior to joining SALT Blockchain Asset Management, Mr. McCain was a Independent Compliance Transaction Tester for Capital One Securities and Capital One Investing from 2014 to 2017. From 2012 to 2014, he was the Securities Lending Trading Manager for Scottrade, Inc., and prior to that, he was a Securities Lender for Pension Financial Services (later bought by Apex Clearing) from 2006-2012.

Examination/  
Professional  
Designation: Series 7, 63, 24

***GREGORY BELL***

Position: Chief Investment Officer

Year of Birth: 1984

Education: Mr. Bell received a Bachelor of Science degree in Engineering from Vanderbilt University.

Mr. Bell serves as the Chief Operating Officer of SALT Lending Holdings, Inc., the parent company of SALT Blockchain Asset Partners, LLC, for which he receives compensation for his services. Mr. Bell does not receive economic benefits from any person or entity other than of SALT Blockchain Asset Partners, LLC in connection with the provision of investment advice to clients and from SALT Lending Holdings, Inc.

Business Background: Prior to founding SALT Blockchain Asset Partners, Mr. Bell was an Investment Analyst of Arrowpoint Asset Management, LLC from 2015 to 2017. He also served as a registered representative of RBS Securities LLC from 2010 to 2015.

Examination/  
Professional  
Designation: Series 65

# **SALT BLOCKCHAIN ASSET PARTNERS, LLC**

## **Part 2B of Form ADV The Brochure Supplement**

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[www.S-BAM.com](http://www.S-BAM.com)

Updated: April 30, 2018

This brochure supplement provides information about Gregory Bell. It supplements SALT Blockchain Asset Partners, LLC's accompanying Form ADV brochure. Please contact our Chief Compliance Officer, Marcus McCain, at 303-243-5018 if you have any questions about the Form ADV brochure or this supplement, or if you would like to request additional or updated copies of either document.

Additional information about Mr. Gregory Bell is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **Biographical Information**

### Educational Background and Business Experience

Gregory Bell was born in 1984. He received a Bachelor of Science degree from the Vanderbilt University School of Engineering in 2007.

Mr. Bell has served as SALT Blockchain Asset Partners' Chief Investment Officer & Managing Partner since 2017. Prior to founding SALT Blockchain Asset Partners, Mr. Bell was an Investment Analyst of Arrowpoint Asset Management, LLC from 2015 to 2017. He also served as a registered representative of RBS Securities LLC. from 2010 to 2015.

### Disciplinary Information

Mr. Bell has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Bell or of SALT Blockchain Asset Partners, LLC.

### Other Business Activities

Mr. Bell serves as the Chief Operating Officer of SALT Lending Holdings, Inc., the parent company of SALT Blockchain Asset Partners, LLC, for which he receives compensation for his services.

Mr. Bell is not engaged in any other investment related business and does not receive compensation in connection with any business activity outside of SALT Blockchain Asset Partners, LLC.

### Additional Compensation

As noted above, Mr. Bell serves as the Chief Operating Officer of SALT Lending Holdings, Inc., the parent company of SALT Blockchain Asset Partners, LLC., for which he receives additional compensation.

Mr. Bell does not receive economic benefits from any person or entity other than of SALT Blockchain Asset Partners, LLC in connection with the provision of investment advice to clients and from SALT Lending Holdings, Inc.

### Supervision

As SALT Blockchain Asset Partners, LLC's founder and Managing Partner, Mr. Bell maintains ultimate responsibility for the company's operations. Decisions are discussed with SALT Blockchain Asset Partners, LLC's Chief Compliance Officer, Marcus McCain. Mr. McCain can be reached directly by calling the telephone number on the cover of this brochure supplement.