
PART 2A OF FORM ADV: FIRM BROCHURE

PANTERA ADVISORS LLC

March 2019

Pantera Advisors LLC
3000 Sand Hill Road
Menlo Park, CA 94025
Tel: 650-854-7000
Fax: 650-854-7012
Website: <https://panteracapital.com>

This brochure (this “Brochure”) provides information about the qualifications and business practices of Pantera Advisors LLC (the “Investment Adviser”, “we”, “us”, and similar terms). If you have any questions about the contents of this Brochure, please contact us at 650-854-7000 or ir@panteracapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

The Investment Adviser is registered 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.

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

ITEM 2

MATERIAL CHANGES

This is our first annual update to this Brochure. We initially filed our Brochure in May 2018, and have not updated this Brochure since that annual update. In this Item 2, we are required to identify and discuss material changes made to this Brochure since the last annual update. While this update to our Brochure contains changes and updates to certain information, we do not feel they constitute material changes from the last annual update.

ITEM 3 **TABLE OF CONTENTS**

ITEM 1 COVER PAGE	i
ITEM 2 MATERIAL CHANGES	ii
ITEM 3 TABLE OF CONTENTS	iii
ITEM 4 ADVISORY BUSINESS	1
A. General Description of Advisory Firm	1
B. Description of Advisory Services	1
C. Availability of Customized Services for Individual Clients	3
D. Wrap Fee Programs.....	3
E. Assets Under Management	3
ITEM 5 FEES AND COMPENSATION.....	4
A. Advisory Fees and Compensation	4
B. Payment of Fees.....	6
C. Additional Fees and Expenses	6
D. Additional Compensation and Conflicts of Interest.....	7
ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	8
ITEM 7 TYPES OF CLIENTS	9
ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	10
A. Methods of Analysis and Investment Strategies	10
B. Material, Significant or Unusual Risks Relating to Investment Strategies	13
C. Risks Associated With Particular Types of Securities	28
ITEM 9 DISCIPLINARY INFORMATION	39
ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	40
A. Broker-Dealer Registration Status	40
B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status.....	40
C. Material Relationships or Arrangements with Industry Participants	40
D. Material Conflicts of Interest Relating to Other Investment Advisers	41
ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	42
A. Code of Ethics.....	42
B. Securities that the Investment Adviser or a Related Person Has a Material Financial Interest.....	42

C. Investing in Securities that the Investment Adviser or a Related Person Recommends to Clients	43
D. Conflicts of Interest Created by Contemporaneous Trading.....	44
ITEM 12 BROKERAGE PRACTICES	46
A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions	46
B. Order Aggregation	46
ITEM 13 REVIEW OF ACCOUNTS.....	48
A. Frequency and Nature of Review of Client Accounts or Financial Plans.....	48
B. Factors Prompting Review of Client Accounts Other than a Periodic Review	48
C. Content and Frequency of Account Reports to Clients.....	48
ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION	49
A. Economic Benefits for Providing Services to Clients.....	49
B. Compensation to Non-Supervised Persons for Client Referrals	49
ITEM 15 CUSTODY	50
ITEM 16 INVESTMENT DISCRETION.....	51
ITEM 17 VOTING CLIENT SECURITIES.....	52
A. Policies and Procedures Relating to Voting Client Securities	52
ITEM 18 FINANCIAL INFORMATION	53

ITEM 4 ADVISORY BUSINESS

A. General Description of Advisory Firm

1. *Pantera Advisors LLC*

Pantera Advisors LLC (the “**Investment Adviser**”, “**we**” and “**us**”), is a Delaware limited liability company that was formed in 2004.

We have two offices, which are located in Menlo Park, California and San Francisco, California. Our principal office and place of business is in Menlo Park.

We are controlled by our principal owner, Daniel Morehead (the “**Principal Owner**”), who is the managing member of the Investment Adviser.

2. *Fund General Partner Entities*

Our registration on Form ADV also covers Pantera Venture GP LLC (the “**Venture General Partner**”), Pantera Venture II GP LLC (the “**Venture II General Partner**”), Pantera Venture III GP LLC (the “**Venture III General Partner**”) and Pantera Digital Asset GP LLC (the “**Digital Asset General Partner**”, collectively with the Venture General Partner, the Venture II General Partner and the Venture III General Partner, the “**Fund General Partners**”), which are all limited liability companies organized under the laws of the state of Delaware. The Fund General Partners are affiliates of the Investment Adviser and serve or may serve as the general partner of Funds (as defined below) that are U.S. or offshore partnerships. The Fund General Partners’ facilities and personnel are provided by the Investment Adviser.

The Principal Owner is the principal owner and the managing member of, and controls, the Fund General Partners.

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 included herein applies to specific clients or affiliates only.

1. *Advisory Services*

We serve as the investment adviser, with discretionary trading authority, to private pooled investment vehicles, the securities of which are offered to investors on a private placement basis (each, a “**Fund**” and collectively, the “**Funds**”). Our “**clients**” currently consist of the Funds. The Funds include:

- Pantera Venture Fund LP, a Delaware limited partnership (the “**Venture I Fund**”);
- Pantera Venture Fund II LP, a Delaware limited partnership (the “**Venture II Fund**”),
- Pantera Venture Fund III LP, a Delaware limited partnership (the “**Venture III Fund**”);

- Pantera Venture Fund III A LP, a Delaware limited partnership (the “**Venture III A Fund**”);
- Pantera Venture Offshore Fund III LP, a Cayman Islands Exempted Limited Partnership (the “**Venture III Offshore Fund**”, and together with the Venture I Fund, the Venture II Fund, the Venture III Fund and the Venture III A Fund, the “**Venture Funds**”);
- Pantera Long-Term ICO Fund Ltd, a Cayman Islands Exempted Company (the “**Long-Term ICO Feeder Fund**”);
- Pantera Long-Term ICO Master Fund LP, a Cayman Islands exempted limited partnership (the “**Long-Term ICO Master Fund**”, and together with the Long-Term ICO Feeder Fund, the “**Long-Term ICO Funds**”);
- Pantera ICO Fund LP, a Delaware limited partnership (the “**ICO Fund I**”);
- Pantera ICO Fund II LP, a Delaware limited partnership (the “**ICO Fund II**”, and together with the ICO Fund I, the “**ICO Funds**”);
- Pantera Origin SPV LP, a Delaware limited partnership (the “**Origin SPV**”);

The Venture General Partner serves as the general partner of the Venture I Fund, the Venture II General Partner serves as the general partner of the Venture II Fund, the Venture III General Partner serves as the general partner of the Venture III Fund, the Venture III A Fund and the Venture III Offshore Fund, and the Digital Asset General Partner serves as the general partner of the ICO Funds and the Origin SPV.

2. *Investment Strategies and Types of Investments*

We have included below summaries of the investment strategies for all of our clients. Please see Item 8 for additional information.

(a) Venture Funds

The Venture Funds pursue venture capital investments in businesses that seek to use blockchain technology. The Investment Adviser seeks to capitalize on the highly disruptive migration Pantera believes is about to occur, from existing ledger systems and communication channels that rely on centralized third-party trust, to blockchain technology that will allow peer-to-peer (enterprises and individuals) connection across myriad industries and geographies to directly transfer information and value. The Venture Funds generally plan to lead seed and Series A deals, taking board seats where appropriate. The Investment Adviser expects to have access to superior deal flow, by virtue of its active presence in the blockchain industry. The Venture Funds will seek to build a diversified portfolio to balance risk. Certain Venture Funds may, from time to time, hold tokens through initial coin offerings (“**ICOs**”) that potentially convert into equity where the applicable Venture Fund invests in the underlying issuing company. Such Venture Funds will also be open to ancillary spaces, such as fintech, artificial intelligence, and machine learning.

(b) ICO Funds

The investment objective of the ICO Funds is to achieve capital appreciation and maximize absolute returns by participating in ICOs of Digital Assets (as defined below). The Investment Adviser employs in-depth research and due diligence in the ICO space to identify attractive investment opportunities that utilize newly created Digital Assets (as defined below) to raise capital.

(c) Long-Term ICO Funds

The investment objective of the Long-Term ICO Funds is to achieve capital appreciation and maximize absolute returns by participating in ICOs of Digital Assets (as defined below). The Investment Adviser employs in-depth research and due diligence in the ICO space to identify attractive investment opportunities that utilize newly created Digital Assets to raise capital. The Long-Term ICO Funds generally intend to hold each investment for long-term appreciation over a period of not less than 12 months.

(d) Origin SPV Fund

The investment objective of the Origin Fund is to achieve attractive returns by investing in, managing and disposing of units of Origin Tokens issued by Origin Protocol, Inc. (“**Origin Tokens**”) and engaging in activities relating thereto by entering into a Simple Agreement for Future Tokens, or SAFT (“**SAFT**”) whereby, in exchange for a fixed payment, the Origin Fund will be entitled to receive future Origin Tokens offered in the event of a successful ICO.

The descriptions set forth in this Brochure of specific advisory services that we offer to our clients, and 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.

C. Availability of Customized Services for Individual Clients

Our investment decisions and advice with respect to each Fund will be subject to each Fund’s investment objectives and guidelines, as set forth in its respective offering documents.

If in the future we determine to offer 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

We manage, on a discretionary basis, approximately \$314,786,266 of client assets, determined as of March 31, 2018, calculated on the basis of regulatory assets under management. We do not manage any assets on a non-discretionary basis.

ITEM 5 FEES AND COMPENSATION

A. Advisory Fees and Compensation

The fees applicable to each Fund are set forth in detail in each Fund's offering documents. A brief summary of such fees is provided below.

1. *The Venture Funds*

(a) Management Fee

Generally, the Venture Funds pay the Investment Adviser a fee for investment management services (the "**Management Fee**") for each fiscal quarter equal to .5% (2% per annum) of the beginning net asset value of each capital account of an investor for such fiscal quarter. The Management Fee is calculated and paid in advance.

The Management Fee will be prorated for any capital contribution or withdrawal by an investor that is effective other than as of the first day of a quarter. In the sole discretion of the Fund General Partner, the Management Fee may be waived, reduced or calculated differently with respect to certain investors.

(b) Carried Interest

Generally, net proceeds of the investments of the Venture Funds will be distributed to the investors upon realization. The Investment Adviser is entitled to carried interest (the "**Carried Interest**") in an amount equal to the following (for certain Venture Funds the terms of the accrual of Carried Interest, including the distribution percentages listed below, may vary for certain investment classes). First, one hundred percent (100%) of the capital invested shall be returned to the investor, after which eighty percent (80%) will be distributed to such investor and twenty percent (20%) will be distributed to the applicable Fund General Partner, until such investor has received aggregate distributions sufficient to provide it with a forty percent (40%) internal rate of return on its capital contributions. Thereafter, seventy percent (70%) of the remaining proceeds are paid to the investor and thirty percent (30%) are paid to the applicable Fund General Partner. In the sole discretion of the applicable Fund General Partner, the Carried Interest may be waived, reduced or calculated differently with respect to certain investors.

2. *The ICO Funds*

(a) Management Fee

Generally, the ICO Funds pay the Investment Adviser a Management Fee for each fiscal quarter equal to .75% (3% per annum) of the beginning net asset value of each capital account of an investor for such fiscal quarter. The Management Fee is calculated and paid in advance but is amortized monthly by the ICO Funds over the quarter for which such Management Fee is paid.

The Management Fee will be prorated for any capital contribution or withdrawal by an investor that is effective other than as of the first day of a quarter. In the event of a withdrawal by an investor other than as of the last day of a quarter, the Investment Adviser will pay to the applicable Fund an amount equal to the *pro rata* portion of the Management Fee, based on the actual number of days remaining in such quarter, and the applicable Fund will distribute such amount to the withdrawing investor. In the

sole discretion of the Fund General Partner, the Management Fee may be waived, reduced or calculated differently with respect to certain investors, including, without limitation, any Investment Adviser-related investor. The Fund General Partner's capital account will not be debited with any Management Fee.

(b) Incentive Allocation

Generally, at the end of each fiscal year of the ICO Funds, the Digital Asset General Partner is entitled to an incentive allocation (the "**Incentive Allocation**") of an amount equaling 30% of the net capital appreciation (which includes both realized gains and losses and unrealized appreciation and depreciation of securities held in the applicable Fund's portfolio) allocated to an investor's capital account for such fiscal year after deducting the Management Fee debited to such investor's capital account for such fiscal year, subject to a loss carryforward mechanism.

In the event that an ICO Fund is terminated or an investor withdraws other than at the end of a fiscal year, then for purposes of determining the Incentive Allocation allocable at such time to the Digital Asset General Partner, net capital appreciation will be determined as if such dates were the end of the fiscal year, subject to certain adjustments. In the sole discretion of the Digital Asset General Partner, the Incentive Allocation may be waived, reduced or calculated differently with respect to certain investors.

3. *The Long-Term ICO Funds*

(a) Management Fee

Generally, Pantera Long-Term ICO Fund Ltd pays the Investment Adviser a Management Fee for each fiscal quarter equal to .75% (3% per annum) of the net asset value of each series of shares as of the beginning of such fiscal quarter. The Management Fee is calculated and paid in advance but is amortized monthly by the Pantera Long-Term ICO Fund Ltd over the quarter for which such Management Fee is paid.

The Management Fee will be prorated for any subscription or redemption by an investor that is effective other than as of the first day of a quarter. In the event of a redemption by an investor other than as of the last day of a quarter, the Investment Adviser will pay to the Pantera Long-Term ICO Fund Ltd (or the Pantera Long-Term ICO Master Fund LP) an amount equal to the *pro rata* portion of the Management Fee, based on the actual number of days remaining in such quarter, and the Offshore Fund will distribute such amount to the redeeming investor. In the sole discretion of the Investment Adviser, the Management Fee may be waived, reduced or calculated differently with respect to certain investors.

(b) Incentive Allocation

Generally, at the end of each fiscal year of the Long-Term ICO Master Fund, the Digital Asset General Partner is entitled to an Incentive Allocation of an amount equaling 30% of the net realized and unrealized appreciation in the net asset value of each series of shares, adjusted for any redemption of shares in the series made during the year and any accruals of the Incentive Allocation and subject to a loss carryforward mechanism.

In the event that shares are redeemed other than at the end of a fiscal year, the Incentive Allocation will be determined solely with respect to the shares so redeemed as of the redemption date. In the sole

discretion of the Digital Asset General Partner, the Incentive Allocation may be waived, reduced or calculated differently with respect to certain investors.

4. *The Origin SPV*

(a) Management Fee

Generally, the Origin SPV pays the Investment Adviser a Management Fee for each fiscal quarter equal to .25% (1% per annum) of the beginning net asset value of each capital account of an investor for such fiscal quarter. The Management Fee is calculated and paid in advance but is amortized monthly by the Origin SPV over the quarter for which such Management Fee is paid.

In the event the closing date of the Origin SPV (“**Closing Date**”) occurs on a day other than the first day of a fiscal quarter, the Management Fee will be prorated and payable as of the Closing Date. In the sole discretion of the Fund General Partner, the Management Fee may be waived, reduced or calculated differently with respect to certain investors.

(b) Incentive Allocation

Generally, at the end of each fiscal year of the Origin SPV, the Digital Asset General Partner is entitled to an Incentive Allocation in an amount equal to 10% of the net capital appreciation (which includes both realized gains and losses and unrealized appreciation and depreciation of securities held in the Origin SPV’s portfolio) allocated to an investor’s capital account for such fiscal year after deducting the Management Fee debited to such investor’s capital account for such fiscal year, subject to a loss carryforward mechanism.

In the sole discretion of the Digital Asset General Partner, the Incentive Allocation may be waived, reduced or calculated differently with respect to certain investors, including, without limitation, any Investment-Adviser related investor.

B. Payment of Fees

Fees and compensation paid to the Investment Adviser or its affiliates by the Funds are generally deducted from the assets of such clients. As discussed above, Management Fees are generally deducted on a quarterly basis and Performance Compensation is generally deducted on an annual basis.

C. Additional Fees and Expenses

The expenses attributable to each specific client are detailed in each client’s organizational 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.

Each client bears its own expenses, its pro rata share of its “master fund” expenses, and its pro rata share of any trading subsidiary’s expenses, including, without limitation, the following: (i) the Management Fee; (ii) expenses related to the research, due diligence and monitoring of actual and prospective investments (whether or not consummated) and the consummation of investments; costs incurred in attending seminars and conferences related to digital currencies; costs related to the custody of Bitcoin, other cryptocurrencies, tokens issued in ICOs, Origin Tokens, and other digital assets (collectively, “**Digital Assets**”) and other assets (including, but not limited to, third party wallet

providers); fees and expenses related to obtaining research and market data (including, without limitation, any information technology hardware, software or other technology incorporated into the cost of obtaining such research and market data); due diligence expenses; costs incurred in attending seminars and conferences related to Digital Assets; costs associated with entering into SAFTs and participating in ICOs; and expenses relating to short sales of Digital Assets; (iii) organizational and reorganizational expenses; (iv) operational expenses, including, without limitation, the following: fees and expenses relating to information technology hardware, software or other technology (including, without limitation, costs of software licensing, implementation, data management and recovery services and custom development) used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate compliance with the rules of any self-regulatory organization or applicable law (including, without limitation, reporting obligations), facilitate and manage the purchase and sale of Digital Assets, Origin Tokens and other assets or otherwise manage a client or any trading subsidiary, portfolio management systems, risk management systems and order management systems; fees and expenses of third-party risk management products, models and services; third-party administrative fees and expenses; fees and expenses of third-party professionals, including, without limitation, consultants, valuation service providers, attorneys and accountants; the costs of any litigation or investigation involving activities of a client or any trading subsidiary; third-party audit and tax preparation expenses; fees and expenses (including, without limitation, director registration fees) of any client's or trading subsidiary's directors; costs of preparing and distributing reports and notices; taxes; expenses incurred in connection with negotiating and complying with provisions of any Side Letter Agreement; fees and expenses related to compliance with the rules of any self-regulatory organization or applicable law in connection with the activities of a client or any trading subsidiary, including, without limitation, any governmental, regulatory, licensing, filing or registration fees or taxes (including, without limitation, filing fees); expenses incurred in connection with the offering and sale of fund interests or shares and other similar expenses related to a client (excluding fees payable to any placement agent); expenses incurred in connection with any outsourcing of the administration of the Fund and expenses associated with annual meetings of the Fund and the Fund's various committees; extraordinary expenses, including, without limitation, the following: indemnification expenses; fees and expenses incurred in connection with any tax audit by any U.S. federal, state or local authority, including, without limitation, any related administrative settlement and judicial review; and fees and expenses incurred in connection with the reorganization, dissolution, winding-up or termination of a client or any trading subsidiary; and (v) "broken deal" expenses.

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

Clients do not have a pre-determined limit on their ordinary or extraordinary operating expenses. Clients' actual annual operating expenses are disclosed in their year-end audited financial statements, which are provided to each investor.

D. Additional Compensation and Conflicts of Interest

Neither the Investment Adviser nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

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

We (including the Fund General Partners) accept performance-based compensation from every client (other than clients that are not assessed performance-based compensation because it is assessed through another entity in a single master-feeder or similar structure). As a result, we and the Fund General Partners do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients. As defined below, in addition to the investment advisory services provided to clients, the Investment Adviser also manages the assets of the Bitcoin Funds and the Digital Asset Fund (as defined and described in more detail in Item 10.C). Certain of these vehicles do not charge performance-based compensation.

ITEM 7
TYPES OF CLIENTS

We provide investment advice to Funds, as described above.

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, and investment strategies pursued and investments made by us on behalf of its 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.

The Long-Term ICO Funds

Investment Objective. The investment objective of the Long-Term ICO Funds is to achieve capital appreciation and maximize absolute returns by participating in ICOs of Digital Assets. The Investment Adviser employs in-depth research and due diligence in the ICO space to identify attractive investment opportunities that utilize newly created Digital Assets to raise capital. The Investment Adviser will perform fundamental research in an effort to determine the fair value of each underlying Digital Asset and the most profitable exit strategy for each offering. The Long-Term ICO Funds may participate in ICOs through SAFTs, whereby the Long-Term ICO Funds, in exchange for a fixed payment, are entitled to receive future Digital Assets offered in the event of a successful ICO. The Long-Term ICO Funds may, in certain cases, invest in Digital Assets that are securities for purposes of U.S. laws and regulations. The Long-Term ICO Funds generally intend to hold each investment for long-term appreciation over a period of not less than 12 months.

Portfolio Construction. As ICOs arise at unpredictable intervals, the Long-Term ICO Funds' investments may become highly concentrated in a single (or limited number of) Digital Asset(s) and the Long-Term ICO Funds may be forced to hold significant amounts of cash. Portfolio construction will primarily be determined by the supply of attractive deals in the ICO market. The Investment Adviser may, from time to time, also opportunistically short Digital Assets, although short exposure will likely be minimal until a more developed market presents itself.

Exposure. The Investment Adviser expects the Long-Term ICO Funds' net exposure to a Digital Asset to vary, based on the supply and attractiveness of deals in the ICO market (although exposure will generally not exceed 100%). Additionally, changes in the underlying fundamentals of each Digital Asset position and the ability to exit offerings will affect exposure and portfolio turnover. The Investment Adviser may reduce exposure over time in each offering for risk management purposes, or to participate in new offerings that offer more attractive return potential. The Investment Adviser believes that the Long-Term ICO Funds' performance will likely depend to a greater degree on individual Digital Asset selection than it will on movements on the broader Digital Asset market.

Liquidity. The Investment Adviser will typically invest in Digital Assets that the Investment Adviser expects to be traded on a Digital Asset exchange or other market after the tokens come to market, although, as described above, the Long-Term ICO Funds generally intend to hold each investment for long-term appreciation over a period of not less than 12 months.

Trading Subsidiaries. The Long-Term ICO Funds may effect one or more of the foregoing strategies either directly by purchasing Digital Assets or indirectly, for tax, regulatory or other reasons, by investing through one or more trading subsidiaries organized by the Investment Adviser.

Changes in the Investment Program. Subject to applicable law and any express restrictions set forth in this Memorandum or the Long-Term ICO Funds' operating documents, the Investment Adviser may change the Long-Term ICO Funds' investment strategy or policy at any time.

The ICO Funds

Investment Objective. The investment objective of the ICO Funds is to achieve capital appreciation and maximize absolute returns by participating in ICOs of Digital Assets. The Investment Adviser employs in-depth research and due diligence in the ICO space to identify attractive investment opportunities that utilize newly created Digital Assets to raise capital. The Investment Adviser will perform fundamental research in an effort to determine the fair value of each underlying Digital Asset and the most profitable exit strategy for each offering. The ICO Funds may participate in ICOs through SAFTs, whereby the ICO Funds, in exchange for a fixed payment, are entitled to receive future Digital Assets offered in the event of a successful ICO. The ICO Funds may, in certain cases, invest in Digital Assets that are securities for purposes of U.S. laws and regulations.

Portfolio Construction. As ICOs arise at unpredictable intervals, the ICO Funds' investments may become highly concentrated in a single (or limited number of) Digital Asset(s) and the ICO Funds may be forced to hold significant amounts of cash. Portfolio construction will primarily be determined by the supply of attractive deals in the ICO market. The Investment Adviser may, from time to time, also opportunistically short Digital Assets, although short exposure will likely be minimal until a more developed market presents itself.

Exposure. The Investment Adviser expects the ICO Funds' net exposure to a Digital Asset to vary, based on the supply and attractiveness of deals in the ICO market (although exposure will generally not exceed 100%). Additionally, changes in the underlying fundamentals of each Digital Asset position and the ability to exit offerings will affect exposure and portfolio turnover. The Investment Adviser may reduce exposure over time in each offering for risk management purposes, or to participate in new offerings that offer more attractive return potential. The Investment Adviser believes that the ICO Funds' performance will likely depend to a greater degree on individual Digital Asset selection than it will on movements on the broader Digital Asset market.

Liquidity. The Investment Adviser will typically invest in Digital Assets that the Investment Adviser expects to be traded on a Digital Asset exchange or other market after the tokens come to market.

Trading Subsidiaries. The ICO Funds may effect one or more of the foregoing strategies either directly by purchasing Digital Assets or indirectly, for tax, regulatory or other reasons, by investing through one or more trading subsidiaries organized by the Investment Adviser.

Changes in the Investment Program. Subject to applicable law and any express restrictions set forth in this Memorandum or the Partnership Agreement, the Investment Adviser may change the ICO Funds' investment strategy or policy at any time.

The Venture Funds

Industry Focus. The Venture Funds will primarily invest in businesses that seek to use blockchain technology to disintermediate rent-seeking incumbents and enable peer-to-peer transactions using

tokenized assets. The Investment Adviser believes that blockchain applications will disintermediate a myriad of industries. Certain Venture Funds may, from time to time, hold tokens (through ICOs) that potentially convert into equity where such Venture Funds invest in the underlying issuing company. Certain Venture Funds will also be open to ancillary spaces, such as fintech, artificial intelligence, and machine learning.

Investment Criteria. The Venture Funds generally plan to lead Seed and Series A deals, taking board seats where appropriate. The Venture Funds will endeavor to leave ample capital for each investment to be in the position to allocate funding to the entire lifecycle of the company, if so determined.

Investment Strategy. The Investment Adviser expects to have access to superior deal flow, by virtue of its active presence in the blockchain industry. The Venture Funds will seek to build a diversified portfolio (in terms of number of positions and industries of focus) of blockchain technology-related venture investments to balance risk. The goal will be for the portfolio companies to be complementary and be able to leverage mindshare and assets among one another. The Investment Adviser expects to provide industry-specific value-added resources to the portfolio companies based on its industry knowledge.

Geographic Focus. The Investment Adviser is located in the heart of Silicon Valley, where a significant number of the venture-funded blockchain companies reside. Since blockchain technology has a worldwide impact, the Investment Adviser will consider investments anywhere in the world; 32% of the Investment Adviser's current investments (in terms of number of deals) are outside of the United States.

Proprietary Deal Flow. The Investment Adviser's ongoing access to transformative initiatives at their early stages of development should continue to result from the following:

- Vision & Proactivity – The Investment Adviser was one of the first institutional investors in the digital asset/blockchain space, and remains focused on implementing best practices consistent with institutional-grade investment compliance and oversight.
- Thought Leadership – The Investment Adviser employees have developed innovations in the digital asset/blockchain space, and they continue to produce proprietary whitepapers and publications, host exclusive blockchain conferences, speak at various events around the world, and deliver keynote addresses at industry conferences.
- Unparalleled Internal Network – The Investment Adviser has an established track record in the digital asset/blockchain space – in both venture equity and token-based financing – and its existing counterparties provide valuable referrals to new project developers and entrepreneurs for potential seed and early stage investment.
- Leading Partner Network – The Investment Adviser has built a strong network of leading venture firms for deal sourcing and co-investing. The Investment Adviser believes it is viewed by these firms as blockchain experts.
- Incubators & Accelerators – The Investment Adviser has close relationships with the top project incubators and accelerators.
- Global Network – Stemming from its past funding of digital asset exchanges across the world, the Investment Adviser has built a global network of strong relationships with partners and brands spanning different industries and geographies.

The Origin Fund

Investment Objective. The investment objective of the Origin Fund is to achieve attractive returns by investing in, managing and disposing of units of Origin Tokens and engaging in activities relating thereto by entering into a SAFT whereby, in exchange for a fixed payment, the Origin Fund will be entitled to receive future Origin Tokens offered in the event of a successful ICO.

Trading Subsidiaries. The Origin Fund may effect the foregoing strategy either directly by purchasing Origin Tokens or indirectly, for tax, regulatory or other reasons, by investing through one or more trading subsidiaries organized by the Investment Adviser.

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. 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 governing documents.

Cybersecurity Risk. As part of its business and investment strategy, the Investment Adviser processes, stores and transmits large amounts of electronic information, including information relating to the transactions of certain clients and personally identifiable information of the investors. Similarly, service providers of the Investment Adviser or a client, especially the Funds’ administrator, may process, store and transmit such information. The Investment Adviser has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Investment Adviser may be susceptible to compromise, leading to a breach of the Investment Adviser’s network. The Investment Adviser’s systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Investment Adviser to the investors may also be susceptible to compromise. Breach of the Investment Adviser’s information systems may cause information relating to the transactions of a client and personally identifiable information of the investors to be lost or improperly accessed, used or disclosed.

The service providers of the Investment Adviser and its clients are subject to the same electronic information security threats as the Investment Adviser. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of a client and personally identifiable information of the investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Investment Adviser’s or a client’s proprietary information may cause the Investment Adviser or the client to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on a client and investments held by such client.

Fundamental Analysis. Certain trading decisions made by the Investment Adviser may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data are inaccurate or that other market participants have developed, based on such data, trading strategies similar to certain clients' trading strategies, the client may not be able to realize its investment goals. In addition, fundamental market information is subject to interpretation. To the extent that the Investment Adviser misinterprets the meaning of certain data, a client may incur losses.

General Economic and Market Conditions. The success of certain clients' investment activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, 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 the prices and the liquidity of clients' investments. Volatility or illiquidity could impair clients' profitability or result in losses. A client may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets. Note that certain clients' ICO-focused investment strategies may be uncorrelated to changes in general economic and market conditions.

Governmental Interventions. Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets, and it is possible that similar interventions may occur in the market(s) for Digital Assets or Origin Tokens. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on certain clients' strategies.

Brexit. The United Kingdom has notified the European Council of its intention to withdraw from the European Union. The ongoing withdrawal process could cause an extended period of uncertainty and market volatility, not just in the United Kingdom but throughout the European Union, the European Economic Area and globally. It is not possible to ascertain the precise impact these events may have on certain clients or the Investment Adviser from an economic, financial or regulatory perspective but any such impact could have material consequences for a client.

MiFID II. The package of European Union market infrastructure reforms known as "**MiFID II**", in effect from January 3, 2018, is expected to have a significant impact on the European capital markets.

MiFID II increases regulation of trading platforms and firms providing investment services in the European Union. Among its many market infrastructure reforms, MiFID II has brought in: (i) significant changes to pre- and post-trade transparency obligations applicable to financial instruments admitted to trading on EU trading venues (including a new transparency regime for non-equity financial instruments); (ii) an obligation to execute transactions in shares and derivatives on an EU regulated trading venue; and (iii) a new focus on regulation of algorithmic and high frequency trading. These reforms may lead to a reduction in liquidity in certain financial instruments, as some of the sources of liquidity exit European markets, and may result in significant increases in transaction costs.

Although the full impact of these reforms is difficult to assess at present, it is possible that the resulting changes in the available trading liquidity options and increases in transactional costs may have an adverse effect on the ability of the Investment Adviser to execute the investment program.

Long-Term; Short Selling. The success of certain clients' investment strategies depends upon the Investment Adviser's ability to identify and purchase Digital Assets that are undervalued and, in the event the Investment Adviser shorts Digital Assets, identify and sell short Digital Assets that are overvalued. The identification of investment opportunities in the implementation of a client's strategy is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying a client's positions were to fail to converge toward, or were to diverge further from values expected by the Investment Adviser, the client may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the client to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the Investment Adviser's strategy may become outdated and inaccurate as market conditions change.

Short-Term Market Considerations. The Investment Adviser's trading decisions may be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

Long-Term Appreciation; Holding Period. Subject to certain limited circumstances, certain clients will hold each investment for longer periods of time due to the terms of those clients' investment strategies (including, in the case of the Long-Term ICO Funds, a period of not less than 12 months). Accordingly, a client may be unable to take advantage of short-term market considerations (opportunistically sell investments) and may be forced to hold an investment at times where it would otherwise be advantageous to sell or after the value of such investment is perceived to have peaked.

Diversification and Concentration. Certain clients' investments may become significantly concentrated in a single (or limited number of) Digital Assets (including Origin Tokens). Such limited diversification may result in the concentration of risk, which, in turn, could expose a client to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements with respect to such Digital Assets.

Because certain clients have the ability to concentrate their investments by investing up to 15% of their capital in a single portfolio company and an unlimited amount of their assets in a single industry, the overall adverse impact on a client of adverse movements in the value of the securities of a single issuer or industry will be considerably greater than if the client were not permitted to concentrate its investment to such an extent.

Risk of Certain Investments. Certain clients may invest in companies that are financially leveraged or troubled or potentially troubled and may be or have recently been involved in restructurings, bankruptcy, reorganization or liquidation. Securities of such companies are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. As a result, certain clients may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard which is a prerequisite to certain clients' investment in any security. Securities in which a client may invest may rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of whose debt securities may be secured by substantially all of the issuer's assets. Moreover, a client may invest in securities that are not protected by financial covenants or limitations on additional indebtedness. While leverage presents opportunities for increasing a portfolio company's total return, it has the effect of potentially

increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the portfolio company's net assets will decrease. Accordingly, any event which adversely affects the value of an investment by a portfolio company would be magnified to the extent a portfolio company is leveraged.

Lack of Liquidity. There is no certainty that there will ever be a public market for the securities of portfolio companies held by certain clients. In addition, practical limitations may restrict the ability of a client to sell or distribute its securities in a portfolio company, such as limitations imposed by co-investors, financial institutions or management. The lack of liquidity of a client's investments in portfolio companies may preclude or delay any disposition of such investments, or reduce the proceeds that might otherwise be realized from any such disposition.

Competition for Investments. Certain clients will be subject to intense competition for investment opportunities with many sources of capital, including other financial buyers and strategic buyers. There can be no assurance that a client will be able to invest its capital on terms favorable to a client or in comparison to its competitors.

Need for Follow-On Investments in Portfolio Companies. Certain portfolio companies that a client may invest in may need additional capital. A company's inability to obtain such capital, whether from certain clients or another source, may have an adverse effect upon such company.

Provision of Managerial Assistance; Control Positions. Certain clients, their general partners, the Investment Adviser and/or their respective affiliates may serve on, or designate members to serve on, the supervisory boards or boards of directors of portfolio companies. Serving on such bodies and/or designation of supervisory board members and of directors and other measures contemplated exposes the Fund General Partners, the Investment Advisers and/or their respective affiliates and, ultimately, certain clients to potential liability and exposes the assets of a client to claims by an investment, the portfolio company, its security holders and its creditors.

Minority Investments. Certain clients may make minority investments in entities where the client may not be able to protect its investments or to control or influence effectively the business or affairs of such entities. Certain clients may be adversely affected by actions taken by the majority holder(s) of the investments in which it invests.

Risk of Early Stage Companies. Investments in companies at an early stage of development involve a high degree of business and financial risk. Early-stage companies with little or no operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses.

Small Companies. Clients' investments will generally be made in unregistered securities of small 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.

Leverage. If utilized, leverage will subject certain clients or their investments to risks normally associated with debt financing, including the risk that cash flow will be insufficient to meet required

payments of principal and interest, the risk that indebtedness on the investments will not be able to be refinanced or the risk that the terms of such refinancing will not be as favorable as the terms of the existing indebtedness. While leverage may enhance total returns to the investors, if investment results fail to cover borrowing costs, returns to the investors will be lower than if there had been no borrowings.

Price volatility. A principal risk in trading Digital Assets or transacting in Bitcoin is the rapid fluctuation of market price. High price volatility undermines Digital Assets' role as a medium of exchange as consumers or retailers are much less likely to accept them as a form of payment. The value of client portfolios relates directly to the value of the Digital Assets held in the client portfolio and fluctuations in the price of Digital Assets could adversely affect the net asset value of a client's portfolio. There is no guarantee that a client will be able to achieve a better than average market price for Digital Assets or will purchase Digital Assets at the most favorable price available. The price of Digital Assets or Bitcoin achieved by a client may be affected generally by a wide variety of complex and difficult to predict factors such as Digital Asset supply and demand; rewards and transaction fees for the recording of transactions on the blockchain; availability and access to Digital Asset service providers (such as payment processors), exchanges, miners or other Digital Asset users and market participants; perceived or actual Digital Asset network or Digital Asset security vulnerability; inflation levels; fiscal policy; interest rates; and political, natural and economic events.

To the extent the public demand for Digital Assets were to decrease, or certain clients were unable to find a willing buyer, the price of Digital Assets could fluctuate rapidly and a client may be unable to sell the Digital Assets in its possession or custody. Fund investors will be subject to the risk of price fluctuations of Digital Assets until they fully withdraw/ redeem from a Fund. Further, if the supply of Digital Assets or Bitcoin available to the public were to increase or decrease suddenly due to, for example, a change in a Digital Asset's or Bitcoin's source code, the dissolution of a Digital Asset or digital currency exchange, or seizure of Digital Assets or Bitcoin by government authorities, the price of Digital Assets could fluctuate rapidly. Such changes in price, demand and supply of Digital Assets or Bitcoin could adversely affect an investment in a client. In addition, governments may intervene, directly and by regulation, in the Digital Asset market, with the specific effect, or intention, of influencing Digital Asset prices and valuation (e.g., releasing previously seized Digital Assets). Similarly, any government action or regulation may indirectly affect the Digital Asset market or Digital Asset network, influencing Digital Asset use or prices.

Currently, there is relatively modest use of Digital Assets and Bitcoin in the retail and commercial marketplace compared to its use by speculators, thus contributing to price volatility that could adversely affect an investment in a client. If future regulatory actions or policies limit the ability to own or exchange Digital Assets or Bitcoin in the retail and commercial marketplace, or use them for payments, or own them generally, the price and demand for Digital Assets or Bitcoin may decrease. Such decrease in demand may result in the termination and liquidation of a client at a time that may be disadvantageous to the investors, or may adversely affect a client's net asset value.

Certain clients will compete with direct investments in Digital Assets and other potential financial vehicles backed or linked to Digital Assets. Any change in market and financial conditions, or other conditions beyond a client's control, may make investment and speculation in Digital Assets more attractive, which could limit the supply of Digital Assets and increase or decrease liquidity.

Performance of Digital Assets. In the event the types of Digital Assets held by certain clients perform less well than competing Digital Assets, such Digital Assets held by a client may be devalued or fall into disuse, adversely affecting the client.

In the event Origin Tokens perform less well than competing Digital Assets, Origin Tokens may be devalued or fall into disuse, adversely affecting certain clients.

Destruction of Digital Assets. Certain Digital Assets are intended to be controllable only by the possessor of both the unique public and private keys relating to the local or online digital wallet in which such Digital Assets are held. To the extent private keys relating to certain clients' Digital Asset or Origin Tokens holdings are lost, destroyed or otherwise compromised, a client may be unable to access the related Digital Assets or Origin Tokens and such private keys are not capable of being restored by a Digital Asset or Origin Token network. Any loss of private keys relating to digital wallets used to store the client's Digital Assets or Origin Tokens could adversely affect an investment in a client. Further, Digital Assets and Origin Tokens are typically transferred digitally, through electronic media not controlled or regulated by any entity. To the extent a Digital Asset or Origin Token transfers erroneously to the wrong destination, a client may be unable to recover the Digital Asset, Origin Token or its value. Such loss could adversely affect an investment in the client.

Irrevocable Digital Asset Transactions. Just as the blockchain (or similar technologies) creates a permanent, public record of Digital Asset transactions, it also creates an irrevocable one. Transactions that have been verified, and thus recorded as a block on the blockchain (or similar technologies), generally cannot be undone. Even if the transaction turns out to have been in error, or due to theft of a user's Digital Assets, the transaction is not reversible. Certain clients may be unable to replace missing Digital Assets or Origin Tokens or seek reimbursement for any erroneous transfer or theft of Digital Assets. To the extent that a client is unable to seek redress for such action, error or theft, such loss could adversely affect an investment in the client.

Third Party Wallet Providers. Certain clients intend to use third party wallet providers to hold the client's Digital Assets. Certain clients may have a high concentration of its Digital Assets or Origin Tokens in one location or with one third party wallet provider, which may be prone to losses arising out of hacking, loss of passwords, compromised access credentials, malware, or cyber-attacks. A client is not required to maintain a minimum number of wallet providers to hold its Digital Assets or Origin Tokens. A client may not do detailed information technology diligence on such third party wallet providers and, as a result, may not be aware of all security vulnerabilities and risks. Certain third party wallet providers may not indemnify the client against any losses of Digital Assets or Origin Tokens. Digital Assets or Origin Tokens held by third parties could be transferred into "cold storage" or "deep storage", in which case there could be a delay in retrieving such Digital Assets or Origin Tokens. Certain clients may also incur costs related to third party storage. Any security breach, incurred cost or loss of Digital Assets or Origin Tokens associated with the use of a third party wallet provider, may adversely affect an investment in the client.

Security. Certain clients may use third party wallet providers to secure client Digital Assets or Origin Tokens. A client may, however, employ other systems to safeguard Digital Asset or Origin Token holdings, such as "cold storage" or "deep storage", which may increase the time required to access certain Digital Assets or Origin Tokens, and may, therefore, delay liquidation of a client's Digital Assets or Origin Tokens or payment of withdrawal proceeds, which could have a material adverse effect on the net asset value of the client. The systems in place to secure the Digital Assets or Origin Tokens may not prevent the improper access to, or damage or theft of a client's Digital Assets or Origin Tokens. Further, a security breach could harm a client's reputation or result in the loss of some or all of the client's Digital Assets or Origin Tokens. Any such security breach or leak of non-public information relating to the security of Digital Assets or Origin Tokens may adversely affect an investment in the client.

Hackers. Hackers or malicious actors may launch attacks to steal, compromise, or secure Digital Assets, such as by attacking Digital Asset network source code, exchange servers, third-party platforms, cold and hot storage locations or software, or Digital Asset transaction history, or by other means. For example, in February 2014, Mt. Gox suspended withdrawals because it discovered hackers were able to obtain control over the exchange's Bitcoin by changing the unique identification number of a Bitcoin transaction before it was confirmed by the Bitcoin network. Further, Flexcoin, a so-called Bitcoin bank, was hacked in March 2014 when attackers exploited a flaw in the code governing transfers between users by flooding the system with requests before the account balances could update—resulting in the theft of 896 Bitcoin. As certain clients increase in size, they may become a more appealing target of hackers, malware, cyber-attacks or other security threats. Certain clients will undertake efforts to secure and safeguard the Digital Assets or Origin Tokens in its custody from theft, loss, damage, destruction, malware, hackers or cyber-attacks, which may add significant expenses to the operation of the client. There can be no assurance that such securities measures will be effective. A client may be unable to replace missing Digital Assets or Origin Tokens or seek reimbursement for any theft of Digital Assets or Origin Tokens, adversely affecting an investment in the client.

Lack of Transparency. Given the type and extent of the security measures necessary to adequately secure Digital Assets, the investors will not fully know how certain clients store or secure their Digital Assets or the client's complete holding of Digital Assets or Origin Tokens at any time.

Reliance on Digital Asset Service Providers. Due to audit and operational needs, there will be individuals who have information regarding certain clients' security measures. Any of those individuals may purposely or inadvertently leak such information. Further, several companies and/or financial institutions (including banks) may provide support to the client related to the buying, selling, and storing of Digital Assets or Origin Tokens. To the extent service providers no longer support a client or cannot be replaced, an investment in the client may be adversely affected.

Network Integrity and Security (Bitcoin and other Digital Assets). The source code used to form the Bitcoin is attributed to "Satoshi Nakamoto", which is believed to be a pseudonym for a presently unidentified individual or group of individuals, who may be acting alone or in concert with a government, government organization or group with corporate influence. Only the portions of the source code that have been made public have been analyzed with regards to operation, ability to generate Bitcoin, and to conduct transactions in the previously described manner. There may exist an unseen portion of the original code wherein a pre-existing sub-routine and/or virus has been placed which will activate at a future time (determined by the original code writer(s)) causing disruptions to the blockchain and/or resulting in substantial losses, theft of Bitcoin, unauthorized transactions and the issuance of duplicate Bitcoin. Further, since the identity of the original code writer(s) is not known, one cannot discount the possibility of the same unknown individual(s) inserting and/or activating a sub-routine or artifact allowing said person(s) to manipulate a portion of the Bitcoin programming and/or blockchain itself to the benefit of this individual(s) (i.e., by programming a portion of each Bitcoin to transfer to such individual's Bitcoin wallet). Digital Assets in which certain clients invest may be subject to similar risks.

In addition, while the Investment Adviser undertakes every effort to ensure the highest levels of data protection and information assurance internally (using industry-leading best practices for data storage and transmission, the strongest cryptography known and available to the private sector, and stringent internal controls on data and communications), at some points during the act of transferring Digital Assets or Origin Tokens into or out of a client's platform (during Download or Upload) the client's platform requires interfacing with outside entities whose methods, practices and standards may be

outside of the client's control or who may be under the influence of bad actors. Events may occur where corrupted Digital Assets, viruses and/or attachments are introduced into the client's platform, which could compromise the client's operation or result in loss of Digital Assets or Origin Tokens, adversely affecting an investment in the client.

There exists the possibility that while acquiring or disposing of Digital Assets or Origin Tokens, a client will unknowingly engage in transactions with bad actors who are under the scrutiny of government investigative agencies. As such, the client's systems or a portion thereof may be taken off-line pursuant to legal process such as the service of a search and/or seizure warrant. Such action could result in the loss of Digital Assets or Origin Tokens previously under the client's control.

The development team and administrators of a Digital Asset network's source code could propose amendments to the network's protocols and software that, if accepted and authorized, or not accepted, by the Digital Asset network community, could adversely affect the supply, security, value, or market share of the Digital Assets, and thus an investment in a client. Further a client may be adversely affected by a manipulation of a Digital Asset source code.

An amendment to, or a manipulation of, the Origin Token source code could adversely affect the supply, security, value, or market share of Origin Tokens, and thus an investment in certain clients.

Malicious Actor or Botnet. Malware is software used or programmed by malicious actors to disrupt computer operation, gather sensitive information or gain access to private computer systems. "Botnet" refers generally to a group of computers that use malware to compromise computers whose security defenses have been breached. To the extent that a malicious actor, cyber-criminal, computer virus, hacker, or botnet (e.g., Zero Access) obtains a majority of the processing power on a Digital Asset or Origin Token network; alters the source code and blockchain on which all of a Digital Asset's or Origin Token's transactions rely; or prevents the use, transfer, ownership, or integrity of a Digital Asset or Origin Tokens, investments in certain clients could be adversely affected.

Strategy Exceptions and Hardware Errors. The Investment Adviser may develop trading systems for the purpose of pursuing its investment strategy on behalf of certain clients. The development of trading systems is complex and involves financial, economic, econometric and statistical theories, research, and modelling, which are then translated into computer code. In the Investment Adviser's automated trading environment, clients are at risk of errors of implementation (e.g., "bugs" and classic coding errors), errors of design, and errors resulting from the unexpected interaction of various code modules or systems. These kinds of problems are collectively termed "Strategy Exceptions". As part of its fiduciary duty, the Investment Adviser tests and evaluates new trading models prior to final production and implementation. Notwithstanding testing, there is always the chance that production models may contain code bugs or incorrect design, which could result in losses for the client. Coding errors and systemic risks from quantitative and algorithmic trading are inherent to the Investment Adviser's strategies.

Similarly, with regard to trading, communication, development, programming, and other systems or equipment that the Investment Adviser operates, utilizes or relies upon, any or all of the following events may occur, even where the Investment Adviser, acting as a fiduciary, takes steps to select secure and satisfactory equipment and service providers: (i) failures of such systems or equipment; (ii) interruptions in access to or the operations of such systems or equipment; (iii) loss of functionality of such systems or equipment; (iv) degradation or corruption of such systems or equipment; (v) compromises in the security or integrity of such systems or equipment; (vi) loss of power to such systems or equipment; and (vii) other situations that adversely affect such systems or equipment,

however caused or occurring. These sorts of problems can result in losses for clients and are collectively termed “Hardware Failures”.

Legal Claims. To the extent that the creation, use or circulation of Digital Assets, or a Digital Asset network generally, violates any foreign or domestic statute or regulation (such as the Stamp Payments Act of 1862 or US. federal counterfeiting statutes), or government, quasi-government, or private-individuals assert intellectual property claims against Digital Asset network source code or related mathematical algorithms, certain clients could be adversely affected. To the extent that any individual, institution, government or other authority asserts a claim of ownership or wrongful possession over the Digital Assets in the custody of a client, an investment in the client could be adversely affected. Regardless of its merit, such legal action may adversely affect an investment in the client.

Risks of Uninsured Losses. Though certain clients may seek to insure their Digital Asset, Origin Token, or Bitcoin holdings, it may not be possible, either because of a lack of available policies or because of prohibitive cost, for a client to obtain insurance of any type that would cover losses associated with Digital Assets, Origin Tokens, or Bitcoin. If an uninsured loss occurs or a loss exceeds policy limits, the client could lose a portion or all of its assets.

Qualified Custodian. Under the Advisers Act, SEC registered investment advisers, such as the Investment Adviser, are required to hold securities with “qualified custodians”. Certain Digital Assets (or tokens offered in an ICO) may be deemed to be securities.

Currently, many of the companies providing Digital Assets custodial services fall outside of the SEC’s definition of “qualified custodian”, and many long-standing, prominent qualified custodians do not provide custodial services for Digital Assets or otherwise provide such services only with respect to a limited number of actively traded Digital Assets. Accordingly, clients may use non-qualified custodians to hold all or a portion of their Digital Assets. If the SEC is not satisfied with this approach, it is possible that the Investment Adviser will be required to custody clients’ assets in a manner that the Investment Adviser believes to be less secure or to divest such assets that are deemed to be securities.

Government Oversight of Digital Assets and Virtual Currency Exchanges. FinCEN—the U.S. federal agency charged with administering U.S. anti-money laundering (“AML”) laws and regulations—issued guidance titled, FIN-2013-G001: Application of FinCEN’s Regulations to Persons Administering, Exchanging, or Using Virtual Currencies (Mar. 18, 2013), categorizing convertible virtual currency administrators and exchangers as money services businesses. The FinCEN guidance defines an exchanger as “a person engaged as a business in the exchange of virtual currency for real currency, funds or other virtual currency” and an administrator as “a person engaged as a business in issuing (putting into circulation) a virtual currency and who has the authority to redeem (to withdraw from circulation) such virtual currency”. Users of convertible virtual currencies were not directly affected by the guidance. Since the issuance of the guidance, FinCEN has published several administrative rulings, providing additional information on whether certain conduct related to convertible virtual currency renders a person or entity a money transmitter under FinCEN regulations. (FIN-2014-R001: Application of FinCEN’s Regulations to Virtual Currency Mining Operations; FIN-2014-R002: Application of FinCEN’s Regulations to Virtual Currency Software Development and Certain Investment Activity; FIN-2014-R007: Application of Money Services Business regulations to the rental of computer systems for mining virtual currency; FIN-2014-R011: Application of FinCEN’s Regulations to a Virtual Currency Trading Platform; and FIN-2015-R001,

Application of FinCEN's Regulations to Persons Issuing Physical or Digital Negotiable Certificates of Ownership of Precious Metals).

The FinCEN guidance and administrative rulings have clear consequences for companies that handle or transact with convertible virtual currencies to a degree in which they are engaged in money transmission. Under FinCEN's regulations, a person or entity engaging in money transmission must register as a "money services business", develop an AML program and adhere to federal reporting and recordkeeping requirements.

In the United States, the essential elements of an AML program are set out, in part, in the Bank Secrecy Act: (1) a system of internal controls; (2) independent testing for compliance; (3) the designation of an individual to coordinate and monitor day-to-day compliance; and (4) training of appropriate personnel. An AML program should establish and implement risk-based policies and procedures designed to prevent facilitation of money laundering or the funding of terrorism, including the reporting of suspicious transactions with FinCEN. Failure of a money services business to register as a money services business, develop and adequately implement an AML program or adhere to federal reporting and recordkeeping requirements may result in severe civil and criminal penalties for the money services business and/or those individuals who operate it.

On the state level, companies that handle Digital Assets may also have to comply with the separate state licensing practices for money transmitters, and a growing number of states have sought specific legislation, adopted rules, or provided guidance on the regulation of Digital Assets. For example, in June 2015, the New York Department of Financial Services issued the first U.S. regulatory framework for licensing participants in "virtual currency business activity." The regulations, known as "**BitLicense**," focus on consumer protection. The BitLicense regulates the conduct of persons or entities that are involved in virtual currency business activity in New York or with New York customers and prohibits any person or entity involved in such activity to conduct activities without a license. In February 2018, State Senator David Carlucci stated that a bill to reform the BitLicense regulation may be introduced "very soon." In addition, on February 7, 2018, the New York Department of Financial Services issued guidance instructing virtual currency business entities with a "BitLicense" or chartered as a limited purpose trust company under the New York Banking Law to report "any wrongdoing" to prevent fraud and similar wrongdoing, including market manipulation, in the virtual currency sector. Other states have taken a different approach to regulating activities involving virtual currency. On April 3, 2014, the Texas Department of Banking issued Supervisory Memorandum 1037, Regulatory Treatment of Virtual Currencies under the Texas Money Services Act ("**TMSA**"). The memorandum states that cryptocurrencies do not fit the statutory definitions of either currency or money, and consequently do not by themselves trigger the licensing requirements of the TMSA. However, some common business activities relating to cryptocurrency that involve the receipt of government-issued currency may trigger the licensing requirements of the TMSA. In February 2018, an attempt to pass a "Virtual Currency Act" in California failed for the second time. The "Virtual Currency Act" would "prohibit a person from engaging in any virtual currency business" without a license. Other states are seeking legislation, adopting rules or providing guidance (or have already done so) regarding virtual currency business activity. The expectation is that this trend will continue as states seek to protect businesses and consumers.

Further, various foreign jurisdictions are considering or have considered how to manage the use and exchange of Digital Assets. Recent examples include:

- On September 7, 2017, Mario Draghi, the President of the European Central Bank, stated that "[n]o member state can introduce its own currency", and that only "currency of the Eurozone is

the Euro” in response to a question regarding Estonia’s talks of circulating an Estonian cryptocurrency.

- On February 28, 2018, the European Commission held a roundtable of “key authorities, industry representatives and experts” on cryptocurrency and proposed that “virtual currency exchanges and wallet providers should be subject to the Anti-Money Laundering Directive.”
- In September 2017, seven Chinese government administrations, including the People’s Bank of China (“PBOC”), China Banking Regulatory Commission, China Securities Regulatory Commission, and China Insurance Regulatory Commission, issued a joint statement that ICOs are unauthorized illegal fund raising activity. In addition, several large Chinese Bitcoin exchanges, including BTC China, ViaBTC, Yunbi, OKCoin and Huobi, were reportedly ordered to stop trading cryptocurrency by the end of September 2017.
- In December 2017, the South Korean Financial Services Commission took steps to regulate cryptocurrency trading, including prohibiting cryptocurrency exchanges from issuing new trading accounts and banning anonymous trading.
- On January 16, 2014, an official from the Canadian Finance Department clarified that Bitcoin is not considered to be legal tender. On March 28, 2014, the Canadian parliament passed a bill amending its money laundering and terrorist financing act, making it applicable to persons in Canada engaged in the business of dealing in virtual currencies as well as persons outside Canada that provide such services to customers in Canada.
- On April 1, 2017, the Japanese Financial Services Agency enacted a new law authorizing the use of digital currency as a method of payment. The law will put in place capital requirements for exchanges as well as cybersecurity and operational stipulations. In addition, those exchanges will also be required to conduct employee training programs and submit to annual audits.
- On May 8, 2017, Russia’s government was said to be moving ahead with plans to introduce rules for blockchain use by 2019.

Risks Relating to Government Oversight. The regulatory schemes—both foreign and domestic—possibly affecting Digital Assets or a Digital Asset network may not be fully developed. It is possible that any jurisdiction may, in the near or distant future, adopt laws, regulations, policies or rules directly or indirectly affecting a Digital Asset network, generally, or restricting the right to acquire, own, hold, sell, convert, trade, or use Digital Assets, or to exchange Digital Assets for either fiat currency or other virtual currency. It is also possible that government authorities may claim ownership over mathematical Digital Asset network source codes and protocols or law enforcement agencies (of any or all jurisdictions, foreign or domestic) may take direct or indirect investigative or prosecutorial action related to, among other things, the use, ownership or transfer of Digital Assets, resulting in a change to its value or to the development of a Digital Asset network (e.g., the closure and seizure of Silk Road and the closure and seizure of www.libertyreserve.com—the domain name for Liberty Reserve, an online, virtual currency payment processor and money transfer system that the U.S. government alleges acted as a financial hub of the cyber-crime world).

Risks Relating to Government Oversight: Federal Regulatory Authorities

U.S. Commodity Futures Trading Commission. The Commodity Futures Trading Commission (“CFTC”) has not to date made a formal statement asserting its regulatory authority over Digital

Assets or over any participants in the Digital Asset networks. In addition, the CFTC has not to date promulgated any regulations specifically addressing Digital Assets or the activities of participants in Digital Asset networks. However, as the primary regulator of derivatives (*i.e.*, futures, options and swaps), the CFTC has jurisdiction over all such digital currency-linked derivatives, including the platforms that list them and the clearinghouses that clear them. On Sept. 17, 2015, the CFTC confirmed that it views itself as having jurisdiction over such instruments by issuing an order against an online platform (and against its sponsor) for facilitating the trading of Bitcoin options contracts. *See In the Matter of Coinflip, Inc., d/b/a Derivabit, and Francisco Riordan*, CFTC Docket No. 15-29 (Sept. 17, 2015). The Order is based on the activities of Francisco Riordan, the chief executive officer of Coinflip Inc., and of Coinflip itself in operating an unregistered online trading platform that enabled trading in Bitcoin-based derivatives. In the Order, the CFTC held that “Bitcoin and other virtual currencies are encompassed in the definition [of a “commodity”] and [are] properly defined as commodities.” Given this determination, the CFTC found that options contracts that reference a virtual currency, are, therefore, “commodity options” and “commodity option transactions.” The Order held that: (1) by offering and entering those contracts on the online platform, Coinflip violated Section 4c(b) of the Commodity Exchange Act and CFTC Regulation 32.2; and (2) the online platform constituted an (improperly) unregistered swap execution facility, in violation of Section 5h(a)(1) of the CEA and Regulation 37.3(a)(1). The CFTC also held that Riordan, as a controlling person of Coinflip, was personally liable for Coinflip’s violations. As CFTC Chairman Timothy Massad explained on December 10, 2014, in his testimony before the U.S. Senate Committee on Agriculture, Nutrition and Forestry, “[w]hile the CFTC does not have policies and procedures specific to virtual currencies like bitcoin, the agency’s authority extends to futures and swaps contracts in any commodity Derivative contracts based on virtual currency represent one area within our responsibility.” On June 2, 2016, the CFTC affirmed its approach to the regulation of Bitcoin and Bitcoin-related enterprises when it settled charges against Bitfinex, a Bitcoin exchange based in Hong Kong. In its order, the CFTC found that Bitfinex engaged in “illegal, off-exchange commodity transactions and failed to register as a futures commission merchant” when it facilitated borrowing transactions among its users to permit the trading of Bitcoin on a “leveraged, margined or financed basis” and without actual delivery of Bitcoin within 28 days, without first registering with the CFTC.

While the CFTC regulatory authority over Digital Assets generally only extends to Digital Asset derivatives, the CFTC has indicated that it does have a limited level of oversight over direct trading of Digital Assets; on September 21, 2017, the CFTC filed for injunctive relief against Gelfman Blueprint Inc, and its CEO, Nicholas Gelfman concerning an alleged Ponzi scheme. The CFTC asserted jurisdiction on the basis of Mr. Gelfman engaging in some Bitcoin trading, thereby engaging in manipulative trading in commodities. In August 2018, CabbageTech Corp was found guilty of fraudulent behavior in another case brought by the CFTC for “a deceptive and fraudulent virtual currency scheme.” The CFTC has historically asserted jurisdiction over spot market commodities trading, where manipulative trading in the spot market can affect its derivatives market. The Gelfman case is unique in that the CFTC asserted jurisdiction over the spot market when there was little to no derivatives trading in the United States. *See CFTC v. Gelfman Blueprint, No. 17-7181 (S.D.N.Y. Sept. 21, 2017)*. Similarly, the CabbageTech case did not indicate that there was any derivatives trading conducted, yet the court rejected the defendant’s claim that the CFTC had no jurisdiction in the matter. *See CFTC vs. Patrick K. McDonnell, and Cabbagetechn, Corp. d/b/a Coin Drop Markets, (No. 18-CV-0361) (E.D.N.Y. Aug. 24, 2018)*.

There are now also Digital Asset derivatives trading on CFTC-regulated exchanges. TeraExchange has listed a U.S. dollar to Bitcoin swap on its registered swap execution facility and live trading began on October 8, 2014. LedgerX, LLC was approved by the CFTC as a swap execution facility and

derivatives clearing organization in July 2017 and offered the first bitcoin option in October 2017. LedgerX, LLC is the first federally regulated bitcoin options exchange and clearinghouse to list and clear fully-collateralized, physically-settled bitcoin options on Bitcoin for the institutional market. CME Group and Cboe Futures Exchange followed by each launching a Bitcoin futures contract in December 2017.

To the extent a client's activities are viewed as holding or offering Digital Asset derivatives (including futures, options and swaps) or if the Digital Assets themselves are deemed to be commodity interests, the client, the Investment Adviser or a company that develops Digital Assets that are held by a client, may be required to register and comply with additional regulation under the Commodity Exchange Act, such as the Investment Adviser registering as a commodity pool operator (where holding instruments deemed to be commodity interests) or the client, or a company that develops Digital Assets that are held by the client, registering as a swap execution facility or swap dealer (when offering, or creating a platform for, instruments deemed to be commodity interests) or by being subject to the CFTC requirements with respect to such instruments, such as reporting, recordkeeping, mandatory clearing or minimum margin requirements. Such registration and associated compliance costs could adversely affect an investment in the client. Additionally, as described above, the client may participate in ICOs by entering into SAFTs. To the extent that SAFTs are considered to be commodity interests, the risks described in this paragraph would apply.

SEC. The SEC has advised that, depending on the facts and circumstances of each individual ICO, the virtual coins or tokens that are offered or sold in an ICO may be securities. If they are deemed to be securities, the offer and sale of these virtual coins or tokens in an ICO would be subject to the federal securities laws. On July 25, 2017, the SEC issued a Report of Investigation under Section 21(a) of the Securities Exchange Act of 1934 describing an SEC investigation of The DAO (the “**Section 21(a) Report**”), a virtual organization, and its use of distributed ledger or blockchain technology to facilitate the offer and sale of DAO Tokens to raise capital, in which the SEC applied existing U.S. federal securities laws to this “new paradigm” and determined that DAO Tokens were securities. The SEC stressed that those who offer and sell securities in the U.S. are required to comply with federal securities laws, regardless of whether those securities are purchased with virtual currencies or distributed with blockchain technology. According to the SEC, whether a particular investment transaction involves the offer or sale of a security – regardless of the terminology or technology used – will depend on the facts and circumstances, including the economic realities of the transaction.

On November 1, 2017, Munchee Inc. (“**Munchee**”), a California based company selling digital tokens (MUN tokens) to investors to raise capital for its blockchain-based food review service, stopped its ICO and promptly returned any proceeds it had received in connection therewith after being contacted by the SEC. On December 11, 2017, Munchee agreed to a cease-and-desist order (the “**MUN Order**”) in which the SEC found that its conduct constituted unregistered securities offers and sales. In making such determination, the SEC focused on that fact that investors in Munchee had a reasonable belief that their investment in MUN tokens could generate a return on their investment if Munchee were successful in its entrepreneurial and managerial efforts to develop its business (i.e., build an “ecosystem” that would create demand for MUN tokens and make MUN tokens more valuable). In addition, Munchee also emphasized it would take steps to create and support a secondary market for the MUN tokens. According to the MUN Order, “[e]ven if MUN tokens had a practical use at the time of the offering, it would not preclude the token from being a security”, as “[d]etermining whether a transaction involves a security does not turn on labelling – such as characterizing an ICO as involving a “utility token” – but instead requires an assessment of “the

economic realities underlying a transaction.” See <https://www.sec.gov/litigation/admin/2017/33-10445.pdf>; see also <https://www.sec.gov/news/press-release/2017-227>.

Also on December 11, 2017, in a public statement on cryptocurrencies and ICOs, SEC Chairman Jay Clayton reaffirmed the SEC’s analysis and findings in both the Section 21(a) Report and the MUN Order, noting that whether a Digital Asset labelled as a cryptocurrency is a security depends on the characteristics and use of the particular Digital Asset. Clayton also stressed the value of substance over form, noting that merely calling a Digital Asset a “utility” token or structuring it to provide some utility, or simply calling a Digital Asset a “currency” or a currency-based product, does not prevent the Digital Asset in question from being a security. While acknowledging that there are Digital Assets that do not appear to be securities, Clayton cautioned that prior to launching a Digital Asset or a product with its value tied to one or more Digital Assets, its promoters must be able to demonstrate that the Digital Asset or product is not a security or otherwise comply with relevant registration and other securities laws requirements. With respect to ICOs in particular, similar to the MUN Order, Clayton focused on ICO promoters emphasizing the secondary market trading potential of a Digital Asset. Clayton also went on to note that “[b]y and large, the structures of initial coin offerings that I have seen promoted involve the offer and sale of securities and directly implicate the securities registration requirements and other investor protection provisions of our federal securities laws”. See <https://www.sec.gov/news/public-statement/statement-clayton-2017-12-11>. On June 14, 2018, William Hinman, the Director of the Division of Corporation Finance at the SEC also noted that, with respect to ICOs in particular, in general, the safeguards provided by the Securities Act are appropriate for most ICOs he has seen (i.e., ICOs generally involve the offer and sale of securities). Hinman also indicated that a digital asset that was initially part of an offering of securities may become, over time, something other than a security as its user network expands and the efforts of the founder become less important to its success. Hinman also provided a non-exhaustive list of factors to consider in determining whether a digital asset is offered as an investment contract and is thus a security. See <https://www.sec.gov/news/speech/speech-hinman-061418>. On September 11, 2018, the SEC entered an order finding that Crypto Asset Management LP, a hedge fund investing in digital assets, operated as an unregistered investment company by engaging in an unregistered non-exempt public offering and investing more than 40% of its assets in digital asset securities (the “**CAM Order**”). The CAM Order is the SEC’s first-ever enforcement action finding an investment company registration violation by a hedge fund manager based on its investments in digital assets. See <https://www.sec.gov/news/press-release/2018-186>.

On November 16, 2018, the SEC settled charges against CarrierEQ Inc. (Airfox) (“**Airfox**”) and Paragon Coin Inc. (“**Paragon**”), two companies that sold digital tokens in ICOs in 2017, which are the SEC’s first cases imposing civil penalties solely for ICO securities offering registration violations. Airfox, a Boston-based startup, raised approximately \$15 million worth of digital tokens (“**AirTokens**”), which were issued on a blockchain or distributed ledger to finance its development of a token-denominated “ecosystem” starting with a mobile application that would allow users in emerging markets to earn tokens and exchange them for data by interacting with advertisements. Paragon, an online entity, raised approximately \$12 million worth of digital tokens (“**PRG tokens**”) to be issued on a blockchain, or a distributed ledger to develop and implement its business plan to add blockchain technology to the cannabis industry and work toward legalization of cannabis. While neither Airfox nor Paragon registered their ICOs pursuant to the federal securities laws (nor did they qualify for an exemption to the registration requirements), the SEC nonetheless determined that both AirTokens and PRG tokens were “securities” and that, in turn, Airfox and Paragon violated Sections 5(a) and 5(c) of the Securities Act by offering and selling those securities without having a registration statement filed or in effect with the SEC or qualifying for exemption

from registration with the SEC. The orders (the “**Airfox/Paragon Orders**”) imposed \$250,000 penalties against each company and both companies agreed to return funds to harmed investors, register the tokens as securities, file periodic reports with the SEC, and pay penalties. It should be noted that Airfox and Paragon consented to the orders without admitting or denying the findings. *See* <https://www.sec.gov/news/press-release/2018-264>.

Additionally, in 2013 and 2015, the SEC’s Office of Investor Education and Advocacy issued investor bulletins educating investors about ICOs and highlighting certain risks related to ICOs and investing in digital currency. In March 2014, the Financial Industry Regulatory Authority also published a notice describing the risks of speculative trading in Bitcoin. Further, on September 18, 2014, the U.S. District Court for the Eastern District of Texas entered final judgment against Trendon Shavers and BCS&T in a civil case filed by the SEC. In addressing subject matter jurisdiction, the court ruled that investments in the scheme were “investment contracts” and, thus, “securities” covered by the Securities Act of 1933 and the Exchange Act of 1934. *See* SEC v. Shavers, No. 13-416, 2013 WL 4028182 (E.D. Tex. Aug. 6, 2013). Specifically, the court ruled that Bitcoin is indeed money: “It can be used to purchase goods or services, and . . . used to pay for individual living expenses.” *Id.* On this basis, interests in BCS&T were held to be securities, and the Magistrate Judge found in favor of the SEC.

As described above, certain clients may, in certain cases, invest in Digital Assets that are securities for purposes of U.S. laws and regulations. As the law regarding Digital Assets (including ICOs and SAFTs) is still evolving and not yet clearly defined, the Investment Adviser may be incorrect in its assessment of whether a Digital Asset in which a client invests is a security for purposes of U.S. laws and regulations. To the extent that Digital Assets held by a client are deemed to fall within the definition of a security for purposes of U.S. laws and regulations, the Investment Adviser and certain clients will seek to comply with relevant U.S. laws and regulations, including the Advisers Act, the Company Act and the Securities Act, as applicable. Any associated registration and compliance costs may adversely affect an investment in a client. In addition, if Digital Assets held by certain clients are deemed to be securities and were not anticipated to be such, such Digital Assets may decline in value and/or be burdensome or costly to transmit (or a client may be restricted from selling such Digital Assets).

Also, it is likely that SAFTs are considered securities (even in situations where the Digital Assets to be obtained in the future pursuant to a SAFT are not). Accordingly, the offer and sale of a right to receive future Digital Assets pursuant to a SAFT would be subject to the federal securities laws (and the risks described in the immediately preceding paragraph would apply).

FinCEN. To the extent that a client engages in “money services business” activity, including money transmission, as defined by FinCEN, the client may be deemed to fall within the Bank Secrecy Act’s definition of a financial institution, and subject to the Bank Secrecy Act, 31 U.S.C. §§ 5311-5314; 5316-5330, and its implementing regulations, and as such required to register with FinCEN as a Money Services Business. Certain clients would also be required to develop an AML program and adhere to federal reporting and recordkeeping requirements. To the extent a client is operating as an unregistered Money Services Business, it may be subject to civil money penalties under 31 U.S.C. § 5321, and/or criminal liability under 31 U.S.C. § 5322 and 18 U.S.C. § 1960, if applicable. Such additional regulatory obligations may cause the client to incur extraordinary expenses and ongoing expenses, possibly affecting an investment in the client in a material and adverse manner. To the extent certain clients limit or reduce the scope of certain activities, investors’ rights or investment initiatives, in order to limit the applicability of government regulation and supervision, investments in certain clients may be adversely affected.

State Regulatory Authorities. To the extent that the activities of certain clients cause them to be deemed a “money transmitter” under State statutes or regulations, they may incur significant fees in becoming licensed in each State in which they does business, and may also be required to adhere to State statutes or regulations. To the extent that a state requires an additional license or registration for activities involving digital currencies that require certain clients to obtain a license or register with the state for their activities involving Digital Assets, they may incur significant fees in becoming licensed/registered in those States, and may also be required to adhere to the State’s statutes or regulations. States may impose fines or penalties with respect to any unlicensed activity. Accordingly, to the extent a client is operating without appropriate licenses, it may be subject to fines or penalties, and/or criminal liability under State laws or 18 U.S.C. § 1960, if applicable. Such additional regulatory obligations may cause a client to incur extraordinary expenses and ongoing expenses, possibly affecting an investment in the client in a material and adverse manner. To the extent a client limits or reduces the scope of certain of its activities, investors’ rights or investment initiatives, in order to limit the applicability of government regulation and supervision over the client, investment in the client may be adversely affected.

Foreign Jurisdiction. Various foreign jurisdictions may adopt policies, laws, regulations or directives that affect Digital Assets or a Digital Asset network, generally. Such additional foreign regulatory obligations may cause the client to incur extraordinary expenses and ongoing expenses, possibly affecting an investment in the client in a material and adverse manner. To the extent a Digital Asset or Origin Tokens are determined to be a security, commodity interest or other regulated asset, or a U.S. or foreign government or quasi-governmental agency exerts regulatory authority over Digital Asset use, exchange, trading and ownership generally, or Origin Token use, exchange, trading and ownership in particular, the net asset value of a client may be adversely affected. Any additional regulatory obligations may cause a client, or a company that develops Digital Assets or issues Origin Tokens that are held by a client, to incur extraordinary, non-recurring expenses, and/or ongoing compliance expense, possibly affecting an investment in a client in an adverse manner. If a client, or a company that develops Digital Assets that are held by a client or that issues Origin Tokens, determines not to comply with such regulatory requirements, a client, or such company, may be liquidated at a time that is disadvantageous to an investor. To the extent a client, or a company that develops Digital Assets that are held by the client or issues Origin Tokens, limits or reduces the scope of certain activities, investors’ rights or investment initiatives, in order to limit the applicability of government regulation and supervision, investment in the client may be adversely affected.

C. Risks Associated With Particular Types of Securities

We do not recommend a particular type of investment instrument to the Funds, but rather, we recommend and invest in multiple investment instruments. Given the broad discretion we have in managing the Funds, any one or more of the risks listed in the previous section may be incurred by our clients.

However, because it may be useful in understanding our investment program, set forth below is a non-exclusive list of certain risks related to securities and other instruments that may be utilized within the client portfolios:

Digital Assets, Bitcoin and Origin Tokens Generally. The investment characteristics of Digital Assets (which term includes, but is not limited to, virtual currencies, crypto-currencies, and digital coins and tokens), including Origin Tokens, generally differ from those of traditional currencies, commodities or securities. Importantly, Digital Assets are not backed by a central bank or a national, supra-national or quasi-national organization, any hard assets, human capital, or other form of credit. Rather, Digital

Assets are market-based: a Digital Asset's value is determined by (and fluctuates often, according to) supply and demand factors, the number of merchants that accept it, and/or the value that various market participants place on it through their mutual agreement, barter or transactions.

As certain clients intend to invest in Origin Tokens by entering into a SAFT, certain of the risks described below (for example, in respect of Digital Asset wallets and exchanges) will become relevant after certain clients receive Origin Tokens.

The portfolio companies of certain clients generally will be related in various ways to the digital currency marketplace. Certain of the risks relating to Bitcoin (and other digital or virtual currencies) are detailed below.

Blockchain Technology May Not Prove Disruptive. Blockchain-led transformation may be years away. So far, blockchain technology has, in many instances, not challenged traditional business models with a lower-cost solution, and has not yet overtaken incumbent firms. It may take decades for blockchain technologies to be integrated with economic infrastructure. Companies in the blockchain space may not become highly profitable for many years or decades, including until after the investment terms applicable to certain clients has elapsed.

Technology and Operational Failures. Business processes built on blockchain technology may be vulnerable to technology and operational failures. Accordingly, firms relying on such processes may need a robust business continuity plan and governance framework to mitigate risks.

Bitcoin as a Model for Origin Tokens and Other Digital Assets. Certain clients will generally invest in Digital Assets or Origin Tokens which are an evolving, relatively new product and technology. The methods whereby each Digital Asset is created, secured, accessed and used may differ from one another. The risks and background related to Bitcoin, an early and prominent Digital Asset, are set forth below. Other Digital Assets, including Origin Tokens, may contain similar (or different) risks and vulnerabilities. In addition, creators of other Digital Assets may be able to leverage their understanding of Bitcoin's history when generating new Digital Assets.

Overview of Bitcoin, the Bitcoin Network and the Bitcoin Market. Presently, Bitcoin is a type of decentralized, virtual "cryptocurrency", that functions without the intermediation of any central authority. Each individual Bitcoin unit exists as a digital file, based upon a mathematical proof, and is comprised of two numbers, or "keys": the public key that encrypts a transaction value and the private key that decrypts it. Bitcoin allows users to send payments within a decentralized, peer-to-peer network, and does not require a central clearing house or financial institution clearing transactions. The smallest unit into which a Bitcoin can be divided is called the Satoshi: 1 Bitcoin contains 8 million Satoshi.

Bitcoin-Qt, the original mathematical Bitcoin network source code and protocol, is believed to have been designed and created in 2009 by Satoshi Nakamoto (which is believed to be a pseudonym for a person or group of people, who have written the Bitcoin-Qt whitepaper and software application). Currently, Bitcoin is not represented by any official organization, government, or public or private authority, and the Bitcoin network does not rely on any government authority or financial institution to create, transmit or determine the value of Bitcoin. It is generally believed that Bitcoin originated independent of any foreign or domestic government authority or corporate influence. A number of known people have been thought to be Satoshi Nakamoto, although there is still much doubt about the true designer and creator of Bitcoin-Qt.

The resulting ease of peer-to-peer transfers is expected to facilitate minimal, if any, transaction costs. Yet there are also entities, such as virtual currency service providers and exchanges, that provide third-party, intermediary services for the transfer, conversion or exchange of Bitcoin to other currencies or virtual currencies. Because Bitcoin is a virtual currency—a medium of exchange that functions like currency in accepted environments, but is not considered legal tender by any governmental authority—a person generally must have Internet access to connect to the Bitcoin network and obtain, transfer, access or use Bitcoin.

Bitcoin Network. The “Bitcoin network” refers to the online platform through which Bitcoin is mined, validated and transmitted. Understanding the Bitcoin network requires an understanding of the terms “cryptography”, “blockchain” and “mining”.

Cryptography. In the Bitcoin context, cryptography refers to the mathematical proofs on which any given Bitcoin is based. Because “mining” a Bitcoin requires the user to solve a complicated proof, the cryptography basis is intended to provide the Bitcoin network a high level of security. Such security, in turn, is designed to permit network users to control transactions and prevent double-spending (i.e., when a unit of virtual currency would be concurrently sent to and accepted by two different recipients). The Bitcoin network hosts (provides a forum for) the blockchain and Bitcoin mining. As explained below, these latter two concepts are necessary to create a consensus on the network about which transactions will be confirmed and considered valid.

Blockchain. The blockchain is a chronologically ordered, public record of all validated Bitcoin transactions across the Bitcoin network. It is shared among all Bitcoin users. Each “block” in the “chain” (or entry in the record) contains and confirms many waiting transactions.

The blockchain works as follows: Engaging in Bitcoin transactions requires a user to install or access on its computer or mobile device a Bitcoin software program that will allow the user to generate a digital Bitcoin account—commonly known as a “digital wallet” or “wallet”—in which to store Bitcoin, connect to the Bitcoin network, and purchase or sell, own, transfer, or receive Bitcoin. Users that have installed available Bitcoin-Qt must also make periodic software upgrades. Each Bitcoin wallet includes a unique address and verification system consisting of a “public key” and a “private key” which are linked mathematically to each other. A public key serves as an address for the digital wallet—similar to a bank account number. A user must provide its public key to the party initiating the transfer. The private key is a secret piece of data that proves the user is authorized to spend Bitcoin from a specific wallet—similar to a personal pin to confirm a transaction. It authorizes access to, and transfer of, the funds in the digital wallet to other users. Private key(s) may be stored on a user’s computer or on remote servers. If a user fails to secure or make a backup of the public and private key relating to a digital wallet, or loses its private key, or the digital wallet containing the keys is deleted or hacked into, the user permanently loses access to the Bitcoin contained in the associated digital wallet, without any recourse to a centralized group or agency to assist in its recovery.

Each Bitcoin user must “sign” transactions with a data code derived from entering the applicable private key into a “hashtag algorithm”. The hashtag algorithm produces a hash (or timestamp) which serves as a signature validation that the transaction has been authorized by the Bitcoin owner. Each timestamp includes the previous timestamp hash as input for its own hash. This dependency of one hash on another is what forms a chain, with each additional timestamp providing evidence that each of the previous timestamp hashes existed. Presently, each block on the blockchain contains a record of hundreds of validated transactions. Each validated transaction contains a unique identifier (i.e., a Bitcoin address/public key) that can be searched and located on the blockchain through Web sites like www.blockchain.com. It takes approximately ten minutes for each Bitcoin transaction to be confirmed

by the network through the efforts of miners and a new block in the blockchain to be created. Each block that is added to the blockchain reduces the risk that a previous transaction will be reversed or that double spending has occurred.

Mining. Bitcoin mining is the process of validating and adding transaction records to Bitcoin's public ledger of past transactions (i.e., the blockchain). Each block is an independent mathematical proof which depends on the previous block. As an incentive to update the blockchain, Bitcoin miners may collect transaction fees for the transactions they confirm, along with newly created Bitcoin (i.e., rewards). Only the first miner to compute the proof is rewarded with Bitcoin, while the rest of the miners have to start over on a new block. Bitcoin supply is increased with every new block of transactions that is added to the blockchain. Currently, the reward is twenty-five (25) Bitcoin for each block that is added to the blockchain. The reward for solving a block is automatically adjusted so that roughly every four years of operation of the Bitcoin network, half the amount of Bitcoin created in the prior four years are created. It is understood (but not guaranteed) that the total number of Bitcoin in existence will never exceed 21 million. Mining is currently very expensive and time-consuming, and miners must dedicate substantial resources to continuously power and cool devices. The mining reward system is designed to ensure miners are compensated for their efforts and new Bitcoin enters into public circulation. The Bitcoin network's mining protocol is intended to make it more difficult to solve for new blocks in the blockchain as the processing power dedicated to mining increases. Therefore, the Bitcoin mining process is designed to incentivize people to be efficient and use as little power as possible to create blocks and validate the transactions. Given the time and resources that must be dedicated to mining, miners may "pool" their efforts and act cohesively to combine their processing power to solve blocks. These efforts are called mining "pools"—and pool members generally split any resulting rewards based on the processing power they each contributed to solve for such blocks.

Forking. If Bitcoin miners solve a block at approximately the same time, it causes a "fork" in the blockchain. The Bitcoin network software and protocol try to resolve forks by automatically giving priority to the longest blockchain in the fork. If forks are unresolved there are effectively two Bitcoin networks operating at the same time, each with its own version of the transaction history. This creates an increased risk of receiving a double-spend transaction, and a general systemic risk to the integrity and security of the Bitcoin network. To the extent that a significant majority of users and miners on the Bitcoin network install software that changes the Bitcoin network or properties of Bitcoin, including the irreversibility of transactions and limitations on the mining of new Bitcoin, the Bitcoin network would be subject to new protocols and software that may result in a "fork" of the Bitcoin network, potentially adversely affecting Bitcoin's value, the Bitcoin network and/or an investment in Bitcoin. Similarly, if less than a significant majority of users and miners on the Bitcoin network install such software, the Bitcoin network could "fork", which may adversely affect Bitcoin's value, the Bitcoin network and/or an investment in Bitcoin. To the extent that any temporary or permanent forks exist in the blockchain, Bitcoin's value, the Bitcoin network and/or an investment in Bitcoin, may be adversely affected.

On August 1, 2017 the Bitcoin blockchain experienced a hard "fork", resulting in the creation of Bitcoin Cash (BCH), a version of Bitcoin with its own set of rules, updated technology and faster transaction speed. As Bitcoin Cash emerged from the same ledger as Bitcoin, Bitcoin holders received the same amount of Bitcoin Cash tokens after the split and, as a result, now hold both Bitcoin, which will continue to be recorded on the original Bitcoin blockchain, and Bitcoin Cash, which will be recorded on the new "forked" blockchain. The hard "fork" was the result of a disagreement regarding the optimal size of the blocks that make up the Bitcoin network (some users, merchants, businesses, investors and miners desired to increase the block size, so as to allow for greater transaction

confirmation speed, while Bitcoin's core developers desired to maintain the existing block size, so as to protect Bitcoin from potential hacks and more strongly preserve Bitcoin's decentralized nature (as some miners would not install the new, updated, software)). The Bitcoin blockchain may experience additional hard "forks", which may or may not have upgraded consensus rules that allow it to grow and scale. There is no guarantee that merchants, wallets or exchanges will support, or that a market will develop for, Bitcoin Cash and/or future Bitcoin tokens, which may also compete with Bitcoin (negatively affecting its value). In addition, hard "forks" may carry further risks, including, without limitation, (i) that Bitcoin networks heavily decline in value or that the combined value of the competing versions of Bitcoin is less than the value of a single Bitcoin network (particularly, if the "fork" is interpreted as a general failure to reach a consensus regarding the Bitcoin network), (ii) that developers, service providers and users choose one version of Bitcoin over another and (iii) that the division of mining power makes each Bitcoin blockchain slower and/or less secure.

Mining Incentives. If rewards and transaction fees are not properly matched to the efforts of miners, miners may not have an adequate incentive to continue mining. Miners ceasing operations could reduce the collective processing power on the Bitcoin network, adversely affect the validation process for transactions, and, generally, make the network more vulnerable. Further, if a single miner or a mining pool gains a majority share in the Bitcoin network's computing power, the integrity of the blockchain may be affected. A miner or mining pool could reverse Bitcoin transactions, make double-spend transactions, prevent confirmations or prevent other miners from mining valid blocks. Each of these scenarios could reduce confidence in the validation process or processing power of the network, and adversely affect Bitcoin's value, the Bitcoin network and/or an investment in Bitcoin. As the number of Bitcoin awarded for solving a block in the blockchain decreases, the incentive for miners to continue to contribute processing power to the Bitcoin network may transition from a set reward to transaction fees. Either the requirement from miners of higher transaction fees in exchange for recording transactions in the blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for Bitcoin and prevent the expansion of the Bitcoin network to retail merchants and commercial businesses, resulting in a reduction in the net asset value. To the extent that any miners cease to record transactions in solved blocks, transactions that do not include the payment of a transaction fee will not be recorded on the blockchain until a block is solved by a miner who does not require the payment of transaction fees. Any such delays in the recording of transactions could result in a loss of confidence in the Bitcoin network, which could adversely impact Bitcoin's value, the Bitcoin network and/or an investment in Bitcoin.

Virtual Currency Exchanges. Virtual currency exchanges are third-party service providers that convert Bitcoin to fiat currencies (i.e., currency a government considers to be legal tender) or other virtual currencies. Bitcoin are bought, sold, and traded with publicly disclosed (but often-changing) valuations on virtual currency exchanges, where the majority of Bitcoin buying and selling activity occurs. Virtual currency exchanges provide the most data with respect to prevailing valuations of Bitcoin. Market participants can choose which exchange on which to buy or sell Bitcoin, although these exchanges may charge significant fees for processing transactions. A virtual currency exchange that conducts business in the United States is subject to federal and state regulatory requirements.

Bitcoin Service Providers. Several companies and financial institutions provide services related to the buying, selling, payment processing and storing of virtual currency (i.e., banks, accountants, exchanges, digital wallet providers, and payment processors). Certain clients expect the number of service providers to increase as the Bitcoin network (or other virtual currency networks) continue(s) to grow. However, there is no assurance that the virtual currency market, or the service providers necessary to accommodate it, will continue to support Bitcoin or other types of virtual currency, continue in existence or grow. Further, there is no assurance that the availability of and access to

virtual currency service providers will not be negatively affected by government regulation or supply and demand of virtual currency or Bitcoin. Accordingly, companies or financial institutions that currently support virtual currency may not do so in the future.

Bitcoin Investment Market. Private and professional investors and speculators invest and trade in Bitcoin. These market participants may range from exchange-traded-funds, private investment funds, brokers and day-traders. Certain activity involving Bitcoin may require approvals, licenses or registration, which may serve as a barrier to entry of investors, thereby limiting the market for Bitcoin. There is no assurance that the investment market for Bitcoin will continue to grow.

Anonymity and Illicit Use. Although Bitcoin transaction details are logged on the blockchain, a buyer or seller of Bitcoin may never know to whom the public key belongs or the true identity of the party with whom it is transacting. Public key addresses are randomized sequences of 27-34 alphanumeric characters that, standing alone, do not provide sufficient information to identify users.

Transacting with a counterparty making illicit use of Bitcoin could have adverse consequences. On October 2, 2013, the FBI seized the domain name for the infamous “Silk Road” website—an online black marketplace for illicit goods and services—and arrested its alleged founder, Ross William Ulbricht. The website operated through multiple systems of strict anonymity and secrecy, using Bitcoin as the exclusive means of payment for illicit goods and services. As part of the raid, the FBI also seized over 26,000 Bitcoin from accounts on Silk Road, which were worth approximately \$3.6 million at the time. On January 27, 2014, the CEO of BitInstant (the New York-based Bitcoin exchange service) was arrested on charges of money laundering and operating an unlicensed money transmitting business. On July 24, 2017, FinCEN assessed a \$110 million civil money penalty against BTC-e a/k/a Canton Business Corporation (“BTC-e”), an internet-based and foreign-located digital currency exchange founded in 2011, for failing to register as a Money Services Business and facilitating crimes like drug sales and ransomware attacks. FinCEN also assessed separate \$12 million fine against BTC-e’s owner, Alexander Vinnik.

Development and Acceptance of Digital Assets and Bitcoin. As a relatively new product and technology, Digital Assets and Bitcoin are not yet widely adopted as a means of payment for goods and services. Banks and other established financial institutions may refuse to process funds for Digital Asset and Bitcoin transactions, process wire transfers to or from Digital Asset and Bitcoin exchanges, Digital Asset-related and Bitcoin-related companies or service providers, or maintain accounts for persons or entities transacting in Digital Assets and Bitcoin. Market capitalization for Digital Assets and Bitcoin as a medium of exchange and payment method may always be low. Further, Digital Asset and Bitcoin use as an international currency may be hindered by the fact that it may not be considered as a legitimate means of payment or legal tender in some jurisdictions. To date, speculators and investors seeking to profit from either short- or long-term holding of Digital Assets and Bitcoin drive much of the demand for it, and competitive products may develop which compete for market share. Although Bitcoin, as the first decentralized, digital currency, currently enjoys the majority of the market share, several other digital and cryptocurrencies have since emerged, including Ripple, Litecoin, PPCoin and Terracoin. Further, certain Digital Assets or payment systems may be the subject of a U.S. or foreign patent application (i.e., JP Morgan Chase Bank’s patent application for “Alt-Coin” with the United States Patent & Trademark Office), successfully patented, or, alternatively, mathematical Digital Asset network source codes and protocols may be patented or owned or controlled by a public or private entity. Certain clients could be adversely impacted if Digital Assets or Bitcoin fail to retain their market share or to expand into retail and commercial markets. Any of these scenarios may increase Bitcoin’s volatility or decrease its value (price).

Development and Acceptance of the Digital Asset and Bitcoin Networks. The growth and use of Digital Assets generally is subject to a high degree of uncertainty. Indeed, the future of the industry likely depends on several factors, including, but not limited to: (a) economic and regulatory conditions relating to both fiat currencies and Digital Assets, including digital currencies; (b) government regulation of the use of and access to Digital Assets, including digital currencies; (c) government regulation of Digital Asset and digital currency service providers, administrators or exchanges; (d) the domestic and global market demand for—and availability of—other forms of Digital Asset/digital currency or payment methods; and (e) uniquely regarding Bitcoin, the security, integrity and adoption of the Bitcoin network source code protocol . Any slowing or stopping of the development or acceptance of Origin Tokens, Digital Assets or a Digital Asset network or Bitcoin or the Bitcoin network ,may adversely affect an investment in a client.

Market Volatility. Volatile market conditions at various times have had a dramatic effect on private investments. In addition, terrorist attacks and other acts of violence or war may affect the operations and profitability of certain clients' portfolio companies. Such events could cause consumer confidence and spending to decrease or result in increased volatility in the U.S. and worldwide financial markets and economy. They also could result in a continuation of the current economic uncertainty in the U.S. or abroad. Any of these occurrences could have a significant impact on the operating results and revenues of a client's portfolio companies and, in turn, on the return of a client's investments.

ICOs: New Digital Assets; SAFTs. ICOs occur in respect of Digital Assets that have not been tested or used in the marketplace. As a result, the risk that Digital Assets obtained by a client through ICOs will have imperfections and/or be susceptible to hackers is greater than that of Digital Assets that have already been established. In addition, the success or failure of the particular Digital Asset offered through an ICO is highly uncertain, as there is a risk that such Digital Assets will not develop a following.

As described above, certain clients may participate in ICOs (or pre-ICOs) through SAFTs. As SAFTs are entered into in respect of ICOs which have yet to occur, there is a risk that the ICO will not occur or that the SAFT counterparty will otherwise default in its delivery of the ICO token.

ICOs: Liquidity. As a result of certain actions taken by the SEC (and statements made by SEC Chairman Jay Clayton), especially the Airfox/Paragon Orders described above, liquidity in the ICO market has greatly decreased. Accordingly, in the event that substantial withdrawal requests are made by investors, a client may have difficulty liquidating its positions in order to satisfy such withdrawals. It is unclear how long the current situation (i.e., limited liquidity in the ICO market) will continue, and how such illiquidity will affect the particular assets in a client's portfolio.

ICOs: Rule 144. Rule 144 is an SEC rule that provides a securities law safe harbor for the public resale of restricted or control securities, but only if certain conditions are met (such as holding period requirements, which are typically six months to one year). In the event that an ICO held by a client is a security, the client will be restricted from trading except through a private placement or after satisfying the Rule 144 holding period. Accordingly, the number of trading counterparties will be less than would be the case for a Digital Asset that is not a security (and thus not subject to the same restrictions on resale). Any sale of securities that violate securities laws may be subject to rescission of the transaction by the purchaser.

ICOs: Participation. Participating in ICOs may require certain clients to pledge Digital Assets. The trading platforms used by ICOs are relatively new and largely unregulated and may therefore be more

exposed to theft, fraud and failure. For example, in June 2017, CoinDash, an Israeli startup, planned to raise capital by selling its own digital tokens in exchange for cryptocurrency Ethereum. Thirteen minutes into the token sale, an “unknown perpetrator” hacked CoinDash’s website and changed the address for sending Ethereum-based investments to a fake one, diverting millions of dollars in Ethereum-based investments to the attacker. In general, ICO trading platforms are currently start-up businesses, with limited operating history and no publically available financial information. Consequently, if an ICO trading platform or an Origin Token ICO trading platform experiences theft, fraud or failure, the ICO operators may be unable to replace missing Digital Assets or Origin Tokens or seek reimbursement for any theft of Digital Assets or Origin Tokens, adversely affecting investors and a client.

ICOs: New Digital Assets. ICOs occur in respect of Digital Assets that have not been tested or used in the marketplace. As a result, the risk that Digital Assets obtained by certain clients through ICOs will have imperfections and/or be susceptible to hackers is greater than that of Digital Assets that have already been established. In addition, there is also the risk that Digital Assets obtained by a client through ICOs will not develop a following.

ICOs: Concentration. As ICOs may arise at unpredictable intervals, there is a risk that certain clients’ investments may become concentrated in a single (or limited number of) Digital Asset(s). Such limited diversification may result in the concentration of risk, which, in turn, could expose a client to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements with respect to such Digital Asset(s). In addition, a client may be forced to hold fiat currency for significant periods of time (until the occurrence of an ICO opportunity).

ICOs: Promise to Hold or Sell; Transferability. Digital Assets or Origin Tokens acquired by certain clients in connection with ICOs may also entail promises to sell within, or hold for, a specified time period. As a result, a client may be forced to sell an investment at an inopportune time, or hold an investment at times where it would otherwise be advantageous to sell. In addition, to the extent that clients invest in a SAFT, the SAFT may not be transferable.

ICOs: Performance. Digital Assets sold through ICOs previously experienced high levels of performance and rapid increases in price. While past performance is generally not indicative of future results, this is especially the case with respect to Digital Assets purchased through ICOs. Recently, Digital Assets sold through ICOs have experienced significant declines in price, due, in part, to the regulatory uncertainty surrounding ICOs (e.g., which ICOs are securities) as well as the decreased volume of trading. In addition, the rate at which ICOs are launched has also declined substantially. It is unclear how long the current situation will last.

ICOs: Valuation. The Investment Adviser generally expects that the initial purchase of an ICO will occur at a substantial discount to the price expected in the event the Digital Asset (offered through the ICO) is successful. Digital Assets purchased by a client will generally be valued at cost until active trading in such Digital Assets develops. Accordingly, while investors who invest in a client prior to the emergence of such active trading will receive the potential benefit of purchasing such Digital Assets at expected discounted prices, any withdrawal proceeds paid to investors who withdraw from a client prior to the emergence of such active trading will generally reflect the cost of the ICO and not the expected trading price of such Digital Assets on any active exchange or other market. The value of an ICO held by a client (prior to active trading) may also be adjusted based on various factors.

ICOs: Fraudulent ICOs. ICO campaigns in which certain clients participate, including in respect of Origin Tokens, are unregulated and may turn out to be fraudulent. There is no guarantee that funds lost due to such fraudulent actions will be recovered by a client.

ICOs: Potential SEC Involvement. As further discussed below, the SEC has advised that, depending on the facts and circumstances of each individual ICO, the Digital Assets that are offered or sold in an ICO may be deemed securities. See <http://www.sec.gov/litigation/investreport/34-81207.pdf>; see also <http://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-initial-coin-offerings>. Accordingly, Origin Tokens may be considered securities for purposes of U.S. laws and regulations. While it remains uncertain whether the SEC will take any action concerning a particular ICO, even if the SEC does not take action with respect to ICOs held by a client, any actions taken by the SEC with respect to ICOs generally may potentially impact the value and liquidity of ICOs in the client's portfolio.

As a SAFT is generally considered an "investment contract", and thus a security, dealing in SAFTs requires compliance with the securities laws, and SAFTs may be subject to the risks described herein with respect to securities law compliance. There is no assurance that the offer, sale or purchase of any SAFT will be deemed "compliant" by any regulatory authority.

ICOs: Ineligibility. Certain clients may be ineligible to participate in certain ICOs (particularly, ICOs issued by non-U.S. sponsors that limit participation to non-U.S. persons or entities). While a client may seek to participate in ICOs through a non-U.S. subsidiary, there is no guarantee that a non-U.S. subsidiary of a client will be permitted to take part in an ICO that generally limits participation to non-U.S. persons or entities.

Digital Asset/ Digital Currency Exchanges: General. The exchanges on which Digital Assets trade are relatively new and largely unregulated and may therefore be more exposed to theft, fraud and failure than established, regulated exchanges for other products. Digital Asset exchanges may be start-up businesses with no institutional backing, limited operating history and no publically available financial information. Exchanges generally require fiat currency funds to be deposited in advance in order to purchase Digital Assets, and no assurance can be given that those deposit funds can be recovered. Additionally, upon sale of Digital Assets, fiat currency proceeds may not be received from the exchange for several business days. The participation in exchanges requires users to take on credit risk by transferring Digital Assets from a personal account to a third-party's account. Certain clients will take the credit risk of an exchange with every transaction.

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. Additionally, Digital Asset prices and valuations on Digital Asset exchanges have been volatile and subject to influence by many factors including the levels of liquidity on exchanges and operational interruptions and disruptions. The prices and valuation of Digital Assets remain subject to any volatility experienced by Digital Asset exchanges, and any such volatility can adversely affect an investment in certain clients.

Digital Asset exchanges are appealing targets for cybercrime, hackers and malware. It is possible that while engaging in transactions with various Digital Asset exchanges located throughout the world, any such exchange may cease operations due to theft, fraud, security breach, liquidity issues, or government investigation. In addition, banks may refuse to process wire transfers to or from exchanges. Over the past several years, many exchanges have, indeed, closed due to fraud, theft (e.g., Mt. Gox voluntarily shutting down because it was unable to account for over 850,000 Bitcoin),

government or regulatory involvement, failure or security breaches (e.g., the voluntary temporary suspensions by Mt. Gox of cash withdrawals due to distributed denial of service attacks by malware and/or hackers), or banking issues (e.g., the loss of Tradehill's banking privileges at Internet Archive Federal Credit Union). In 2018 alone, cryptocurrency exchanges based in Japan (Coincheck), Italy (Bitgrail), India (Coinsecure) and South Korea (Coinrail) are reported to have experienced major hacks, resulting in losses of approximately \$650,000,000 in total.

Exchanges may even shut down or go offline voluntarily, without any recourse to investors. For example, on February 25, 2014, the Bitcoin website for one of the largest Bitcoin exchanges, Mt. Gox, was taken offline suddenly, without any notice or warning to investors or the public. It was reported that Mt. Gox voluntarily shut down because it was unable to account for over 850,000 Bitcoin (valued at approximately 450 million dollars at the time). According to news reports, hackers siphoned Bitcoin from Mt. Gox by changing the unique identification number of a Bitcoin transaction before it was confirmed on the Bitcoin network. Although 200,000 Bitcoin have since been recovered, the reasons for their disappearance remain unclear. Mt. Gox ultimately filed for bankruptcy in Japan, and bankruptcy protection in Japan and the United States. As a result, the price of Bitcoin decreased drastically, adversely affecting all Bitcoin holders. In many of these instances, the customers of such exchanges have not been compensated or made whole for the partial or complete loss of their account balances. An exchange may be unable to replace missing Digital Assets or seek reimbursement for any theft of Digital Assets, adversely affecting investors and an investment in a client.

Any financial, security or operational difficulties experienced by such exchanges may result in an inability of a client to recover fiat currency or Digital Assets being held by the exchange, or to pay investors upon withdrawal. Further, a client may be unable to recover Digital Assets awaiting transmission into or out of a client, all of which could adversely affect an investment in a client. Additionally, to the extent that the Digital Asset exchanges representing a substantial portion of the volume in Digital Asset trading are involved in fraud or experience security failures or other operational issues, such Digital Asset exchanges' failures may result in loss or less favorable prices of Digital Assets, or may adversely affect a client, its operations and investments, or the investors.

Digital Asset/Exchanges: Limited Exchanges on Which to Trade. Certain clients may trade Digital Assets or Origin Tokens on a limited number of Digital Asset exchanges (and potentially only a single exchange) either because of actual or perceived counterparty or other risks related to a particular exchange (or because of the Principal's relationship with Bitstamp (which relationship creates an incentive for the Investment Adviser to conduct as many transactions as possible on Bitstamp for reasons that may benefit the Principal Owner, the Fund General Partner, the Investment Adviser, and their respective affiliates, but not a client or the investors)). Trading on a single exchange may result in less favorable prices and decreased liquidity for a client and therefore could have an adverse effect on a client and the investors.

Digital Asset and Digital Currency Exchanges: Non-U.S. Operations. Digital Asset and Bitcoin exchanges may operate outside of the United States. Certain clients may have difficulty in successfully pursuing claims in the courts of such countries or enforcing in the courts of such countries a judgment obtained by the client in another country. In general, certain less developed countries lack fully developed legal systems and bodies of commercial law and practices normally found in countries with more developed market economies. These legal and regulatory risks may adversely affect certain clients and their operations and investments.

Digital Asset/Exchanges: Risks of Buying or Selling Digital Assets. Certain clients may transact with private buyers or sellers or Digital Asset exchanges. Such clients will take on credit risk every time that they purchase or sell Digital Assets or Origin Tokens, and such clients' contractual rights with respect to such transactions may be limited. Although a client's transfers of Digital Assets or Origin Tokens or fiat currency will be made to or from a counterparty which the Investment Adviser believes is trustworthy, it is possible that, through computer or human error, or through theft or criminal action, certain clients' Digital Assets or Origin Tokens or fiat currency could be transferred in incorrect amounts 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 which has received a client's Digital Assets, Origin Tokens or fiat currency (through error or theft), a client will be unable to recover incorrectly transferred Digital Assets, Origin Tokens or fiat currency, and such losses will negatively impact certain clients.

Certain Digital Asset exchanges may place limits on certain clients' transactions, or certain clients may be unable to find a willing buyer or seller of Digital Assets or Origin Tokens. To the extent a client experiences difficulty in buying or selling Digital Assets or Origin Tokens, investors may experience delays in subscriptions or payment of withdrawal proceeds, or there may be delays in liquidation of a client's Digital Assets or Origin Tokens—adversely affecting the net asset value of a client.

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 Investment Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

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

The Investment 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

The Investment Adviser and its affiliates also manage the assets of:

- Pantera Bitcoin Fund Ltd and Pantera Bitcoin Fund II Ltd., (collectively, the “**Bitcoin Funds**”); and
- Pantera Digital Asset Fund LP (the “**Digital Asset Fund**”).

The Bitcoin Funds invest solely in Bitcoin (and only sell Bitcoin to fund redemptions and pay expenses and liabilities). Accordingly, to the extent a client invests in Bitcoin, its purchases and sales may be aggregated with those of the Bitcoin Funds pursuant to the Investment Adviser’s allocation and aggregation policies.

The Digital Asset Fund invests solely in actively traded Digital Assets.

Certain clients hold Bitcoin and investments in Bitcoin-related companies, while the Bitcoin Funds also hold Bitcoin. Conflicts of interest may arise in that the Investment Adviser may be incentivized to purchase (and not divest) Digital Assets developed by blockchain technology companies in which certain clients invest. In the event the Investment Adviser determines that participation in an ICO is appropriate for certain clients, those clients will generally participate pro rata in such opportunity based on available capital. In addition, the Venture Funds may, from time to time, hold Digital Assets through ICOs where the Venture Funds invest in the underlying issuing company. In such case(s), investment opportunities in such ICOs of Digital Assets will be allocated among the applicable clients in a manner that is fair and equitable.

In certain instances, the Investment Adviser may cause clients to invest in the same assets as the Bitcoin Funds and/or the Digital Asset Fund.

It is anticipated that the Investment Adviser’s investment teams will develop numerous quantitative models and software for use by one or more investment teams for the benefit of one or more clients. Similarly, trading and other systems (e.g., order management) developed by employees of the Investment Adviser may be used by any of the Investment Adviser’s investment teams, including investment teams that do not manage the same client’s assets. The determination of how models and systems will be allocated among the applicable clients and other pooled investment vehicles

(including the Bitcoin Funds and the Digital Asset Fund) will be made on a fair and equitable basis, to the extent practical and in accordance with, among other factors, the applicable client's investment strategies, over a period of time.

From time to time, the Investment Adviser may license the software developed by the Investment Adviser or its personnel to third parties or use such software for proprietary trading purposes, which may increase competition by limiting the investment opportunities available to certain clients. Additionally, investment teams that do not manage a specific client's assets and/or third parties with license to utilize an investment team's 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.

The Investment Adviser may be subject to conflicts relating to its selection of Digital Asset intermediaries, exchanges and counterparties on behalf of clients. Client portfolio transactions will be allocated to intermediaries, exchanges and counterparties on the basis of numerous factors and not necessarily lowest pricing. Intermediaries, exchanges and counterparties may provide other services that are beneficial to the Investment Adviser, other clients, or other vehicles managed by the Investment Adviser (including the Bitcoin Funds and the Digital Asset Fund), but not necessarily beneficial to the Fund.

The Investment Adviser, its affiliates, and certain clients may invest in or establish Digital Asset exchanges or other Digital Asset service providers, including businesses that focus on storage, security and custody of Digital Assets. The Investment Adviser may cause one or more clients to transact with such affiliated service providers. Such affiliated service providers will receive compensation when effecting Digital Asset transactions on behalf of certain clients.

Conflicts of interest may arise from the fact that any service provider to a client ("**Service Provider**") or any affiliate of a Service Provider may provide services to, or have business, financial, personal or other relations with (i) other private funds with investment programs similar to that our clients or (ii) the Investment Adviser or any of its affiliates. Any Service Provider or any affiliate of a Service Provider may be an investor in a Fund, a source of investment opportunities or a co-investor or commercial counterparty or entity in which the Investment Adviser has an investment.

It is customary for a Service Provider to charge different rates or have different terms for different types of services. Based on the types of services used by the Investment Adviser and its affiliates as compared to the types of services used by clients and the terms of such services, a Service Provider may enter into an arrangement with the Investment Adviser or its affiliates that provides for more favorable rates or terms than an arrangement with a Client.

D. Material Conflicts of Interest Relating to Other Investment Advisers

We do not recommend or select other investment advisers for our clients.

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

A. Code of Ethics

We strive to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, we have adopted a Code of Ethics (the “**Code**”). The Code incorporates the following general principles that all employees are expected to uphold:

- employees must at all times place the interests of clients first;
- all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee’s position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions;
- information concerning the identity of securities and financial circumstances of the Funds, including the Funds’ investors, must be kept confidential; and
- independence in the investment decision-making process must be maintained at all times.

Clients may request a copy of the Code by contacting us at the address or telephone number listed on the first page of this document.

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

1. *Cross Trades*

The Investment Adviser may determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a “**Cross Trade**”) for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of clients, or to reduce transaction costs that may arise in an open market transaction. If the Investment Adviser decides to engage in a Cross Trade, the Investment Adviser will determine that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients.

A cross transaction between two fund clients may occur as an “internal cross”, where the Investment Adviser instructs the custodian for the applicable client accounts to book the transaction at the price determined in accordance with the Valuation Policy. If the Investment Adviser effects an internal cross, the Investment Adviser will not receive any fee in connection with the completion of the transaction.

2. Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions (as such term is used under the Advisers Act) due to the ownership interest in a client by the Investment Adviser, its affiliates, or its personnel, the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act. In connection with principal transactions, Cross Trades, related-party transactions and other transactions and relationships involving potential conflicts of interest, the directors and/or the Fund General Partners are each authorized to select one or more persons who are not affiliated with the Investment Adviser (such as an independent director) to serve on a committee, which may be authorized, to approve or disapprove, to the extent required by applicable law or deemed advisable by the directors and/or the Fund General Partner, such transactions and conflicts of interest. Such committee may approve of such transactions prior to or contemporaneous with, or ratify such transactions subsequent to, their consummation. In no event will any such transaction be entered into unless it complies with applicable law. The person(s) so selected may be exculpated and indemnified by the Funds. Any decision of such committee will be binding on all Fund investors.

Cross trades between a client and any of the Bitcoin Funds or the Digital Asset Fund may occur, and will not be presumptively treated as principal transactions absent a determination by the Investment Adviser otherwise.

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

The Code places restrictions on personal investments by employees, including that they disclose their personal holdings and transactions in securities and other instruments, including Bitcoin or other Digital Assets, to the Investment Adviser on a periodic basis. The Investment Adviser, its affiliates and its employees may invest on behalf of themselves in securities and Digital Assets that would be appropriate for, held by, or may fall within the investment guidelines of clients.

The Investment Adviser, its affiliates and its employees also engage, and in the future may engage, in a broad spectrum of activities, including direct investment activities (including trading in Digital Assets and alternative currencies outside of client portfolios) and investment advisory activities, and have extensive investment activities (including investments for their own account), on behalf of both persons or entities to which they provide investment advice on a principal basis, that are independent from, and may from time to time conflict with or be adverse to advice given or action taken for clients, including by buying or selling Digital Assets 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. Additionally, the Investment Adviser and its affiliates may invest in or establish Digital Asset exchanges or other Digital Asset service providers, including service providers utilized by clients.

Potential conflicts also may arise due to the fact that the Investment Adviser and its personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds. In addition, certain employees of the Investment Adviser may have a material financial interest in instruments held by client portfolios, and such employees may receive a financial benefit from clients' investment in such instruments.

Certain employees of the Investment Adviser have provided, and may in the future continue to provide, advisory services to ICO issuers in connection with their offerings and development of their protocols. Clients and investors in the Funds should be aware that any compensation received in

connection with such activities benefits the Investment Adviser (or its employees) and not clients. Compensation may take the form of ICO tokens. Such activities pose a potential conflict of interest because the Investment Adviser may be incentivized to cause clients to engage in investment activities with respect to such ICO issuers, including but not limited to: (i) investing in such ICO issuers, (ii) participating in the ICOs of such issuers, or (iii) purchasing digital assets that were previously offered through ICOs of such issuers.

The Investment Adviser has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades.

D. Conflicts of Interest Created by Contemporaneous Trading

The Investment Adviser provides investment advisory services on behalf of a number of clients and other pooled investment vehicles (including the Bitcoin Funds and the Digital Asset Fund). Certain clients have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is the policy of the Investment Adviser to allocate investment opportunities among all clients fairly, to the extent practical and in accordance with each client's applicable investment strategies, over a period of time. Investment opportunities will generally be allocated among those clients for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (i) whether the risk-return profile of the proposed investment is consistent with a client's objectives; (ii) the potential for the proposed investment to create an imbalance in a client's portfolio; (iii) the liquidity requirements of a client; (iv) potentially adverse tax consequences; (v) regulatory restrictions that would or could limit a client's ability to participate in a proposed investment; and (vi) the need to re-size risk in a client's portfolio. Investments may be allocated among client portfolios as well as the Bitcoin Funds and/or the Digital Asset Fund, and such allocations will be determined based on the Investment Adviser's Allocation Policy.

The Investment Adviser and its affiliates may, from time to time, offer one or more Fund investors, clients, employees, other vehicles managed by the Investment Adviser (including the Bitcoin Funds and the Digital Asset Fund), or third parties (any such party, a "**Co-Investor**") the opportunity to invest in special purpose vehicles ("**SPVs**") that participate in select ICOs ("**Special Purpose Opportunities**"), including through SAFTs. Generally, SPVs will co-invest with clients in such opportunities. The Investment Adviser and its affiliates are not obligated to arrange, and Co-Investors will be obligated to participate in, Special Purpose Opportunities. The Investment Adviser and its affiliates have sole discretion as to the amount (if any) of a Special Purpose Opportunity that will be allocated to a particular Co-Investor and may allocate Special Purpose Opportunities instead to other Co-Investors. The Investment Adviser or its affiliates may receive fees and/or allocations from Co-Investors, which may differ from the fees and/or allocations borne by clients. To the extent that clients and Co-Investors participate in a particular investment, the Investment Adviser will generally seek to dispose of such investment in a manner that is fair and equitable (i.e., simultaneously), subject to legal, tax, regulatory or other concerns, other considerations such as the relative amounts of capital available for new investments, as applicable.

The Investment Adviser will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any client solely because the

Investment Adviser purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any client (or the Bitcoin Funds and/or the Digital Asset Fund) if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the client.

ITEM 12

BROKERAGE PRACTICES

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

We have full discretionary authority to make decisions regarding which securities are bought and sold; the prices paid or received; the brokers, dealers or investment banks to be used, if any, for a particular transaction and the commissions or fees to be paid. Our authority is limited by our own internal policies and procedures and each client's investment guidelines.

Currently, we do not plan to engage the services of registered broker-dealers on behalf of any of the Funds. If in the future, we decide to utilize the services of a broker-dealer, we will adopt policies and procedures designed to fulfill the duties we owe to clients and comply with applicable laws.

1. Research and Other Soft Dollar Benefits

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

2. Brokerage for Client Referrals

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

3. Directed Brokerage

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

B. Order Aggregation

If the Investment Adviser determines that the purchase or sale of Digital Assets is appropriate with regard to multiple clients, the Investment Adviser may, but is not obligated to, purchase or sell Digital Assets or Origin Tokens 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 Investment Adviser. In the event of a partial fill, allocations may be modified on a basis that the Investment 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 Investment Adviser. As a result, certain Digital Asset trades for one client (including a client in which the Investment 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. When in the best interests of clients and other pooled investment vehicles, the Investment Adviser causes a client or other pooled

investment vehicle (including potentially the Bitcoin Funds and the Digital Asset Fund) to purchase assets in an aggregated single order for such client and subsequently allocate positions in that purchase to other clients through the use of cross trades.

ITEM 13

REVIEW OF ACCOUNTS

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

We perform various daily, weekly, monthly, quarterly and periodic reviews of each client's portfolio. Such reviews are conducted by the members of the Investment Adviser's management and staff.

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

We generally provide annual audited financial statements to our clients within 120 days of the applicable client's fiscal year end.

Investors in the Funds receive letters on a periodic basis from the Investment Adviser documenting the performance of their Fund, along with a commentary by the Investment Adviser, although the Investment Adviser may provide certain investors with information on a more frequent and detailed basis if agreed to by the Investment Adviser. Information also may be available through the Investment Adviser's password-protected website. In addition, the Investment Adviser issues investors tax reports and audited financial statements concerning their respective Funds within 120 days of the end of the Fund's fiscal year. While all investors generally receive similar information, to the extent an investor receives additional information (that other investors have not received), which is in addition to information provided in a Fund's regular reports to investors, such information may provide such investor with greater insight into the Fund's activities. This may enhance such investor's ability to make investment decisions with respect to the Fund and possibly affect such investor's decision to request a redemption from the Fund.

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 10.C, we manage the assets of the Bitcoin Funds and the Digital Asset Fund, 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.

ITEM 15

CUSTODY

The Investment Adviser is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Account statements related to clients are sent by qualified custodians to the Investment Adviser.

The Investment Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

The Investment Adviser custodies certain Digital Assets internally as well as with third party wallet providers. For Digital Assets stored internally, the Investment Adviser has developed an internal custody platform that incorporates dedicated hardware, encryption and redundancy into its architecture. Digital Asset storage is managed through a combination of secured offsite servers and onsite secured hardware.

Digital Assets are also held at exchanges, which take various measures to provide safekeeping for the assets held by those exchanges. The Investment Adviser conducts due diligence on such exchanges prior to utilizing such services.

ITEM 16
INVESTMENT DISCRETION

The Investment Adviser serves as the management company with discretionary trading authority to each Fund.

Our investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents.

The Investment Adviser or an affiliate of the Investment Adviser entered into an investment management agreement, or similar agreement, with each Fund, pursuant to which the Investment Adviser or an affiliate of the Investment Adviser was granted discretionary trading authority.

ITEM 17

VOTING CLIENT SECURITIES

A. Policies and Procedures Relating to Voting Client Securities

In compliance with Advisers Act Rule 206(4)-6, the Investment Adviser has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, “**Proxies**”) in a prudent and diligent manner that will serve the applicable client’s best interests and is in line with each client’s investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities;
- the anticipated associated costs and benefits associated with the proposal;
- the effect on liquidity; and
- customary industry and business practices.

In limited circumstances, the Investment Adviser may refrain from voting Proxies where we believe that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to its clients. Generally, clients may not direct our vote in a particular solicitation.

Conflicts of interest may arise between the interests of clients on the one hand and us or our affiliates on the other hand. If we determine that we may have, or be perceived to have, a conflict of interest when voting Proxies, we will vote in accordance with our Proxy voting policies and procedures. Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

ITEM 18
FINANCIAL INFORMATION

The Investment 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.