

ITEM 1. COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE

GALAXY DIGITAL CAPITAL MANAGEMENT LP

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Important Disclosure:

This brochure (this “Brochure”) provides information about the qualifications and business practices of Galaxy Digital Capital Management LP (the “Adviser”, “we”, “us”, and similar terms). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer at 212-499-0081 or Compliance@galaxydigital.io. 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.

The Adviser has applied for registration as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

This Brochure contains certain material information in the manner and format promulgated by the SEC. Additional information, which must be read and considered with the information in this Brochure, may be found in other documents including, as applicable, registration statements, offering memoranda and/or investment management agreements, among others. Please also read and understand the entire Brochure as responses to certain Items also may respond to or provide additional or fuller information regarding the responses to other Items.

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

This Brochure is our initial Form ADV Part 2A; therefore, there are no material changes to report. In the future, if our Brochure, when amended, contains material changes from our last update, we are required to identify and discuss those changes.

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ITEM 4. ADVISORY BUSINESS

A. General Description of Advisory Firm

1. *Galaxy Digital Capital Management LP*

Galaxy Digital Capital Management LP (the “**Adviser**”, “**we**” and “**us**”) is a Cayman Islands exempted limited partnership formed on November 30, 2017. Our principal office and place of business is at 107 Grand Street, New York, New York. We commenced operations in March 2018 as an exempt reporting adviser, and have filed for registration as an investment adviser with the United States Securities and Exchange Commission (the “**SEC**”) in June 2019.

2. *Ownership of the Adviser*

The Adviser and its general partner, Galaxy Digital Capital Management GP LLC (the “**Adviser General Partner**”), a Cayman Islands exempted limited liability company, are controlled by Galaxy Digital LP (“**GD LP**”), a Cayman Islands exempted limited partnership. GD LP is an operating company and its sole limited partner is Galaxy Digital Holdings LP (“**GDH LP**”), a Cayman Islands exempted limited partnership. GDH LP’s general partner is Galaxy Digital Holdings GP LLC, a Cayman Islands exempted limited liability company. GDH LP has two classes of units representing limited partnership interests: Class A Units and Class B Units.

Class A Units of GDH LP are held by Galaxy Digital Holdings Ltd. (“**GDH Ltd.**”), a Cayman Islands corporation, and is a publicly traded company whose shares are listed on the TSX Venture Exchange under the symbol “GLXY.” Class B Units of GDH LP are held by three groups of shareholders: (i) Galaxy Group Investments LLC (“**GGI**”), a Delaware limited liability company, owned 100% by Michael Novogratz and his family members; (ii) employee founders of GDH LP; and (iii) former First Coin shareholders.

As indicated on Form ADV Part 1A, the principal owner of the Adviser and the Adviser General Partner, through the organizational structure described above, is Mr. Novogratz (the “**Principal Owner**”).

3. *Affiliates of the Advisor*

The Principal Owner, GD LP, GDH LP and GDH Ltd., through affiliates and subsidiaries (collectively, “**Galaxy Digital**”), also have interests in certain other entities described in this Brochure (including in Item 10.C) that provide broker-dealer, investment banking and other corporate advisory services as well as engage in trading, lending and principal investing activities. Together with the Advisor, such affiliated entities constitute a diversified financial services company dedicated to the Digital Assets (as defined below) industry. Certain senior officers of the Adviser also are senior officers of Galaxy Digital.

B. Description of Advisory Services

This Brochure generally includes information about us and our relationships with our clients and affiliates. While much of this Brochure applies to all such clients and affiliates, certain information applies to specific clients or affiliates only.

We are an investment management firm that provides advisory services on a discretionary basis to privately offered pooled investment vehicles, which are intended for investment by certain investors (“**investors**”) that are accredited investors under Rule 501 of Regulation D of the Securities Act of 1933, as amended (the “**Securities Act**”), and are qualified purchasers under Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “**Investment Company Act**”) so as to comply with the exemption under Section 3(c)(7) of the Investment Company Act. We do not limit our investment advice to only certain types of investments. The Adviser may also provide management services to accounts that do not invest in securities. Such services would not be provided by the Adviser in its capacity as a registered investment adviser and would not be subject to the Investment Advisers Act of 1940.

Our “**clients**” include private investment funds (collectively referred to herein as the “**Funds**,” and each, individually, a “**Fund**”) which pursue the investment strategies described below in Item 8. In the future, our clients may also include special purpose vehicles which the Funds invest in, or alongside, with Fund investors and third-party investors and/or Managed Accounts (as defined below). The Adviser and the Fund General Partners (as defined below), in their sole discretion, may also provide co-investment opportunities to other funds, private investors, groups or individuals, including Fund investors (or their affiliates). In addition, the General Partners’ or the Adviser’s affiliates, principals, officers, and employees make investments that are also appropriate for the Funds and, at certain times, simultaneously seek to purchase or sell, including in their individual capacities, the same or similar investments for the Funds. Please see Item 6 for details on potential conflicts of interest arising in the context of co-investments and managing different accounts side-by-side.

We provide our investment advisory services to the Funds in part through special purpose entities established to be the general partner or managing member of such Funds (the “**Fund General Partners**”). The Fund General Partners operate under our supervision and control and are subject to our compliance program.

C. Availability of Customized Services for Individual Clients

Our advisory services are provided to the Funds, pursuant to the terms of the Funds’ relevant offering documents and based on the specific investment objectives and strategies as disclosed in the offering documents. The advisory services each Fund receives is tailored to its individual needs, specified investment objectives and strategies as set forth in each Fund’s offering documents. The Funds may impose restrictions on investing in certain types of securities in accordance with achieving their investment objectives and strategies.

If, in the future, we determine to offer investment advice to clients that are separately managed accounts (“**Managed Accounts**”), the investment objectives and guidelines of such Managed Accounts would be determined in conjunction with the applicable client.

D. Wrap Fee Programs

We do not currently participate in any Wrap Fee Programs.

E. Assets Under Management

As of March 31, 2019, we manage approximately \$408,867,791 in regulatory assets under management on a fully discretionary basis. We do not manage any clients’ assets on a nondiscretionary basis.

ITEM 5. FEES AND COMPENSATION

A. Advisory Fees and Compensation

The fees applicable to any client are detailed in each client's investment management agreement or similar document. A brief summary of the fees that we charge is provided below. In the sole discretion of the Adviser or a Fund General Partner, as applicable, such fees may be waived, reduced or calculated differently with respect to certain investors, including investors affiliated with the Adviser.

It should be noted that any client of the Adviser after the date of this Brochure may have materially different terms as to fees than those summarized below and any such terms for an existing client may be amended from time to time.

The Adviser receives a management fee from the Funds for investment management services (the "**Management Fee**"). The amount of Management Fee equals up to 2.5% per annum depending upon the Fund and the investor's choice of share class. The Management Fee for the various funds is calculated based upon assets under management, capital commitments or invested capital. The Management Fee is calculated and paid in advance (generally quarterly or monthly) in accordance with the relative Funds offering documents, and will generally be pro-rated for any period that is less than a full period. The Adviser may typically determine to reduce or waive the Management Fee in respect of any investor. A detailed description of the Management Fee calculation is provided in the applicable investment management agreement and/or offering or similar document.

Additionally, certain Funds and other clients, as noted in Item 6 below, bear a performance-based incentive allocation or pay a performance-based fee to the Advisor or its affiliates (any such allocation or fee, "**Carried Interest**") of up to 20% depending upon the Fund.

B. Payment of Fees; Carried Interest Allocations

Management Fees paid to the Adviser or its affiliates, and any Carried Interest paid or allocated thereto by a client are generally deducted from the client's account on the basis described in each client's investment management agreement or similar document.

C. Additional Fees and Expenses

The expenses attributable to each specific client are detailed in each client's investment management agreement and/or offering or similar document. Subject to the terms of such agreements and documents, we have set forth below the expenses that each client can generally be expected to bear, however in some instances certain expenses listed below may be borne by, or solely applicable to, certain clients and not others, or be subject to a cap or other limits as to certain clients and not others. In addition, certain expenses not listed below may be allocated to certain clients if permitted by the client's investment management agreement and/or offering or similar document.

1. Categories of Expenses

There are several categories of expenses that are allocated to and among clients. These categories are

discussed below under “Organizational and Operational Expenses,” “Sourcing and Diligence Expenses” and “Portfolio Company-Related Expenses.”

(a) Organizational and Operational Expenses

Organizational and operational expenses relate to the organization and operation of Funds or other clients that are not directly related to sourcing investments or to any particular portfolio company.

Examples of organizational expenses are legal, accounting, and filing expenses incurred in connection with organizing, establishing and maintaining any Fund and the related general partner, expenses attributable to any vehicle that is formed for a specific investment and the marketing and offering of interests in such Fund or vehicle, including commissions, costs, fees, and expenses of any placement agent or finder and legal, accounting, filing, capital raising, travel and accommodation expenses (including, first class and/or business class airfare and/or private charter, first class and/or business class lodging, ground transportation, and premium meals), printing and other similar costs, fees, and expenses. We and our affiliates may compensate third parties, including brokers and placement agents and others, in connection with the solicitation of certain prospective clients and investors. Such referral fees may be a percentage of such client’s assets under management, management fees and/or performance-based compensation earned by us (or our affiliates), or any other fee arrangement agreed to by us (or our affiliate) and such third party. To the extent applicable, such arrangements will conform to Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”).

Other examples of organizational expenses include: expenses attributable to compliance with other private placement regimes and with anti-money laundering laws and know-your-customer requirements (including the appointment of any anti-money laundering compliance officer, money laundering reporting officer and deputy money laundering reporting officer of a Fund or any alternative investment vehicle required pursuant to the Anti-Money Laundering Regulations (2018 Revision) of the Cayman Islands); fees and expenses associated with the preparation of amendments and revisions to offering memoranda, operating agreements, and subscription agreements of the Funds and the solicitation of consent to such amendments; fees and expenses associated with any transfer of interests in a Fund, including with respect to transfer documentation and legal and tax analysis in connection with such transfer; costs relating to communications with Fund investors (including printing, mailing, investor web portal and other costs of information dissemination); side letters with Fund investors and compliance therewith; and certain taxes and other governmental charges levied against the Fund; expenses incurred in connection with holding any meetings of Fund partners and/or any Advisory Committee; expenses incurred in connection with the obtaining of consents or waivers of investors; any costs incurred in connection with the dissolution or liquidation of the Funds; and other similar expenses related to the Funds.

Operational expenses include costs associated with the recommendation of, transactions in, and maintenance of client’s investments, including costs of valuation and pricing services; expenses incurred in connection with compliance with the E.U. Alternative Investment Fund Managers Directive (“**AIFMD**”); compliance with U.S. federal, state, local, non-U.S. and other laws and regulations (including, but not limited to, securities laws, ERISA, Department of Labor, SEC and CFTC rules and regulations) and related expenses, including fees and expenses related to filings, documents and registrations relating to a client with the SEC, CFTC and/or other foreign or domestic regulators

(including short and long exposure and/or ownership filings with U.S. and foreign regulators and Form PF, if any, of the Adviser or any of its affiliates), AIFMD Annex IV and the AIFMD annual report (but excluding expenses related to preparation of the Adviser's Form ADV); agreements related to products and/or services for the benefit of clients and compliance therewith; expenses related to litigation and threatened litigation, if any, and expenses related to legal inquiries (formal and informal), including regulatory "sweeps"; provided, for the avoidance of doubt, that any such expenses being paid or reimbursed as the result of a request for indemnification pursuant to the terms of any client agreement will be subject to the terms of such agreement; expenses relating to obtaining and maintaining insurance to benefit, directly or indirectly, clients and/or the Adviser and its affiliates or their respective shareholders, partners, members, officers, directors, employees and agents; certain administrative and accounting services fees; expenses of negotiating agreements relating to investments; brokerage commissions, transaction costs, loan servicing and administration fees, ticket charges, clearing and settlement charges and custodial fees; interest expenses and other financing charges; placement fees relating to investments and similar expenses, investment banking, syndication, valuation, appraisal, due diligence, record keeping, legal, accounting and administrative expenses; fees charged by the Administrator (including for certain information technology services and middle-office trade support services, as well as for accounting, reporting, tax, compliance and audit services and software); third party accounting, tax compliance and related expenses (including expenses incurred in connection with the annual audit of a client, any "surprise" audit, tax filings, preparation of tax information and audits); costs of hedging transactions; legal expenses relating to ISDA negotiation or other negotiation with counterparties; consulting, advisory, investment banking and other professional fees relating to particular investments or contemplated investments; costs related to the custody of Digital Assets (as defined below), securities and other assets (including, but not limited to, third party custodians or wallet providers); research-related expenses (including fees for news and quotation equipment and connectivity costs and services, market data services and fees paid to third-party providers of research and software for managing and monitoring research and legal expenses); fees for portfolio risk management services (including the costs of risk management software or database packages and related connectivity costs); fees for market information systems and related connectivity costs; and investment-, operations and accounting-, and portfolio-related software, and related connectivity costs of each such type of software.

"Digital Assets" means cryptographically derived digital assets, referred to as cryptoassets, cryptocurrencies, and/or blockchain tokens, virtual currencies or digital currencies, such as Bitcoin (BTC) or Ether (ETH), as well as other assets available on public, private or permissioned blockchains or ledgers, including decentralized application tokens and protocol tokens, and other digital assets that are based on the cryptographic protocol of a computer network that may be (i) centralized or decentralized, (ii) closed or open-source, and/or (iii) used as a medium of exchange and/or store of value.

In addition, the Adviser, or its affiliates, may perform some or all of such functions in-house generally if it believes it can provide such services more effectively and at a cost that is comparable to prevailing market rates for such services. The Adviser may also provide services in connection with each Fund's ongoing operations (including, without limitation, legal, administrative, accounting, tax, valuation, audit and insurance expenses of each such entity, as well as compensation and overhead expenses related to the Legal & Compliance Department of the Adviser or its affiliates to the extent allocable to any such entity). The fees described above would be in addition to the Management Fee and may be subject to a cap. The fees may be used by the Adviser or its affiliates in engaging personnel and in incurring other overhead costs to manage client assets in lieu of hiring an unaffiliated third-party service provider to provide these services. Each client

and investor must review the applicable registration statements, offering memoranda and investment management agreements, among other documents, for a fuller discussion and understanding of all the fees, expenses and other compensation the Adviser and other parties may obtain or receive from, or in connection with, clients and investors.

(b) Sourcing and Diligence Expenses

Sourcing and diligence expenses are expenses that relate more generally to investment sourcing and diligence for a particular investment strategy as well as investment-related travel and accommodation expenses (including, first class and/or business class airfare and/or private charter, first class and/or business class lodging, ground transportation, and premium meals) and professional fees relating to investments and costs and expenses of research and technology including statistical and market data, conferences (including first class and/or business class airfare and/or private charter travel to and from conferences), software and software consulting.

Sourcing and diligence expenses may include those expenses incurred with respect to the pursuit of particular investments that are never actually consummated. Examples of such “broken deal” expenses include fees and expenses of any legal, financial, accounting, consulting or other advisors or lenders, investment banks and other financing sources in connection with arranging financing for transactions that are not consummated, any travel and accommodation expenses, and any deposits or down payments that are forfeited in connection with, or amounts paid as a penalty for, unconsummated transactions.

(c) Portfolio Company-Related Expenses

Portfolio company-related expenses are expenses that are specifically attributable to a particular Fund portfolio company. Examples of expenses that fall within this category are travel and accommodation expenses (including, first class and/or business class airfare and/or private charter, first class and/or business class lodging, ground transportation, and premium meals) for an employee to attend a board of directors meeting of a portfolio company, other compensation and expenses for services provided to or on behalf of a portfolio company, directors’ fees, consulting fees, equity grants and other compensation of senior advisors or industry advisors (including phantom equity) for services provided to a portfolio company, and fees and expenses of any other consultants, counsel, accountants or other experts for services provided to a Fund portfolio company. Other examples include: (i) brokerage commissions, clearing and settlement charges, investment banking fees and expenses, bank charges, placement, syndication and solicitation fees, arranger fees, sales commissions, bridge financing expenses and other investment, execution, closing and administrative fees, costs and expenses of portfolio companies, (ii) costs (including administrative and filing fees) of maintaining the holding structure for portfolio investments, (iii) portfolio and risk management expenses, and (iv) expenses related to industry conferences directly related to a particular portfolio company, including first class and/or business class airfare and/or private charter travel for employees of the Adviser to attend such conferences.

Certain of our related persons serve as members of the boards of directors of certain portfolio companies of Funds managed by us. Such related persons are reimbursed by the underlying portfolio companies for travel costs and other expenses related to attendance at portfolio company board meetings.

2. Expense Allocation Procedures

It is the policy of the Adviser to charge and allocate expenses in accordance with the expense arrangements set forth in the relevant client's offering documents and/or investment management or other agreements. Detailed information regarding the fees, costs and expenses to be paid by each Fund or client, and the allocation thereof, is contained in such documents. Investors should not consider an investment in a Fund without fully understanding the Fund's fees, cost and expense structure.

Generally, all expenses borne by a Fund client, other than the Management Fee and any expenses that the applicable Fund General Partner determines should be allocated to a particular investor (e.g., investor-related taxes), will be debited or charged against all of the capital accounts of Fund interests on a pro rata basis, based on capital account balances, capital commitments or other metrics. To the extent that expenses to be borne by a client are paid by the Fund General Partner or the Adviser, a client will reimburse such party for such expenses.

In addition, the nature of an expense will dictate how such expense is allocated among different clients or as between clients, on the one hand, and other parties, including the Adviser or its affiliates, on the other hand:

- “Organizational and Operational Expenses” generally are charged to the client to which they relate.
- “Sourcing and Diligence Expenses” are generally attributable to the clients, third parties and/or affiliates of the Adviser that invest in a given strategy. If a transaction is consummated, such expenses will typically be borne by the relevant portfolio company or a related investment vehicle through which the investment is made and capitalized as part of the acquisition price of the relevant transaction to the extent not reimbursed by a third party. If a transaction is not consummated, the allocation of such “broken deal” costs will be in accordance with the proposed allocation for the investment had it been made. If the agreement with a client or third party (including a co-investor as discussed further in response to Item 6) does not permit the allocation of broken deal expenses, such person's pro rata share of broken deal expenses will be borne by the Fund or Funds involved in such transaction.
- “Portfolio Company-Related Expenses” are generally charged to the portfolio company to which they relate, or, if not, are generally allocated to clients based on the ownership percentages of the relevant portfolio company held by the relevant clients at the time of the relevant service period, if applicable. Transaction expenses for consummated investments will typically be borne by the relevant portfolio company or a related investment vehicle through which the investment is made and capitalized as part of the acquisition price of the relevant transaction to the extent not reimbursed by a third party. In addition, ongoing expenses that are specific to a portfolio company may be borne by the relevant portfolio company. When the portfolio company bears an expense directly, each direct and indirect equity owner of such company will indirectly bear a portion of such expenses.

D. Payment of Fees in Advance

As discussed above in response to Item 5.A., the management fee of each of the Funds is payable either monthly or quarterly in advance. If an Investor was permitted to withdraw capital on a date other than the end of a calendar month or quarter, as applicable, the management fee typically will be refunded to the Investor for such partial month or quarter.

E. Additional Compensation and Conflicts of Interest

Neither the Adviser nor any of its supervised persons (except for those who are also employed by the Adviser's affiliate, Galaxy Digital Advisors LLC ("**GDA**"), a broker-dealer registered with the SEC and a member of FINRA) accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

As discussed in response to Item 10.C, GDA and its registered representatives (some of whom are also employed by us) may participate in underwriting syndicates and/or selling groups with respect to the securities and debt instruments of portfolio companies in or through which certain clients invest.

GDA may also charge fees to our clients in connection with the provision of bona fide investment banking or other services to clients or portfolio companies. This compensation may include brokerage fees, financing or commitment fees as well as financial advisory fees or fees in connection with restructurings and mergers and acquisitions ("**M&A**"), underwriting fees or placement fees. We may engage GDA or other affiliates in lieu of hiring an unaffiliated third-party service provider to provide these services if we believe that our affiliates can provide such services as effectively and at a cost that is comparable to prevailing market rates for such services, and on such terms reasonably expected by us to be available in an arm's-length transaction with an unaffiliated third party. GDA may receive fees and commission, which may be payable in cash or securities, in respect of the activities described above. Clients generally will not receive the benefit of any such fees or other compensation.

In addition, we will use GDA to sell interests in the Funds on our behalf. Under current arrangements, neither GDA, GDA's registered representatives, nor we will earn commissions from such sales; nor will investors who or which invest because of such sales activities be charged any sales costs or commissions attributable to such sales.

As discussed in response to Items 8.A and 10.C, the Adviser has developed, together with Bloomberg, LP ("**Bloomberg**"), the Bloomberg Galaxy Crypto Index (the "**Index**") to track the performance of the largest, most liquid portion of the cryptocurrency market as can be ascertained by certain public data sources as measured by Bloomberg. The Index Strategy pursues its investment objective through investments in a portfolio of cryptocurrencies and blockchain based assets that are tracked by the Index. The Adviser is entitled to receive a certain portion of license fees collected by Bloomberg for use of the Index by persons other than the Adviser or the funds or clients pursuing the Index Strategy.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As discussed in response to Item 5.A, the Adviser and its affiliates are entitled to receive a performance fee or other form of Carried Interest from or in respect of certain clients. The Adviser understands that there exists certain potential conflicts of interest associated with the presence of performance-based fees and other forms of Carried Interest. Such a fee or other Carried Interest may create an incentive for the Adviser to cause the Funds to make investments that are riskier or more speculative than would be the case if there were no performance fee. Performance-based compensation may vary with respect to the Funds and any special purpose vehicles, which may create an incentive to favor clients that pay higher performance-based compensation in the allocation of investment opportunities. However, the Adviser advises each of the Funds in accordance with its investment strategy and any allocation restrictions set forth in each Fund's organizational documents.

Additionally, the Adviser has established policies and procedures designed to address potential conflicts of interest, including the allocation of investments and opportunities, relating to side-by-side management of different client accounts where performance-based or other compensation varies. As described generally in Item 11.D, pursuant to its allocation policy, the Adviser seeks to allocate investment opportunities fairly and equitably over time across clients to the extent such opportunities are appropriate for such clients. In allocating investment opportunities among clients, the Adviser or its affiliates may take into account factors including, among other things, the relative amounts of capital available for new investments and the investment programs and portfolio positions of the client and such other clients and investment vehicles. However, situations may arise in which the activities of the Adviser or its affiliates may be disadvantageous to a client, such as the inability of the market to fully absorb orders for the purchase or sale of particular investments placed by the Adviser for a client and other clients or at prices and in quantities which may be obtainable if the same were being placed only for the client.

In addition, as discussed in response to Items 4.B and 10.C, the Adviser may cause clients to invest alongside co-investors when the Adviser deems it appropriate and consistent with the interests of the clients. In this Brochure, we refer to (i) the Fund General Partners' or the Adviser's affiliates, principals, officers, and employees, Fund investors, third-party investors and other third-party funds, private investors, groups or individuals (or their affiliates) that invest alongside clients, collectively, as "**co-investors**" and (ii) the investments that co-investors make alongside clients as "**co-investments**." The term "co-investment" also includes investment opportunities in the form of financing facilities relating to portfolio companies. Such co-investments are likely to reduce the amount clients can invest in any given opportunity, and the Adviser may be unable to make as large of an investment on behalf of a client as otherwise might be desirable. In addition, the allocation of investments between co-investors and clients will be at the Adviser's discretion, and if the co-investors receive more favorable economic terms for the same investment than clients, the Adviser may have a conflict of interest with respect to allocating investments between the co-investors and clients. The Adviser is not obligated to arrange co-investment opportunities or to offer any investor the opportunity to co-invest, and no such investors or beneficial owners will be obligated to participate in such an opportunity if offered. Any investment by co-investors alongside clients will be subject to approval by the Adviser in its sole discretion, on a case-by-case basis and by determining whether such co-investment is appropriate. If approved, the Adviser will allocate an investment among its clients, on the one hand, and the co-investors, on the other hand (and among co-investors), in its sole discretion, taking into account the following, non-exhaustive list of factors: (i) the ability of a co-investor to commit to invest in a short period of time, in light of the timing constraints applicable to the co-investment; (ii) the ability of a co-investor to commit to a significant portion

of such opportunity; (iii) whether a co-investor is a strategic investor; (iv) the size of a co-investor commitment to or investment in a client; (v) a co-investor's tenure as an investor with the Adviser or its affiliates; and (vi) tax and regulatory considerations relevant to a co-investor and the particular co-investment opportunity. If the Adviser determines that an investment opportunity is too large for clients, the Adviser and its affiliates may, but will not be obligated to, make proprietary investments therein.

From time to time, the Adviser may elect to facilitate co-investment opportunities with respect to a particular investment within a certain period of time after such investment is consummated by a Fund through subsequent sales or dispositions of portions of such investment to co-investors. Proceeds received by a Fund in connection with any such sale or disposition are generally distributed on a *pro rata* basis to participating partners of the Fund in proportion to their respective interests therein. In addition, the general partner reserves the ability to charge any co-investor participating in such co-investment opportunity a cost of carry based on the cost basis of the interest in the investment being acquired by such co-investor. Any cost of carry paid to a Fund by a co-investor is also generally distributed on a *pro rata* basis to all participating partners of the Fund. If the Adviser elects for a Fund to facilitate a co-investment opportunity in this manner, the Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms and that, as a consequence, among other things, such Fund may hold a larger than expected interest in such portfolio investment, may bear a greater amount of fees, costs and expenses associated with such portfolio investment, or may realize lower than expected returns from such portfolio investment. Co-investors typically bear their *pro rata* share of various fees, costs and expenses related to their co-investments and may be required to pay their *pro rata* share of fees, costs and expenses related to their potential co-investments that are not consummated, such as reverse breakup fees or broken deal costs. To the extent co-investors do not agree to or do not otherwise bear fees, costs and expenses related to unconsummated co-investments then such fees, costs and expenses will be borne by the Fund or Funds involved in such transaction.

Investment opportunities in the form of financing facilities relating to portfolio companies of Funds or clients arise from time to time, and affiliates of the Adviser and/or certain investors in Funds or other clients may be selected to participate in such facilities and may receive additional benefits in connection with doing so. The selection of financing sources depends on a variety of facts and circumstances, potentially including specific expertise and speed of execution. The Adviser selects financing sources in its sole discretion based on its analysis of the facts and circumstances and does not offer financing opportunities to every investor in the Funds or other clients.

In addition, the Adviser or its affiliates, because of differing investment objectives, different investment teams or other factors, may cause a client to take investment positions that are different from or adverse to those taken by another client or co-investor, including positions contrary to those held by such other client or that are senior or junior to those held by such other client or co-investor. To the extent that a client holds interests that are different from (or more senior or junior to) those held by another client or co-investor, the Adviser and its affiliates may be presented with decisions involving circumstances where the interests of one client are in conflict with those of another client or co-investor, including with respect to the operation of a company, the expected returns for the investment and the timeframe for and method of exiting the investment. Furthermore, it is possible that (in a bankruptcy proceeding or otherwise) a client's interest may be subordinated or otherwise adversely affected relative to another client or co-investor or otherwise by virtue of such client's or co-investor's involvement and actions relating to its investment. For example, a client that is a debt holder of a company may be better served by the company's liquidation, in which case it may be paid in full, whereas a client that is an equity holder of a company may prefer a reorganization that could create value for the client

and other equity holders. The Adviser may have varying compensation arrangements among clients that could incentivize the Adviser to manage such clients differently. There will be no obligation to purchase, sell or exchange any security or financial instrument for a client if the Adviser or its affiliates believe in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for the particular client.

Sometimes, following an investment by a client, the Adviser or its affiliates have the opportunity to make an additional or follow-on investment in the same portfolio company or a related company. Occasionally, rather than allocate these additional or follow-on investment opportunities to the client(s) that made the original investment, the Adviser may allocate the opportunity in a different manner, including but not limited to amongst other clients or co-investors. Typically, the Adviser makes these allocations in circumstances where the additional investment opportunity or follow-on investment could not, because of available capital, expected holding period of the investment, risk limits, size, tax considerations, concentration or other reasons, be allocated in the same manner as the original investment to which it relates. Additional investment opportunities and follow-on investments may be more or less profitable than the original investment to which they relate.

From time-to-time, a client makes commitments to provide capital for investments at a certain date in the future. At the time any such investment requires funding, the Adviser may allocate the investment opportunity among such client, other clients eligible to participate in the investment and/or co-investors. In addition, the client and its affiliates may establish investment vehicles to facilitate the investment of clients in certain opportunities. To the extent that any other clients make an initial investment in or increase their investment in such an investment vehicle, such investment will dilute the existing interest holders (and the underlying investments therein) unless the Adviser determines to increase the other interest holders' commitment to the platform on a proportionate basis. Accordingly, clients may be disadvantaged if the Adviser allocates profitable opportunities away from them or if the Adviser allocates unprofitable opportunities to them.

As described generally in Item 11.C, there may be situations in which one client (or affiliate of a client) makes or otherwise acquires an investment that is later sold to another client. Such transactions are referred to as “**Internal Cross Transactions.**” The client making the initial investment will bear the investment risk related to the investment if and until such time as an Internal Cross Transaction is effected with another client. The client making the initial investment may be paid interest or other compensation from the client purchasing the investment in such circumstances if believed to be necessary and appropriate by the Adviser.

The portfolio strategies we and our affiliates use for certain clients could conflict with the transactions and strategies we employ in managing other clients and may affect the prices and availability of the securities and other financial instruments in which clients invest. For example, the use of currency or Digital Asset hedging, securities hedging or other hedging, trading, asset allocation and derivative strategies designed to increase, decrease or otherwise modify the exposure of a client's holdings to particular strategies, may result in investments for certain clients that are contrary (economically or otherwise) to the investment positions taken by the Adviser on behalf of another client and may result in higher or lower returns and greater or less downside or other risk for a client.

Client investments may include investments in vehicles that are directly or indirectly affiliated with the Adviser, such as the Funds. The client bears management fees and performance fees that are paid to, or performance allocations that are made to, the managers, general partners or members of such affiliates. The Adviser will endeavor to make investment decisions for the benefit of the client in good faith and to treat each

of the Funds and all of its clients in a fair and equitable manner over time. There can be no assurance, however, that certain investment decisions made for a client or for any other Fund will not adversely affect other Funds or clients, even if such investment decisions are made in good faith.

ITEM 7. TYPES OF CLIENTS

As discussed in response to Item 4.B., our clients are privately offered pooled investment vehicles, which are intended for investment by investors that are accredited investors under Rule 501 of Regulation D of the Securities Act, and are qualified purchasers under Section 2(a)(51) of the Investment Company Act so as to comply with the exemption under Section 3(c)(7) of the Investment Company Act.

The minimum investment for a client or an investor generally will be determined by the Adviser, or the applicable Fund General Partner of the client and will generally be set out in the relevant client's offering documents and/or investment management or other agreements. Such minimum investment amounts may be waived by the Adviser or the applicable Fund General Partner, if permissible under relevant law. Minimum investment amounts generally are negotiated on a case-by-case basis with a client or an investor.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services that we offer to clients, as well as investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines.

The investment strategies we pursue 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. Investment products we manage are designed only for sophisticated persons who can bear the economic risk of the loss of their investments and who have a limited need for liquidity in their investment. There can be no assurance that an investment strategy will achieve their investment objective or that substantial losses will not be incurred. Each prospective client or investor should carefully review the applicable offering documents and/or investment management or other agreements prior to deciding to invest in the strategy, product or Fund managed by the Adviser.

1. Methods of Analysis

Investment ideas are usually generated internally, through research and analysis, and are based primarily upon the research and analytical experience and expertise of each of the investment and other professionals that supervise and review the applicable accounts. The Adviser may obtain information regarding investment opportunities through industry participants, broker-dealers and business and other relationships. The Adviser may, from time to time, engage the services of affiliates as well as consultants and third parties to provide investment ideas, source potential investments, or gather further research or information.

The Adviser's investment analysis methods may include, depending upon the investment strategy and circumstances, charting, fundamental, technical and cyclical methods. In addition, the Adviser's methods of analysis may include quantitative and computer-aided analysis of investments and market attributes, and computer application of models applying proprietary evaluation criteria to investments, among others. The Adviser also may use risk-generated analysis and reports or other such information as it believes is advisable in connection with its investment strategies.

2. Investment Strategies

(a) Index Strategy

The principal investment objective of one investment strategy offered by the Adviser (the "**Index Strategy**") is to provide investment results that, before expenses, correspond generally to the performance of the Bloomberg Galaxy Crypto Index (the "**Index**"), an index developed by Bloomberg and the Adviser and maintained on an ongoing basis by Bloomberg, which is designed to track the performance of the largest, most liquid portion of the cryptocurrency market. The Galaxy Benchmark Crypto Index Offshore Fund, Ltd. (collectively with Galaxy Benchmark Crypto Index Master Fund, L.P. and Galaxy Benchmark Crypto Index Fund, L.P., the "**Index Fund**") pursues its investment objective

through investments in a portfolio of cryptocurrencies and blockchain based assets that are tracked by the Index. As discussed in response to Items 5.E and 10.C, the Adviser is entitled to receive a certain portion of license fees collected by Bloomberg for use of the Index by persons other than the Adviser or the Index Fund.

(b) EOS Strategy

The Adviser offers another strategy which seeks to identify and invest in a diversified portfolio of established, early and growth stage technology entities, ventures or projects and/or establishing or investing in one or more entities intended to facilitate such entities, ventures and projects (e.g., “incubators”), however constituted, which are substantially related to the blockchain(s) based on the EOSIO blockchain software.

(c) Cash Management Strategy

A final investment strategy offered by the Adviser seeks to achieve capital preservation through investments in U.S. or non-U.S. money market instruments, including but not limited to, government obligations, custodial receipts, certificates of deposit, time deposits and bankers’ acceptances, commercial paper, master demand notes, short-term corporate debt securities, and repurchase agreements.

B. Material, Significant or Unusual Risks Relating to Investment Strategies

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us or particular investment instruments in which we invest on behalf of clients. In addition, not all risk factors set forth below apply to each client. Some risk factors apply to certain clients and not to others. The risk factors applicable to a specific client are further detailed in that client’s offering documents and/or investment management or other agreements.

References in this section to actions taken or investments made by a “client” should be understood to mean, as context requires, that such actions may be taken or investments made by the Adviser (and references to the Adviser should include, for purposes of this section, a Fund General Partner, as context requires).

General Risks

Investment-Related Risks. The investment business, and in particular investing in Digital Assets and/or the debt or equity of companies operating in and around the distributed ledger, digital asset and broader emerging digital FinTech sectors (“**Digital Asset Companies**”) is speculative, underlying asset prices are volatile and market movements are difficult to predict. Supply and demand for investment opportunities change rapidly and are affected by a variety of factors, including interest rates, housing prices, merger activities, regulation, unemployment, wage growth and general economic trends. In addition to these general investment risks, the Adviser may use investment techniques that may subject its clients to certain risks; some, but not all, of these risks are summarized below.

Investment and Trading Risks Generally. Investing involves a high degree of risk, including the risk that the entire amount invested may be lost. Depending upon the specific strategy, a client generally will make direct or indirect investments in Digital Assets or in Digital Asset Companies, using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of Digital Assets, global equity, currency and fixed income markets, leverage, the potential illiquidity of derivative instruments and other portfolio investments and loss from counterparty defaults. No guarantee is made that a client's investment program or overall portfolio, or various investment strategies used or investments made, will have low correlation with each other or that a client's returns will exhibit low long-term correlation with an investor's traditional securities portfolio. A client's investment program may use such investment techniques as margin transactions, option transactions, swap and other derivative transactions, short sales and forward and futures contracts, which practices involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which a client may be subject. All investments made by a client risk the loss of capital. No guarantee or representation is made that a client's investment program will be successful, that a client will achieve its investment objective or that there will be any return of capital invested to investors in a client, and investment results may vary substantially over time.

No Guarantee of Return or Performance. The obligations or performance of a client or the returns on investments in a client portfolio will not be guaranteed in any way.

Broad Discretionary Power to Choose Investments and Strategies. The Adviser has broad discretionary power to decide what investments a client will make and what strategies it will use. The Adviser may choose any other investments and strategies that it believes are advisable, consistent with a particular client's investment objectives and subject to the ultimate authority of the Adviser.

Limited Operating Histories. The Adviser has limited operating history upon which prospective investors can evaluate its performance. A client's investment program should be evaluated on the basis that there can be no assurance that the Adviser's assessment of the prospects of investments will prove accurate or that a client will achieve its investment objective.

Dependence on Key Individuals. The authority for all client decisions will be delegated to the Adviser. Investors will have no authority to make decisions or to exercise discretion on behalf of a client. The success of a client will be significantly dependent upon the expertise of the relevant key person and the other members of the investment team. Although the Adviser anticipates that it and its principals will devote a significant portion of their time to the conduct of the business of its clients, the Adviser or its principals also serve as general partner, managing member, investment adviser or investment manager to multiple funds or investment vehicles. Furthermore, the principals of the Adviser are not required to devote all of their time to the Adviser or a client, and there can be no assurance that any principal of the Adviser will continue to remain associated with the Adviser.

Legal, Tax and Regulatory Risks. In the wake of the global financial crisis, widespread legislative and regulatory actions were taken by numerous governments and their agencies, including in the United States the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"). The Dodd-Frank Act significantly revised and expanded the rulemaking, supervisory and enforcement authority of federal bank, securities and commodities regulators and imposed enhanced recordkeeping and reporting obligations on investment advisers in respect of private funds. The Dodd-Frank Act also established

a general framework for systemic regulation. Although U.S. regulators have largely implemented key provisions of the Dodd-Frank Act, certain final regulations have only been in place a short period of time and others have not been finalized. Future regulatory actions authorized by the Dodd-Frank Act could adversely affect a client. Legal, tax and regulatory developments are likely to continue to occur, and such developments may adversely affect a client. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements and regulators, and self-regulatory organizations and exchanges have been authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to change by government and judicial actions. The regulatory environment for private funds is evolving, and currently there are numerous legislative and regulatory proposals in the United States, Europe and other countries that could affect a client and its trading and investing activities. Changes in the regulation of private funds and their trading and investing activities may adversely affect the ability of a client to pursue its investment strategy or obtain leverage and financing and the value of investments held by a client. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. Such scrutiny may increase a client's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may also impose additional administrative burdens on the Adviser, including responding to examinations and investigations, implementing new policies and procedures and complying with recordkeeping and reporting obligations. Such burdens may divert the Adviser's time, attention, and resources from portfolio management activities. It is impossible to predict what, if any, changes in laws and regulations may occur, but any laws and regulations that restrict or limit a client's ability to trade in securities or to employ (or obtain from brokers and other counterparties) credit in its trading could have a material adverse impact on a client's portfolio.

A client and the Adviser may also be subject to regulation in jurisdictions in which they engage in business. Investors should understand that a client's business is dynamic and is expected to change over time. Therefore, a client may be subject to new or additional regulatory constraints in the future. The offering materials and other agreements prepared in connection with the clients cannot address or anticipate every possible current or future regulation that may affect a client, the Adviser or their businesses. Such regulations may have a significant impact on investors or the operations of a client, including, without limitation, by restricting the types of investments a client may make, preventing a client from exercising its voting rights with regard to certain financial instruments and requiring a client to disclose the identity of its investors. The Adviser may cause a client to be subject to such regulations if it believes that an investment or business activity that may trigger such regulation is in a client's interest, even if such regulations may have a detrimental effect on one or more investors. Prospective investors are encouraged to consult their own advisors regarding an investment in a client.

Employee Misconduct. The Adviser's reputation is critical to maintaining and developing relationships with existing and prospective investors, as well as with the numerous third parties with which the Adviser or a client does business. In recent years, there have been a number of highly publicized cases involving fraud, conflicts of interest or other misconduct by individuals in the financial services industry, and there is a risk that an employee of or contractor to the Adviser or any of its affiliates could engage in misconduct that adversely affects the investment strategies implemented by the Adviser. It is not always possible to deter such misconduct, and the precautions the Adviser takes to detect and prevent such misconduct may not be effective in all cases. Misconduct by an employee of or contractor to the Adviser or any of its affiliates, or even unsubstantiated allegations of such misconduct, could result in both direct financial harm to the Adviser and a client, as well as harm to the reputations of the Adviser and the client, which would have a materially adverse effect on a client.

Projections. A client expects, at times, to rely upon projections developed by the Adviser or a portfolio company concerning such portfolio company's future performance and cash flow. Projections are inherently subject to uncertainty and factors beyond the control of the Adviser and such portfolio company. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements, and the occurrence of other unforeseen events could impair the ability of a company to realize projected values and cash flow.

Future Investment Techniques and Instruments. A client may employ other investment techniques and invest in other instruments that the Adviser believes will help achieve a client's investment objective, whether or not such investment techniques or instruments are specifically described herein. Such investment techniques and investments may entail risks not described herein.

Interest Rate Risk. The market value of fixed-income loans and debt securities generally varies in response to changes in interest rates and the financial condition of the borrower of such loan or the issuer of such securities. During periods of declining interest rates, the value of debt generally increases. Conversely, during periods of rising interest rates, the value generally declines. These changes in market value will be reflected in the net asset value of a client's portfolio. No assurance can be given that the debt and fixed income obligations in which a client invests will continue to earn yields comparable to those earned historically or with the expectations of the Adviser, nor can any assurance be given that the issuers of such securities will make payment on such obligations as they become due.

Counterparty Risk. Some of the markets in which a client may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. To the extent a client invests in over-the-counter transactions on these markets, a client may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections. Such transactions expose a client to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem. In such events, a client may bear a loss in connection with the relevant transaction. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a client has concentrated its transactions with a single or small group of counterparties. A client is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. The ability of a client to transact business with any one or a number of counterparties, the lack of any independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by a client.

Custodial Risk. There are risks involved in dealing with the custodians who hold a client's assets, particularly with respect to non-U.S. investments. It is expected that all cash and other non-loan assets deposited with custodians will be clearly identified as being assets of a client and hence a client should not be exposed to a credit risk with respect to such parties. However, it may not always be possible to achieve this segregation and there may be practical or timing problems associated with enforcing a client's rights to its assets in the event of the insolvency of any such custodian. See "*Risks Relating to Custody of Digital Assets*" discussion

below for the particular risks related to custody of Digital Assets.

Risk Control Framework. The Adviser will implement a risk control framework to help each client manage its risk exposure. No risk control system is fail-safe, and no assurance can be given that the Adviser's risk control framework will achieve its objectives. Any target exposures developed by the Adviser may be based upon historical patterns for the instruments in which a client trades and may rely upon models for the behavior of the instruments in response to various changes in market conditions. No assurance can be given that the historical patterns will accurately predict trading patterns or that the models will necessarily accurately predict the manner in which the instruments are priced.

Dependence on Service Providers. The Adviser relies on service providers for certain aspects of their business, including certain financial operations, trade related activity, IT infrastructure and systems, trade reconciliation, and margin and collateral movement. The Adviser does not control these service providers and has limited transparency into such businesses' day-to-day operations. Any interruption or deterioration in the performance of such service providers could impair the quality of the Adviser's operations, negatively affect its and the reputation of a client and the investment strategies of the Adviser, limit a client's potential to grow, and ultimately expose clients to losses.

Lack of Fiduciary Duty by Service Providers. Service providers to a client, including custodians and security vendors, owe no fiduciary duties to clients or investors, are not required to act in their best interest and could resign or be removed by the Adviser. The service providers, including custodians and security vendors, that a client employs or may employ in the future are not trustees for, and owe no fiduciary duties to, a client or investors. Current or future service providers, including custodians and security vendors, can terminate their role as custodian or security vendor for any reason whatsoever upon the notice period provided under the relevant custody agreement. A service provider may also be terminated.

Operational Risk. A client will depend upon the Adviser to develop the appropriate systems and procedures to control operational risks. Operational risks arising from transactions not being properly booked, evaluated or accounted for or other similar disruption in the Adviser's operations may cause a clients to suffer financial loss, other liability to clients or third parties and regulatory intervention or reputational damage.

Systems Risks. A client will depend upon the Adviser to develop and implement appropriate systems for a client's activities. In particular, the Adviser will rely extensively on computer programs and systems to evaluate certain securities based on real-time trading information, to monitor their portfolios and net capital and to generate risk management and other reports that are critical to the oversight of a client's activities. In addition, certain of the Adviser's operations will interface with or depend on systems operated by third parties, including market counterparties and their sub-custodians and other service providers, and the Adviser may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by computer "worms," viruses and power failures. Any such defect or failure could have a material adverse effect on a client. For example, such failures could cause inaccurate reports, which may affect the Adviser's ability to monitor a client's investment portfolio and its risks. In addition, despite the security measures established by the Adviser and third parties to safeguard its and their respective systems, including the information therein, such systems may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise these systems and result in the theft,

loss or public dissemination of the information stored therein and could have a material adverse effect on a client.

Reliance on Technology. Certain strategies and critical aspects of the Adviser's operations are reliant on technology, including hardware, software and telecommunications systems. Significant parts of the technology used in the management of each client may be provided by third parties and are therefore beyond the Adviser's direct control. Forecasting, trade execution, data gathering, risk management, portfolio management, IT infrastructure and support, compliance and accounting systems all are designed to depend upon a high degree of automation and computerization. Although the Adviser seeks, on an ongoing basis, to ensure adequate backups of software and hardware where possible and the Adviser will attempt to conduct adequate due diligence and monitoring of providers, if such efforts are unsuccessful or inadequate, software or hardware errors or failures may result in errors, data loss and/or failures in trade execution, risk management, portfolio management, compliance or accounting. Errors or failures may also result in the inaccuracy of data and reporting or the unavailability of data or vulnerability of data to the risk of loss or theft. Errors may occur gradually and once in the code may be very hard to detect and can potentially affect results over a long period of time. If an unforeseeable software or hardware malfunction or problem is caused by a defect, virus or other outside force, a client may be materially adversely affected.

In particular, the Adviser may rely on cloud (including private and public cloud-based) technology for certain operations, including data storage. Cloud-based technology, like any electronic data storage or processing technology, is not fail-safe. It may be subject to certain defects, failures or interruptions of service beyond the Adviser's direct control. It is also possible that such technology could be compromised by a third party, including through the use of malicious software or programs, such as viruses, which may expose the Adviser and a client to theft (of data or other assets) and/or significant business interruption. In addition, a software provider may cease operations or be relatively thinly capitalized and the Adviser's and a client's ability to be made whole after any loss may be compromised as a result.

Trade Execution Risk. To the extent a client trades Digital Assets, a client's investment and trading strategies will depend upon its ability to establish and maintain an overall market position in a combination of financial instruments selected by the Adviser. A client's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, trading volume surges or systems failures attributable to a client, the Adviser, a client's counterparties, brokers, dealers, agents or other market participants. In such event, a client may only be able to acquire or dispose of some, but not all, of the components of such position, and, if the overall position were to need adjustment, a client may not be able to make such adjustment. As a result, a client may not be able to achieve the market position selected by the Adviser, which could result in a loss.

Trade Errors. On occasion, errors may occur with respect to transactions executed on behalf of a client. Trade errors can result from a variety of situations, including, for example, when the wrong asset is purchased or sold, when the correct asset is purchased or sold but for the wrong account and when the wrong quantity is purchased or sold. Trade errors frequently result in losses but may, occasionally, result in gains. The Adviser determines whether to have the costs arising from trade errors borne by a client or the Adviser by applying the same standard of liability that would apply to any other action or omission by the Adviser in the course of such management under the applicable client agreement. Trade errors are evaluated on a case-by-case basis. For the Adviser's clients, the applicable standard of liability is generally gross negligence,

willful misconduct or fraud. The Adviser may execute all or a portion of its transactions via a proprietary algorithm. Transactions resulting from errors made with respect to the coding or development of such algorithm will not be considered trade errors in most circumstances under the Adviser's policies. Clients will also generally not be reimbursed by the Adviser for such errors, unless they resulted from the Adviser's gross negligence, willful misconduct or fraud.

Cyber Security, Other Breaches and Identity Theft. Cyber security incidents and cyberattacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. The Adviser's and its service providers' information and technology systems may be vulnerable to damage or interruption from computer viruses and other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches (by physical or electronic means), usage errors by their respective users or service providers, power, communications or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information. Although the Adviser has implemented, and service providers may implement, various measures to manage risks relating to these types of events, such systems could be inadequate and, if compromised, could become inoperable for extended periods of time, or cease to function properly or fail to adequately secure private information. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing it from being addressed appropriately. The Adviser may have to make a significant investment to fix or replace any inoperable or compromised systems. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Adviser's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors) and the intellectual property and trade secrets of the Adviser. Such a failure could harm the Adviser's reputation, subject the Adviser and its affiliates (including a client) to legal claims and otherwise affect their business and financial performance.

Risks Applicable to Various Strategies

Venture Capital Investments. Certain clients may make venture capital investments. Such investments involve a high degree of business and financial risk that can result in substantial losses. The most significant risks are the risks associated with investments in: (i) companies in an early stage of development or with little or no operating history, (ii) companies operating at a loss or with substantial fluctuations in operating results from period to period and (iii) companies with the need for substantial additional capital to support or to achieve a competitive position.

Private Equity Investments. The private equity investment vehicles or strategies in which certain clients may invest will be subject to significant legal or contractual restrictions on transferability or other special considerations (such as the lack of a liquid market) that restrict or limit the ability of the client to dispose of such investments without impairing their value. A client's participation in such investments may significantly restrict the ability of an investor to make withdrawals. An investor may be required to continue to participate in such investments irrespective of whether such investor has withdrawn the balance of its capital accounts available for withdrawal, and the client may be required to hold such investments indefinitely, even if such investments become completely illiquid or unprofitable.

Valuation of Illiquid Assets. Valuations of a client's portfolio are expected, from time to time, to involve uncertainties and discretionary determinations. From time to time, third-party pricing information may not be generally available regarding a portion of a client's securities, derivatives or other assets. The Adviser, on behalf of a client, may delegate to an administrator the computation of a client's net asset value. The relevant administrator will assume that the assets and liabilities reported by the Adviser represent a complete record of a client's investments as of the date of a client's reports as prepared by the administrator. Additionally, the relevant administrator, in computing the net asset value of a client, will use prices that are determined by the Adviser or a client, as described in the relevant administration agreement. A client may specify the pricing methodologies that the administrator should rely upon (such as the prices of listed, liquid securities reported on exchanges and quoted by third-party vendors) or, alternatively, a client may require the administrator to accept valuations provided by the Adviser. If the administrator's valuations should prove to be incorrect, the net asset value of a client could be materially adversely affected.

Trading Limitations. For all securities listed on a securities exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject a client to potential losses. Also, such suspensions or limits could render it impossible for the Adviser to liquidate positions and thereby expose a client to potential losses.

Availability of Investment Strategies. The success of a client's investment and trading activities will depend on the ability of the Adviser to identify overvalued and undervalued investment opportunities that fit a client's investment objectives as described in the relevant offering materials. Identification and exploitation of these opportunities involve a high degree of uncertainty. No assurance can be given that the Adviser will be able to identify suitable investment opportunities in which to deploy all of a client's capital. Various market factors over which the Adviser has no control may reduce the pool of profitable investment opportunities for a client.

General Economic and Market Conditions. The success of a client's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a client's investments), trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of a client's investments, including, without limitation, common equity and related equity derivative instruments, high-yield securities, convertible securities and derivatives, including futures and option prices, which can be highly volatile. During periods of limited liquidity and higher price volatility, a client's ability to acquire or dispose of its investments at a price and time that the Adviser deems advantageous may be impaired. There is no guarantee that a client will be able to achieve its investment objectives or provide any return on invested capital. During the global financial crisis of 2007 to 2008, various sectors of the global financial markets experienced an extended period of adverse conditions featuring market uncertainty, reduced liquidity, greater volatility, general widening of credit spreads and a lack of price transparency. To the extent that similar marketplace events were to occur in the future, these events may have an adverse impact on a client's investments. In addition, governments from time to time intervene, directly and by regulation. Such intervention is often intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction. It is also possible that a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs may cause a series

of defaults by other institutions. This is sometimes referred to as a “systemic risk.” These factors and general market conditions could have a material adverse effect on markets in general and on a client’s portfolio.

Operating and Financial Risks of Portfolio Companies. Portfolio companies in which a client invests could deteriorate as a result of, among other factors, an adverse development in their business, a change in their competitive environment, or an economic downturn. As a result, portfolio companies that the Adviser expected to be stable could operate at a loss or have significant variations in operating results, could require substantial additional capital to support their operations or to maintain their competitive positions, or could otherwise have a weak financial condition or be experiencing financial distress. In some cases, the success of a client’s investment strategy and approach will depend, in part, on the ability of a client to effect improvements in the operations of an investment and/or recapitalize its balance sheet. The activity of identifying and implementing operating improvements and/or recapitalization programs at portfolio companies entails a high degree of uncertainty. There can be no assurance that a client will be able to successfully identify and implement such operating improvements and/or recapitalization programs.

Additional Capital; Follow-On Investments. Certain of the portfolio companies in which a client invests, especially those in a development phase, may require additional financing to satisfy their working capital requirement (such additional financing, a “**Follow-On Investment**”). The amount of the additional financing needed will depend upon the maturity and objectives of the particular investment. Each such round of financing (whether from a client or other investors) is typically intended to provide a company with enough capital to reach its next major corporate milestone. If the funds provided are not sufficient, a company may have to raise additional capital at a price unfavorable to its existing investors, including a client. In addition, a client may make additional debt and equity investments or exercise preemptive rights under warrants or options or for the purpose of converting convertible securities that were acquired in the initial investment in such investment in order to, among other things, preserve a client’s proportionate ownership when a subsequent equity or debt financing is planned, to protect a client’s investments when, for example, such investment’s performance does not meet expectations, to enhance the value of an existing investment or in anticipation of disposition, refinancing, recapitalization or other transactions.

A client may extend capital commitments to a portfolio company that becomes due and payable when such company reaches certain milestones related to product development, capital deployment or otherwise. If one or more portfolio companies fail to meet such milestones, and a client has reserved significant capital for such purpose, a client will have incurred opportunity costs associated with the milestone financing commitment. There can be no assurance that a client will be able to redeploy such committed funding quickly.

The availability of capital is generally a function of capital market conditions that are beyond the control of a client or any portfolio company. There can be no assurance that a portfolio company will be able to predict accurately future capital requirements necessary for success or that additional funds will be available from any source. A client may be called upon to provide follow-on funding for a portfolio company or have the opportunity to increase its investment in such portfolio company. There can be no assurance that a client will make Follow-On Investments or that it will have sufficient funds or the ability to do so. Any decision not to make a Follow-On Investment, including due to a client’s inability to make such an investment, may have a substantial negative impact on a portfolio company in need of such an investment or may diminish a client’s ability to influence the portfolio company’s future development.

Competition for Investment Opportunities. The Adviser operates in a highly competitive market for investment opportunities. The Adviser, on behalf of clients, will compete for investments with various other investors, such as public and private funds, commercial and investment banks and commercial finance companies. The lending, investment and securities industries and the various financial markets in which the Adviser participates are extremely competitive and each involves a degree of risk. The Adviser will compete with firms, including many of the larger lending, securities and investment banking firms, which have substantially greater financial resources and research staffs. Such other firms may have investment objectives that overlap with those of a client, which may create competition for investment opportunities. Some competitors may have a lower cost of funds and access to funding sources that are not available to a client, and may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and to establish more relationships. These competitive pressures could impair a client's business, financial condition and results of operations. As a result of this competition, a client may not be able to take advantage of attractive investment opportunities.

Event-driven Investments. Certain investment opportunities are expected to arise due to the pendency or occurrence of specific events affecting a company. Event-driven investing requires the investor to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. Because of the inherently speculative nature of event-driven investing, a client's results with respect to any such investments may be expected to fluctuate from period to period and will not necessarily be indicative of results that may be expected in future periods.

Investment in Reorganizations and Restructurings. A client may make investments in restructurings that involve companies that are experiencing or are expected to experience severe financial difficulties. These severe financial difficulties may never be overcome, and may cause such companies to become subject to bankruptcy proceedings. In such situations, a client's investment is subject to the risk that a bankruptcy filing and/or high administrative costs may adversely and permanently impact the value of such companies. In addition, such investments could subject a client to certain additional potential liabilities that may exceed the value of a client's original investment therein. For instance, under certain circumstances, payments to a client and distributions by a client to investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in distressed companies and restructurings may be adversely affected by statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the court's discretionary power to disallow, subordinate or disenfranchise particular claims.

Some of the investments a client makes may require active monitoring and representation on official and unofficial creditors' committees for a company involved in a reorganization proceeding or restructuring. Accordingly, a client may seek representation on such committees from time to time if the Adviser, in its sole discretion, determines that such representation is necessary or advisable to protect or further a client's interests. If a client joins a creditors' committee, the participants of the committee would be interested in obtaining an outcome that is in their respective individual best interests and there can be no assurance of obtaining results most favorable to a client in such proceedings. Serving on an official or unofficial committee increases the possibility that a client will be deemed an "insider" or a "fiduciary" of the company it has so assisted and may restrict a client's trading of its investments in such company. Should such assistance be provided before a company enters bankruptcy proceedings, the bankruptcy court, under certain conditions such as a finding of

fraud or inequitable conduct, may invoke the doctrine of “equitable subordination” with respect to any claim or equity interest held by a client in such company and subordinate any such claim or equity interest in whole or in part to other claims or equity interests in such company. Claims of equitable subordination may also arise outside of the context of a client’s committee activities. In addition, if representation of a creditors’ committee of a company causes a client to be deemed an affiliate of the company, the securities of such company held by a client may become restricted securities, which are not freely tradable. As a client will indemnify any person serving on a committee on its behalf for claims arising from breaches of those obligations, indemnification payments could adversely affect the return on a client’s investment in a portfolio company.

Fraudulent Conveyance Considerations. Various federal and state laws enacted for the protection of creditors may apply to a client’s investments by virtue of a client’s role as a creditor with respect to the issuers of such investments. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of a borrower (*i.e.*, a portfolio company), such as a trustee in bankruptcy or the borrower as debtor-in-possession, were to find that (a) the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and granting any security interest or other lien securing such investment and (b) after giving effect to such indebtedness, the borrower either (i) was insolvent, (ii) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, then such court could invalidate, in whole or in part, such indebtedness and any security interests or other lien securing such investment as fraudulent conveyances, could subordinate such indebtedness to existing or future creditors of the borrower or could recover amounts previously paid by the borrower (including to a client) in satisfaction of such indebtedness or amounts representing proceeds of such security interest or other liens previously applied in satisfaction of such indebtedness. In addition, upon any insolvency of a portfolio company, payments made on the investment could be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one (1) year) before insolvency. The measure of insolvency for purposes of the foregoing will vary depending on the law of the jurisdiction that is being applied. Generally, however, a borrower would be considered insolvent at a particular time if the sum of its debts was greater than all of its property at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether a borrower was insolvent after giving effect to the particular indebtedness or that, regardless of the method of evaluation, a court would not determine that the borrower was “insolvent” upon giving effect to such indebtedness.

In general, if payments on an investment are voidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient (such as a client) or from subsequent transferees of such payments, including investors. Accordingly, there can be no assurance as to the timing or amount of return of capital, if any, to investors in a client.

Illiquid Investments. The Adviser expects to invest in securities of private companies and/or privately issued securities of public companies, securities that lack a readily ascertainable market value or otherwise lack sufficient liquidity or securities that should be held until the resolution of a special event or circumstance. A client may not be able to readily dispose of such non publicly traded securities and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Other assets and liabilities for which no market prices are available generally will be carried on the books of a client at fair value (which may be cost) as reasonably determined by the Adviser in good faith. There is no guarantee that

fair value will represent the value that will be realized by a client on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment.

Investment in Undervalued Securities. Investments in undervalued securities involve a high degree of financial risk and can result in substantial losses. Returns generated from such investments may not adequately compensate for the business and financial risks assumed. In addition, a client may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of a client's capital would be committed to the securities purchased, thus possibly preventing a client from investing in other opportunities. In addition, a client may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

Short Sales. A client may engage in short selling for the purpose of hedging, depending upon the Adviser's investment strategy and opportunities. Short selling involves selling securities that are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a client of buying those securities to cover the short position. There can be no assurance that a client will be able to maintain the ability to borrow securities sold short. In such cases, a client can be "bought in" (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

In response to dislocations in the financial services industry and other market events, the SEC and securities regulators of many other jurisdictions have implemented certain prohibitions and disclosure requirements on short selling of securities and may impose additional restrictions in the future. In 2010, the SEC's new short sale price test, which took effect through amendment to Rule 201 of Regulation SHO (the "**Short Sale Rule**"), became effective. The Short Sale Rule goes into effect upon a 10% decline in the price of a National Market System stock (any National Market System security other than an option, *i.e.*, stocks listed on the New York Stock Exchange, NYSE Euronext and NASDAQ) from its previous day's closing price and effectively restricts the display or execution by exchanges and other trading centers of a short sale order in such stock to a price above the national best bid for the remainder of the trading day and the next trading day. Also, the European Parliament passed a broad regulation which came into effect on November 1, 2012 that restricts and regulates short selling and certain over-the-counter ("**OTC**") derivatives in Europe. In addition, following volatility in European markets, some European countries, including France, Italy and Spain, have imposed temporary bans on short selling securities for certain companies listed in their markets, and certain European countries have imposed further restrictions and/or reporting obligations on short selling. Restrictions on the short selling of securities such as the above could interfere with the ability of a client to execute certain aspects of its investment strategies, including its ability to hedge certain exposures and execute transactions to implement its risk management guidelines, and any such limitations may adversely affect the performance of a client.

In addition, the Dodd-Frank Act requires the SEC to adopt rules providing for monthly public disclosure of the aggregate amount of the number of short sales of a particular security by institutional investment

managers. The Dodd-Frank Act also expands the SEC's authority over short selling in most securities, and requires the SEC to study the state of short selling, which could lead to further short sale regulation and additional disclosure requirements.

Hedging Transactions. The Adviser may, at times, utilize financial instruments, both for investment purposes and for risk management purposes, in order to: (i) protect against possible changes in the market value of a client's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect a client's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in a client's portfolio; (v) hedge the interest rate or currency exchange rate on any of a client's liabilities or assets; (vi) protect against any increase in the price of any securities the Adviser anticipates purchasing at a later date; or (vii) for any other reason that the Adviser deems appropriate. Notwithstanding the foregoing, the Adviser will not be required to hedge any particular risk in connection with a particular transaction or the portfolio generally.

Hedging techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of a client's positions (or that there may be losses on both legs of a transaction). In addition, certain hedging instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, a client may not be able to close out a transaction in certain of these instruments without incurring losses substantially greater than the initial deposit. Although the contemplated use of hedging instruments should tend to minimize the risk of loss due to a decline in the value of the hedged position, at the same time the use of these instruments tends to limit any potential gain that might result from an increase in the value of such position.

The ability of a client to hedge successfully will depend on the Adviser's ability to predict pertinent market movements, which cannot be assured, and to continually recalculate, readjust and execute hedges in an efficient and timely manner. However, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. For a variety of reasons, the Adviser and its affiliates may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent a client from achieving the intended hedge or expose a client to risk of loss. The Adviser may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high or the magnitude of the risk to be sufficiently large as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. Finally, the daily variation margin requirements in futures contracts that may be sold by a client would create an ongoing greater potential financial risk than would options transactions, where the exposure is limited to the cost of the initial premium and transaction costs paid by a client.

Non-U.S. Investments. The Adviser expects, regularly or from time to time, to invest in non-U.S. securities or U.S. securities denominated in non-U.S. currencies and/or traded outside of the United States. Such investments require consideration of certain risks typically not associated with investing in U.S. securities or property, including, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the United States or non-U.S. governments, United States and non-U.S. withholding taxes, limitations on the removal of

funds or other assets, policies of governments with respect to possible nationalization of their industries and political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

There may be less publicly available information about certain foreign companies than would be the case for comparable companies in the U.S. and certain foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Securities markets outside the U.S. have for the most part substantially less volume than U.S. markets, and many securities traded on these foreign markets are less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, settlement of trades in some non-U.S. markets is slower and more susceptible to failure than in U.S. markets. There also may be less extensive regulation of the securities markets in particular countries than in the U.S. These risks may be greater for companies in emerging markets.

Additional costs could be incurred in connection with a client's international investment activities. Foreign brokerage commissions generally are higher than in the U.S. Expenses also may be incurred on currency exchanges when the Adviser changes investments from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of foreign laws to foreign custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may be associated with the maintenance of assets in foreign jurisdictions.

Foreign Exchange Risk. A portion of a client's assets may be invested in equity instruments denominated in currencies other than the U.S. dollar and in other financial instruments, the price of which is determined with reference to currencies other than the U.S. dollar. A client, however, will value its securities and other assets in U.S. dollars. To the extent unhedged, the value of a client's assets will fluctuate with U.S. dollar exchange rates as well as with price changes of a client's investments in the various local markets and currencies. A client may utilize options to hedge against currency fluctuations but there can be no assurance that such hedging transactions will be effective.

Risks Relating to the Expected Exit of the United Kingdom from the European Union. On June 23, 2016, the United Kingdom held a remain-or-leave referendum on the United Kingdom's membership of the European Union, the result of which favored the exit of the United Kingdom from the European Union ("**Brexit**"). A process of negotiation will determine the future terms of the United Kingdom's relationship with the European Union, as well as whether the United Kingdom will be able to continue to benefit from the European Union's free trade and similar agreements. Depending on the terms of Brexit, economic conditions in the United Kingdom, the European Union and global markets may be adversely affected by reduced growth and volatility. The uncertainty before, during and after the period of negotiation – the timing of which is unclear – is also expected to have a negative economic impact and increase volatility in the markets, particularly in the United Kingdom and the Eurozone. Such negative economic impact and volatility could, in turn, adversely affect market conditions, prices and yields of investments in a client's portfolio. In addition, the political and economic instability in the United Kingdom and other European countries, particularly countries in the Eurozone, could adversely affect a client's investments.

Leverage and Financing Risk. To the extent the relevant offering documents and/or investment management or other agreements allow, a client may leverage its capital because the Adviser believes that the use of leverage may enable a client to achieve a higher rate of return. Leverage may take the form of loans for

borrowed money (e.g., margin loans) or derivative securities and instruments that are inherently leveraged, including options, futures, forward contracts and swaps. The use of leverage by a client can substantially increase the market exposure (and market risk) to which a client's investment portfolio may be subject. Trading on leverage will result in interest charges or costs, which may be explicit (in the case of loans) or implicit (in the case of many derivative instruments) and, depending on the amount of leverage, such charges or costs could be substantial. The level of interest rates generally, and the rates at which a client can leverage in particular, can affect the operating results of a client. In addition, in the case of financial difficulty or market turmoil affecting a client's brokers, the brokers may reduce their lending to a client, forcing a client to liquidate investments under severe time pressures.

A client's use of short-term margin borrowings, derivatives and other instruments, including leverage, would result in certain additional risks to a client. For example, should the securities pledged to brokers to secure a client's margin accounts decline in value, a client could be subject to a "margin call," pursuant to which a client may be required on minimum notice either to deposit additional funds with the brokers or to suffer mandatory liquidation of the pledged securities to compensate for the decline in value. A significant increase in margin calls as a result of spread widening could harm a client's results of operations, financial condition and business prospects. Additionally, in order to obtain cash to satisfy a margin call, a client may be required to liquidate assets at a disadvantageous time, which could cause it to incur further losses. In the event of a sudden precipitous drop in the value of a client's assets, a client might not be able to liquidate assets quickly enough to pay off its margin debt.

Any financing used by a client to leverage its portfolio would be extended by securities brokers and dealers in the markets in which a client will invest. While a client expects that it would attempt to negotiate the terms of these financing arrangements with such brokers and dealers, its ability to do so will be limited. A client will therefore be subject to changes in the value that the brokers-dealer ascribes to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position and/or such brokers-dealer's willingness to continue to provide any such credit to a client. Because a client does not currently have an alternative credit facility that could be used to finance its portfolios in the absence of financing from brokers-dealers, it could be forced to liquidate its portfolio on short notice to meet its financing obligations. The forced liquidation of all or a portion of a client's portfolios at distressed prices could result in significant losses to a client.

Exposure to Material Nonpublic Information. Each of the Adviser, a client, their respective affiliates and their respective members, officers, directors, employees or principals may come into possession of material nonpublic information. The possession of such information may limit the ability of a client to buy or sell a security or otherwise to participate in an investment opportunity or restrict the ability of a client to receive information with respect to certain opportunities. Further, in the current environment, there is an increased risk of insider trading enforcement actions in a variety of jurisdictions and by a number of regulators. Even in the absence of wrongdoing, any such enforcement activity, or regulatory investigations in connection with a potential enforcement action, could have a material adverse effect on the Adviser or its affiliates. The boundaries of the laws applicable to insider trading and practices relating to insider trading enforcement are continuing to evolve, which may impact a client's trading and investment activities in ways that are unexpected.

Accuracy of Public Information. The Adviser will select investments for a client, in part, on the basis of

information and data filed by issuers of securities with various government regulators or made directly available to the Adviser by such issuers or through sources other than such issuers. Although the Adviser will generally evaluate all such information and data and, when the Adviser considers it appropriate and when it is reasonably available, seek independent corroboration, the Adviser will not be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information will not be available. Investments may not perform as expected if information is inaccurate.

Securities Filings and Restrictions. The Adviser may, in its sole discretion, elect to cause a client to (i) refrain from entering into a transaction that the Adviser may otherwise have caused a client to enter into or (ii) sell a given financial instrument that a client presently holds, if such transaction or the continued ownership of such financial instrument would cause a client, the Adviser or any of their respective affiliates to make a governmental, regulatory or other public filing in the U.S. or any non-U.S. jurisdiction. Any such election by the Adviser may cause a client to (x) forego an investment opportunity that the Adviser had determined may otherwise generate a profit for a client and/or (y) incur additional expenses, including without limitation, brokerage and/or legal fees. Further, there may be instances where the nature or size of a client's holdings prohibit it from effecting transactions in a given security during certain periods of time or subject such transactions to increased regulatory and compliance burdens, such as regulatory filings. In some cases, a client may, directly or indirectly, substantially participate in or attempt to influence the conduct of, the affairs or management of issuers of securities acquired by a client. These activities may give rise to certain filings and other obligations and may limit a client's ability to trade. If a client, acting alone or as part of a group, acquires beneficial ownership of more than 10% of a certain class of securities of a public company or places a director on the board of directors of such a company, under Section 16 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), a client may be subject to certain additional reporting requirements and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. Furthermore, in such circumstances, a client would be prohibited from entering into a short position in such issuer's securities and, therefore, limited in its ability to hedge such investments. Similar restrictions and requirements may apply in non-U.S. jurisdictions.

Control Person Liability. In certain circumstances, a client (or a group of investors to which a client may be treated as belonging) may have controlling interests in or the ability to significantly influence a portfolio company. The exercise of control of, or significant influence over, such a portfolio company may impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations (including securities laws) or other types of liability in which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to arise, a client could suffer a significant loss.

Investments in Non-Exchange Traded Equity Securities. A client may invest in non-exchange traded equity securities (e.g., private investments in public equity ("**PIPEs**") or the Jumpstart Our Business Startups Act ("**JOBS Act**") offerings of private companies). In any investment opportunity involving non-exchange traded equity securities, there exists the risk of less liquidity, less regulation and less available information than in other types of transactions. Because there is greater uncertainty concerning such transactions, a client faces a possibility of substantial losses as a result of such risks. For example, if other investors find such investment opportunities less attractive because of reduced disclosure requirements, there may be a less active trading market and the securities of such company may be more volatile and less liquid.

Investments in Equity Securities Generally. A client may invest in or otherwise hold equity securities or derivatives thereon. Such equity securities and derivatives may take various forms, including, but not limited to, common stock, preferred stock, warrants, convertible securities, equity options and other equity or hybrid equity securities. Various risks pertain to the holder of such equity and related instruments, certain of which are described as follows. Equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the directors of the issuer, out of the issuer's income or other assets available, if any, after making interest, dividend and any other required payments on more senior securities of the issuer. In general, options, warrants, stock purchase rights and other similar instruments are securities or instruments granting the right to or otherwise permitting, but not obligating, their holders to subscribe for equity securities, and they do not represent any rights in the assets of the issuer. As a result, options, warrants, stock purchase rights and other similar securities or instruments may be considered more speculative than other types of equity investments.

Investments in Convertible Securities. A client may in the future hold convertible securities. Convertible securities are bonds, debentures, notes, preferred stock and other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics, in that they generally have higher yields than common stocks, but lower yields than comparable non-convertible securities, are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The value of a convertible security is affected by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the value of the convertible security. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. Generally, the conversion value decreases as the convertible security approaches maturity. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a client were to be called for redemption, a client would be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on a client's ability to achieve its investment objectives.

Repurchase Agreements. A client may enter into repurchase agreements, which may be viewed as a type of secured lending by a client, and which typically involve the acquisition by a financial institution, such as a bank, savings and loan association or broker-dealer of debt securities from the selling client. In a repurchase agreement, the financial institution purchases a debt security from a seller, such as a client, which undertakes to repurchase the security at a specified resale price on an agreed future date (ordinarily a week or less). The resale price generally exceeds the purchase price by an amount which reflects an agreed-upon market interest rate for the term of the repurchase agreement. These transactions possess many of the risks involved when a client borrows or obtains leverage.

Nature of Mezzanine Investments. Mezzanine investments are generally unsecured and may be subordinate to other obligations of the obligor, all or a significant portion of which may be secured. Mezzanine investments often reflect a greater possibility that adverse changes in the financial condition of the obligor or in general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both may impair the ability of the obligor to make payment of principal and interest. Mezzanine investments often are issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they previously had operated. Some issuers of a client's investments may be highly leveraged, and their relatively high debt-to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations. Overall adverse conditions in the below investment-grade-bond and other markets may adversely affect such issuers by inhibiting their ability to refinance their debt at maturity.

Money Market Instruments. A client may invest, for defensive purposes or otherwise, some or all of its assets in high quality, fixed income securities, money market instruments and money market mutual funds, or hold cash or cash equivalents in such amounts as the Adviser deems appropriate under the circumstances.

Risks in Effecting Operating Improvements. In some cases, the success of a client's investment strategy will depend, in part, on improvements in the structure and operations of a company. Identifying and implementing potential operating improvements at a company entail a high degree of uncertainty. Certain features of a relevant business environment (e.g., a company's reluctance or inability to effect layoffs or close or divest unprofitable business lines) may impede or prevent the implementation of necessary restructuring steps for the company. There can be no assurance that the company will identify and implement such improvements.

Small Capitalization Companies. A client may invest a portion of its assets in small and/or unseasoned companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of the trading of securities for such companies may be substantially less than are typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When liquidating large positions in small companies, a client may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small transactions over an extended period of time.

Loans of Portfolio Securities. A client may lend its portfolio securities. By doing so, a client would attempt to increase income through the receipt of interest on the loan. In the event of bankruptcy of the other party to a securities loan, a client could experience delays in recovering the loaned securities. To the extent that the value

of the securities a client has lent has increased, a client could experience a loss if such securities are recovered.

Derivative Instruments Generally. A client may invest in derivative instruments, or “derivatives,” including, but not limited to, options, total return swaps, interest rate swaps, credit default swaps (“CDS”), forwards, indices and other derivatives thereon, and in other instruments and contracts that are derived from and are valued in relation to one or more underlying securities, commodities, events, financial benchmarks, currencies or indices. Derivatives typically allow an investor to hedge or speculate upon the price movements of the underlying asset at a fraction of the cost of acquiring, borrowing or selling short the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading, including risks relating to interest rates, taxes, changing supply and demand relationships, policies of governments and national and international political and economic events. However, there are a number of additional risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose a client to the possibility of a loss exceeding the original amount invested. Derivative instruments may not always be liquid, so that in volatile markets, a client may not be able to close out a position without incurring a loss. Daily limits on price fluctuations and speculative position limits on exchanges on which a client may conduct its transactions in derivative instruments may prevent profitable liquidation of positions, potentially subjecting a client to greater losses. In addition, in swap transactions, because a client would not have a contractual relationship with the issuer of the underlying reference obligation, a client would generally not have the benefit of voting rights or the collateral supporting the reference obligation and the liquidity of the swap may be constrained in certain cases pursuant to contract and the swap counterparty’s ability and willingness to novate, close, or otherwise modify the trade. Transactions in certain derivatives are subject to mandatory clearing and exchange trading requirements and to regulatory oversight, while other derivatives are subject to risks of trading in the OTC markets or on non-U.S. exchanges. It is possible that more derivatives may become subject to these mandatory clearing and exchange trading requirements in the future upon determination by the CFTC or SEC.

Options. A client may buy or sell (write) both call options and put options, and when it writes options, it may do so on a “covered” or an “uncovered” basis. A client’s options transactions may be part of a hedging tactic (*i.e.*, offsetting the risk involved in another securities position) or a form of leverage, in which a client would have the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that could be substantial, depending on the circumstances.

In general, the principal risks involved in options trading are as described below, without taking into account other positions or transactions a client may enter into. When a client buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of a client’s investment in the option (including commissions). A client could mitigate those losses by selling short or buying puts on the securities as to which they hold call options or taking a long position in or buying calls on securities underlying put options.

When a client sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is “covered.”

If it is covered, a client would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss a client might suffer as a result of owning the security.

The seller of an uncovered put option theoretically could lose an amount equal to the entire aggregate exercise price of the option less the option proceeds, if the underlying security were to become valueless. If the option were covered with a short position in the underlying security, this risk could be reduced, but a client would forego the opportunity for profit on the underlying short position should the market price of the security fall below the exercise price. If the price of the underlying security were to increase above the exercise price, the premium on the option (after transaction costs) would provide profit that would reduce or offset any loss a client might suffer in closing out its short position.

Equity Swaps. A client may make use of equity swaps. A swap is a contract under which two parties agree to make periodic payments to each other based on the value of a security, specified interest rates, an index or the value of some other instrument, applied to a stated or “notional” amount. An equity swap is a customized derivative instrument that entitles the counterparty to certain payments on the gain or loss on the value of an underlying equity security. Equity swaps are subject to various types of risk, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk.

Futures. A client may trade in futures contracts (and options on futures). Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. This could prevent a client from promptly liquidating unfavorable positions and subject a client to substantial losses. In addition, a client may not be able to execute futures contract trades at favorable prices if little trading in the contracts involved is taking place. It also is possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

Forward Trading. The Adviser may cause a client to enter into forward contracts or options thereon that are not traded on exchanges and not standardized. Rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Such contracts may be primarily forward interest rate or currency hedging contracts. Forward and “cash” trading is substantially unregulated; there are no limitations on daily price movements and speculative position limits are not applicable. Banks and other dealers with which a client maintains accounts may require a client to deposit margin with respect to such trading, although margin requirements are often minimal or nonexistent. A client’s counterparties are not required to continue to make markets in such contracts and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of credit controls by governmental authorities might also limit such forward trading to less than the amount that the Adviser would otherwise recommend, to

the possible detriment of a client. Market illiquidity or disruption could result in significant losses to a client.

Illiquidity and Credit Risk of Derivative Instruments and OTC Trading. A client may enter into transactions involving privately negotiated OTC derivative instruments, including, among others, interest rate, volatility, foreign currency, equity and equity index swaps, OTC options and forward contracts on securities, security indices and foreign currencies. There can be no assurance that a liquid secondary market will exist for any particular derivative instrument at any particular time. Although OTC derivative instruments are designed to meet particular financing needs and, therefore, typically provide more flexibility than exchange-traded products, the risk of illiquidity is also greater as these instruments can generally be closed out only by negotiation with the other party to the instrument. OTC derivative instruments, unlike exchange-traded instruments, are not guaranteed by an exchange or clearinghouse and thus are generally subject to greater credit risks and the possibility of nonperformance by the counterparty. Derivative instruments that may be purchased or sold by a client may include instruments not traded on an exchange. The risk of nonperformance by the obligor on such an instrument may be greater than the risk associated with an exchange-traded instrument. A client may also not be able to dispose of, or enter into a closing transaction with respect to, such an instrument as easily as in the case of an exchange traded instrument. In addition, significant disparities may exist between “bid” and “asked” prices for derivative instruments that are not traded on an exchange. Although the Dodd-Frank Act has significantly increased the level of government regulation of OTC derivative transactions, derivative instruments not traded on exchanges are not subject to the same degree of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with the transactions with respect to these instruments. See “—*Changes to Derivatives Regulation*” below.

Further, the tax environment for derivatives is evolving and changes in the taxation of derivative instruments may affect the value of the derivative instruments held by a client and the implementation of a client’s strategy.

Swap Trading Venues. To address new regulations of the CFTC issued under the Dodd-Frank Act, the Adviser and/or a client may become a member of a swap execution facility (“SEF”) and thereafter trade certain types of swaps on SEFs or exchanges, known as designated contract markets (“DCMs”). SEF membership may subject the Adviser and/or a client to additional regulatory and other requirements, and SEF membership may increase the costs and potential liability to a client associated with trading swaps. Similarly, a client may be unable to obtain more favorable terms or prices for SEF or DCM traded swaps. As self-regulatory organizations, SEFs and DCMs are expected to regularly revise and interpret their rules that govern swap trading on their trading venues, and such revisions and interpretations could adversely affect a client. Even if the Adviser and/or a client opt not to become SEF members, but rather to trade on a SEF through a broker or other intermediary, such trading may nevertheless require the Adviser and/or a client to consent to the SEF’s jurisdiction as a self-regulatory organization and to be subject to the SEF’s rulebook, which could adversely affect a client. Moreover, SEFs have only in the last few years become subject to regulation by the CFTC, and many of the new trading, market surveillance and technology requirements applicable to SEFs under CFTC regulations are based on new and untested rules and technology. SEFs could experience technological difficulties or regulatory lapses that could negatively affect a client’s swap transactions. Moreover, CFTC regulations, and interpretations of regulations governing SEFs and DCMs, are evolving, and new or modified regulatory requirements for SEFs could negatively affect a client.

Changes to Derivatives Regulation. Through its comprehensive regulatory regime for derivatives, the Dodd-Frank Act has imposed, or will impose, mandatory clearing, exchange-trading and margin requirements

on many derivatives transactions (including formerly unregulated OTC derivatives) in which a client may engage. Currently, CFTC rules issued under the Dodd-Frank Act require central clearing and SEF trading of many common types of interest rate and index credit default swaps. In addition, margin rules adopted by the U.S. banking regulators and the CFTC are in effect and subject a client to new regulatory margin requirements for uncleared swaps and, in some cases, security-based swaps, with CFTC-registered swap dealers. CFTC-registered swap dealers with which a client may transact in derivatives are subject to significant swap recordkeeping, reporting, disclosure, business conduct, documentation, and other swap regulatory requirements. These requirements may increase the costs to a client for its derivatives transactions with CFTC-registered swap dealers. In particular, margin requirements for swaps and security-based swaps, even if not directly applicable to a client, may cause an increase in the pricing of derivatives transactions sold by market participants to whom such requirements apply. Administrative costs, due to requirements such as registration, recordkeeping, reporting, and compliance for CFTC-registered swap dealers, even if not directly applicable to a client, may also be reflected in higher pricing of derivatives. Exchange-trading and trade reporting requirements may lead to reductions in the liquidity of derivative transactions or cause adverse pricing or reduced availability of certain derivatives, or the reduction of arbitrage opportunities for a client, adversely affecting the performance of certain of a client's trading strategies.

The SEC's regulatory regime for security-based swaps and security-based swap dealers is not yet in effect and key portions of the SEC's implementing regulations have yet to be finalized. Once the SEC's regulatory regime is finalized and in effect, it may have similar consequences for security-based swap transactions entered into by a client, if any, as those under the CFTC's regime for swaps.

In parallel with the Dodd-Frank Act and other U.S. initiatives, steps are also being taken to regulate OTC derivatives in the European Union. European Union Regulation No. 648/2012 (also known as the European Market Infrastructure Regulation or "**EMIR**"), which came into force on August 16, 2012, requires certain "eligible" OTC derivative contracts to be submitted for clearing to regulated central clearing counterparties and mandates the reporting of certain details of OTC derivative contracts to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor, and mitigate operational counterparty credit risk in respect of OTC derivative contracts not subject to mandatory clearing. These requirements are likely to include the posting and segregation of collateral by certain financial market participants in relation to certain uncleared derivative contracts (referred to as the "**EMIR margin requirements**"). The introduction of these clearing requirements and the EMIR margin requirements will likely increase a client's overall costs of entering into derivatives transactions with an EU bank counterparty. Regulatory changes arising from EMIR may in due course adversely affect the counterparties with which a client transacts or a client's ability to achieve its investment objectives.

Risks Related to Digital Assets and Digital Asset Companies

Depending upon the specific strategy, a client generally will make direct or indirect investments in Digital Assets or in Digital Asset Companies, using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of Digital Assets. As such, a client will be directly and indirectly exposed to risks relating to the further development and acceptance of Digital Assets, which are part of a new and rapidly changing industry. Digital Assets and Digital Asset Companies are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of such currencies may adversely affect all or certain Digital Assets or Digital Asset Companies, as well as an

investment in the interests of a client.

Additionally, the Adviser may take security interests in portfolio companies. As such, the Digital Assets held by such companies may be collateral for investments, which exposes a client to the risks described below with respect to holding Digital Assets. In addition, a client may directly hold Digital Assets depending upon the strategy.

The use of Digital Assets to, among other things, buy and sell goods and services is part of a new and rapidly evolving industry that employs Digital Assets based upon a computer-generated mathematical and/or cryptographic protocol. Bitcoin and Ether are prominent, but not unique, parts of this industry. The growth of this industry is subject to a high degree of uncertainty. The factors affecting the further development of this industry, include, but are not limited to:

- continued worldwide growth in the adoption and use of Digital Assets;
- government and quasi-government regulation of Digital Assets and their use, or restrictions on or regulation of access to and operation of Digital Assets networks;
- changes in consumer demographics and public tastes and preferences;
- the maintenance and development of the open-source software protocol of the Digital Assets networks;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- the use of the networks supporting Digital Assets for developing smart contracts and distributed applications;
- general economic conditions and the regulatory environment relating to Digital Assets; and
- negative consumer or public perception of Digital Assets.

Volatility of Digital Asset Values. Values of Digital Assets have historically been highly volatile. For instance, during the period from December 17, 2017 to December 16, 2018, Bitcoin experienced a decline of roughly 84%. Other Digital Assets have behaved similarly. The value of the Digital Assets held, whether as collateral or otherwise, by a client could decline rapidly, including to zero.

Digital Asset Risks. Digital Assets are loosely regulated and there is no central marketplace for currency exchange. Supply is determined by a computer code, not by a central bank, and prices can be extremely volatile. Additionally, such exchanges may suffer from operational issues, such as delayed execution, that could have an adverse effect on a client. Digital Asset exchanges have been closed due to fraud, failure or security breaches. Any Digital Asset that resides on an exchange that shuts down may be lost.

Several factors may affect the price of Digital Assets or the value of the debt and/or equity of Digital Asset Companies, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of Digital Assets, the use of Digital Assets as a form of payment, the use of Digital Assets as collateral to secure debt obligations and the process of perfecting and/or enforcing a security interest in Digital Assets. There is no assurance that any Digital Asset will maintain its long-term value in terms of purchasing power in the future, or that there will be sustained demand for the products and services offered by all or certain Digital

Asset Companies.

Digital Assets are created, issued, transmitted, and stored according to protocols run by computers in the Digital Asset network. It is possible these protocols have undiscovered flaws which could result in the loss of some or all assets held, whether as collateral or otherwise, by a client. There may also be network scale attacks against these protocols which result in the loss of such assets. Some assets held, whether as collateral or otherwise, by a client may be created, issued, or transmitted using experimental cryptography which could have underlying flaws. Advancements in quantum computing could break the cryptographic rules of protocols which support digital assets.

Transacting on Digital Asset Networks. In certain cases, a client may convert Digital Assets to U.S. dollars. Additionally, a client may use certain Digital Assets to purchase other Digital Assets. Such transactions generally involve specific Digital Asset networks, or online end-user-to-end-user networks that host a public transaction ledger, known as a blockchain, and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. In many such transactions, the recipient of the Digital Assets must provide its public key, which serves as an address for a digital wallet, to the party initiating the transfer. In the data packets distributed from Digital Asset software programs to confirm transaction activity, each Digital Asset user must “sign” transactions with an output derived from entering such user’s private key into a “hashing algorithm,” and this signature serves as validation that the transaction has been authorized by the owner of such Digital Asset. Many Digital Asset exchanges have been closed due to fraud, failure or security breaches. In many of these instances, the customers of such Digital Asset exchanges were not compensated or made whole for the partial or complete losses of their account balances in such Digital Asset exchange. Additionally, users of several Digital Asset exchanges have been subject to “phishing” scams, where hackers have fraudulently obtained account credentials and perpetuated large-scale thefts of users’ Digital Assets. Due to these factors, a client’s Digital Assets collateral or assets, as well as the digital wallets associated with such collateral or assets, may be subject to loss or theft.

Recent Deployment of Certain Digital Assets. Digital Asset networks are new and being rapidly developed. The Ethereum network and the Ethereum network software, for instance, are in their early stages. The production version of the blockchain on the Ethereum network was launched in March 2016. As a result, the Ethereum network has undergone less testing than the older, more established Bitcoin network, which was created in 2009. Similarly, XRP and the Ripple network were released in 2012, and the structure and functionality of the Ripple network have since undergone significant changes.

As Digital Asset networks continue to develop and grow, certain technical issues might be uncovered. For example, in January 2018, it was reported that many Ethereum users had been paying higher fees than necessary due to a glitch in the algorithm that determines transaction fees (*i.e.*, the “gas pricing oracle”). The troubleshooting and resolution of such issues requires the attention and efforts of the global developer community associated with the affected Digital Assets. Even if such technical issues are adequately addressed, these issues could lead to a reduction in confidence of the affected Digital Assets, or Digital Assets generally, which could negatively impact the value of Digital Assets held, whether as collateral or otherwise, or it may have an adverse effect on the sustainability of certain Digital Asset Companies.

Scalability Risks. Digital Assets face significant scaling obstacles that can lead to high fees or slow transaction settlement times, and attempts to increase the volume of transactions may not be effective. Many Digital Asset

networks face significant scaling challenges. For example, as of December 2018, Bitcoin could handle, on average, five to seven transactions per second, and Ethereum could handle approximately seven to 15 transactions per second. For several years, participants in the Bitcoin ecosystem debated potential approaches to increasing the average number of transactions per second that the Bitcoin network could handle. As of August 2017, Bitcoin was upgraded with a technical feature known as “segregated witness” that, among other things, would potentially approximately double the transactions per second that can be handled on-chain. More importantly, segregated witness technology also enables so-called second layer solutions, such as the Lightning Network or payment channels, that allow potentially unlimited transactions throughput (*i.e.*, millions to billions of transactions per second). A technology similar to the Lightning Network is being developed for Ethereum called Raiden.

An increasing number of wallets and Digital Assets intermediaries, such as exchanges, have begun supporting segregated witness technology and the Lightning Network, or similar technology. However, the Lightning Network does not yet have material adoption as of December 2018. Additionally, the Lightning Network has not yet seen significant use, and there are open questions about Lightning Network services, such as its cost and who will serve as lightning intermediaries, among other questions.

As the use of Digital Asset networks increases without a corresponding increase in throughput of the networks, average fees and settlement times can increase significantly. Bitcoin’s network, for example, has been, at times, at capacity, which has led to very high transaction fees. Since January 1, 2017, Bitcoin transaction fees have increased from \$0.35 per Bitcoin transaction, on average, to a high of \$8.94 per transaction on August 25, 2017, on average. As of December 25, 2018, Bitcoin transaction fees stood at \$0.10 per Bitcoin transaction, on average.

Increased fees and decreased settlement speeds could reduce the value of Digital Assets or threaten the sustainability of certain Digital Asset Companies, which could adversely affect a client’s investments. Additionally, there is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of Digital Asset transactions will be effective, or how long they will take to become effective, which could adversely affect a client’s investments.

Loss of Access Risks. The loss or destruction of a private key required to access a client’s Digital Assets, whether held as collateral or otherwise, may be irreversible. The loss of access to the private keys associated with a client’s Digital Asset collateral or assets could adversely affect a client’s investment. Digital Assets are controllable only by the possessor of both the unique public key and private key or keys relating to the “digital wallet” in which the currency is held. Private keys must be safeguarded and kept private in order to prevent a third party from accessing the Digital Assets while held in such wallet. To the extent a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, a client will be unable to access the Digital Assets held, whether as collateral or otherwise, in the related digital wallet. Any loss of private keys relating to digital wallets used to store a client’s Digital Asset collateral or assets could adversely affect an investment in a client. Additionally, the existence of private keys may make enforcement of a client’s rights over collateral difficult. Though the Adviser will attempt to obtain suitable assurances regarding its ability to exercise on collateral, the Adviser’s inability to access private keys following enforcement of its rights would be expected to lead to material losses for a client.

Irrevocability of Transactions. Digital Asset transactions are irrevocable and stolen or incorrectly transferred

Digital Assets may be irretrievable. As a result, any incorrectly executed Digital Asset transactions could adversely affect a client's investment. Digital Asset transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction or, in theory, control or consent of a majority of the aggregate hashrate on the respective Digital Asset network. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of Digital Assets or a theft of Digital Assets generally will not be reversible, and a client may not be capable of seeking compensation for any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, a client's Digital Assets could be transferred from custody accounts in incorrect quantities or to unauthorized third parties. To the extent that a client is unable to seek a corrective transaction with such third party or is incapable of identifying the third party that has received a client's Digital Assets through error or theft, a client will be unable to revert or otherwise recover incorrectly transferred Digital Assets. To the extent that a client is unable to seek redress for such error or theft, such loss could impair the value of the Digital Assets held, whether as collateral or otherwise, or adversely affect a client's investment.

Risks of Flawed or Ineffective Source Code. If the source code or cryptography underlying a Digital Asset held by a client proves to be flawed or ineffective, malicious actors may be able to steal a client's Digital Asset collateral or assets. In the past, flaws in the source code for Digital Assets have been exposed and exploited, including those that exposed users' personal information and/or resulted in the theft of users' Digital Assets. Several errors and defects have been publicly found and corrected, including those that disabled some functionality for users and exposed users' personal information. Discovery of flaws in, or exploitations of, the source code that allow malicious actors to take or create money in contravention of known network rules have occurred. In addition, the cryptography underlying a Digital Asset could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, if a client holds the affected Digital Asset, as collateral or otherwise, a malicious actor may be able to steal a client's Digital Asset collateral or assets, which could adversely affect a client's investment. Even if a client did not hold the affected Digital Asset, any reduction in confidence in the source code or cryptography underlying Digital Assets generally could negatively affect the demand for Digital Assets and therefore adversely affect the value of the Digital Asset or threaten the sustainability of certain Digital Asset Companies.

Risks of Control by Malicious Actors or Botnets. If a malicious actor or botnet obtains control of more than 50% of the processing power on a Digital Asset network, such actor or botnet could manipulate the blockchain to adversely affect a client's investments or collateral. Digital Asset networks are subject to control by entities that capture a significant (1) amount of the network's processing power, (2) percentage of the Digital Assets issued and outstanding, or (3) number of developers or intermediaries important for the operation and maintenance of such Digital Asset network, depending on the algorithm used to secure the network. Many blockchain networks are secured by a proof of work algorithm that depends on the strength of processing power of participants to protect the network. If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on a Digital Asset network, it may be able to alter the blockchain on which the network and most transactions rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions. However, it could not generate new Digital Asset units or transactions using such control. The malicious actor could "double-spend" its own Digital Asset units (*i.e.*, spend the same

units in more than one transaction) and prevent the confirmation of other users' transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the processing power on the Digital Asset network or the network community did not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. Further, a malicious actor or botnet could create a flood of transactions in order to slow down confirmations of transactions on the relevant Digital Asset network.

Recently, some Digital Asset networks have been subject to malicious activity achieved through control of over 50% of the processing power on the network. For example, on May 24, 2018, it was reported that attackers compromised the Bitcoin Gold network in this manner and were successfully able to double-spend units of Bitcoin Gold in a series of transactions over the course of at least one week and in a total amount of at least \$18 million. Other digital assets such as Verge, Monacoin and Electroneum have also recently suffered similar attacks. Although there have been no reports of such activity on the Bitcoin network, it is believed that certain mining pools may have exceeded the 50% threshold on the Bitcoin network in the past. The possible crossing of the 50% threshold indicates a greater risk that a single mining pool could exert authority over the validation of Digital Asset transactions, and this risk is heightened if over 50% of the processing power on the network falls within the jurisdiction of a single governmental authority. For example, it is believed that more than 50% of the processing power on the Bitcoin network is now or at one time was located in China. Because the Chinese government has subjected Digital Assets to heightened levels of scrutiny recently, forcing several Digital Asset exchanges to shut down and has reportedly begun to place restrictions on mining activities, there is a risk that the Chinese government could also achieve control over more than 50% of the processing power on the Bitcoin network. To the extent that a given Digital Asset ecosystem, including the core developers and the administrators of mining pools, does not act to ensure greater decentralization of mining processing power, the feasibility of a malicious actor obtaining control of the processing power on the network will increase, which may adversely affect a client's investment.

Risk of a Blockchain "Fork". A temporary or permanent blockchain "fork" could adversely affect the Digital Assets held, whether as collateral or otherwise, by a client. Many Digital Assets, including Bitcoin and Ether, are open source, meaning that any user can download the software, modify it and then propose that the users and miners of the currency adopt the modification. When a modification is introduced and a substantial majority of users and miners consent to the modification, the change is implemented and the network remains uninterrupted. However, if less than a substantial majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a "fork" of the network, with one prong running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of the Digital Asset running in parallel, yet lacking interchangeability.

Forks can occur after a significant security breach. In June of 2016, a smart contract using the Ethereum network was hacked, which resulted in most participants in the Ethereum ecosystem electing to adopt a "rescue fork" that effectively reversed the hack. However, a minority of users continued to develop the old blockchain, now referred to as "Ethereum Classic" with the Digital Asset on that blockchain now referred to as Classic Ether, or ETC. Classic Ether remains traded on several Digital Asset exchanges.

Forks can also occur when a given Digital Asset's community cannot agree on whether or not to accept a network upgrade (for example, to allow for a new feature). In July 2017, Bitcoin "forked" into Bitcoin and a

new Digital Asset, Bitcoin Cash, as a result of a several-year dispute over how to increase the rate of transactions that the Bitcoin network can process. Since then, Bitcoin has been forked several times to launch new and competing Digital Assets, such as Bitcoin Gold, Bitcoin Silver and Bitcoin Diamond. Further forks of the Bitcoin blockchain could impact demand for Bitcoin or other Digital Assets and could adversely impact a client's investment.

Forks can also occur through an unintentional, unanticipated software flaw contained in multiple versions of otherwise compatible software users run. Such could adversely affect the given Digital Asset's viability. It is possible, however, that a substantial number of users and miners could adopt an incompatible version of the Digital Asset while resisting community-led efforts to merge the two chains. This would result in a permanent fork, as in the case of Ether and Classic Ether, as detailed above.

A fork can introduce new security risks. For example, when Ether/Classic Ether split in July 2016, replay attacks, in which transactions from one network were rebroadcast to nefarious effect on the other network, plagued Ethereum exchanges through at least October 2016. An Ethereum exchange announced in July 2016 that it had lost 40,000 Classic Ether, which was worth about \$100,000 at that time, as a result of replay attacks. Another possible result of a hard fork is an inherent decrease in the level of security. After a hard fork, it may become easier for an individual miner or mining pool's hashing power to exceed 50% of the processing power of the Digital Asset network, thereby making Digital Assets that rely on proof of work more susceptible to attack. See *"Risks of Control by Malicious Actors or Botnets."*

Additionally, it may be unclear following a fork which fork represents the original asset and which is the new asset. Different metrics adopted by industry participants to determine which is the original asset include: wishes of the core developers of a Digital Asset, the blockchain with the greatest amount of hashing power contributed by miners or validators, or the blockchain with the longest chain. To the extent that a client must decide which fork is a continuation of an original asset and which is a new asset, a client will not look to any one factor as being dispositive and instead will seek to determine which asset is generally accepted as being the continuation of the original asset by looking at a number of factors, including those listed above, the actions of market participants, discussions on relevant forums, and the relevant spot and futures prices of the assets, among other factors.

A fork in the network of a particular Digital Asset could adversely affect the value of certain Digital Assets held, whether as collateral or otherwise, by a client.

Inability to Realize Benefits of Hard Forks or "Air Drops." A client may not be able to realize the economic benefit of a hard fork or "air drop," either immediately or ever. If a client holds, whether as collateral or otherwise, a Digital Asset at the time that such Digital Asset experiences a hard fork, a client would be expected to hold an equivalent amount of the old and new assets following the hard fork. However, a client may not be able, or it may not be practical, to secure or realize the economic benefit of the new asset for various reasons. For instance, a custodian or security service provider may not agree to provide a client access to the new asset. In addition, a client may determine that there is no safe or practical way to custody the new asset, or that trying to do so may pose an unacceptable risk to a client's holdings in the old asset, or that the costs of taking possession and/or maintaining ownership of the new Digital Asset exceed the benefits of owning the new Digital Asset. Additionally, the Adviser may not have any systems in place to monitor or participate in hard forks or airdrops. These issues may be exacerbated with respect to any digital assets held as collateral.

Therefore, a client may not receive any new Digital Assets created as a result of a hard fork or airdrop, thus losing the potential value of such Digital Assets. Additionally, laws, regulation or other factors may prevent a client from benefitting from the new asset even if there is a safe and practical way to custody and secure the new asset. For example, it may be illegal for a client to sell the new asset, or there may not be a suitable market into which a client can sell the new asset (either immediately after the fork or ever).

In addition, a Digital Asset may become subject to a similar occurrence known as an “air drop.” In an air drop, the promoters of a new Digital Asset announce to holders of another Digital Asset that they will be entitled to claim a certain amount of the new Digital Asset for free. For example, in March 2017 the promoters of Stellar Lumens announced that anyone that owned Bitcoin as of June 26, 2017 could claim, until August 27, 2017, a certain amount of Stellar Lumens. For the same reasons as described above with respect to forks, a client may or may not be able, to participate in an air drop, or may or may not be able to realize the economic benefits of holding the new Digital Asset. The timing of any such occurrence is uncertain and a client’s participation would be subject to the Adviser’s discretion. Any inability to recognize the economic benefit of a hard fork or an air drop could adversely affect the value of the Digital Asset held, whether as collateral or otherwise.

Risks of Internet Disruptions. A disruption of the internet may affect the use of Digital Assets and subsequently the value of the interests in a client. Many Digital Assets are dependent upon the internet. A significant disruption in internet connectivity could disrupt a currency’s network operations until the disruption is resolved and have an adverse effect on the price of Digital Assets. In particular, some variants of Digital Assets have been subjected to a number of denial-of-service attacks, which have led to temporary delays in block creation and in the transfer of the currency. While in certain cases in response to an attack, an additional “hard fork” has been introduced to increase the cost of certain network functions, the relevant network has continued to be the subject of additional attacks. Moreover, it is possible that as Digital Assets increase in value, they may become more attractive targets for hackers and subject to more frequent hacking and denial-of-service attacks.

Digital Assets are also susceptible to border gateway protocol hijacking, or BGP hijacking. Such an attack can be a very effective way for an attacker to intercept traffic en route to a legitimate destination. BGP hijacking impacts the way different nodes and miners are connected to one another to isolate portions of them from the remainder of the network, which could lead to a risk of the network allowing double-spending and other security issues. If BGP hijacking occurs on a Digital Asset network, participants may lose faith in the security of Digital Assets, which could affect the value of those Digital Assets and consequently the value of the interests in a client. Any future attacks that affect the ability to transfer the Digital Asset could have a material adverse effect on the value of the Digital Asset held, whether as collateral or otherwise, certain Digital Asset Companies and a client’s investment.

Risks of Intellectual Property Rights Claims. Intellectual property rights claims may adversely affect the operation of Digital Asset networks or the viability of certain Digital Asset Companies. For example, third parties may assert intellectual property claims relating to the holding and transfer of Digital Assets and their source code. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in long-term viability or the ability of end-users to hold and transfer the currency may adversely affect a client’s investment. Additionally, a meritorious intellectual property claim could prevent a client and other end-users from accessing, holding, or transferring the affected Digital Assets, which could force the liquidation (if such liquidation is possible) of certain Digital Assets held by a client, whether as collateral or otherwise. As a result, such an intellectual property claim could adversely affect the value of

certain Digital Assets held by a client, whether as collateral or otherwise.

Risks of Open-Source Structure. Many Digital Asset networks, including Bitcoin and Ethereum, operate on open-source protocols maintained by groups of core developers. The open-source structure of these network protocols means that certain core developers and other contributors may not be compensated, either directly or indirectly, for their contributions, and they can decide, at will, to cease contributing. Accordingly, there can be no guarantee that developer support will continue or be sufficient in the future. At the same time, a failure to properly monitor and upgrade a given network protocol could damage the associated Digital Asset network. To the extent that material issues arise with certain Digital Asset network protocols and the core developers and open-source contributors are unable or unwilling to address the issues adequately or in a timely manner, such Digital Asset networks, and any corresponding Digital Assets held by a client, whether as collateral or otherwise, may be adversely affected.

Governance Risks. Lack of clarity in the governance of many Digital Asset systems may lead to ineffective decision-making that slows development or prevents a network from overcoming important obstacles. Governance of many Digital Asset systems is by voluntary consensus and open competition. Bitcoin, for example, has no central decision-making body or clear manner in which participants can come to an agreement other than through overwhelming consensus. The lack of clarity on governance may adversely affect Bitcoin's utility and ability to grow and face challenges, both of which may require solutions and directed effort to overcome problems, especially long-term problems. Recently, a seemingly simple, technical issue has divided the Bitcoin community: namely, whether to increase the block size of the blockchain or implement another change to increase the scalability of Bitcoin, known as "segregated witness," and help it continue to grow. Governance of other networks, such as the Cardano network, is formally directed by the companies that founded such networks. However, users may disagree with updates proposed by these companies, which may also lead to a lack of clarity on the governance of such networks. To the extent lack of clarity in governance of Digital Asset systems leads to ineffective decision-making that slows development and growth, the value of the Digital Asset held, whether as collateral or otherwise, and certain Digital Asset Companies, and in turn, the interests in a client, may be adversely effected.

Risks Related to Insufficient Mining Incentives. With respect to Digital Assets that are developed through mining, if the award of new units of Digital Assets for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivize miners, miners may cease expending processing power to solve blocks and confirmations of transactions on the blockchain could be slowed temporarily. A reduction in the processing power expended by miners on Digital Asset networks could increase the likelihood of a malicious actor or botnet obtaining control.

Miners generate revenue from both newly created Bitcoins, known as the "block reward" and from fees taken upon verification of transactions. If the aggregate revenue from transaction fees and the block reward is below a miner's cost, the miner may cease operations. If the award of new units of Digital Assets such as Bitcoin and Ether for solving blocks declines and/or the difficulty of solving blocks increases, and transaction fees voluntarily paid by participants are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. For instance, the current fixed reward for solving a new block on the Bitcoin network is twelve and a half Bitcoins per block, which decreased from twenty-five Bitcoins in July 2016. It is estimated that it will halve again in about four (4) years. This reduction may result in a reduction in the aggregate hashrate of the Bitcoin network as the incentive for miners decreases. Miners

ceasing operations would reduce the collective processing power on the network, which would adversely affect the confirmation process for transactions (*i.e.*, temporarily decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions) and make Digital Asset networks more vulnerable to a malicious actor or botnet obtaining control in excess of 50% of the processing power, which would allow such actor or botnet to manipulate the blockchain and hinder transactions. Any reduction in confidence in the confirmation process or processing power of a Digital Asset network may adversely affect the value of the Digital Asset held, whether as collateral or otherwise, certain Digital Asset Companies, and in turn, a client's investment.

Risks of Exclusion of Transactions. To the extent that any miners exclude some or all transactions, significant increases in fees and widespread delays in the recording of transactions could result in a loss of confidence on the relevant Digital Asset networks, which could adversely affect the value of the Digital Asset held, whether as collateral or otherwise, certain Digital Asset Companies, and in turn, a client's investment.

To the extent that any miners solve blocks that exclude some or all transactions that have been transmitted to the network, such transactions will not be recorded on the respective blockchain until another miner solves a block that incorporates those transactions. Some in the Digital Asset community have suspected that certain technologies (for example, before segregated witness was activated, ASICBoost), enhance speed and reduce electricity use of mining when reducing the number of transactions that are included in mined blocks on the Bitcoin network. To the extent that more blocks are mined without transactions, transactions will settle more slowly and fees will increase. This could result in a loss of confidence in the Digital Asset network, including the Bitcoin network and Ethereum network, which could adversely affect the value of the Digital Asset held, whether as collateral or otherwise, certain Digital Asset Companies, and in turn, a client's investment.

Risks of Collusion of Miners. Miners could act in collusion to raise transaction fees, which may adversely affect the usage of Digital Asset networks. Miners, functioning in their transaction confirmation capacity, collect fees for each transaction they confirm. Miners validate unconfirmed transactions by adding the previously unconfirmed transactions to new blocks in the blockchain. Miners are not forced to confirm any specific transaction, but they are economically incentivized to confirm valid transactions as a means of collecting fees. Miners have historically accepted relatively low transaction confirmation fees. If miners collude in an anticompetitive manner to reject low transaction fees, then Digital Asset users could be forced to pay higher fees, thus reducing the attractiveness of the Digital Asset network. Mining occurs globally and it may be difficult for authorities to apply antitrust regulations across multiple jurisdictions. Any collusion among miners may adversely affect the value of the Digital Asset held, whether as collateral or otherwise, certain Digital Asset Companies, and in turn, a client's investment.

Nascent Development of Smart Contracts. The nascent nature of smart contract development may magnify initial problems, increase volatility and reduce interest in smart contracts, which could have an adverse impact on the value of Ether or other Digital Assets, as well as certain Digital Asset Companies. Smart contracts are computer protocols that facilitate the negotiation or performance of a contract and have only very recently been implemented. Since smart contracts typically cannot be stopped or reversed, bugs in their programming can have catastrophic effects. For example, a bug in the smart contracts underlying The DAO, a distributed autonomous organization for venture capital funding, allowed an attack by a hacker who drained \$50 million from its accounts. The theft was reversed only by the developers making a hard fork of Ethereum. Nevertheless, the price of Ether dropped 35% because of the attack and also the fork. In addition, in July 2017,

a vulnerability in a smart contract for a multi-signature wallet software provided by Parity led to a \$30 million theft of Ether, and in November 2017, a new vulnerability in Parity's wallet software led to roughly \$160 million worth of Ether being indefinitely frozen. Initial problems and continued setbacks with the implementation and development of smart contracts may have an adverse effect on the value of certain Digital Assets (such as Ether), certain Digital Asset Companies, and in turn, a client's investment.

Limited History of Digital Asset Companies and Digital Assets. Due to the limited history of Digital Asset Companies and Digital Assets and the rapidly evolving nature of the Digital Asset industry, it is not possible to know all the risks involved in making an investment in the debt and/or equity of Digital Asset Companies, and new risks may emerge at any time. Digital Asset Companies and Digital Assets have gained commercial acceptance only within the past decade and, as a result, there is little data on the long-term sustainability of Digital Assets, as well as the business models among Digital Asset Companies that will provide for long-term profitability. Additionally, due to the rapidly evolving nature of the Digital Asset market, including the development of new Digital Assets, advancements in the underlying technology and the emergence of new Digital Asset Companies, it is not possible to predict which Digital Assets a client may have economic exposure to in the future or even to fully describe those potential Digital Assets. New Digital Assets or changes to existing Digital Assets may expose client Investors to additional risks which are impossible to predict as of the date of this filing. This uncertainty makes a client's investment very risky.

Risks Related to Lending Transactions. A client may engage in Digital Asset lending transactions, which could result in losses for a client if any borrower under such transactions fails to perform or fails financially. A client may earn additional income from lending its Digital Assets, although such transactions increase a client's risk of loss. In a Digital Asset lending transaction, a client will lend certain of its Digital Assets to a borrower, and a client may be compensated for such loan. Upon termination of a Digital Asset lending transaction, the borrower is obligated to return the borrowed Digital Assets to a client. This obligation of the borrower to return the loaned Digital Assets gives a client credit exposure to the borrower, and there is no limit on the amount of a client's Digital Assets that may be lent at any one time. To the extent a client loans a portion of its Digital Assets, a client will generally receive collateral from the borrower of the Digital Assets. As with other extensions of credit, there are risks of delay and costs involved in recovery of loaned Digital Assets or even loss of rights in the Digital Assets loaned or sold or in the collateral if the borrower fails to perform under the terms of the Digital Asset lending transaction or fails financially. If the borrower fails to perform under the terms of the Digital Asset lending transaction or fails financially, the collateral held by a client may not be sufficient to cover any losses suffered by a client. A client may engage an agent to arrange loans of Digital Assets by a client (a "**lending agent**"), and that lending agent, which may be an affiliate of the Adviser, may be paid a fee by a client or may otherwise share in the profits from a client's Digital Assets lending transactions. This fee or share of profits may represent a material portion of the income generated by a client by entering into Digital Asset lending transactions. The market for Digital Asset lending transactions is new and evolving, and may be riskier than the more traditional securities lending market, and may expose a client to unforeseen risks. A client may also sell its Digital Assets in Digital Asset reverse repurchase transactions to the extent that a market develops for such transactions, or may enter into other transactions with similar effect to Digital Asset lending transactions or reverse repurchase transactions. The tax treatment of Digital Asset lending transactions is uncertain, and it is possible that such a transaction would be treated as a taxable disposition of the relevant Digital Asset for U.S. federal income tax purposes.

Engaging in Digital Asset lending transactions could increase the risk that a client's Digital Assets are lost or

stolen. The storage systems and security measures employed by a client and its custodians to secure a client's private keys are generally most vulnerable to security breaches, cyber-attacks, computer malware or other forms of attack, and the private keys are also more vulnerable to be lost or compromised due to operational error, at points in time when a client is using its private keys to effect transactions in the Digital Assets held by a client. If a client engages in Digital Asset lending transactions, a client will be required to access its private keys more frequently than it would if it did not engage in such transactions, because Digital Asset lending transactions require the lender of the Digital Assets to use its private keys to effect a transfer of the Digital Assets to the borrower. As a result, engaging in Digital Asset lending transactions could increase the risk that a client's Digital Assets are lost or stolen.

If a client engages in Digital Asset lending transactions, sales of Digital Assets by the borrowers under such Digital Asset lending transactions could decrease the trading prices of the Digital Assets held by a client and therefore adversely affect a client's investment. The market for Digital Asset lending transactions is new and evolving, and a client's willingness to lend its Digital Assets may materially increase the supply of Digital Assets available for borrowing by market participants. If a client engages in Digital Asset lending transactions, it is likely that the borrower in such Digital Asset lending transactions are borrowing such Digital Assets in order to engage in short sales of such Digital Assets. This selling activity by borrowers of a client's Digital Assets could decrease the trading prices of the currencies currently held by a client and therefore adversely affect a client's investment.

Illiquidity Risk. A client's collateral taken in the form of Digital Assets, as well as its debt and/or equity interests in Digital Asset Companies, may be illiquid. Illiquidity risk, with respect to the Digital Asset collateral, is the risk that the collateral held by a client may be difficult or impossible to liquidate, upon foreclosure, at the time that a client would like or at the price that a client believes the currencies are currently worth.

New and Unregulated Digital Asset Exchanges. The Digital Asset exchanges on which Digital Assets trade are relatively new and, in many cases, largely unregulated and, therefore, may be more exposed to fraud and failure than established, regulated exchanges for other assets. Any fraud, security failure or operational problems experienced by the Digital Asset exchanges could result in a reduction in the value of the Digital Assets and adversely affect an investment in the interests of the clients. Furthermore, many such exchanges do not provide the public with significant information regarding their ownership structure, management teams, corporate practices or regulatory compliance. As a result, the marketplace may lose confidence in, or may experience problems relating to, Digital Asset exchanges, including prominent exchanges handling a significant portion of the volume of trading. Digital Asset exchanges may impose daily, weekly, monthly or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of Digital Assets for fiat currency difficult or impossible. The participation in Digital Asset exchanges requires users to take on credit risk by transferring Digital Assets from a personal account to a third party's account.

Over the past several years, a number of Digital Asset exchanges have been closed due to fraud, failure or security breaches. In many of these instances, the customers of such Digital Asset exchanges were not compensated or made whole for the partial or complete losses of their account balances in such Digital Asset exchanges. While smaller Digital Asset exchanges are less likely to have the infrastructure and capitalization that make larger Digital Asset exchanges more stable, larger Digital Asset exchanges are more likely to be appealing targets for hackers and "malware" (*i.e.*, software used or programmed by attackers to disrupt

computer operation, gather sensitive information or gain access to private computer systems). In 2014, the largest Bitcoin exchange at the time, Mt. Gox, filed for bankruptcy in Japan amid reports the exchange lost up to 850,000 Bitcoins, valued then at over \$450 million.

In January 2015, Bitstamp announced that approximately 19,000 Bitcoin had been stolen from its operational or “hot” wallets. In August 2016, it was reported that almost 120,000 Bitcoins worth around \$78 million were stolen from Bitfinex, a large Digital Asset Exchange. The value of Bitcoin immediately decreased by more than 10% following reports of the theft at Bitfinex. In addition, in December 2017, Yopian, the operator of Seoul-based Digital Asset exchange Yobit, suspended Digital Asset trading and filed for bankruptcy following a hack that resulted in a loss of 17% of Yopian’s assets. Following the hack, Yobit users were allowed to withdraw approximately 75% of the Digital Assets in their exchange accounts, with any potential further distributions to be made following Yopian’s pending bankruptcy proceedings. Additionally, in January 2018, hackers stole a reported \$534 million worth of NEM Cryptocurrency from Coincheck, a Tokyo-based exchange.

In January 2019, QuadrigaCX, a Canadian cryptocurrency exchange, ceased operations and the company was declared bankrupt. The company's CEO and founder, Gerald Cotten, reportedly died unexpectedly in December 2018, after travelling to India. Up to C\$250 million (US\$190 million) owed to 115,000 customers was discovered missing or could not be accessed because only Cotten held the password to off-line cold wallets. In a report released in April 2019, the auditing firm Ernst and Young said it had determined Cotten was mixing his personal and corporate finances, saying some QuadrigaCX funds may have been used to buy assets held outside the business.

In May 2019, Binance, one of the world’s largest cryptocurrency exchanges, revealed that it had been the victim of a “large scale security breach” in which hackers had stolen 7,000 Bitcoin worth around US\$40 million at the time. Binance reported that the hackers “used a variety of techniques, including phishing, viruses and other attacks” and structured their transaction in a way that passed its existing security checks.

Digital Asset exchanges that are regulated typically must comply with minimum net worth, cybersecurity, and anti-money laundering requirements, but are not typically required to protect customers or their markets to the same extent that regulated securities exchanges or futures exchanges are required to do so. For example, U.S. state and federal regulatory regimes for Digital Asset exchanges have no specific requirements that exchanges detect, report or prevent manipulative trading activity, such as spoofing.

In addition, many Digital Asset exchanges lack certain safeguards put in place by more traditional exchanges to enhance the stability of trading on the exchange and prevent flash crashes, such as limit-down circuit breakers. As a result, the prices of Digital Assets on Digital Asset exchanges may be subject to larger and/or more frequent sudden declines than assets traded on more traditional exchanges. For example, on June 21, 2017, at approximately 3:30 p.m., the price of Ether on the GDAX exchange declined from \$317.81 to \$0.10 and then recovered to prices above \$300, all within the span of approximately 10 seconds.

A lack of stability in Digital Asset exchanges, manipulation of Digital Asset markets by Digital Asset exchange customers and the closure or temporary shutdown of such exchanges due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in the Digital Assets generally and result in greater volatility in the market price of Digital Assets. These potential consequences of an exchange’s

failure or failure to prevent market manipulation could adversely affect a client's investment.

Momentum Pricing of Future Appreciation. The value of Digital Assets as represented by the prices for Digital Assets may, at times, be subject to momentum pricing due to speculation regarding future appreciation in value, leading to greater volatility, which could adversely affect the value of the Digital Assets held, whether as collateral or otherwise.

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, is impacted by anticipated future appreciation in value. A client and the Adviser believe that momentum pricing of certain Digital Assets has resulted, and may continue to result, in speculation regarding future appreciation in the value of Digital Assets, inflating and making these prices more volatile. As a result, Digital Assets may be more likely to fluctuate in value due to changing investor confidence in future appreciation or depreciation in prices, which could adversely affect the value of the Digital Asset held, whether as collateral or otherwise.

Stablecoins. Stablecoins are digital assets designed to be redeemable for a set amount of an underlying asset, often a fiat currency. A stablecoin issuer typically maintains reserves of the underlying asset as collateral, growing or shrinking its reserves according to the number of stablecoins in circulation. As a result, a stablecoin is meant to maintain the same price as to both the amount of the underlying asset to which it is pegged and at every exchange where it trades. In this manner, stablecoins are designed to provide a digital asset “peg” to the underlying asset and a digital-native mechanism to transact on the basis on that value.

Even if a client does not hold stablecoins, whether as collateral or otherwise, prices of certain digital assets that a client may hold, whether as collateral or otherwise, may be affected by the prices for certain stablecoins. For example, some exchanges list trading pairs that include a stablecoin, on the one hand, and a digital asset that a client may hold, whether as collateral or otherwise, on the other hand. Price fluctuations in stablecoins can thus affect the market value of Digital Assets held, whether as collateral or otherwise, by a client. Such effects tend to be most significant during periods of reduced market confidence in a particular stablecoin, or in stablecoins generally; however, these effects may occur, from time to time, in normal market trading.

For example, USDT, a U.S. dollar-pegged stablecoin issued and managed by Tether, experienced significant price volatility in October 2018. The trading price of USDT reached as low as \$0.92 during this period, due to concerns about the quality and volume of Tether's dollar reserves. As a result of this distortion, BTC was, for a brief period of time, trading at approximately a 4.5% “premium” against USDT (*i.e.*, the USDT/BTC trading pair) as compared to USD (*i.e.*, the USD/BTC trading pair).

Stablecoins present additional risks that can affect the broader digital asset market, including risks relating to the activities of stablecoin issuers and uncertainty in the regulatory treatment of stablecoins. For example, the regulatory treatment of stablecoins is uncertain, notwithstanding the NYDFS's approval in September 2018 of two stablecoin offerings. The NYDFS approval may promote a market for stablecoins. However, it is possible that other state or federal agencies may take a less favorable view of stablecoins, and future regulatory action from such agencies could have adverse consequences on stablecoins and their issuers. Further, some stablecoins are not audited or provide limited information about the financial institutions that hold collateral, and may be subject to risks related to the solvency of those institutions or their continued willingness to provide services. Some stablecoins, referred to as “algorithmic” stablecoins, use an algorithm to control supply—for

example, by issuing and destroying coins depending on market demand, until the target price is reached. Algorithmic stablecoins are relatively new and may pose various regulatory and operational risks that are difficult to predict.

Even if a client does not intend to hold stablecoins, whether as collateral or otherwise, it may nonetheless be exposed to these and other risks that stablecoins pose for the broader digital asset market. For example, the activities of stablecoin issuers and future actions relating to the regulatory treatment of stablecoins may adversely affect markets for digital assets more generally, increase regulatory focus or restrictions on these markets, or negatively affect investor perceptions about digital asset markets. This may, in turn, negatively affect a client or an investment in the interests in a client.

In April 2019, for example, the New York State Attorney General (the “**NYS AG**”)’s office announced that it was investigating iFinex, the company behind exchange Bitfinex and stablecoin Tether, over an alleged \$850 million fraud. The NYS AG alleged that iFinex lost \$850 million through a series of transactions with Panama-based Crypto Capital. The NYS AG also accused iFinex with allowing New York-based investors to use Bitfinex to trade Tether without holding a license to operate in New York.

Digital Asset Derivatives Markets. Regulated derivatives markets for Digital Assets in the United States are developing as registered futures exchanges and swap execution facilitates, which are regulated by the CFTC, and are beginning to offer futures, options, and swaps on Bitcoin. Several CFTC-registered swap execution facilitates offer trading in Digital Asset swaps and both the CBOE and CME, which are registered futures exchanges do, or plan to, offer futures and options on Digital Assets. There is, however, no assurance that any particular Digital Asset derivatives producers will be brought to market, that derivatives products will be created for Digital Assets other than Bitcoin, or that trading in products that are offered will be liquid or at beneficial prices to a client. Additionally, Digital Asset forks or other similar events may pose significant challenges for derivatives exchanges or other markets to address.

The existence of regulated markets that offer trading in Digital Asset derivatives, the volume of transactions on those markets and the nature and sophistication of participants may impact the value of the Digital Assets held by a client, whether as collateral or otherwise, even if a client does not invest in such derivatives.

In that regard, markets in Digital Asset derivatives could also affect prices, liquidity, and other aspects of Digital Asset cash markets and other related markets. Digital Asset derivatives markets could facilitate larger volumes of short positions in Digital Assets than what may be possible in cash market trading only. Thus, trading in Digital Assets derivatives could be used by market participants to accumulate short positions in Bitcoin and other Digital Assets, which could reduce the price of these Digital Assets. This type of activity could negatively impact the value of any Digital Assets held by a client, whether as collateral or otherwise.

Risks of Political or Economic Crises. Political or economic crises may motivate large-scale sales of Digital Assets, which could result in a reduction price of Digital Assets and adversely affect the value of Digital Assets held by a client, whether as collateral or otherwise. As an alternative to fiat currencies that are backed by central governments, Digital Assets, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be affected by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of such Digital Assets either globally or locally.

Large-scale sales of Digital Assets would result in a reduction in the price and adversely affect the value of Digital Assets held by a client, whether as collateral or otherwise.

Large Scale Distributions on Non-Market Terms. Entities with substantial holdings in Digital Assets may engage in large-scale sales or distributions on non-market terms, or sales in the ordinary course, which could result in a reduction in the price of Digital Assets and adversely affect the value of Digital Assets held by a client, whether as collateral or otherwise. Foundations and individuals with substantial holdings in Digital Assets frequently enter into contractual lock-up agreements or use smart contracts to prevent premature sales or distributions. If such escrow mechanisms fail or are circumvented, it could result in large-scale sales, and such selling pressure could result in a reduction in the price of the affected Digital Assets and adversely affect the value of Digital Assets held by a client, whether as collateral or otherwise.

Additionally, certain foundations may engage in sales or distributions of Digital Assets in order to fund further investment in protocols or in the ordinary course of business. Any such sales or distributions, if conducted on a large-scale and/or at non-market terms, could result in a reduction in the price of a Digital Asset and adversely affect the value of Digital Assets held by a client, whether as collateral or otherwise.

Risks Relating to Availability of Banking Services. Banks may not provide banking services, or may cut off banking services, to businesses that provide Digital Asset-related services or that accept Digital Assets as payment, which could damage the public perception of Digital Assets and the utility of Digital Assets as a payment system and could decrease the price of Digital Assets and the value of the debt and/or equity of Digital Asset Companies and adversely affect a client's investment.

A number of companies that provide Digital Asset-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to Digital Asset Companies or companies that accept Digital Assets for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide Digital Asset-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of Digital Assets as a payment system and harming public perception of Digital Assets or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of Digital Assets as a payment system and the public perception of Digital Assets could be damaged if banks were to close the accounts of many or of a few key businesses providing Digital Asset-related services. This could decrease the value of Digital Assets held by a client, whether as collateral or otherwise, and the value of the debt and/or equity of Digital Asset Companies, and it could adversely affect a client's investment.

Risks Related to Regulation of Digital Asset Companies and Digital Assets. Regulatory changes or actions may alter the nature of a client's investment or restrict the use of Digital Assets or the operation of Digital Asset Companies or Digital Asset networks in a manner that adversely affects a client's investment.

While regulation of Digital Assets is still nascent, as Bitcoin and other Digital Assets have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies have been examining Digital Asset networks, Digital Asset Companies and exchange markets. Many of these state and federal agencies have issued consumer advisories regarding the risks posed by Bitcoin and other Digital Assets

to investors. In addition, U.S. federal and state agencies, and regulatory bodies in other countries have issued rules or guidance about the treatment of Digital Asset transactions or requirements for businesses engaged in Digital Asset activity. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the nature of a client's investment or the ability of a client to continue to operate.

In 2013 guidance, FinCEN took the position that any administrator or exchanger of convertible Digital Assets must register with FinCEN as a money transmitter and must comply with the anti-money laundering regulations applicable to money transmitters. In 2015, FinCEN assessed a \$700,000 fine against Ripple Labs for violating several requirements of the Bank Secrecy Act by acting as a money services business, to which we refer herein as an MSB, and selling XRP without registering with FinCEN, and by failing to implement and maintain an adequate anti-money laundering program. In 2017, FinCEN assessed a \$110 million fine against BTC-E, a now defunct Digital Asset trading platform, for similar violations. The requirement that exchangers that do business in the United States register with FinCEN and comply with anti-money laundering regulations may increase the cost of compliance for certain Digital Asset Companies and therefore may adversely affect their profitability, and accordingly, the value of their debt and/or equity.

In 2015, the New York State Department of Financial Services, or the NYDFS, finalized a rule that requires most businesses involved in Digital Assets business activity for third parties in or involving New York, excluding merchants and consumers, to apply for a license, commonly known as a BitLicense, from the NYDFS and to comply with anti-money laundering, cyber security, consumer protection, and financial and reporting requirements, among others. As an alternative to the BitLicense in New York, firms can apply for a charter to become limited purpose trust companies qualified to engage in Digital Assets business activity.

In April 2019, the NYDFS denied a virtual currency license to a cryptocurrency exchange that had been operating in New York, which was the first time the agency took such action. The NYDFS denied the application of Bittrex, Inc. due to an alleged failure to meet certain licensing requirements, including, according to the NYDFS, deficiencies in Bittrex's BSA/AML/OFAC compliance program; a deficiency in meeting the NYDFS' capital requirement; and deficient due diligence and control over Bittrex's token and product launches. NYDFS ordered Bittrex to cease operating in New York.

Other states have considered regimes similar to the BitLicense, and have passed statutes, regulations or guidance indicating that certain Digital Assets business activities constitute money transaction requiring licensure. The inconsistency in applying money transmitting licensure requirements to certain businesses may make it more difficult for these businesses to provide services, which may affect consumer adoption of Digital Assets and their price. In an attempt to address these issues, the Uniform Law Commission passed a model law in July 2017, the Uniform Regulation of Virtual Currency Businesses Act, which has many similarities to the BitLicense and features a multistate reciprocity licensure feature, wherein a business licensed in one state could apply for accelerated licensure procedures in other states. It is still unclear, however, how many states, if any, will adopt some or all of the model legislation. The requirement that such businesses comply with NYDFS rules and regulations, including the BitLicense, may increase the cost of compliance for certain Digital Asset Companies and therefore may adversely affect their profitability, and accordingly, the value of their debt and/or equity.

The SEC and CFTC have also taken various actions to clarify their treatment of Digital Assets, digital tokens, and certain types of Digital Asset Companies. The SEC has indicated that certain tokens, particularly those

issued in ICOs, may constitute securities, and that certain ICOs may be illegal, unregistered securities offerings. The SEC has also stated that at least some Digital Asset exchanges may be operating as illegal unregistered national securities exchanges, to the extent that such exchanges facilitate trading of tokens that are securities. The CFTC has stated that Bitcoin and other Digital Assets are commodities under the Commodity Exchange Act, and has taken various actions relating to its jurisdiction over commodity derivatives. For example, the CFTC sanctioned a Hong Kong-based Bitcoin exchange, Bitfinex, in June 2016 for offering off-exchange financed retail commodity transactions in Bitcoin and other Digital Assets without registering as a futures exchange or futures commission merchant. In addition, in September 2017, the CFTC initiated an enforcement action under its anti-fraud authority against an alleged Ponzi scheme that took investments in Bitcoin and purported to use an algorithmic trading strategy but in reality had no such strategy and made no such investments. Similarly, many countries outside the United States have enacted regulatory regimes or taken enforcement actions with respect to Digital Asset Companies and Digital Assets. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the nature of a client's investment or the ability of a client to continue to operate.

Potential Registration as Money Service Business or Money Transmitter. If regulatory changes or interpretations of a client's or Adviser's activities require the registration of a client or Adviser as a money service business under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act or licensing or other registration of a client or Adviser as a money transmitter, business engaged in Digital Asset business activity, or equivalent designation, under state law in any state in which a client or Adviser operates, a client may face additional expenses or may have to terminate.

To the extent that the activities of a client cause it to be deemed a MSB under the regulations promulgated by FinCEN under the authority of the Bank Secrecy Act, a client may be required to comply with FinCEN regulations, including those that would mandate a client to implement anti-money laundering programs, make certain reports to FinCEN and maintain certain records.

To the extent that the activities of a client cause it to be deemed a money transmitter, to which we refer herein as an MT, or engaged in other business involving Digital Asset activities that are regulated in any state in which a client operates, such as a business requiring a New York BitLicense, a client may be required to seek a license or otherwise register with a state regulator and comply with state regulations that may include the implementation of anti-money laundering programs, cyber security, consumer protection, financial and reporting requirements, and maintenance of certain records and other operational requirements.

The Adviser does not believe that it or any of its clients are currently required to register or be licensed under, or be subject to, these various regimes. However, there can be no assurance that a client or the Adviser will not be required to so register or be so licensed or so comply in the future. To the extent that a client or Adviser need to register as MSBs or become licensed as MTs or businesses engaged in Digital Asset business activity, and be subject to associated regulatory obligations, such obligations may cause a client to incur additional expenses, possibly affecting a client's investment in a material and adverse manner. In addition, to the extent a client or the Adviser is found to have operated without appropriate state or federal licenses, it may be subject to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties, all of which could harm the reputation of a client or the Adviser and affect the value of the interests investors have in the clients. Furthermore, a client and its service providers may not be able to timely acquire necessary state licenses or be capable of complying with certain federal or state regulatory obligations applicable to MSBs,

MTs, and businesses engaged in Digital Asset activity. If the Adviser is deemed to be subject to, and determines not to comply with, such additional regulatory and registration requirements, the Adviser may act to dissolve and liquidate a client. Any such termination could result in the liquidation of a client's Digital Assets at a time that is disadvantageous to a limited partner.

Regulations Relating to Custody of Digital Assets. Regulatory changes or interpretations relating to the custody of Digital Assets could require certain security vendors to be required to apply for licenses that they do not already have, and could subject these parties to investigations and penalties, which could adversely affect a client's investment.

For some types or some portion of some types of a client's Digital Assets, the Adviser may make use of multi-factor security systems, under which no party is "storing, holding or maintaining custody or control of virtual currency on behalf of others," as defined in New York's BitLicense regulations. For these and other reasons, multi-factor security system vendors may not have applied for or received a BitLicense or other license that would allow them to undertake Digital Asset business activity involving New York or a New York resident. These vendors also may not have registered as money transmitters or parties engaged in Digital Asset business activity (or equivalent designation) under state law in any other state in which a client operates. The NYDFS or other state authorities may not agree with these vendors' conclusions and could have the power to subject these parties to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties, all of which would harm the reputation of a client or the Adviser, decrease the liquidity of a client, and have a material adverse effect on the value of the interests in a client. In the event that any such registration becomes required, the required registrations, licensure and regulatory compliance steps may result in extraordinary, nonrecurring expenses to a client. A client may also decide to terminate its relationships with multi-factor security system vendors and may not be able to find successor vendors or custodians that have appropriate licenses, and/or may be forced to dissolve itself.

Classification as "Securities." Recently, the SEC determined that certain Digital Assets, such as those offered in The DAO, are to be treated as securities for purposes of the U.S. federal securities laws. This could increase the likelihood that the SEC determines that other Digital Assets should be classified or treated as securities, and result in regulation of one or more Digital Assets under the U.S. federal securities laws. Whether a client holds such Digital Assets or not, the SEC's determination or a market expectation of the SEC's determination that a Digital Asset is a security could adversely affect the value of certain Digital Assets, certain Digital Asset Companies and a client's investment, possibly materially.

In April 2019, the SEC published a framework for analyzing whether a digital asset is offered and sold as an investment contract, and, therefore, is a security (the "**Framework**"). The Framework, however, does not provide an exhaustive list of factors to enable a market participant to come to a clear determination as to whether or not a Digital Asset represents a security.

Risks Relating to SEC Determinations. If regulatory changes or interpretations require the regulation of one or more Digital Assets under the Securities Act or the Exchange Act, compliance with these requirements could result in additional expenses to a client or significantly limit a client's investment opportunities or the ability of a client to pursue its investment objective.

Current and future legislation, CFTC and SEC rulemaking and other regulatory developments may impact the

manner in which Digital Assets are treated for classification and clearing purposes. In particular, a Digital Asset may be classified by the CFTC as a “commodity interest” under the CEA or may be classified by the SEC as a “security” under U.S. federal securities laws. As of the date of this Brochure, the Adviser is not aware of any rules that have been proposed to regulate any Digital Assets as a commodity interest or a security. Although several U.S. federal district courts have recently held for certain purposes that other Digital Assets, such as Bitcoin, are currencies or a form of money, these rulings are not definitive and the Adviser and a client cannot be certain as to how future regulatory developments will impact the treatment of one or more Digital Assets under the law. In the face of such developments, the required registrations and compliance steps may result in extraordinary, nonrecurring expenses to a client.

To the extent that any Digital Assets held by a client, whether as collateral or otherwise, are deemed to fall within the definition of a “commodity interest” under the CEA, a client and the Adviser may be subject to additional regulation under the CEA and CFTC regulations. The Adviser may be required to register as a commodity pool operator or commodity trading advisor with the CFTC and become a member of the National Futures Association and may be subject to additional regulatory requirements with respect to a client, including disclosure and reporting requirements. These additional requirements may result in extraordinary, recurring and/or nonrecurring expenses of a client, thereby materially and adversely impacting the interests in a client.

The SEC has not asserted regulatory authority over Bitcoin or Ether networks or trading or ownership in these Digital Assets and has not expressed the view that these Digital Assets should be classified or treated as securities for purposes of U.S. federal securities laws. However, the SEC has commented on Bitcoin and Bitcoin-related market developments and has taken action against investment schemes involving Bitcoin. For example, in the SEC’s recent review of proposed rule changes to list and trade shares of certain Bitcoin-related investment vehicles on public markets, it has stated that the Bitcoin markets are not properly regulated. The SEC asserts that this results in the public markets’ inability to enter into surveillance-sharing agreements that help address concerns regarding fraudulent or manipulative acts and practices.

The SEC may take the view in the future that one or more Digital Assets should be classified as securities due to the history or development of these Digital Assets, for example their sale in ICOs. Ether was initially sold through ICOs and may be at an increased risk of being classified as a security as a result. If the SEC were to determine that Digital Assets held by a client, whether as collateral or otherwise, are properly characterized as securities, a client and the Adviser, and certain Digital Asset Companies could be subject to additional regulatory and compliance requirements under U.S. federal securities laws. Such additional registrations and requirements may result in additional expenses of a client or restrict a client’s ability to execute its investment strategies.

Regulatory Limitations on ICOs. Regulatory limitations on ICOs may negatively affect ecosystems like Ethereum on which most ICOs occur. Many blockchain startups use Ethereum to launch their ICOs, typically by building their tokens following the ERC20 standard for tokens. As of March 19, 2018, approximately 88% of ICO tokens in circulation are based on Ethereum. Additionally, such ICOs often accept Bitcoins or Ether as payment for coins, bolstering demand for Bitcoin and Ether. The SEC’s action with respect to The DAO and Munchie could have a chilling effect on future ICOs. As noted above, the SEC published a bulletin warning investors about such ICOs. If the SEC clarifies or if market participants conclude that many ICOs violate federal or state securities, money transmitter, or Digital Asset business activity laws, the number of ICOs may decrease and coins already issued as part of ICOs may face uncertain regulatory futures. In addition,

a number of foreign jurisdictions have, like the SEC, recently opined on the sale of Digital Asset tokens including through ICOs. China and South Korea have banned ICOs entirely and other jurisdictions have opined that ICOs may constitute securities offerings subject to local securities regulations, which could similarly affect the number of ICOs and coins already issued as part of ICOs. These developments may decrease demand for Ether, Bitcoin, or other smart contract tokens, and could negatively affect certain Digital Asset Companies, the value of Digital Assets held by a client, whether as collateral or otherwise, and could adversely affect the value of a client's investment.

Future Legislation and Regulation Worldwide Relating to Digital Assets. It may be or become illegal to acquire, own, hold, sell or use Digital Assets in one or more countries, and ownership of, holding or transfer of the interests in a client may be considered illegal and subject to sanction in those countries. Digital Assets currently face an uncertain regulatory landscape in many foreign jurisdictions such as the European Union, China, the United Kingdom, Australia, Japan, Russia, Israel, Poland, India, Hong Kong, Canada and Singapore. Most regulatory bodies have not yet issued official statements regarding determinations on regulation of Digital Assets, user or networks. Since October 2015 in the EU, Bitcoin transactions have been treated as traditional currency transactions and have not been subject to value added tax. In Russia, regulators announced plans to recognize Bitcoin and other Digital Assets as legitimate financial instruments by 2018, but announced in September 2017 that they would not yet allow Digital Assets to be traded on official exchanges or to be used in clearing and settlement infrastructure. In 2013, a Chinese government notice classified Bitcoin as a "virtual commodity," and not legal tender, and prohibited Chinese banks from using Bitcoin, providing RMB exchange service or brokering Bitcoin payments. In September 2017, following their announcement to ban all ICO activities, Chinese regulators took a series of actions to shut down Digital Asset trading on China-based Digital Asset exchanges, and Digital Asset exchanges were forced to close down, move overseas or limit their services to OTC trading only. In January 2018, the People's Bank of China (the "PBoC") issued a circular warning Chinese banks that the provision of financial services for Digital Asset trading is strictly prohibited. In February 2018, the Chinese government announced that it would tighten regulations on Chinese investors' participation in overseas ICOs and foreign virtual currency exchanges. There remains significant uncertainty regarding the Chinese government's future actions with respect to the regulation of Digital Assets and Digital Asset exchanges, and the Adviser believes that this uncertainty has had and will continue to have an adverse effect on the price of Digital Assets and therefore the value of a client's investment. In April 2017, Japanese regulators recognized Digital Assets as a legal method of payment and required market participants to meet certain compliance requirements and be subject to oversight by the Financial Services Agency. Israel applied capital gains tax to sales of Bitcoins and other Digital Assets in 2017. In January 2018, a new law came into effect in South Korea, requiring identity verification for all trading accounts on domestic virtual currency exchanges and prohibited foreigners from trading on South Korean Digital Asset exchanges. In February 2018, Gibraltar Ministry of Commerce and Gibraltar Financial Services Commission ("GFSC") announced plans to draft legislation to regulate ICO activities, secondary market activities and investment advice relating to tokens, focusing on AML/CFT and disclosure rules. Senior officer at the GFSC stated that the new regulations will introduce an authorized sponsor regime. Ecuador, Bolivia, and Bangladesh, on the other hand, have banned the use of Bitcoins and other Digital Assets.

Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect the Digital Assets. Such laws, regulations or directives may conflict with those of the United States and may negatively affect the acceptance of Digital Assets by users, merchants and service providers outside the United States and may therefore impede the growth or sustainability of the Digital Asset economy in these jurisdictions as well

as in the United States and elsewhere, or otherwise negatively affect the value of Digital Assets and Digital Asset Companies.

Additionally, U.S. state and federal, and foreign regulators and legislatures have taken action against Digital Asset businesses or enacted restrictive regimes in response to adverse publicity arising from hacks, consumer harm, or criminal activity stemming from Digital Asset activity. It has been reported, for instance, that South Korean Digital Asset exchanges have been subject to cybersecurity attacks by North Korean state actors with the intent of stealing Digital Assets, possibly with the intention of evading international economic sanctions. Cybersecurity attacks by state actors, particularly for the purpose of evading international economic sanctions, are likely to attract additional regulatory scrutiny to the acquisition, ownership, sale and use of Digital Assets. Such adverse publicity could negatively affect the value of the debt and/or equity of certain Digital Asset Companies or Digital Assets held by a client, whether as collateral or otherwise.

Furthermore, on June 21, 2019, the Financial Action Task Force (“**FATF**”) made a recommendation regarding the need to mitigate the money laundering and terrorist financing risks associated with virtual asset activities. FATF is an international organization founded to address concerns about money laundering and the threat it poses to the world financial system. While FATF’s recommendations are not binding, member countries generally adopt them or risk being put on a blacklist, which hinders such countries’ ability to attract foreign investments. Once adopted by FATF member countries, Digital Asset exchanges and other “virtual asset service providers” (as defined in the FATF recommendation) (“**VASPs**”) will be required to pass customer information to each other when transferring Digital Assets. The FATF recommendation is similar to the standard that U.S. banks are currently required to abide by for wire transfers under the Bank Secrecy Act (BSA), which is often referred to as the “**Travel Rule**.”

Applying a traditional banking industry rule to firms that transfer Digital Assets, may prove difficult from a technological perspective. Under the Travel Rule, a traditional bank initiating a wire transfer needs to provide information not just about the originator of a payment, but also the beneficiary. Currently, there is uncertainty as to whether a particular Digital Asset Company is a VASP, but it likely applies to Digital Asset exchanges. Also, there is no current technological solution for a Digital Asset exchange or any other VASP to know with any certainty who the destination address is owned by, as there is no register of such addresses and new addresses can be created at any time. If Digital Asset exchanges and other VASPs find this new FATF requirements too onerous to comply with, it could force them to shut down, and, as a result, have a potential negative impact on liquidity. In addition, it is possible that there will be other rules imposed on VASPs in relation to Digital Assets’ origins and past history. For example, VASPs could be required to perform blockchain analysis¹ on Digital Assets to determine whether any of such assets have been associated with public addresses that are known to have been involved in criminal activity. This could affect the fungibility and pricing of certain Digital Assets. Such developments could negatively affect the value of a client’s Digital Assets and/or Digital Asset Companies that are VASPs or transact with VASPs, which could adversely affect the value of a client’s investment.

Risk of Loss, Theft or Restriction on Access of Digital Assets. Digital Assets held by a client, whether as

¹ Blockchain analysis is the process of inspecting, identifying, clustering, modeling and visually representing data on a cryptographic distributed-ledger (blockchain). The goal of blockchain analysis is to discover certain information about the different actors adding additional blocks to the chain.

collateral or otherwise, may be subject to loss, theft or restriction on access, each of which could result in the halting of a client's operations or a loss of a client's assets. Such losses could result in a reduction in the value of the interests in a client. There is a risk that some or all such Digital Assets could be lost, stolen, destroyed or inaccessible, potentially by the loss or theft of the private keys held by custodians associated with the public addresses that hold a client's Digital Assets. The public profile of our Principal Owner, Michael Novogratz, and Galaxy Digital could make Galaxy Digital and its affiliates, including the Adviser and a client, an appealing target to hackers or malware distributors seeking to destroy, damage or steal the Digital Assets or private keys held, whether as collateral or otherwise, by a client.

Multiple thefts of Digital Assets from other holders have occurred in the past. Because of the decentralized process for transferring Digital Assets, thefts can be difficult to trace, which may make Digital Assets a particularly attractive target for theft. Each client has adopted security procedures intended to protect assets held by it, whether as collateral or otherwise, but there can be no assurance that those procedures will be successful in preventing such loss, theft or restriction on access. **You should not invest unless you understand the risk that a client's assets may be stolen.** Access to a client's Digital Assets could be restricted by natural events (such as an earthquake or flood) or human actions (such as a terrorist attack). A client's Digital Assets held in custody accounts will likely be an appealing target to hackers or malware distributors seeking to destroy, damage or steal a client's Digital Assets or private keys. Security breaches, cyber attacks, computer malware and computer hacking attacks have been a prevalent concern for Digital Asset exchanges. Any cybersecurity breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could harm a client's business operations or reputation, resulting in loss of a client's assets. Digital Asset exchanges may in particular be at risk of cyber security breaches orchestrated or funded by state actors. It has been reported, for instance, that South Korean Digital Asset exchanges have been subject to cybersecurity attacks by North Korean state actors with the intent of stealing Digital Assets, possibly with the intention of evading international economic sanctions. Any problems relating to the performance and effectiveness of security procedures used by a client and its custodians to protect Digital Assets held by a client, whether as collateral or otherwise, such as algorithms, codes, passwords, multiple signature systems, encryption and telephone call-backs may have an adverse impact on a client's investment. Furthermore, the Adviser believes that, as a client's assets grow, it, along with its custodians, may become a more appealing target for cyber security threats such as hackers and malware. Furthermore, cybersecurity attacks orchestrated or funded by state actors may be particularly difficult to defend against because of the resources that state actors have at their disposal.

No storage system is impenetrable, and storage systems employed by a client or its custodians may not be free from defect or immune to acts of God. Any loss due to a security breach, software defect or act of God generally will be borne by a client.

Such storage systems and operational infrastructure may be breached due to the actions of outside parties, error or insider malfeasance of an employee of the Adviser or its custodians, or otherwise, and, as a result, an unauthorized party may obtain access to the Adviser's, a client's, or a client's custodians' or security vendors' or its custodians' storage systems, private keys, data or Digital Assets. Additionally, outside parties may attempt to fraudulently induce employees of the custodians or the Adviser to disclose sensitive information in order to gain access to a client's infrastructure. The Adviser, its custodians or any technological consultant engaged by them will periodically examine and propose modifications to storage systems, protocols and

internal controls to address the use of new devices and technologies to safeguard a client's systems and Digital Assets. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, the Adviser may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of a storage system occurs, a loss of confidence in Digital Asset networks may decrease the market price of the Digital Assets held by a client, whether as collateral or otherwise. An actual or perceived breach may also cause investors to seek to withdraw interests in a client, which may harm a client's investment performances. In the event of an actual or perceived security breach of a storage system, a client may cease operations.

If a client's Digital Assets are lost, stolen or destroyed under circumstances rendering a party liable to a client, the responsible party may not have the financial resources sufficient to satisfy a client's claim. For example, as to a particular event of loss, the only source of recovery for a client may be limited to the relevant custodian or, to the extent identifiable, other responsible third parties (for example, a thief or terrorist), any of which may not have the financial resources (including liability insurance coverage) to satisfy a valid claim of a client.

It may not be possible, either because of a lack of available policies or because of prohibitive cost, for a client to obtain insurance that would cover losses associated with certain Digital Assets held as collateral or otherwise. If an uninsured loss occurs or a loss exceeds policy limits, a client could lose a significant amount of its assets.

Risks Related to Security Protocols. A client could experience unforeseen difficulties in operating and maintaining its security procedures or other key elements of its technical infrastructure. Security protocols have been designed specifically to provide security for a client's assets and may be expanded, updated and altered from time to time. Any effort to expand, update or alter the security system is likely to be complex, and unanticipated delays in the completion of these projects may lead to unanticipated project costs, operational inefficiencies or vulnerabilities to security breaches. In addition, there may be problems with the design or implementation of certain security protocols or with an expansion or upgrade thereto that are not evident during the testing phases of design and implementation, and that may only become apparent after a client has utilized the infrastructure. Any issues relating to the performance and effectiveness of the security procedures used by a client, its custodians and security vendors to protect its Digital Assets, such as algorithms, codes, passwords, multiple signature systems, encryption and telephone call-backs, may have an adverse impact on a client's investment.

The security procedures implemented by the Adviser, a client and its custodians and security vendors are technical and complex, and a client depends on these security procedures to protect the storage, acceptance and distribution of data relating to Digital Assets and the digital wallets into which a client deposits its Digital Assets. These security procedures may not protect against all errors, software flaws or vulnerabilities. Additionally, a client will be impacted by failures with the security systems of any of its portfolio companies. Defects in the security procedures may only be discovered after a failure in the custodians' and security vendors' safekeeping and storage of a client's Digital Assets. Such custody and security systems may be implemented by the Adviser directly as well as by third-party custody providers.

It is not uncommon for businesses in the Digital Asset space to experience large losses due to fraud and breaches of their security systems. For example, in September 2015, the global Bitcoin payment agent, BitPay,

lost approximately \$1.8 million of Bitcoins due to a hacker's fraudulent impersonation of BitPay's Chief Financial Officer, or CFO, whereby the hacker was able to access the CFO's email account and successfully request BitPay's custodian to transfer funds. Furthermore, a client's private keys required to transfer a client's Digital Assets could be stored on systems or vaults located across the world, depending on the practices and procedures of a client's custodians or security vendors, which could be subject to (i) hostile regulatory treatment of Digital Assets, (ii) unforeseen social, economic or political unrest and (iii) natural or man-made disaster.

Each client, the Adviser, the custodians, the security vendors and each of their agents will take measures to protect the clients and their Digital Assets from unauthorized access, damage or theft. However, it is possible that the security procedures in place may not prevent the improper access to, or damage or theft of a client's Digital Assets. A security breach could harm a client's reputation or result in the loss of some or all of a client's Digital Assets. A resulting perception that the security procedures do not adequately protect a client's Digital Assets may have an adverse impact on a client's investment.

Risks Relating to Custody of Digital Assets. Because each client has a limited operating history, each client has limited operating experience holding custody of Digital Assets. Custody and security services for a client's Digital Assets, depending on the asset in question, will be provided by third party wallet providers, exchanges, trust companies and other custodial or security service providers or, if a third party is not available, by the Adviser or its affiliates. A single type of Digital Asset held by a client may be custodied or secured in different ways (for example, with respect to a particular Digital Assets, a portion of a client's holdings may be custodied by one third-party custodian and another portion by another third-party custodian), and different types of the Digital Assets may have different custody or security arrangements. Over time, a client may choose to change a custody or security arrangement for a particular Digital Asset. A client and the Adviser have limited operating experience in choosing security or custody arrangements for Digital Assets.

In addition, Digital Assets represent a relatively new asset class. As such, there is considerable uncertainty as to how to attach and perfect a security interest over Digital Assets; if not properly perfected, a client's claim over such assets could be unsecured, increasing a client's risk of loss in the event of default. Additionally, the Adviser has limited experience establishing appropriate arrangements and protocols for any digital assets over which the client has a security interest. The Adviser will decide the appropriate security and custody arrangements for a particular Digital Asset based on, among other factors, the availability of licensed and experienced custodians and a client's ability to securely safeguard the assets; however, with respect to collateral, the Adviser may be reliant on security arrangements put in place by the portfolio company that owns the collateral. Among other requirements, the Advisers Act mandates that if a registered adviser has custody of client funds and securities, it must maintain them with a "qualified custodian." Given the characteristics of Digital Assets and the relative immaturity of the asset class, there are limited numbers of "qualified custodians" available at this time (if any). Difficulties in finding a "qualified custodian" could have a material adverse effect on a client, including potentially causing a client to liquidate a substantial portion of its portfolio. There is also a risk that the SEC determines that certain custodians used by a client are not, regardless of their representations to the contrary, "qualified custodians," which would potentially require the Adviser to move certain Digital Assets and/or subject the Adviser to regulatory action.

A client and Adviser may provide security services for some or all of its Digital Assets, and in certain circumstances may be deemed to have custody of its Digital Assets. A client has a limited operating history

providing such services for Digital Assets. Neither a client nor the Adviser currently intends to obtain insurance to cover such activities. A loss of confidence or breach in a client's security and technology policies may adversely affect clients and investors.

Risks Related to Custodians and Security Vendors. A client may use custodians and/or security vendors to hold custody of some types of Digital Assets or a portion of some types of its Digital Assets. A client may have a high concentration of its Digital Assets in one location or with one custodian, which may be prone to losses arising out of hacking, loss of passwords, compromised access credentials, malware, or cyberattacks as described herein. A client is not required to maintain a client's Digital Assets with a minimum number of custodians. Custodians and security vendors of Digital Assets may have limited liability, impairing the ability of a client to recover losses relating to its Digital Assets and any recovery may be limited, even in the event of fraud. In addition, a custodian or security vendor may not be liable for any delay in performance of any of its custodial or security vendor obligations by reason of any cause beyond its reasonable control, including acts of God, war or terrorism, and may not be liable for any system failure or third-party penetration of its systems, unless such system failure or third-party penetration is the result of gross negligence, bad faith or willful misconduct on the part of the custodian or security vendor. Similarly, investors have limited recourse against the Adviser for any losses sustained when such party or its affiliates had custody of any assets. As a result, the recourse of a client or the investor to such custodians or security vendors may be limited. A loss of confidence or breach in the Adviser's security and technology policies may adversely affect clients and investors.

Risk of Loss Under a Multi-Factor Security System. The ability to recover losses related to a client's Digital Assets secured through a multi-factor security system may be limited. For some types of Digital Assets or a portion of some types of its Digital Assets, a client may make use of a multi-factor security system under which none of the Adviser, a client, nor a designated security vendor has the unilateral ability to transfer a client's Digital Assets. Such an arrangement may be used with respect to collateral. In these situations, lack of a custodian or a party that holds exclusive access to a client's Digital Assets on a client's behalf, as well as limited liability of designated security vendors, may impair the ability of a client to recover losses relating to its Digital Assets. In addition, because the security of a client's Digital Assets may be facilitated by multiple parties, it may be difficult for a client to prove that any particular party caused a loss, which could limit a client's ability to recover losses relating to its Digital Assets. In addition, designated security vendors may have limited liability, impairing the ability of a client to recover losses relating to its Digital Assets and any recovery may be limited, even in the event of fraud. Furthermore, designated security vendors may not be liable for any delay in performance of any of their obligations by reason of any cause beyond its reasonable control, including acts of God, war or terrorism, and may not be liable for any system failure or third-party penetration of its systems, unless such system failure or third-party penetration is the result of gross negligence, bad faith or willful misconduct on the part of the designated security vendor. As a result, the recourse of a client or the investor may be limited. A loss of confidence or breach in the Adviser's security and technology policies may adversely affect clients and investors.

Changing Security Needs. A client's custodians' and security vendors' ability to adopt technology in response to changing security needs or trends poses a challenge to the safekeeping of a client's Digital Assets. Digital Asset exchanges and large holders of Digital Assets must adapt to technological change in order to secure and safeguard client accounts. The ability of the custodians and security vendors that are or will be employed by a client (including, potentially, a client itself, the Adviser, or affiliates of the Adviser) to safeguard the Digital Assets that a client holds from theft, loss, destruction or other issues relating to hackers and technological

attack, is based upon known technology and threats. As technological change occurs, the security threats to the custodial Digital Assets will likely adapt and previously unknown threats may emerge. Furthermore, the Adviser believes that a client may become a more appealing target of security threats as the size of a client's assets grows. If a custodian or security vendor is unable to identify and mitigate or stop new security threats, the custodial Digital Assets may be subject to theft, loss, destruction or other attack, which could have a negative impact on the performance of a client or result in loss of a client's assets.

C. Material or Unusual Risks Relating to Particular Securities

Please see the response to Item 8.B.

ITEM 9. DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status

The Adviser is not registered as a broker-dealer. As discussed in Items 5.E and 10.C, the Adviser's affiliate, Galaxy Digital Advisors LLC ("**GDA**"), is a broker-dealer registered with the SEC and a member of Financial Industry Regulatory Authority ("**FINRA**") and the Securities Investor Protection Corporation ("**SIPC**").

Several of employees of the Adviser, are also employees of GDA, and may spend a substantial amount of time on GDA's business or the business of other affiliates of the Adviser. Please see Item 10.C.

B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status

The Adviser and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants

As discussed in response to Item 4.A, the Adviser's affiliates (collectively, the "**Galaxy Related Parties**"), provide broker-dealer, investment banking and other corporate advisory services as well as engage in trading and principal investing activities. Together with the Advisor, the Galaxy Related Parties constitute a diversified financial services company ("**Galaxy Digital**") dedicated to the Digital Assets industry.

Certain senior officers of the Adviser also are senior officers of Galaxy Digital. The Adviser's and the Fund General Partners' facilities and personnel are provided by an affiliate of the Adviser, Galaxy Digital Services LLC, a New York limited liability company, 100% owned by GD LP.

Galaxy Digital operates primarily through the following business lines: asset management, corporate advisory, trading, lending activities and principal investments, as follows:

- Asset Management: The Adviser, manages capital on behalf of third-party limited partners in exchange for management fees and performance-based compensation as described in this Brochure.
- Corporate Advisory: GDA, as noted elsewhere in this Brochure, is engaged in providing corporate advisory services through private placements, M&A advisory, restructuring and referral activities. GDA offers broad-based corporate and capital raising advice, including business planning, strategy, budgeting and competitive analysis on a consulting basis regarding securities transactions. GDA has filed a continuing membership application ("**CMA**") with FINRA to add underwriting of public debt and equity securities.

GDA will, from time to time, provide corporate advisory services to portfolio companies of the Adviser's clients as well as to investee companies of other affiliates of the Adviser, including GD

Ventures (as defined below). See “*M&A Activities*,” “*Restructuring Activities*,” “*Initial Public Offering Advisory Services*,” and “*Underwriting and Private Placement Activities*” below.

- **Trading:** Galaxy Digital Trading LLC, Galaxy Digital LLC, Galaxy Digital II LLC and their respective subsidiaries (collectively “**GD Trading**”), manage a proprietary trading desk that engages in transactions primarily in spot market cryptocurrency and other liquid Digital Asset commodities using diverse trading strategies. In addition, GD Trading’s in-house, quantitative development team is building and intends to expand its proprietary infrastructure and trading strategies, initially focusing on cross-exchange arbitrage opportunities in Digital Asset commodities. In addition, GD Trading and other Galaxy Related Parties provide research and analysis relating to Digital Assets.

The Adviser’s clients do not currently trade with GD Trading. However, GD Trading provides personnel to the Adviser to trade on behalf of the Index Fund with third parties from time to time. Further, it is expected that, in the future, transactions in Digital Assets will be executed by GD Trading on behalf the Adviser’s clients. See “*Affiliated Trading Activities*” and “*Research Activities*” below.

- **Lending Activities:** Galaxy Digital Lending LLC, Galaxy Digital Lending Services LLC and their respective subsidiaries (collectively, “**GD Lending**”) will engage in the loan origination and servicing businesses. The Adviser will, from time to time, cause clients, to the extent permitted by law, to invest in loans originated and/or serviced by GD Lending. See “*Loan Origination and Servicing Activities*” below.
- **Principal Investments:** Galaxy Digital Ventures LLC, and its subsidiary (collectively, “**GD Ventures**”), currently holds, and will continue to originate through a team of in-house investment professionals, some of whom also work for the Adviser, a diverse portfolio of private equity and venture capital investments across the distributed ledger, Digital Asset, and emerging FinTech sectors. The Adviser will, from time to time, cause clients to invest in investee companies of GD Ventures either directly or side-by-side with GD Ventures. See “*Related Party Transactions*” and “*Co-Investments*” below.

Galaxy Digital may launch additional business lines from time to time as discussed in “*Possible Future Activities*” below.

Conflicts of Interest

Potential or actual conflicts of interest may arise from time to time between the Adviser and its affiliates, on the one hand, and its clients, on the other hand. In addition, as a consequence of Galaxy Digital’s status as a public company, the officers, directors, members, managers and employees of Galaxy Digital may take into account certain considerations and other factors, including publicity concerns and short-term share value, in connection with the management of clients that would not necessarily be taken into account if Galaxy Digital was not affiliated a public company.

As noted above, the Galaxy Related Parties engage in a broad spectrum of activities, including, without limitation, corporate advisory, trading, lending, and principal investing. The Adviser’s clients may benefit from the broad activities of Galaxy Digital and the relationships that arise incidental to such activities, which

could generate investment and other opportunities and wider industry expertise. However, situations could arise in which the activities of the Galaxy Related Parties conflict with the interests of the Adviser's clients and investors. Due to the broad scope of Galaxy Related Parties' businesses, potential conflicts of interest include situations where its services to a particular client or Galaxy Related Parties' own investments or other interests conflict, or are perceived to conflict, with the interests of another client, as well as situations where one or more of Galaxy Related Parties' businesses have access to material non-public information that may not be shared with its other businesses and situations where Galaxy Related Parties may be an investor or creditor of an entity with which it also has an advisory or other relationship. For example, Galaxy Related Parties subsidiaries may provide corporate advisory services to companies that are also investee companies of GD Ventures or the Adviser's clients. Furthermore, to the extent that the Galaxy Related Parties are not providing such services at the time of an investment by a client, the Adviser will have an incentive to recommend the Galaxy Related Parties to such client to provide the applicable services, even if another service provider may be more qualified or can provide such services at a lesser cost. Galaxy Related Parties may also have ongoing relationships with issuers that are being considered for a potential client investment, which may give the Adviser incentive to make such investment. Additionally, the allocation of investment opportunities among clients and Galaxy Related Parties could also present a conflict of interest. Employees and executives may also have conflicts of interest in allocating their time and activity between the businesses.

It is possible that any of these conflicts could materially and adversely affect the Adviser's ability to manage a client and thus a client's or an investor's return. The following discussion enumerates certain conflicts of interest that could arise by virtue of the activities of Galaxy Digital but is not, and is not intended to be, exhaustive:

M&A Activities. In connection with M&A transactions, situations may arise where an issuer, or a related party (collectively referred to as an “**issuer**”), in which the Adviser's client has invested engages the Adviser's broker-dealer affiliate, GDA, to provide advisory services. Further, GDA may provide advice with respect to competitors of issuers in which an Adviser's client has invested and with respect to issuers that may be suitable for potential investment by an Adviser's client. In addition, GDA may act as an adviser to clients of the Adviser and other persons (including investment funds that may compete with the Adviser's clients) with respect to, among other things, investments in, dispositions of, governmental or regulatory actions relating to, or business combinations involving, issuers in which the Adviser's clients may invest. GDA (in connection with their M&A activities, restructuring activities or private placement activities) also may “pass on” or introduce certain issuers and investment ideas to the Adviser for investment by clients in exchange for which GDA may seek or receive compensation from such issuers or otherwise. Such activities may result in restrictions on the Adviser's and its clients' trading and investment activities. In some of these circumstances, GDA will receive fees or other compensation in connection with its advisory services and the Adviser's client or investors in the Adviser's client will not receive any benefit from such fees or other compensation and activities. GDA may give advice to its clients and other persons or recommend courses of action that may differ from (or be contrary to) the advice given by the Adviser with respect to the Adviser's client. GDA may give advice to persons competing with a client, or an issuer in which the Adviser's client has invested, that is contrary or materially adverse to the interests of such client or such issuer or its investment. In summary, GDA, when acting on behalf of its corporate advisory clients or other persons, may recommend actions that are not in the best interests of, or are materially adverse to, the Adviser's client or investors in a client.

Restructuring Activities. In connection with restructuring transactions, situations may arise where an issuer in which the Adviser's client has invested engages GDA to provide advisory services on corporate

restructurings and recapitalizations. GDA also may represent creditors, equity holders or debtors in connection with debt restructurings or workouts and with bankruptcy proceedings under the U.S. Bankruptcy Code and similar domestic and foreign laws. GDA may serve as adviser to creditor or equity committees (including ad hoc and other committees) established prior to or pursuant to such proceedings, and may give advice to such persons or committees that may be contrary or materially adverse to the interests of the Adviser's client. GDA will receive fees or other compensation in connection with such advisory services and a client generally will not receive any benefit from such fees or other compensation or activities. The involvement of GDA in restructuring transactions may limit or preclude the flexibility that the Adviser's client may otherwise have to make, retain or dispose of such investments, securities or interests or cause the Adviser's client to make investment decisions it otherwise would not make. GDA is under no obligation to decline any engagement, and the Adviser's client may have to divest itself of an investment or take other action if and to the extent that such investment may prevent GDA from accepting a restructuring or other engagement. In certain circumstances, the Adviser may modify or restructure an investment in an issuer (including, for example, by transferring all or a portion of such an investment to an independent voting trust) in order to permit GDA to issue advice to such persons or entity. Any such restructuring will be at the sole discretion of the Adviser and the fees and expenses of such may be allocated to clients.

Initial Public Offering Advisory Services. GDA provides initial public offering advisory services (also called capital markets advisory services), which services consist of providing financial advice and assistance to clients in preparation for an initial public offering. Such services include assisting such clients with identifying appropriate underwriters for the IPO syndicate and negotiating the economic terms with such underwriters and/or pre-IPO investors, assisting in coordinating diligence sessions for underwriters, and assisting in crafting an appropriate aftermarket trading, investor relations and monetization strategy.

Underwriting and Private Placement Activities. In connection with providing IPO advisory services, GDA filed a CMA with FINRA to add underwriting of public debt and equity securities. If approved, GDA may receive compensation for such services in the form of an underwriting fee attributable to the amount of its commitment in an offering. In order to receive an underwriting fee, GDA may be invited to participate as an underwriter in connection with public debt or equity securities offerings (collectively, "**public offerings**"). GDA's role as underwriter in public offerings is expected to be limited to committing capital and marketing efforts. GDA expects the lead underwriter to be responsible for selling securities that are the subject of an offering (including those securities for which affiliates have received an allocation) to its investor customers and clearing and settling those transactions.

GDA may also act as placement agent in connection with the offer and sale of securities of, or other interests in, issuers, including the Funds or portfolio companies of clients. GDA does not currently earn fees from placing securities of any Fund. However, it is expected that GDA may in some cases act as placement agent or underwriter or provide IPO advisory services for issuers in which the Adviser's client has invested or is considering investing, or for competitors of issuers in which the Adviser's clients have invested or are considering investing. Clients also may seek to acquire securities or other interests from an issuer in an offering for which GDA are acting as placement agent or underwriter or providing IPO advisory services, or may seek to acquire securities or other interests from an issuer for which GDA is seeking to or has previously acted as placement agent or underwriter or provided IPO advisory services. In certain cases, the opportunity to invest in securities or other interests of an issuer for which GDA is acting as placement agent or underwriter or providing IPO advisory services may not be offered to a client, or the Adviser may cause a client to decline such an opportunity, even if the securities or other interests being offered would be a suitable investment for

the client. In private placement services, GDA generally will receive fees and other compensation from the issuer based upon the amount of securities or other interests purchased by investors, including clients.

In providing IPO advisory services, GDA will be compensated for their services in the form of a cash payment from the issuer and/or an underwriting fee attributable to the amount of their commitment in a public offering. Clients will not receive the benefit of any such fees or other compensation.

In connection with providing private placement services and IPO advisory services or participating in an underwriting, GDA also may conduct due diligence or research regarding an issuer, competitors of an issuer, or an issuer's industry, business and markets, among other things, and may assist in the preparation of offering, marketing and other materials for an issuer. Such information may not be expected to be made available to the Adviser or its clients. Although GDA may, in connection with such activities, assist an issuer in the offering process, purchasers of the issuer's securities generally are not expected to have any recourse to GDA or the Adviser. In certain cases, GDA may be entitled to indemnification from the issuer.

Affiliated Trading Activities. The Adviser does not currently enter into soft dollar arrangements or engage in any securities trading with its affiliated broker-dealer, GDA, nor engage in Digital Asset trading with its affiliate GD Trading. However, GD Trading provides personnel to the Adviser to trade on behalf of the Index Fund with third parties from time to time. Further, it is expected that, in the future, transactions in Digital Assets will be executed by GD Trading on behalf the Adviser's clients.

For each such trade, GD Trading would seek to execute the transaction at the best price reasonably available for the Digital Assets being traded (although GD Trading would not be required to select the trading venue or counterparty with the lowest available price if GD Trading believed a client could achieve better execution for the trade elsewhere, such as in terms of transaction certainty or the venue's or counterparty's ability reliably to effect the trade). GD Trading could potentially earn commission for each trade that it executes on behalf of a client, and such costs could reduce a client's return. In addition, when representing another customer in a transaction with a client, GD Trading would have a conflicting division of loyalties and responsibilities between a client, on the one hand, and GD Trading and any such customer, on the other hand, which could result in a client obtaining a less favorable price for a transaction than it would have in an arm's-length transaction with a third party. In addition, it is expected that the Adviser and GD Trading will have significant overlap in personnel, which may increase any such conflict, because, among other things, the personnel making decisions on behalf of a client for the Adviser could in certain circumstances also be making decisions for GD Trading and thus they could effectively be negotiating with themselves in a transaction with or between a client and GD Trading.

As discussed in response to Item 11.B, a transaction between the Adviser's client and a client of GD Trading may be deemed an "Agency Cross Transaction" and a transaction between a client and GD Trading in any instrument that GD Trading is holding for its own account may be deemed a "Principal Transaction." The Adviser will only consider engaging in a principal or a cross transaction with an affiliate of the Adviser if such transaction is in accordance with the Adviser's policies and procedures to mitigate the conflicts described above, and permitted by applicable law, including, if required or appropriate, the making of appropriate disclosure to and receipt of consent from a client.

GD Trading may also enter into positions in Digital Assets or engage in other activity in Digital Asset markets that may be adverse to a client. Among other issues, GD Trading's activities in the Digital Asset markets

could have a material impact on the prices received by a client upon liquidation of collateral. In addition, by way of example, GD Trading (or its customers) may take short positions in Digital Assets in which a client has a long position, which could reduce the value of the positions held by a client.

Research Activities. GD Trading and other Galaxy Related Parties provides research and analysis relating to Digital Assets. The Adviser may use such research and analysis in making investment decisions on behalf of its clients. While the Adviser receives research from multiple sources, the Adviser does not currently pay for research from affiliates, but may do so in the future, including at below market rates, which may cause the Adviser to rely more heavily on such affiliated research. In addition, the Galaxy Related Parties may hold views, make statements or investment recommendations, or publish reports that may differ from the views of the Adviser. Further, such affiliates may recommend courses of action that may differ from, or be contrary to, the advice given by the Adviser to its clients. In summary, the Galaxy Related Parties, when providing research to other parties or investors, may recommend actions that are not in the best interests of the Adviser's clients.

Loan Origination and Servicing Activities. GD Lending will engage in loan origination and loan servicing. In its capacity as a loan originator, GD Lending will connect borrowers and lenders and sell the loans on a best efforts basis. GD Lending will also syndicate loans when presented with an opportunity to lend where the entire loan would either be too large either in amount or risk profile for GD Lending to act as sole lender. In its capacity as a loan servicer, GD Lending would provide loan servicing and collateral agent services to syndicates of customers that purchase loans and/or bonds arranged by GD Lending on behalf of issuer clients. GD Lending may administer the loans directly or through a subservicer. It is expected that GDA will charge fees and enter into contractual arrangements with its customers that will contain indemnification provisions and provisions limiting potential liability of GD Lending.

It is expected that the Adviser will, from time to time, cause clients to invest in loans originated and/or serviced by GD Lending. Compensation received by GD Lending in connection with providing these services or otherwise in connection with such transactions will likely be material if such services are provided. Clients will not receive the benefit of any such compensation unless otherwise provided in the relevant client offering documents and/or investment management or other agreement.

Other Fees. The Adviser and its affiliates may receive certain other fees in connection with client investments, including upfront fees paid by a borrower that are directly related to the execution of any client investment in a loan and fees paid by a party in connection with the termination, cancellation or abandonment of any proposed investment and directors fees from a portfolio company. Such amounts will generally be applied to offset the Management Fee as provided in the relevant client offering documents and/or investment management or other agreements ("**Offsetting Fees**"). Other fees, such as those described elsewhere in this Item 10.C ("**Non-Offsetting Fees**"), received by the Galaxy Related Parties will not reduce the Management Fee.

The determination as to whether such compensation is designated as an Offsetting Fee or Non-Offsetting Fee will be made by the Adviser in its sole discretion, unless otherwise provided in the relevant client offering documents and/or investment management or other agreements. Such discretion poses a conflict of interest, as classifying any remuneration as a Non-Offsetting Fee will result in greater compensation to the Adviser. While the Adviser will act in good faith while making such determination, there can be no assurances that the Adviser's exercise of such discretion will not have a material adverse effect on a client.

Material Non-Public Information. Galaxy Related Parties will frequently come into possession of material non-public information or other confidential information as a result of their respective business activities, including its advisory activities, restructuring activities, private placement activities, and asset management activities. Disclosure of such information among the Galaxy Related Parties (including the Adviser) generally will only be on a need-to-know basis. Therefore, the Adviser may not have access to material non-public information or other confidential information in the possession of affiliates of Galaxy Digital that might be relevant to an investment decision to be made by the Adviser, and the Adviser's client (subject to the next paragraph) may purchase, retain or sell an investment that, had such information been known to the Adviser, may not have been purchased, retained or sold. In addition, if the Adviser or any of its personnel come into, or are deemed to come into, possession of material non-public information, the Adviser may be restricted from consulting with, or otherwise benefiting from, personnel of other Galaxy Digital affiliates.

The disclosure or imputed disclosure of material non-public or other confidential information acquired by affiliates of Galaxy Digital to any personnel of the Adviser, whether in connection with a client's activities or other activities of the Adviser or of affiliates of Galaxy Digital (or otherwise), could result in restrictions on transactions in investments or securities on behalf of the Adviser's client, affect the prices of its investments or the ability of the Adviser to make, retain or dispose of such investments on behalf of a client, or otherwise create conflicts of interest for a client, any of which could adversely affect the Adviser's ability to conduct a client's business and thus the return to the client or its investors. In order to avoid potential conflicts of interest and protect the integrity of confidential information, the Adviser has adopted policies and procedures designed to ensure that its personnel properly safeguard any confidential information provided by clients, investors and other persons (including the aforementioned affiliates of Galaxy Digital).

There may be certain cases where the Adviser may be restricted from effecting purchases and/or sales of financial instruments or investments on behalf of clients. For example, if the Adviser invests in the debt securities of an issuer on behalf of a client, the Adviser may have access to material non-public or other confidential information and may be restricted. (Additionally, there may be other instances where the Adviser does not receive material non-public or other confidential information but may be contractually or otherwise restricted by the issuer or its agent, from investing in other investments of the same issuer or other parties.) At times, the Adviser, in an effort to avoid restrictions for a client may elect not to receive material non-public or other confidential information, which may be relevant to a client's portfolio, that other market participants are eligible to receive or have received, or may seek to retain a party, at the client's expense, that could review material non-public or other confidential information in seeking to ensure that the Adviser and its clients obtain certain benefits without becoming subject to restrictions resulting from the receipt of material non-public or other confidential information.

Management of Multiple Clients and Investments in Affiliated Funds. It is expected that the Adviser and its affiliates will sponsor or manage multiple Funds and Managed Accounts, some of which have objectives that are similar to, or which overlap with, those of other clients. In general, a client that is sponsored or managed by the Adviser or its affiliates may invest in the same issuers in which other clients may invest. The Adviser may also sponsor Funds or advise clients that provide financing to portfolio companies in or through which certain clients invest. Further, a client's investments may include investments in vehicles that are directly or indirectly affiliated with the Adviser, such as the Funds. Such activities raise potential conflicts of interest, including the determination of whether and to what extent investment opportunities should be allocated among clients. Please see Item 6 for a further discussion of the management of multiple clients and

investments in affiliated Funds; and Items 6 and 11.D for a discussion of allocation of investment opportunities among clients.

Side Letters and other Agreements with Certain Investors. Certain Fund investors may invest pursuant to agreements, including through Managed Accounts, that have the effect of altering or supplementing the material terms of a Fund. Such arrangements also may afford certain clients or investors different terms from the terms of a Fund with respect to liquidity, fees and expenses, subscription rights and the content and frequency of reports. Clients or investors that have been granted additional access to portfolio information or enhanced transparency may be able to make investment decisions, including, without limitation, making additional capital contributions, making withdrawals and entering into hedging transactions designed to offset exposure to investment positions taken by the client or Managed Account (which may be the same investment positions taken by a Fund), based on information not generally available to other investors, including Fund investors. In addition, certain Fund investors have and may in the future negotiate side letter arrangements that provide similar benefits to such persons. Any such investment decisions made by these clients or investors on the basis of such information, including any substantial withdrawals, could adversely affect the market value of a Fund's portfolio and therefore the value of investors' interests in the Fund. Neither the Fund nor the Adviser will be required to disclose any such agreements to other investors, unless otherwise required to do so pursuant to applicable law or regulation. Investors that are granted such rights, including the right to bear or pay a reduced Management Fee or the right to receive a share of the Management Fees earned by the Adviser, may include, without limitation, individuals affiliated with the Adviser.

Investments, Directorships or Similar Roles with Issuers. Officers, members, partners, affiliates and employees of the Adviser, Galaxy Digital and their respective affiliates may make personal investments in certain issuers or serve as directors or officers of certain issuers in which a client invests and, in those capacities, may be required to make decisions that they consider to be in the best interests of their investments or such companies. In certain circumstances, for example, in situations involving the bankruptcy or near-insolvency of a company, actions that may be in the best interest of the issuer or in connection with a personal investment may not be in the best interest of a client, or actions that may be ultimately found to be in the best interest of a client may not be in the best interest of the issuer or in connection with a personal investment. In these situations, there may be conflicts between an individual's duties as an officer, affiliate or employee of the Adviser or Galaxy Digital, or their respective affiliates and such individual's personal investments or duties as a director or officer of the issuer.

Restrictions Arising under the Securities or Other Laws or Agreements. The activities of affiliates of Galaxy Digital (including, without limitation, the holding of investment positions or having one of its personnel on the board of directors of a company or as its officer or otherwise) could result in securities law or other restrictions on transactions in investments held by the Adviser's client, affect the prices of the Adviser's client's investments or the ability of the Adviser's client to purchase, retain or dispose of such investments, or otherwise create conflicts of interest for the Adviser's client, any of which could have a material adverse impact on the performance of the Adviser's client and thus the return to the Adviser's clients or investors.

Related Party Transactions. As discussed in response to Item 11.B, the Adviser may, if it deems appropriate, select one or more persons who are not affiliated with the Adviser to serve on a committee, the purpose of which is to consider and, on behalf of investors in certain clients, approve or disapprove, to the extent and in the manner required by applicable law, principal transactions or certain other related party transactions, including approvals required under the Advisers Act (including Section 206(3)). Any approval of such

committee of a decision, transaction or other matter will generally be binding upon a client and upon each of the client's investors, as well as upon any intermediate investment vehicles, and master funds and each investor in any such vehicles. The Adviser will generally cause a client to reimburse members of the committee for their out-of-pocket expenses and to indemnify them to the maximum extent permitted by law.

Further, as discussed in response to Item 11.C, the Adviser, other Galaxy Related Parties (including GD Ventures), and the Adviser's access persons (as defined in Item 11.A), hold, and are expected to continue to, buy, sell, or hold securities or other investments (including investments in Digital Assets and Digital Asset Companies) for their own accounts while, where applicable, recommending such investments to clients or making different investment decisions for a client. Such investments have been and may continue to be made without regard to the interest of a client. It is expected that, when such investments are made, the size and nature of these investments will vary over time. Certain investments made by the Adviser and its affiliates may be suitable or appropriate for a client but may not necessarily be shown, made available or allocated to such client. The Adviser may be more willing to cause a client to make such investments, and the terms on which such investments are made for a client may differ from those offered to, or made by, the Adviser.

Affiliates of the Adviser that are invested in clients ("**Affiliated Investors**"), as well as other partners and investors, may invest, directly and indirectly, in certain, but not all, of the Funds or other clients advised by the Adviser on terms that likely will be more advantageous to those offered to other investors or clients. It is expected that, if such investments are made, the size and nature of these investments will vary over time. Such Affiliated Investors and/or other partners and investors and other accounts may not be required to keep any minimum investment in any of the Funds or other clients managed by the Adviser or may not be subject to lock-up or notice periods. The investment of such affiliates and other accounts may constitute a significant portion of the interests of a Fund or other client, which may create a further conflict and may pose a risk to the Funds or other client in the event of a significant withdrawal or redemption.

Co-Investments. As discussed in response to Items 4.B, 6 and 11.D, the Adviser and its affiliates (including GD Ventures) may, from time to time, offer co-investments to one or more co-investors when the Adviser deems it appropriate and consistent with the interests of its clients. Such co-investments are likely to reduce the amount clients can invest in any given opportunity, and the Adviser may be unable to make as large of an investment on behalf of a client as otherwise might be desirable. In addition, the allocation of investments between co-investors and clients will be at the Adviser's discretion, and if the co-investors receive more favorable economic terms for the same investment than clients, the Adviser may have a conflict of interest with respect to allocating investments between the co-investors and clients. The Adviser is not obligated to arrange co-investment opportunities or to offer any investor the opportunity to co-invest, and no such investors or beneficial owners will be obligated to participate in such an opportunity if offered. Any investment by co-investors alongside clients will be subject to approval by the Adviser in its sole discretion, on a case-by-case basis and by determining whether such co-investment is appropriate. If approved, the Adviser will allocate an investment among its clients, on the one hand, and the co-investors, on the other hand, in its sole discretion, taking into account the following, non-exhaustive list of factors: (i) the ability of a co-investor to commit to invest in a short period of time, in light of the timing constraints applicable to the co-investment; (ii) the ability of a co-investor to commit to a significant portion of such opportunity; (iii) whether a co-investor is a strategic investor; (iv) the size of a co-investor commitment to or investment in a client, (v) a co-investor's tenure as an investor with the Adviser or its affiliates and (vi) tax and regulatory considerations relevant to a co-investor and the particular co-investment opportunity etc.).

Valuation. The assets and liabilities of the Adviser's clients will be valued in accordance with the Adviser's valuation policy, which seeks to fairly and accurately value investments based on approved methodologies in accordance with n accordance with either International Financial Reporting Standard or United States Generally Accepted Accounting Principles, as applicable, except as otherwise described in any offering or other document. The Adviser's clients and investors should be aware that there is a conflict of interest to the extent that the Adviser or an affiliated entity is performing valuations for the Adviser's clients, including, among others, when the Adviser is expected to receive management fees and performance-based compensation based on such valuations.

Diverse Investors. The direct and indirect investors in clients are expected to include persons or entities organized in various jurisdictions, which may have conflicting investment, tax and other interests. As a result, conflicts of interest may arise in connection with decisions made by the Adviser that may be more beneficial for one type of investor over other types of investors, especially with respect to investors' liquidity rights, individual tax situations (including with respect to the nature or structuring of investments) and other preferential terms. In making decisions, the Adviser intends to consider the investment objectives of each client as a whole, and not necessarily of the investment objectives of any investor individually.

Allocation of Time and Attention. The Adviser will cause its personnel to devote as much of its time and effort to the affairs of a client as it deems necessary and appropriate. Our Principal Owner, Mr. Novogratz, is not expected to be involved in the daily operations of the Adviser or a client. While Mr. Novogratz will conduct any discretionary Digital Asset investing activities through Galaxy Digital, he has other business and investing activities outside of Galaxy Digital. As a result of such activities and the other activities of Galaxy Digital mentioned above, Mr. Novogratz and the other employees and executives of Galaxy Digital, including employees of the Adviser, may have conflicts of interest in allocating their time and activity between the Adviser's clients, on the one hand, and other Galaxy Related Parties, on the other hand. Furthermore, when acting on behalf of such Galaxy Related Parties other than the Adviser, neither Mr. Novogratz, nor any other such representative of Galaxy Digital will have any obligation or duty to act or make decisions in the best interests of a client. Instead, such persons will be entitled to take into account the interests solely of such Galaxy Related Parties. Such actions taken may have a material and adverse effect on a client.

Profile of Mr. Novogratz and Galaxy Digital. Mr. Novogratz has been a vocal and visible proponent of investing in Digital Asset Companies and Digital Assets. Galaxy Digital may be the first, largest and most prominent company of its kind, whose business revolves around controversial asset classes the legality and regulation of which are unclear in many parts of the world. Together, these considerations make it foreseeable that Galaxy Digital could attract material regulatory scrutiny driven in part by the visibility of Mr. Novogratz. Regulatory scrutiny may take the form of requests for information or responses, examinations, meetings or other types of interactions that do not proceed to any formal enforcement action, suit, fine or other formal negative sanction but that can nonetheless consume a material amount of management's time, attention and efforts, lead to material spending on legal and other advisors and cause other negative consequences.

Software and other Licensing Arrangements. It is anticipated that the Adviser's investment teams will develop quantitative models and software for use by one or more investment teams for the benefit of one or more clients. Similarly, models and other systems (e.g., order management) developed by employees of the Adviser and other Galaxy Related Parties may be used by any of the Adviser's investment teams, including investment teams that do not manage the same client's assets. Additionally, investment teams that do not manage a specific client's assets and/or third parties with license to utilize the Adviser or other

Galaxy Related Parties' proprietary models and software, may develop implementation methods for such models and software that provide a competitive advantage over one or more clients, thereby reducing and/or eliminating the effectiveness of such model or software with respect to one or more clients.

From time to time, the Adviser may license intellectual property developed by the Adviser or other Galaxy Related Parties to third parties or use such intellectual property for proprietary trading or investing purposes. For example, as discussed in response to Items 5.E and 8.A, the Adviser has developed, together with Bloomberg, an Index to track the performance of the largest, most liquid portion of the cryptocurrency market as can be ascertained by certain public data sources as measured by Bloomberg. The Index Fund pursues its investment objective through investments in a portfolio of cryptocurrencies and blockchain based assets that are tracked by the Index. The Adviser is entitled to receive a certain portion of license fees collected by Bloomberg for use of the Index by persons other than the Adviser or the Index Funds. The ability of the Adviser to license (or participate in revenues from licensing) of intellectual property to third parties may limit the investment opportunities available to clients.

Possible Future Activities. As the operations of the affiliates of Galaxy Digital are relatively new, it is expected that such affiliates will expand the range of services that they provide over time. The affiliates of Galaxy Digital will not be, and are not, restricted in the scope of their respective businesses or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein, in a Fund's relevant offering memoranda or any other documents. The affiliates of Galaxy Digital have, and will continue to develop, relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with clients who may hold or may have held investments similar to those intended to be made by a client of the Adviser. These other clients may themselves represent appropriate investment opportunities for a client of the Adviser or may compete with a client of the Adviser for investment opportunities.

Selection of Service Providers including Affiliated Providers. Galaxy Related Parties currently hold, and in the future may continue to hold and acquire, equity or debt interests in companies with which a client will transact or retain as a compensated service provider, including Digital Asset exchanges, software providers, cyber- or other security service providers, custodial or other storage service providers, securities lending and other transactions and the provision of back office services (each, a "**Service Provider**"). For example, as noted above in "*Affiliated Trading Activities*," GD Trading's over-the-counter desk may be utilized by a client to liquidate collateral claimed by a client upon a default. A Service Provider or an affiliate of a Service Provider may be a client or investor, a source of investment opportunities or a co-investor or commercial counterparty or entity in which the Adviser, its clients and/or other Galaxy Related Parties have an investment or other business, financial, personal or other relationship. The Adviser may be more willing to engage in business transactions with related Service Providers that are beneficial to the Adviser and other Galaxy Related Parties, but necessarily beneficial to the Adviser's clients.

Compensation received by a Service Provider may be substantial, and as such will benefit the Adviser, clients and/or other Galaxy Related Parties via any relationship described above. Such fees will be on commercially reasonable and arms-length terms, as determined by Galaxy in its reasonable discretion; however, there can be no assurance that such fees will be less than or equal to the fees charged by all third party providers of such services. A Service Provider may also enter into an arrangement with the Adviser or other Galaxy Related Parties that provides for more favorable rates or terms than an arrangement with a client. Client

portfolio transactions will be allocated to Service Providers on the basis of numerous factors and not necessarily lowest pricing. Clients will not receive the benefit of any such fees or other compensation unless otherwise provided in the relevant client offering documents and/or investment management or other agreement.

To avoid potential conflicts, including those described above, personal investment transactions by partners, members, officers and employees of the Adviser and its controlled affiliates are subject to the policies and procedures, which are reasonable designed to mitigate conflicts of interest and to detect and prevent misuse of material non-public or inside information. In addition to various trading restrictions, the Adviser's personnel's personal investment transactions are monitored and, in some cases, pre-cleared by the Adviser's Legal and Compliance Department.

In addition, the Adviser determines whether and to what extent investment opportunities should be allocated among clients on a basis it believes to be fair and equitable over time and has adopted allocation policies designed to address potential conflicts of interest. The Adviser's general policy is to allocate investment opportunities promptly and on a fair and equitable basis after consideration of the relevant circumstances. The Adviser follows a number of broad allocation models which are subject to change from time to time. Generally speaking, the allocation models follow formulas that are aimed at balancing client portfolios or complying with specific portfolio management instructions. Although the Adviser generally seeks to allocate investment opportunities on a pro rata basis based on the size of each client account, the selection of an allocation model may alter such an allocation based upon relevant circumstances including, without limitation: the investment objectives, strategies and restrictions; portfolio and risk management strategies; tax, legal, regulatory and other considerations; asset levels and cash flow considerations; portfolio liquidity; duration and/or time horizon profile; timing and size of capital contributions and redemptions; market conditions; whether certain accounts would receive nominal or de minimis allocation amounts; and other criteria believed to be relevant by the Adviser. Additionally, the Adviser may consider if a client is in its investment period or ramp-up phase or it has received a capital infusion or withdrawal request (including Funds with substantial investments by affiliates of the Adviser), preference may be given to that client so that it reaches its desired position quickly.

The foregoing list of conflicts of interest does not purport to be a complete enumeration or explanation of the conflicts involved in an investment with, or managed by, the Adviser. To the extent that prospective investors would benefit from an independent review, such benefit is not available through the Adviser or any of its affiliates. In addition, as the Adviser's investment programs and clients develop and change over time, a client may be subject to additional and different conflicts.

D. Material Conflicts of Interest Relating to Other Advisers

As noted in Item 4, the Adviser is an affiliate of, and under common control with, affiliated entities that serve as Fund General Partners. Other than the Fund General Partners, we do not recommend or select investment advisers for our clients.

Galaxy Related Parties has ownership interests in other investment advisers ("**External Managers**") and the clients of External Managers, including External Managers that invest all or substantially all of client assets in Digital Assets. In addition, our Principal Owner, Michael Novogratz, has ownership interests in External Managers and clients of External Managers. As discussed in Item 6.C, Mr.

Novogratz will conduct any discretionary Digital Asset investing activities through Galaxy Digital. However, because Mr. Novogratz does not control such External Managers, there is nothing to prevent them from engaging in Digital Asset investing activities in the future. The investment activities of Galaxy Related Parties and our Principal Owner may result in potential conflicts of interest as the Adviser may compete for investment opportunities with such External Managers. The Adviser believes it has adopted standards in its policies and procedures to address such potential conflicts of interest.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics

The Adviser has adopted a Global Code of Business Ethics and Conduct and a Personal Trading Accounts Policy (together, the “**Code of Ethics**”).

The Code of Ethics is applicable to all of the Adviser’s directors, partners, officers and employees (collectively referred to as “**access persons**”). The Code of Ethics, which is designed to comply with Rule 204A-1 of the Advisers Act, establishes guidelines for professional conduct, to ensure that Adviser’s high ethical standards are maintained and to preclude circumstances that may lead to, or give the appearance of, conflicts of interest, insider trading or unethical business conduct.

The Code of Ethics addresses, among other things, the following issues:

- Fiduciary Duties of Adviser’s Personnel;
- Conflicts of Interest;
- Treatment of Confidential Information;
- Compliance with Federal Securities Laws;
- Prohibitions on Insider Trading;
- Personal Trading Accounts Policy;
- Prohibition on the acceptance or provision of certain gifts and entertainment that exceed Adviser’s policy standards; and
- Political Contributions.

Clients may request a copy of the Code of Ethics by making a request to the Chief Compliance Officer at the address, email or telephone number listed on the cover page of this Brochure.

B. Securities that the Adviser or a Related Person Has a Material Financial Interest

The Adviser may participate or have an interest in client transactions in several ways: (1) the Adviser may recommend to a client that the client buy or sell securities and investment products in which the Adviser or a related person has some financial interest (such as, but not limited to, the Funds) and (2) as principal, the Adviser may buy securities and investments for itself from or sell securities and investments it owns to a client.

The Adviser may engage in transactions in which it is not “acting as a broker” for purposes of Section 206(3) of the Advisers Act because the Adviser receives no compensation or other transaction-based fee, either directly or indirectly, from a cross trade between two of its clients (an “**Internal Cross Transaction**”). For these Internal Cross Transactions, the Adviser may seek to use an independent pricing mechanism to value the investments involved in the Internal Cross Transaction. Internal Cross Transactions may involve situations in which, among others, one client (or affiliate of a client) makes or otherwise acquires an investment that is later sold to another client. In such situations, the client making the initial investment will bear the investment risk related to the investment if and until such time as an Internal Cross Transaction is effected with another client. The client making the initial investment may be paid interest or other compensation from the client purchasing the investment in such circumstances if believed to be necessary and appropriate by the Adviser.

There also may be instances in which one client, due to administrative or other reasons, agrees to make an investment on behalf of another client. In such instances, the client making the initial investment may be paid interest or other compensation, as applicable or deemed appropriate, from the Client purchasing the investment in such circumstances.

The Adviser may also effect “**Agency Cross Transactions**” in which an affiliate acts as agent for either the buyer or seller in the transaction. For example, a transaction between the Adviser’s client and a client of GD Trading may be deemed an Agency Cross transaction. We will only trade with an affiliate on behalf of a client on an agency cross basis when the client has consented to our effecting such transactions or when no commission is charged on either side of the transaction. Any agency cross transaction will be effected in compliance with applicable law, as well as policies and procedures we have designed to prevent and disclose potential conflicts of interest. As discussed in response to Item 10.C, GD Trading may receive commissions from, and have potentially conflicting division of loyalties and responsibilities regarding, the Adviser’s client and the other parties to such transactions.

The Adviser and other Galaxy Related Parties may execute trades for its own account in securities or other investments that it also recommends to clients (“**Principal Transactions**”). For example, any transaction between a client and GD Trading in any instrument that GD Trading is holding for its own account may be deemed a Principal Transaction.

The Adviser will only consider engaging in a principal or a cross transaction with an affiliate of the Adviser if such transaction is in accordance with the Adviser’s policies and procedures and permitted by applicable law, including, if required or appropriate, the making of appropriate disclosure to and receipt of consent from a client.

C. Investing in Securities that the Adviser or a Related Person Recommends to Clients

The Adviser, other Galaxy Related Parties (including GD Ventures), and the Adviser’s access persons (including in personal trading accounts), hold, and are expected to continue to, buy, sell, or hold securities or other investments (including investments in Digital Assets and Digital Asset Companies) for their own accounts while, where applicable, recommending such investments to clients or making different investment decisions for a client. Such investments have been and may continue to be made without regard to the interest of a client. It is expected that, when such investments are made, the size and nature of these investments will vary over time. Certain investments made by the Adviser and its affiliates may be suitable or appropriate for a client but may not necessarily be shown, made available or allocated to such client. The Adviser may be more willing to cause a client to make such investments, and the terms on which such investments are made for a client may differ from those offered to, or made by, the Adviser. Further, the Adviser and its affiliates may buy and sell such investments at different times than clients, or when a client is doing the opposite. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients.

In addition, Affiliated Investors, as well as other partners and investors, may invest, directly and indirectly, in certain, but not all, of the Funds or other clients advised by the Adviser on terms that likely will be more advantageous to those offered to other investors or clients. It is expected that, if such investments are made, the size and nature of these investments will vary over time. Such Affiliated Investors and/or other partners and investors and other accounts may not be required to keep any minimum investment in any of the Funds

or other clients managed by the Adviser or may not be subject to lock-up or notice periods. The investment of such affiliates and other accounts may constitute a significant portion of the interests of a Fund or other client, which may create a further conflict and may pose a risk to the Funds or other client in the event of a significant withdrawal or redemption.

The Adviser believes it has adopted standards in its policies and procedures to address the potential conflicts described above. In addition, the Code of Ethics places restrictions on personal investments by access persons, including that they disclose their personal holdings and transactions in securities and other instruments, including Digital Assets, on a periodic basis. In addition to various trading restrictions, the access persons' personal investment transactions are monitored and, in some cases, pre-cleared by the Adviser's Legal and Compliance Department.

D. Conflicts of Interest Created by Contemporaneous Trading

The Adviser provides investment advisory services on behalf of a number of clients and other pooled investment vehicles. It is expected that certain clients will have investment programs that are similar to, or overlap with, other clients and may, therefore, participate with each other in investments. As discussed in Item 10.C, the Adviser determines whether and to what extent investment opportunities should be allocated among clients on a basis it believes to be fair and equitable over time and has adopted allocation policies designed to address potential conflicts of interest.

In addition, as discussed in response to Items 4.B, 6 and 10.C, the Adviser and its affiliates may, from time to time, offer co-investments to one or more co-investors. Such co-investments are likely to reduce the amount clients can invest in any given opportunity, and the Adviser may be unable to make as large of an investment on behalf of a client as otherwise might be desirable. If approved, the Adviser will allocate an investment among the Funds and the co-investors in accordance with the procedures set forth in Adviser's allocation policy.

As discussed in response to Item 10.C, Galaxy Digital is a diversified financial services company dedicated to the Digital Assets industry. Various potential or actual conflicts of interest arise from the overall activities of Galaxy Digital. Galaxy Digital engages in asset management and broker-dealer, investment banking and other corporate advisory services as well as in trading and principal investing activities. The Adviser's clients may benefit from these activities and the relationships that arise incidental to such activities, which could generate investment and other opportunities and wider industry expertise. However, situations could arise in which the activities of Galaxy Digital conflict with the interests of the Adviser's clients and investors. It is possible that any of these conflicts could materially and adversely affect the Adviser's ability to manage a client and thus a client's or an investor's return. Item 10.C enumerates certain conflicts of interest that could arise by virtue of the activities of Galaxy Digital.

ITEM 12. BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

The Adviser intends to make portfolio investments on behalf of clients that will be privately placed, on digital exchanges or over the counter (“OTC”) without the use of a broker-dealer. In making investments on behalf of clients, including in the event the Adviser requires the services of a broker-dealer, the Adviser will seek to obtain best execution for such transactions.

Consistent with customary “best execution” principles, the Adviser is not required to select the trading venue or counterparty with the lowest available price if the Adviser believed the Fund or other client could achieve better execution for the transaction elsewhere, including, without limitation, through consideration of the following factors: speed, ability to handle various trades and orders, liquidity, reliability, transaction fees, pricing, customer services, security and geography.

As described in Item 10.C, the Adviser’s clients do not currently trade with the Adviser’s trading affiliate, GD Trading. However, GD Trading provides personnel to the Adviser to trade on behalf of the Index Fund with third parties from time to time. Further, it is expected that, in the future, transactions in Digital Assets will be executed by GD Trading on behalf the Adviser’s clients.

1. Research and Other Soft Dollar Benefits

We do not currently intend to receive research and other “soft dollar” benefits from broker-dealers.

If the Adviser decides to utilize soft dollars in the future, the Adviser will implement and administer policies and procedures designed to ensure that such use of soft dollars falls within Section 28(e) of the Exchange Act, which provides a safe harbor that allows investment managers with discretionary authority over client accounts to pay more than the lowest possible commission in order to obtain “brokerage and research services” without breaching their fiduciary duties to clients.

Research services within the Section 28(e) safe harbor generally include, among other things, advice, analyses, reports, publications and writings that furnish advice as to the value of investments, the advisability of investing in, purchasing or selling investments, and the availability of investments, as well as analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts which the Adviser determines constitute advice, analysis or reports. Research services also may include, among other things, market data such as stock quotes, last sale prices, trading volumes and financial and economic data, pre-trade and post-trade analytics, software and other products that depend on market information to generate market research (including research on optimal execution venues and trading strategies), raw data which an investment adviser can use to prepare its own research analytics, conferences and seminars related to research discussions, meetings with corporate executives to obtain reports on, among other things, the performance of a company, publications targeted at a narrow audience, including, without limitation, publications which are directed to readers with specialized interests in particular products, industries or issuers, and software that provides analyses of investment portfolios. Research services and information may be in written, oral or electronic formats. Research services may be provided by third parties or may be proprietary to a broker or dealer.

Brokerage services that meet a “temporal standard” are eligible under the Section 28(e) safe harbor. Under the

“temporal standard,” brokerage begins when an investment manager communicates with a broker or dealer for the purpose of transmitting an order for execution and ends when funds or investments are delivered or credited to the advised client. Using this standard, the following items are, without limitation, examples of eligible brokerage services: clearance, settlement and custody services in connection with trades effected by the broker or dealer, post-trade services incidental to executing a transaction, comparison services that are required by SEC or self-regulatory organization rules, such as the use of electronic confirmation and affirmation of institutional trades, communications services related to execution, clearing and settlement of investment transactions, trading software to route orders to market centers, software that provides algorithmic trading strategies and software used to transmit orders to direct market access systems.

If an expense relates to “mixed-use” services or products that include functions that would generally qualify for soft dollar payment has functions that the Adviser intends to use that do not so qualify, the Adviser will implement and administer policies and procedures designed to ensure that the Adviser makes a good faith allocation of the cost or discount between qualifying and non-qualifying functions to determine the portion that may be paid or discounted with soft dollars credits.

2. Brokerage for Client Referrals

Neither the Adviser nor any related person receives client referrals from any broker-dealer or third party. However, as discussed in response to Item 14.B, subject to best execution, the Adviser may, when selecting or recommending broker-dealers to clients, consider, among other things, capital introduction and marketing assistance with respect to investors in the Funds.

3. Directed Brokerage

The Adviser does not recommend, request or require that a client direct the Adviser to execute transactions through a specified broker-dealer.

B. Order Aggregation

If the Adviser determines that the purchase or sale of Digital Assets is appropriate with regard to multiple clients, the Adviser may, but is not obligated to, purchase or sell Digital Assets on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client will receive the average price, with transaction costs generally allocated *pro rata* based on the size of each client’s participation in the order (or allocation in the event of a partial fill) as determined by the Adviser. In the event of a partial fill, allocations may be modified on a basis that the Adviser deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the Digital Asset counterparty selected by the Adviser. As a result, certain Digital Asset trades for one client (including a client in which the Adviser and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

ITEM 13. REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans

Each client portfolio is maintained, supervised and reviewed on a regular basis by the client's respective portfolio manager and investment team and also benefits from the resources of the Adviser, including compliance, finance, operations, technology, legal and marketing resources.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review

A review of a client account may be triggered by any unusual activity or special circumstances.

C. Content and Frequency of Account Reports to Clients

With respect to the Funds, the Adviser generally provides annual audited financial statements to investors within 120 days of the applicable Fund's fiscal year end. In addition, clients generally will receive monthly or quarterly account summaries (as applicable).

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients

We do not receive economic benefits from non-clients for providing investment advice with respect to securities. As noted above in response to Item 4.A, we manage the assets of the Funds, respectively, and we receive compensation for those services.

B. Compensation to Non-Supervised Persons for Client Referrals

Neither we nor, any of our related persons, directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals. As noted in response to Item 12.A, subject to best execution, the Adviser may, when selecting or recommending broker-dealers to clients, consider, among other things, capital introduction and marketing assistance with respect to investors in the Funds.

To the extent that, in the future, the Adviser decides to compensate third parties, including brokers, dealers, placement agents and others, in connection with the solicitation of prospective clients and investors, such arrangements will seek to conform to Rule 206(4)-3 under the Advisers Act.

ITEM 15. CUSTODY

The Adviser is subject to Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”) with respect to certain Funds and other clients. Under the Custody Rule, if the Adviser is deemed to have custody of client “funds or securities,” it is generally required to maintain such assets with qualified custodians, such as certain broker-dealers, banks and trust companies. Details of the custody arrangements for Funds and other clients are contained in the applicable offering documents and related agreements.

As to Digital Assets, depending on the asset in question, custody and security services will be provided by third party wallet providers and other service providers, exchanges, trust companies and other custodial or security service providers or, if a third party is not available, by the Adviser or its affiliates. In determining the appropriate custody and security arrangements for a particular Digital Asset, the Adviser will consider the relative ability of such persons to securely safeguard such Digital Assets. Custodial service providers for Digital Assets may not be able or willing to hold all of the Digital Assets in which a client may invest, including Digital Assets received through a fork in a blockchain or an air drop. The Adviser conducts due diligence on all such third-party wallet, custody or security service providers, prior to utilizing their services, including due diligence on the various measures such service providers utilize to safeguard Digital Assets. See the “*Risks Relating to Custody of Digital Assets*” discussion in Item 8 for the particular risks related to custody of Digital Assets.

Generally, the Funds will be subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (“**PCAOB**”) and audited financial statements of each Fund will be prepared in accordance with generally accepted accounting principles in the United States and distributed to investors within 120 days of the end of each Fund’s fiscal year. Investors should carefully review the audited financial statements of the Funds upon receipt, and should compare these statements to any account information provided by the Adviser. With respect to clients other than Funds, if the Adviser is subject to the Custody Rule in respect of such clients, such clients will receive account statements from qualified custodians (e.g., broker-dealers) with respect to the clients’ assets held by such custodians. Clients should review such statements carefully and clients are urged to compare such statements to any statements they receive from the Adviser.

Certain assets of Funds and other clients may be exempt from the requirement to be held by a qualified custodian where the Adviser is deemed not to be acting as an investment adviser with respect to the management of such vehicle, the assets are not considered “funds or securities” for purposes of the Custody Rule or: (1) the assets are acquired from the issuer in a transaction or chain of transactions not involving any public offering; (2) the assets are uncertificated, and ownership thereof is recorded only on the books of the issuer in the name of the client; and (3) the assets are transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer.

ITEM 16. INVESTMENT DISCRETION

The Adviser receives discretionary authority from clients at the outset of an advisory relationship to select the identity and amount of investments to be bought or sold. Such authority is provided in the Adviser's advisory contract with each client, which in the case of each Fund, will be contained in an investment management agreement or similar agreement between the Fund and the Adviser or an affiliate of the Adviser. Such discretion generally is exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting investments and determining amounts, the Adviser seeks to observe the investment policies, limitations and restrictions of the clients for which it provides advice.

ITEM 17. VOTING CLIENT SECURITIES

A. Policies and Procedures If Adviser Has Authority to Vote Client Securities

The Adviser generally has proxy voting authority with respect to securities held by clients due to the fact that it has discretionary authority over the securities held in client accounts, including those held by the Funds. Accordingly, the Adviser has adopted proxy voting policies and procedures in accordance with Rule 206(4)-6 under the Advisers Act. The policies are believed to be consistent with Adviser's fiduciary obligations in seeking to maximize long-term investment returns for clients.

The Adviser may engage a third party proxy voting service to vote proxies on behalf of clients and in such case, the Adviser may, when it is believed to be in the best interest of clients, adopt such third party's proxy voting policies and guidelines; any cost of such third party proxy voting service may be borne by such clients, as applicable. If engaged, unless the relevant portfolio manager's standing instructions are to vote with the relevant issuer's management, directors, general partners, managing members or trustees, the Adviser will generally vote with the advice of third party proxy voting service whose recommendations are intended to be in the best economic interest of investors. If a third party proxy voting service is not engaged or the relevant portfolio manager's standing instructions are to vote with the relevant issuer's management, directors, general partners, managing members or trustees, the Adviser will generally vote with the recommendation of the relevant issuer's management, directors, general partners, managing members or trustees.

Under certain circumstances, when it is believed to be in the best interest of clients, the Adviser may vote in a manner that is contrary to the above general proxy voting principles and guidelines or may abstain from voting, subject to the conflicts procedures described below.

Unless the Adviser has voted a proxy in accordance with the general proxy voting principles and guidelines above, the Chief Compliance Officer will review the proxy for any material conflicts of interest the proxy vote may present. This process includes a review of the relationship of the Adviser and its affiliates with the issuer of the relevant security to determine if the issuer is a client of the Adviser or one of its affiliates or if the Adviser (including its officers and/or directors) has some other relationship with the issuer. In the event the Chief Compliance Officer cannot be certain the vote was taken in the investor's best interests, he or she shall direct that the specific ballot item(s) not be cast.

A client may obtain a copy of the Adviser's proxy policies and procedures, as well as the manner in which proxy votes have been cast on behalf of such client during the prior annual period with respect to portfolio securities held by such client, by making a request to the Chief Compliance Officer at the address, email or telephone number listed on the cover page of this Brochure.

B. Policies and Procedures If Adviser Does Not Have Authority to Vote Client Securities

Not Applicable. See response to Item 17.A. The Adviser has authority to vote client securities.

ITEM 18. FINANCIAL INFORMATION

The Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.