

Item 1 – Cover Page

**Part 2A of Form ADV
Brochure for:**

PROTOCOL VC LLC

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This Brochure provides information about the qualifications and business practices of Protocol VC LLC (“Protocol VC” or the “Firm”). If you have any questions about the contents of this Brochure, please contact the Firm at the address listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Protocol VC, LLC is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any certain level of skill or training.

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

Item 2 – Material Changes

The Firm has updated Item 4 for its regulatory assets under management and Item 11 to clarify that Protocol VC or one of its affiliates may warehouse an investment temporarily. Details of any such transactions typically would be disclosed in the offering documents of the Fund.

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Item 4 – Advisory Business

A. Description of the Advisory Firm

Protocol VC LLC (“Protocol VC”), a Delaware limited liability company, was formed on May 7, 2024. Brad Holden is the managing partner of Protocol VC.

B. Types of Advisory Services

Protocol VC provides investment advisory services on a discretionary basis to privately offered pooled investment vehicles (each a “Fund” and together with any future private investment fund to which Protocol VC provides investment advisory services, the “Funds”). Protocol VC also provides discretionary and non-discretionary investment advice and portfolio management services to sophisticated investors (“Managed Accounts” and collectively with the Funds, the “Clients”). Protocol VC Clients are typically comprised of institutional investors, high-net worth individuals and families, charitable organizations, trusts, estates, and businesses.

Funds

Currently the Fund advised by Protocol VC is the Protocol VC Fund I LP, a Delaware limited partnership. An affiliate of Protocol VC, Protocol VC GP I LLC, a Delaware limited liability company, acts as the general partner. Brad Holden is the manager of the General Partner.

Investors in the Funds advised by Protocol VC, including prospective investors, are referred to herein as “Investors.”

Managed Accounts

Pursuant to each Managed Account Clients’ investment management agreement (each an “IMA”) with Protocol VC, Protocol VC provides discretionary or non-discretionary investment advisory portfolio management services with respect to the assets of the Managed Account Client, with a specific emphasis on the venture investment portfolio of the Managed Account Clients. Protocol VC will assess and provide analysis with respect to private investments brought to such Managed Account Clients.

Managed Account Clients will always have their own methods for the custody and holding of assets including, but not limited to, (i) accounts with qualified custodians (i.e., Gemini, Anchorage, Coinbase, Oppenheimer, etc.), (ii) Digital Asset exchange account (Coinbase, Kraken, etc.), (iii) Digital Asset wallet, and/or (iv) multi-signature wallet (collectively, the “Custodial Accounts”). Protocol VC will provide its discretionary investment advice and manage the Digital Assets of Managed Account Clients held in such Custodial Account. For non-discretionary relationships, Managed Account Clients are free at all times to accept or reject any investment recommendation from Protocol VC.

Protocol VC will also assist Managed Account Clients in the preparation, review, and evaluation of policies, parameters, restrictions, and objectives of such Client's financial goals. Protocol VC will assist in the review and establishment of Clients' asset allocation goals and may make discretionary recommendations deemed appropriate based on Clients' investment policies, market conditions, financial condition, and other factors. As part of the investment management process, Protocol VC gathers information on the Client's complete balance sheet, providing a complete picture of the Client's financial condition, allowing Protocol VC to properly provide its discretionary advice with respect to the Managed Account Clients' Custodial Account assets in line with the Clients' financial objectives.

Protocol VC does not effect securities transactions on behalf of Managed Account Clients. Protocol VC may decide in the future to sponsor or manage additional Funds or Managed Accounts.

Regarding the Funds and Managed Account Clients, Protocol VC primarily provides advice on Digital Assets and Digital Asset related start up entities and projects.

C. Client Tailored Services and Client Imposed Restrictions

Funds

Protocol VC investment management and advisory services to the Funds are provided pursuant to the terms of each Fund's private placement memorandum and/or other offering documents, investment advisory agreement, limited partnership agreement, limited liability company agreement, or other governing documents (collectively, the "Governing Documents"). Investors cannot obtain services tailored to their specific needs.

However, Protocol VC may enter into side letters and other agreements and arrangements with certain Investors specific rights, benefits, or privileges that are not made available to Investors generally.

Managed Accounts

Protocol VC's discretionary or non-discretionary advisory services with respect to Managed Accounts are generally tailored to achieve the Client's investment and financial objectives. Clients may impose reasonable restrictions, in writing, on Protocol VC's non-discretionary advisory services.

D. Wrap Fee Programs

Protocol VC does not participate in wrap fee programs.

E. Amounts Under Management

Protocol VC does not currently manage assets on a discretionary basis and manages \$310,533,185 on a non-discretionary basis as of November 21, 2024.

Item 5 – Fees and Compensation

A. Fee Schedule

The fees and compensation payable to Protocol VC are negotiable and vary among its Clients.

However, the range of compensation is generally as follows:

1. Management Fee

Funds

With respect to the Funds managed by Protocol VC, typically an asset-based management fee is charged to Investors in the Funds (typically on a quarterly or monthly basis, as further described in each Fund's Governing Documents). The management fee received from the Funds may be up to two percent (2%) *per annum*.

The Management Fees and Performance Allocations described below may be waived in Protocol VC's discretion for investors that are members, employees, or affiliates of Protocol VC, as well as for relatives of such persons.

Managed Accounts

With respect to Managed Accounts advised by Protocol VC, typically an asset-based management fee is charged to each Managed Account Client (typically on a quarterly or monthly basis, as further outlined in each Client's IMA). Protocol VC will issue an invoice to the Managed Account Client for payment of the management fee. Management fees charged to Managed Account Clients are up to one percent (1%) *per annum of the at-cost investment amount*.

2. Performance Allocation

Funds

The Adviser or the General Partners may be entitled to discretionary distributions subject to the performance of a Fund. Distributions from each Fund shall initially be apportioned among the Investors in proportion to their sharing percentages with respect to such portfolio investment. The amount apportioned to the Adviser or the General Partners and the amount apportioned to each other Investor shall be determined by the Fund's Governing Documents and the amount apportioned to the Adviser or the General Partners may differ across Funds. The Adviser recognizes that there could exist certain potential conflicts of interest associated with performance-based compensation arrangements. The performance-based compensation could motivate the Adviser to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. In addition, the Adviser could have an incentive to favor one Fund over another in allocating investment opportunities where one Fund has higher potential performance-based compensation. The Adviser seeks to address these conflicts of interest by advising the Funds in accordance with the Adviser's fiduciary duties, as well as the Adviser's allocation policy and the Funds' respective investment strategies, guidelines, and any allocation restrictions as set forth in the Governing Documents. The Adviser or the General Partners will only charge performance-based compensation in accordance with all applicable laws and regulatory requirements, and, to the extent required by law, only to those Funds who qualify as "Qualified Clients" as defined in Rule 205-3 under the Investment Advisers Act. The performance-based compensation for carried interest that may be paid to a General Partner of a Fund is generally 20% of a Fund's returns in excess of

Investors' capital contributions but may be greater and is subject to the terms of the Governing Documents of such Fund.

Managed Accounts

Protocol VC may receive performance-based fees with respect to its Managed Account Clients. If Protocol VC chooses to charge a performance-based fee for Managed Accounts, it will do so only for qualified clients as defined in Rule 205-3 under the Investment Advisers Act of 1940.

3. Fee Comparison

The fees charged to Clients, including the management fee and Performance Allocation, may constitute a higher percentage of average net assets than would be found with other investment advisers.

B. Payment of Fees

Management fees, Performance Allocations, and third-party fees (discussed below) are paid by Clients directly to Protocol VC or an affiliate of Protocol VC (including the General Partner).

Funds

With respect to Funds managed by Protocol VC, management fees, which are generally paid in advance, are charged and paid at the beginning of the applicable period. Performance Allocations are charged as of the last day of the calendar year and as of any date on which an Investor makes a withdrawal or receives a distribution from the Fund. Performance Allocations are also only charged to those Investors in Funds who qualify as "Qualified Clients" as defined in Rule 205-3 under the Investment Advisers Act.

Managed Accounts

Managed Accounts Clients will be issued an invoice from Protocol VC at the end of each month for the payment of fees.

C. Third-Party Fees

Funds

Each Fund shall pay such costs and expenses as Protocol VC shall reasonably determine to be necessary, appropriate, advisable or convenient to carry on its business and realize its objective, including but not limited to: (i) management fees and performance fees for private funds; (ii) all general investment expenses (i.e., expenses which Protocol VC reasonably determines to be directly related to the investment of the Funds' assets); (iii) all operating, administrative, legal, accounting, auditing, record-keeping, tax form preparation, brokerage commissions, clearing fees, borrowing charges, interest on margin and other borrowings, withholding and transfer taxes, compliance and consulting costs and expenses; (iv) fees, costs and expenses of third-party service providers that provide such services; (v) such other expenses as may be set forth in each Funds' Governing Documents; and, (vi) any extraordinary expenses, among other expenses.

Protocol VC' fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by Funds. Such charges, fees and commissions are exclusive of and in addition to Protocol VC' management fee and Performance Allocation, and

Protocol VC shall not receive any portion of these commissions, fees, and costs.

Managed Accounts

In addition to the management fee described above, Managed Account Clients will bear expenses associated with trading and custody in connection with their respective Custodial Accounts, including transaction charges and/or brokerage fees when purchasing or selling Digital Assets, securities, or other assets held in Custodial Accounts. Managed Account Clients should also be aware that transactions occurring on a blockchain typically require transaction fees from the exchange, Custodial Account, custodian, and/or blockchain itself. Examples of on-blockchain transactions would include the transfer, purchase, and sales of Digital Assets. Such expenses will be paid directly from the Managed Account Client's Custodial Accounts or given third-party exchange, as applicable.

D. Prepayment of Fees

Management fees are generally payable monthly or quarterly in advance. If an Investor in a Fund or Managed Account Client was permitted to withdraw capital on a date other than the end of calendar month or quarter, as applicable, the management fee will not be refunded to such Investor or Managed Account Client.

E. Outside Compensation for the Sale of Securities

Neither Protocol VC nor its supervised persons accept compensation for the sale of securities or other investment products outside of its association with Protocol VC.

The foregoing discussion in Items 5 represents Protocol VC' basic compensation arrangements. The management fees and Performance Allocation described above are structured to comply with Rule 205-3 under the Advisers Act and applicable state laws. Fees and other compensation are negotiable in certain circumstances and arrangements with any particular Investor may vary. Although Protocol VC believes its fees are competitive, lower fees for comparable services may be available from other investment advisers.

Item 6 – Performance-Based Fees and Side-By-Side Management

As discussed in Item 5.A., Protocol VC generally receives a Performance Allocation with respect to Investors in Funds it manages. Protocol VC recognizes there could exist certain potential conflicts of interest associated with the presence of a performance-based fee. The Performance Allocation could motivate Protocol VC to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. Protocol VC seeks to address these conflicts of interest by advising the Funds in accordance with Protocol VC' fiduciary duty, as well as the Funds' respective investment strategies, guidelines, and any allocation restrictions as set forth in the Governing Documents. As such, the Adviser has implemented a compliance program to oversee that the Firm does not favor one Fund over another.

Notwithstanding these potential conflicts, Protocol VC will allocate transactions and opportunities among the various Client accounts it manages in a manner it believes to be as

equitable as possible, considering each account's objectives, programs, limitations and capital available for investment, but even accounts with similar objectives will often have different investment portfolios.

The performance-based compensation for carried interest that may be paid to a General Partner of a Fund is generally 20% of a Fund's returns in excess of Investors' capital contributions but may be greater and is subject to the terms of the Governing Documents of such Fund.

The performance-based compensation for a Managed Account Client is specific to the terms of such Client.

Item 7 – Types of Clients

As stated in Item 4, Protocol VC provides discretionary and non-discretionary investment advisory services to its Clients.

Funds

Investors in the Funds are generally "accredited investors" within the meaning of Rule 501(a) under the Securities Act of 1933, as amended, "qualified clients" within the meaning of Rule 205-3 under the Investment Advisers Act, and/or "qualified purchasers" within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "Investment Company Act"). The Funds' interests may generally be offered to institutional investors, high-net worth individuals and families, charitable organizations, trusts, estates, and businesses. Protocol VC provides discretionary investment advisory services with respect to the Funds it advises, and Investors have no ability to accept or reject investment advice.

Managed Accounts

Managed Account Clients are generally "qualified clients" within the meaning of Rule 205-3 under the Investment Advisers Act, and/or "qualified purchasers" within the meaning of Section 2(a)(51) of the Investment Company Act.

With respect to Managed Account Services, Protocol VC is very selective with the types of Managed Account Clients it is willing to provide such Managed Account Services to and will only choose to provide such services to Managed Account Clients who have sufficient financial condition and a sophisticated understanding of the Digital Asset ecosystem.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis and Investment Strategies

Protocol VC applies an institutional framework to portfolio management, seeking to apply time-tested portfolio construction principles and risk management processes within the blockchain and Digital Asset ecosystem. Protocol VC believes its knowledge of Digital Assets and blockchain technology, coupled with its unique market insights may facilitate superior investment performance for the Funds and Managed Account Clients.

Investment decisions for each Fund are guided and controlled by the stated investment objectives set forth in its offering documents and advisory agreements. Similarly, the Investment Adviser's investment decisions and advice with respect to each Managed Account Client are subject to each Managed Account Client's investment objectives and guidelines, as set forth in the investment management agreement, as well as any written instructions provided by the Managed Account Client to the Investment Adviser.

Funds

Protocol VC's objective is to achieve outsized returns for Investors by constructing a venture capital focused portfolio focused on the Digital Asset ecosystem.

With respect to the Protocol VC Fund I LP Fund, Protocol VC will seek to capture value across the venture lifecycle. Protocol VC seeks to identify outsized opportunities and orient strong teams to execute, and back strong founders.

Managed Accounts

As described in Item 4 above, Protocol VC will apply its deep knowledge of Digital Assets and market insights to provide discretionary and non-discretionary investment advisory and portfolio management services to Managed Account Clients and will provide analysis with respect to private investments brought to such Managed Account Clients.

"Digital Assets" as used herein shall mean blockchain-based digital assets, including, but not limited to, virtual currencies, non-securities tokens, securities tokens, protocol tokens, smart contracts, blockchain-based assets, crypto assets and other cryptofinance and digital assets that currently exist, or may exist in the future including, but not limited to, digital platforms such as blockchain assets, decentralized finance ("DeFi") assets, as well as "synthetic" digital assets (e.g., entirely new tokens being created on existing blockchain technology), digital currency networks, digital coins, altcoins, cryptocurrency platforms, cryptocurrencies, decentralized application tokens and protocol tokens, cryptocurrency mining and other cryptofinance and digital assets.

B. Risks of Investments and Strategies Utilized

General Risk Factors

Dependence on Key Personnel. Protocol VC and its Clients are dependent on the services of their respective principals and key personnel. The success of Protocol VC' Clients may depend to a great extent on the investment skills of the Protocol VC' principals and key personnel. There can be no assurance that the principals or key personnel will continue to be associated with Protocol VC and their respective affiliates. Clients may be adversely affected if, because of illness, resignation, or other factors, the services of the relevant people were not available for any significant period of time.

Undisclosed Investing Strategy. Protocol VC' investment strategies and the techniques it will employ to attempt to reach Clients' goals are proprietary and are not required to be disclosed to potential Investors (or to Investors). As a result, a potential Investor's or Client's decision to invest with Protocol VC must be made without the benefit of being able to review

and analyze Protocol VC' strategy and techniques.

Undisclosed Positions. In an effort to protect the confidentiality of its positions and its strategies, Protocol VC generally will not disclose its positions on an ongoing basis. Protocol VC, in its sole discretion, may from time to time permit such disclosure to certain Investors and/or Clients.

Changes in Investment Strategies. With respect to Funds, Protocol VC has broad discretion to expand, revise or contract the Funds' business without the consent of the Investors. The Funds' investment strategies may be altered without prior approval by, or notice to, the Investors, if Protocol VC determines that such change is in the best interest of the Funds. With respect to Managed Accounts, Protocol VC does not have investment discretion and Managed Account Clients are always free to accept or reject Protocol VC' investment recommendations.

Operating Deficits. The expenses of operating the Clients (including management fees payable to Protocol VC) could exceed their income. This would require that the difference be paid out of the Clients' capital, reducing the amount of capital available to the Clients for investment and the Clients' potential for profitability.

Business and Regulatory Risks of Venture Funds. Legal, tax and regulatory changes could occur during the terms of the Funds that may adversely affect the Funds. The regulatory environment for venture funds is evolving, and changes in the regulation of venture funds may adversely affect the value of investments held by the Funds. The effect of any future regulatory change on the Funds could be substantial and adverse.

Enhanced Scrutiny and Potential Regulation of Private Investment Funds. There has been enhanced governmental scrutiny and/or increased regulation of the private investment fund and financial services industries in general. Future legislation may have an adverse effect on the private investment fund industry generally and/or on the Funds, specifically. In addition, regulatory agencies in the U.S., Europe, or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private investment fund industry, or other changes that could adversely affect private investment firms and the funds they sponsor, including the Funds. Additional governmental scrutiny may reduce the availability of the Funds' investment opportunities and may increase the Funds' and Protocol VC' exposure to potential liabilities and to legal, compliance and other related costs. Such increased regulation and scrutiny could have a material and adverse effect on the Funds.

Legality of Digital Assets. It may be illegal, now or in the future, to own, hold, sell or use Digital Assets in one or more countries, including the United States. Although currently Digital Assets are not regulated or are lightly regulated in most countries, including the United States, one or more countries may take regulatory actions in the future that severely restricts the right to acquire, own, hold, sell or use Digital Assets or to exchange Digital Assets for fiat currency. Such an action may restrict a Clients' ability to hold or trade Digital Assets and could result in termination and liquidation of a Fund at a time that is disadvantageous to Investors or may adversely affect a Client's engagement with Protocol VC.

Current and Future Digital Asset Regulation. Current and future legislation, CFTC, SEC, and Financial Crimes Enforcement Network (FinCEN) rulemaking and other regulatory

developments may impact the manner in which Digital Assets are treated for classification and clearing purposes. As of the date of this filing, Protocol VC is not aware of any rules that have been proposed to specifically regulate Digital Assets as commodities or securities. The SEC has issued multiple releases stating that, depending on the specific facts and circumstances of the Digital Asset in question, some Digital Assets may fall under securities regulation. Additionally, although the CFTC has declared that Digital Assets are commodities, currently, only certain kinds of Digital Assets, including Digital Asset transactions that are entered into, or offered, on a leveraged or margined basis, or financed by the offeror, may be subject to CFTC regulation. Protocol VC cannot be certain as to how future regulatory developments will impact the treatment of Digital Assets under the law.

To the extent that Digital Assets are deemed to fall within the definition of a commodity future or further within the scope of CFTC regulation pursuant to subsequent rulemaking by the CFTC, Protocol VC and/or the Funds may be required to register and/or comply with additional regulation under the Commodity Exchange Act. Moreover, Protocol VC may be subject to further requirements with the CFTC through the NFA. Such additional registrations, regulations or disclosures may result in extraordinary, non-recurring expenses for Clients. If Protocol VC determines not to comply with such additional requirements, the Clients, where necessary, may be liquidated at a time that may be disadvantageous.

To the extent that Digital Assets are deemed to fall within the definition of a security pursuant to subsequent rulemaking by the SEC, Protocol VC and/or the Funds may be required to register and comply with additional regulation under the Investment Company Act or similar state investment advisory statutes. Such additional registrations may result in extraordinary, non-recurring expenses for the Clients. If Protocol VC determines not to comply with such additional regulatory and registration requirements, the Clients, where necessary, may be liquidated at a time that may be disadvantageous.

Digital Assets currently face an uncertain regulatory landscape in not only the United States but also in many foreign jurisdictions such as the European Union, China, and Russia. Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect Digital Asset networks and their users, particularly Digital Asset exchanges and service providers that fall within such jurisdictions' regulatory scope. Such laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of Digital Assets by users, merchants, and service providers outside of the United States and may therefore impede the growth of the Digital Asset economy.

The effect of any future regulatory change on Clients is impossible to predict, but such change could be substantial and adverse.

No FDIC or SIPC Protection. Digital currencies held by Clients are not subject to Federal Deposit Insurance Corporation ("FDIC") or Securities Investor Protection Corporation ("SIPC") protections. The Funds are not banking institutions or otherwise a member of the FDIC or SIPC and, therefore, deposits held with, or assets held by the Funds are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. While private insurance may be available at times, the undivided interest in Clients' Digital Assets are not insured.

Cybersecurity Risk. As part of its business, Protocol VC processes, stores, and transmits large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of the Investors. Similarly, service providers of Protocol VC or the Clients, especially the Funds' administrators, may process, store, and transmit such information. Protocol VC has procedures and systems in place 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 Protocol VC may be susceptible to compromise, leading to a breach of Protocol VC' network. Protocol VC' systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Breach of Protocol VC' information systems may cause information relating to the transactions of Clients and personally identifiable information of Clients to be lost or improperly accessed, used, or disclosed.

The service providers of the Funds' general partners, Protocol VC and its Clients are subject to the same electronic information security threats as Protocol VC. 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 Clients and personally identifiable information of Clients may be lost or improperly accessed, used, or disclosed.

The loss or improper access, use, or disclosure of Protocol VC' or a Clients' proprietary information may cause Protocol VC or its Clients 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 Protocol VC' Clients.

Force Majeure. Protocol VC' Clients' investments may be affected by force majeure events (*i.e.*, events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including the Clients or a counterparty to the Clients) to perform its obligations until it is able to remedy the force majeure event and/or prompt precautionary government-imposed closures of certain travel and business. In addition, forced events, such as the cessation of the operation of machinery for repair or upgrade, could similarly lead to the unavailability of essential machinery and technologies. These risks could, among other effects, adversely impact Clients' returns, cause personal injury or loss of life, disrupt global markets, damage property, or instigate disruptions of service. In addition, the cost to Clients of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on Clients' expected returns. Certain force majeure events (such as war, terrorism, or an outbreak of an infectious disease) could have a broader negative impact on

the world economy and international business activity generally, or in any of the countries in which Clients may invest and the markets Clients may trade specifically. Military action or governmental sanctions prompted by certain force majeure events may further impact general economic conditions and market liquidity internationally or in the specific markets Clients invest. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over industry assets, could result in losses to Clients, including if its investments are canceled, unwound, or acquired (which could be without adequate compensation). Any of the foregoing may therefore adversely affect the performance of Clients and their investments.

Investment and Trading Risks

General Investment and Trading Risks. Investments involve a high degree of risk, including the risk that the entire amount invested may be lost. Clients may invest in Digital Assets and other financial instruments using strategies and investment techniques with significant risk characteristics. No guarantee or representation is made that Clients' investment operations will be successful. Clients' investment operations may utilize investment techniques, the use of which can, in certain circumstances, maximize the adverse impact to which both the Funds and the Managed Accounts may be subject.

Digital Assets. Digital Assets are loosely regulated and there is no central marketplace for currency exchange. Supply is determined by a computer code, not by a central bank, and prices can be extremely volatile. Digital Asset exchanges have been closed due to fraud, failure, or security breaches. Any Client funds that reside on an exchange that shuts down may be lost.

Several factors may affect the price of Digital Assets, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of Digital Assets or the use of Digital Assets as a form of payment. There is no assurance that Digital Assets will maintain their long-term value in terms of purchasing power in the future, or that acceptance of Digital Asset payments by mainstream retail merchants and commercial businesses will grow.

Digital Assets are created, issued, transmitted, and stored according to protocols run by computers in the Digital Asset network. It is possible these protocols have undiscovered flaws which could result in the loss of some or all assets held by Clients. There may also be network scale attacks against these protocols which result in the loss of some or all of assets held by Clients. Some assets held by Clients may be created, issued, or transmitted using experimental cryptography which could have underlying flaws. Advancements in quantum computing could break the cryptographic rules of protocols which support the assets held by Clients. Protocol VC makes no guarantees about the reliability of the cryptography used to create, issue, or transmit assets held by the Clients.

Digital Asset Exchanges. The Digital Asset 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. In general, Digital Asset exchanges are currently start-up businesses with no institutional backing, limited operating

history and no publicly available financial information. Exchanges generally require cash 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, cash 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. Clients will take credit risk of an exchange every time they transact.

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 the Funds or the operations of the Managed Accounts.

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.*, fx voluntarily shutting down because it was unable to account for over eight hundred and fifty thousand (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).

Any financial, security or operational difficulties experienced by such exchanges may result in an inability of Clients to recover money or Digital Assets being held by the exchange. Further, Clients may be unable to recover Digital Assets awaiting transmission into or out of Client accounts, all of which could adversely affect an investment with Protocol VC. 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 Clients, their operations and investments, or the Investors.

Stablecoin Specific Risks. Stablecoins are distinct from other Digital Assets in that their value is intended to be pegged to fiat currency like USD (*e.g.*, 1 stablecoin is intended to represent \$1 USD) and backed by an underlying asset, such as fiat currency like USD, commodities, or other Digital Assets. Stablecoins are subject to the same risks as other Digital Assets described in these risk factors but are also subject to unique risks. While stablecoins are intended to be less volatile than other Digital Assets, they are inherently subject to the volatility of the underlying assets to which they are pegged. Stablecoins come in various forms, each with their own unique set of risks.

- Fiat-based stablecoins are centralized, which exposes the holder of such stablecoins to counterparty risk, including but not limited to, a centralized entity that issues the applicable stablecoin and manages the fiat conversion. Specifically, fiat-based stablecoins require the holder of such stablecoins to rely on the issuer to have sufficient reserve to back up all of the issued stablecoins. For example, USDT issued by Tether is subject to controversy due to the lack of transparency and claims that Tether does not hold sufficient USD reserves to back all of the issued USDT tokens, which resulted in a significant drop in value of USDT October 2018. Further, fiat-based stablecoins are subject to greater oversight and regulation, and will be further dependent on the banking industry and other geopolitical factors, all of which could affect the value of such stablecoins.
- Algorithmic stablecoins rely on another Digital Asset to support the aforementioned stablecoin with an algorithm or smart contract governing the relationship between the two assets. Such stablecoins utilize the smart contract to maintain their peg, typically to USD. Destabilization of the Digital Asset on which an algorithmic stablecoin relies can lead to a complete collapse in the value of the stablecoin. For example, in May of 2022, TerraUSD (or UST, for short), an algorithmic stablecoin created and administered by Terraform Labs, collapsed after attacker(s) flooded the Digital Asset market with UST putting downward pressure on the price of UST and investors, sensing negative sentiment, further withdrew UST compounding the loss of UST's peg to USD.
- Digital Asset backed stablecoins rely on various forms of collateralized Digital Assets, to allow for such stablecoin to maintain their value. Digital currency backed stablecoins are inherently more volatile than stablecoins backed by fiat or commodities given the volatility of the underlying Digital Assets. Even though overcollateralization (sometimes to the extent of 170% or greater) of Digital Assets is generally required, there is no guarantee such collateral will be sufficient for a stablecoin to maintain its value. The collateral backing Digital Asset based stablecoins is held in smart contracts and the underlying Digital Asset can be immediately liquidated if the value of such Digital Asset falls below a certain threshold. For example, DAI, a stablecoin launched on the Ethereum blockchain was overcollateralized at a ratio of 141% as of August 2022 via its "vault" smart contract. The greater the value of the collateral, the more such Digital Assets would need to fall in value before such stablecoins lose their peg. If the underlying digital currency loses too much value, the system may become under-collateralized and there is potential the stablecoin will quickly lose its peg and all value. In addition, there is a risk that the underlying Digital Asset held as collateral is not adopted or no longer accepted on other platforms, implicitly lowering the value of such collateral, and increasing the risk such Digital Asset backed stablecoin loses its value.

Proof of Stake Risk. Clients may invest some of their assets through protocols that verify transactions through a concept known as Proof of Stake ("PoS"). PoS generally allows holders of a Digital Asset to verify future transactions in a protocol based on various factors, depending on the rules of the protocol. Some protocols allow holders with a larger amount of

the Digital Asset (i.e., stakes) deposited in the protocol to be awarded with additional Digital Assets through the verification of future transactions. Those with stakes in some protocols may also have the ability to govern and vote on how the protocol is controlled in the future. As PoS typically requires storing a large amount of the relevant Digital Asset for a potentially long period of time in order to verify future transactions on the protocol, such investments may be illiquid for an extended period of time before there is any return on investment. Such illiquidity could have an adverse effect on Clients. To the extent the Clients invest any of their assets through PoS-based protocols, there is a risk that a protocol assesses a penalty against the Clients in connection with the Clients' activities in verifying transactions in such protocol, which could result in a loss of some or all of a Client's Digital Assets that have been deposited in the protocol. Further, PoS is subject to the same risks associated with Digital Assets in general including, but not limited to, equipment failure, regulatory control, and a failure of the network which the stake is deposited on.

Slashing of Digital Assets. A "slashing" is an event where the validator in a PoS Digital Asset network or blockchain is penalized for violating a rule of the protocol, typically by forcing such validator to forfeit a defined proportion of staked tokens, which are then typically burned or redistributed to other stakeholders. Tokens pledged by delegators to validators are typically not subject to slashing, but once pledged by the validator to the protocol are subject to slashing. Downtime and double signing are examples of behaviors that may be deemed harmful to the protocol and that may result in slashing penalties. Most PoS networks have defined slashing parameters with corresponding penalties and varying degrees of severity, although some networks do not penalize such activities and, instead, rely on opportunity costs and validator reputation to create an efficient delegation market. Certain networks therefore will pose more risks due to parameters around slashing. Additionally, while Protocol VC will seek to only delegate Digital Assets to reputable validators, any validator may engage in dishonest validations or other malicious behavior for which Protocol VC has no control, and which may result in the "slashing" of the Digital Assets staked by the validator (including Digital Assets delegated by a Client to the validator). To the extent that Clients delegate Digital Assets to a validator on a PoS Digital Asset network or blockchain that is subject to slashing, such assets are also subject to slashing which may result in a partial or complete loss of such assets.

Limited Exchanges on Which to Trade. Clients may trade on a limited number of exchanges (and potentially only a single exchange) either because of actual or perceived counterparty or other risks related to a particular exchange. Trading on a single or limited number of exchanges may result in less favorable prices and decreased liquidity for Clients and therefore could have an adverse effect on Clients and Investors.

Risks of Buying or Selling Digital Assets. Clients may transact with private buyers or sellers or virtual currency exchanges. Clients will take on credit risk every time they purchase or sell digital currency or Digital Assets, and their contractual rights with respect to such transactions may be limited. Although a Client's transfers of Digital Assets or cash will be made to or from a counterparty which Protocol VC believes is trustworthy, it is possible that, through computer or human error, or through theft or criminal action, the Client's Digital Assets or cash could be transferred in incorrect amounts or to unauthorized third parties. To the extent that Clients are unable to seek a corrective transaction with such third party or are

incapable of identifying the third party which has received a Digital Assets or cash (through error or theft), Clients will be unable to recover incorrectly transferred Digital Assets or cash, and such losses will negatively impact such Clients.

Exchanges Operating Outside of the U.S. Certain Digital Asset exchanges that Clients engage with may operate outside of the United States. 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 Clients in another country. Further, should an exchange cease operation due to criminal actions or for financial or regulatory reasons, Clients may suffer losses and will likely be subject to the laws of the exchange's home country when pursuing remedies. 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. Exchanges operating outside the U.S. typically limit or prohibit or may in the future without notice limit or prohibit, investment by entities with U.S. beneficial owners in order to avoid U.S. regulations. Should an exchange on which a Client trades prohibit U.S. beneficial owners or limit the Client's trading, the Client may be forced to liquidate its positions at an inopportune time and be further limited or prevented from making investments in accordance with its investment strategy. It is possible in such an event that the exchange could "freeze" the Client's account thereby preventing the Client from accessing its account completely, and the Client would be unable to trade or withdraw funds from the exchange. Furthermore, any trading profits that the Client would have made as a result of early liquidation will not be available to the Client and the Client, in certain cases, may be obligated to indemnify the exchange for losses incurred due to the liquidation and to participate in an investigation conducted by the exchange and/or relevant authorities. If the Client, either directly or through, holds assets on an exchange where it is technically not an eligible counterparty, the exchange may have a claim for breach of contract against the Client. These legal and regulatory risks may adversely affect Clients and their respective operations and investments.

Third Party Wallet Providers. Clients may use third party wallet providers to hold a portion of their Digital Assets. Clients may have a high concentration of their Digital Assets 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. Clients are not required to maintain a minimum number of wallet providers to hold Digital Assets. Clients 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 Clients against any losses of Digital Assets. Digital Assets 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. Clients may also incur costs related to third party storage. Any security breach, incurred cost, or loss of Digital Assets associated with the use of a third-party wallet provider may adversely affect an investment in a Fund or the operations of the Managed Accounts.

Bankruptcy of Third-Party Wallet Providers, Custodians, and Exchanges. Clients may hold Digital Assets with one or more third party wallet providers, custodians, and/or exchanges (each, a "Third Party Custodian"). There is a risk that a bankruptcy court would deem Digital Assets held with a Third-Party Custodian to be the property of the bankruptcy

estate in the event of a Third-Party Custodian's bankruptcy. In that case, Clients could be treated as a general unsecured creditor of the Third-Party Custodian, which means Clients would not have a claim to their specific Digital Assets held with the Third-Party Custodian and could only recover the value of its Digital Assets to the extent there are funds remaining after more senior and secured creditors' claims have been satisfied. Moreover, the value of such Digital Assets may fluctuate (up or down) after the filing of the bankruptcy petition and a particular Client's claim may not receive the benefit of such higher valuation or could be reduced in the case of a lower valuation. In such an event, Clients may be unable to recover the full value of their Digital Assets held at the Third-Party Custodian, which could result in significant losses.

Risk of Loss of Private Key. Digital Assets are controllable only by the possessor of unique private keys relating to the addresses in which the Digital Assets are held. The theft, loss or destruction of a private key required to access a Digital Asset is irreversible, and such private keys would not be capable of being restored by Clients. Any loss of private keys relating to digital wallets used to store a Client's Digital Assets could result in the loss of the Digital Assets and an Investor could incur substantial, or even total, loss of capital.

Risk of Loss Due to Failure of Custodial Systems. Protocol VC may utilize a proprietary self- custody system and/or any third-party custodian, including qualified custodian for custody of certain Fund assets. These measures seek to mitigate risk from any single malicious individual or security threat, however there are a variety of risks that could lead to a system failure, resulting in the loss of the Funds' Digital Assets. Any hardware, including physical backups used by Protocol VC to store the Funds' Digital Assets, could fail or become unusable. The incapacitation or coercion of any privileged team members of Protocol VC who have access to the cryptographic keys required to access some or all of the Digital Assets held by the Funds could result in the loss of the private keys and consequently, the loss of the Digital Assets held by the Funds. The system is also vulnerable to a malicious insider sabotaging the system or sophisticated malware and cryptographic errors or attacks, which could lead to a loss of funds. Additionally, while funds are being transferred from the applicable custody system, protocol, application, or user errors could additionally lead to incorrect sends that cause funds to be irrecoverably lost. In any of the events described above, an Investor could incur substantial, or even total, loss of capital.

Risk of Loss Due to Incapacitation of Key Personnel. Key personnel may be the sole individuals in possession of the unique private keys required to access the Digital Assets held by the Funds (the "Key Personnel"). The incapacitation of the Key Personnel would likely result in the loss of the private keys and, consequently, the loss of the Digital Assets held by the Funds. In such an event, an Investor could incur substantial, or even total, loss of capital.

Digital Assets Trading is Volatile and Speculative. Digital Assets represent a speculative investment and involve a high degree of risk. As relatively new products and technologies, Digital Assets have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of the demand for Digital Assets is generated by speculators and investors seeking to profit from the short or long-term holding of Digital Assets. The relative lack of acceptance of Digital Assets in the retail and commercial marketplace limits the ability of end-users to pay for goods and

services with Digital Assets. A lack of expansion by Digital Assets into retail and commercial markets, or a contraction of such use, may result in increased volatility.

Trading on Digital Asset Networks. Clients will generally convert U.S. dollar to Digital Assets over specific networks, as applicable. Clients may use certain Digital Assets to purchase other Digital Assets. Many Digital Asset networks are online end-user-to-end-user networks that host a public transaction ledger, known as the blockchain, and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. In many Digital Asset transactions, the recipient of the Digital Asset must provide its public key, which serves as an address for a digital wallet, to the party initiating the transfer. In the data packets distributed from Digital Asset software programs to confirm transaction activity, each Digital Asset user must “sign” transactions with a data code derived from entering the private key into a “hashing algorithm,” which signature serves as validation that the transaction has been authorized by the owner of such Digital Asset. This process is vulnerable to hacking and malware and could lead to theft of a Client’s digital wallets and the loss of a Client’s Digital Assets. Many Digital Asset exchanges have been closed due to fraud, failure, or security breaches. In many of these instances, the customers of such Digital Asset exchanges were not compensated or made whole for the partial or complete losses of their account balances in such Digital Asset exchange.

Amendments to a Digital Asset Network’s Protocols and Software Could Adversely Affect Clients. Digital Asset networks (collectively, “Networks”) are typically based on protocols that govern peer-to-peer interactions between computers connected to a Network. Generally, the code that sets forth a Digital Asset’s protocol is informally managed by a development team known as the core developers. A Digital Asset’s core developers, miners, and/or users (each such core group in respect of a particular Digital Asset, the “Community”) can propose amendments to a Network’s source code through one or more software upgrades that alter such Digital Asset’s protocols, the software that govern its Network and the properties of the Digital Asset itself, including, but not limited to, the irreversibility of transactions and limitations on the mining/creation of new Digital Asset units. To the extent that a majority of a Community installs such software upgrade(s), such Digital Asset’s Network could be subject to new protocols and software that may adversely affect Clients’ investment operations. If less than a majority of a Community installs such software upgrade(s), such Digital Asset’s Network could “fork.”

Many Digital Assets are open-source projects and, although there may be an influential group of leaders in a specific Community, there may be no official developers or group of developers that formally control the applicable Network. For many Digital Assets, any individual can download the applicable Network software and make any desired modifications, which are proposed to the relevant Digital Asset’s Community through software downloads and upgrades. However, the Community must usually consent to those software modifications by downloading the altered software or upgrade that implements the changes; otherwise, the changes do not become a part of that Network. A developer or group of developers could potentially propose a modification to a Network that is not accepted by the applicable Community, but that is nonetheless accepted by a substantial portion of such Community. In such a case, a “fork” in the blockchain could develop and two separate Networks could result, one running the pre-modification software program and the other running the modified

version (i.e., a second such Network in respect of the same Digital Asset). Such a fork in the blockchain typically would be addressed by Community-led efforts to merge the forked blockchains. This kind of split in a Network could materially and adversely affect the value of Clients' investments or the Digital Assets owned by Clients and, in the worst-case scenario, harm the sustainability of the applicable Digital Asset's economy.

Risk to Digital Asset Networks from Malicious Actors. If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on certain Digital Asset networks, it may be able to alter the Blockchain on which the Digital Asset transaction relies on by constructing alternate blocks if it is able to solve for such blocks faster than the remainder of the miners on the Digital Asset network can add valid blocks. In such alternate blocks, the malicious actor or botnet could control, exclude, or modify the ordering of transactions, though it could not generate new Digital Assets or transactions using such control. Using alternate blocks, the malicious actor could double spend its own Digital Assets and prevent the confirmation of other users' transactions for so long as it maintains control. To the extent that such malicious actor or botnet does not yield its majority control of the processing power on various Digital Asset networks or the Digital Asset community does not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. Such changes could adversely affect Clients' investments or ability to transact.

Forks and Airdrops. The blockchain code for a Digital Asset may be split, resulting in two different Digital Assets: one that is unaltered and a second, new Digital Asset whose code is based on but differs from the original Digital Asset's code (a "Hard Fork"). Further, new Digital Assets may be distributed via "airdrops" to holders of certain existing Digital Assets (an "Airdrop"). New Digital Assets provided via a Hard Fork or Airdrop are provided involuntarily and without consideration. A Hard Fork or Airdrop may affect the value of the original Digital Asset. Protocol VC, in its sole discretion, may elect to claim the new Digital Asset created as a result of a Hard Fork or Airdrop. Further, various exchanges, custodians, wallets, or other storage solutions may not accommodate such Hard Forks or Airdrops or may only accommodate such Hard Forks or Airdrops after a significant period of time. Additionally, Protocol VC may not have any systems in place to monitor or participate in Hard Forks or Airdrops. Therefore, the Clients may not receive any new Digital Assets created as a result of a Hard Fork or Airdrop, thus losing any potential value from such Digital Assets.

Digital Assets Miners May Cease to Solve Blocks. If the award of new Digital Assets, including bitcoins or other coins, as applicable, for solving blocks declines and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce the collective processing power on such Digital Asset network, as applicable, which would adversely affect the confirmation process for transactions (i.e., decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions) and make such network more vulnerable to a malicious actor or botnet obtaining control in excess of fifty percent (50%) of the processing power on such network. Any

reduction in confidence in the confirmation process or processing power of such network may adversely impact Clients.

Intellectual Property Rights Claims May Adversely Affect the Operation of Digital Asset Networks. Third parties may assert intellectual property claims relating to the operation of Digital Assets and their source code relating to the holding and transfer of such assets. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the Digital Asset's long-term viability or the ability of end-users to hold and transfer Digital Assets may adversely affect Clients. Additionally, a meritorious intellectual property claim could prevent Clients and other end-users from accessing such Digital Asset network or holding or transferring their Digital Assets, which could force a Client to terminate and liquidate the Client's Digital Assets (if such liquidation of the Client's Digital Assets is possible). As a result, an intellectual property claim against a Client could adversely affect such Client.

Computer Malware, Viruses, Bugs, Etc. Computer malware, viruses, and computer hacking and phishing attacks have become more prevalent in the industries in which the Digital Asset exchanges operate and may occur on such exchanges' systems or technologies. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any failure to maintain performance, reliability, security, and availability of exchange products and technical infrastructure may harm such exchanges' reputations, their ability to retain existing users and attract new users, and their results of operations.

Digital Asset exchange products and internal systems generally rely on software that is highly technical and complex, and such exchanges' internal systems depend on the ability of such software to store, retrieve, process, and manage immense amounts of data. Such software may now or in the future contain undetected errors, bugs, or vulnerabilities. Some errors may only be discovered after the code has been released for external or internal use. Errors or other design defects within such software may result in a negative experience for users and marketers who use Digital Asset exchange products, delay product introductions or enhancements, or result in measurement or billing errors. Any errors, bugs, or defects discovered in an exchange's software could result in damage to such exchange's reputations, loss of users, loss of revenue, or liability for damages, any of which could adversely affect such exchange's business and financial results and could result in significant losses for Clients.

Stolen or Incorrectly Transferred Digital Assets May be Irretrievable. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of Digital Assets or a theft of Digital Assets generally will not be reversible, and a Client may not be capable of seeking compensation for any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, a Client's Digital Assets could be transferred 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 the Client's Digital Assets through error or theft, the Client will be unable to revert or otherwise recover incorrectly transferred

Digital Assets. To the extent that Clients are unable to seek redress for such error or theft, such loss could adversely affect Clients.

OTC Transactions. Clients may engage in transactions involving Digital Assets and securities traded on over-the-counter (“OTC”) markets. In general, there is less governmental regulation and supervision in the OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. This exposes Clients to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. Such risks are accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Client has concentrated its transactions with a single or small group of OTC counterparties. Moreover, Clients have no internal credit function that evaluates the creditworthiness of their OTC counterparties. Therefore, to the extent that Clients engage in trading on OTC markets, Clients could be exposed to greater risk of loss through default than if it confined its trading to regulated exchanges.

Risks Associated with Investing through Decentralized Exchanges (“DEXs”).

- *Dependence on a Few DEXs.* There are currently very few decentralized, non-custodial protocols with platforms through which Clients may invest or transact. If platforms representing any significant portion of the decentralized Digital Asset markets were to dissolve, liquidate, become bankrupt or otherwise cease operations, change their business, and cease facilitating trade or originating loans, Clients would be unable to fulfill their business objectives.
- *DEXs Dependent on New Technology.* DEXes are in the rapidly changing fields of blockchain technology and the Digital Assets markets and face special risks. Protocol VC has no control over and limited visibility into future technological developments. The rapid pace of technological development creates the risk that a DEXes’ products and services become obsolete, fail to gain meaningful market share, or fall out of favor as more appealing and advanced technologies and products emerge. A DEXes’ intellectual property rights may be subject to legal challenge. Many companies in the blockchain technology and Digital Assets space have limited operating histories. Such a company may be unable to engage and retain sufficient skilled engineering, marketing and management personnel to allow it to maintain its technological edge and develop the corporate infrastructure required to sustain and grow its business. For these and other reasons specific to the decentralized trading industry, investments through DEXes which operate in blockchain technology industries pose greater risks than those in certain other sectors.
- *Regulatory Risks Due to Novelty of DEXes.* DEXes are fairly new, and their compliance with various aspects of regulatory regimes is untested. A federal

or state regulator could take a position that a DEX's activities (and perhaps the activities of the users/traders/lenders/borrowers/members of those platforms, such as a Client) do not comply with applicable law. Further, there is a risk that DEXes are mandated to comply with Anti-Money Laundering (AML) and Know Your Customer (KYC) regulations applicable to traditional exchanges as well as jurisdiction-specific lending laws. Any such regulatory action could adversely affect Clients and the Investors.

- *Lack of Transparency.* Protocol VC recommends investments for Clients, executes its investment strategy for the Funds, and advises on transactions for Clients based in part on information and data that DEXs make available to their users, including interest rates set by these platforms. Protocol VC is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not readily available.
- *Scalability Risk.* Although Protocol VC may believe that the decentralized finance ecosystem presents an opportunity for attractive returns as compared to other markets, there is a possibility that as additional capital enters the interest rates and potential for returns will diminish which will negatively affect a Clients' returns and profitability.
- *Technology Risk.* The software and technology of DEXs is experimental and new, and may now or in the future contain undetected bugs or security vulnerabilities. In addition, like digital exchanges, DEXs are appealing targets for cybercrime, hackers, and malware. All of these risks could result in the loss of some or all assets held by Clients.
- *Smart Contracts.* DEXes may rely on the use of smart contracts. Smart contracts are computer codes that can be created and run by the users of the network on which such smart contract is based. A smart contract can take information as an input, process that information through the rules defined in the computer code and execute certain actions, such as digital currency or Digital Asset transactions, that have been programmed into the smart contract. The use of smart contracts creates risk exposure because smart contracts use experimental cryptography. The occurrence of software bugs or other flaws cannot be ruled out and could potentially result in the theft or destruction of funds.
- *Network Risk.* Most smart contracts are stored on a limited number of Networks and Clients will be subject to certain risks related to such Networks. The development of the Networks could be impacted by one or more regulatory inquiries or regulatory actions. Additionally, Networks have various levels of centralized control, (e.g., the Ethereum Foundation exerts a strong influence on the Ethereum platform), and the centralization of such power could make such Networks less secure. Furthermore, Networks may

become destabilized due to the increased cost of running distributed applications. Destabilization of a Network could dampen interest in the Network and its native Digital Asset(s), making it more difficult for businesses utilizing the Network to operate, which could negatively impact Clients and other users of such businesses.

- *Ethereum Risk.* Most smart contracts are stored on the Ethereum network, and Clients will be subject to certain risks related to Ethereum. The development of the Ethereum platform could be impacted by one or more regulatory inquiries or regulatory actions. Additionally, the Ethereum Foundation exerts a strong influence on the Ethereum platform, and the centralization of such power could make the Ethereum platform less secure. The Ethereum platform is also subject to risks applicable to Digital Asset Networks as defined and further described below. A destabilization of the Ethereum platform could dampen interest in the Ethereum platform and ETH, making it more difficult for Ethereum-based businesses to operate, which could negatively impact Clients and other users of such businesses.
- *Systemic Economic Risk.* Given the nascent state of the decentralized finance ecosystem, as well as interconnectivity of various protocols, there are unknown degrees of systemic risk.
- *Dependence on Service Providers.* DEXs rely on various parties to execute their business models. For example, DEXs administrators may rely on hardware security modules (HSMs), cloud-based solutions for key management, and other critical operating infrastructure, which could be the subject of failure, loss, or theft. In such cases, administrative governance and control of the DEXs could be materially affected and, in some scenarios, lead to complete loss of funds. The platforms could be adversely affected if any such party ceases to provide those services, which would, in turn, adversely affect Clients and the Investors.
- *Operational Risk.* Clients' investment strategies may rely extensively on DEXes and DEXes' computer programs and systems to initiate positions, borrow or make loans, settle transactions and monitor its portfolio. Protocol VC may not be in a position to verify the risks or reliability of such systems. If there is a failure in the price mechanism, or the occurrence of data manipulation or other failure to retrieve correct market data owing to price source issues, Clients may not be able to execute their investment strategy and the value of collateral provided by a buyer for any loans invested in by Clients may be determined incorrectly, which could adversely impact Clients.
- *Potential for Frontrunning.* The structure of DEXs permit independent network participants ("Searchers") to seek out and execute trades to obtain the maximal extractable value ("MEV") that can be extracted from block production in excess of the standard block reward and gas fees. Searchers can

also utilize the bots or algorithms used to identify MEV opportunities to copy potentially profitable trades identified by other network participants and submit them with a higher gas price, enabling the Searcher to “front-run” the other network participants’ trading activity. Such activities by Searchers may adversely affect Clients by reducing or eliminating the profits available to the Clients in connection with their trading activity.

Rebasing of Digital Assets. Unlike Bitcoin and other Digital Assets where the supplies of such Digital Assets are readily and predictably known, certain other Digital Assets are engineered through smart contracts where the supplies of such Digital Assets are not fixed and adjust routinely. Such Digital Assets have a dynamic or elastic supply (and may be referred to as elastic supply tokens), and the mechanism used to adjust the supply is referred to as a rebase. The rebasing mechanism adjusts an elastic supply token’s circulating supply periodically when a related parameter of any such token, such as price, changes. Elastic supply tokens aim for a target price with a time-varying supply of such tokens. For example, if the target price for an elastic supply token is \$1 USD and such price falls below \$1 USD, the current supply of such elastic supply token will decrease and the value of each such token will increase. Conversely, if the price increases above \$1 USD, the rebase will increase the supply of such elastic supply tokens and the value of each such token will decrease. Because investments in any elastic supply tokens may be subject to periodic rebasing’s, a Client’s investments in any elastic supply tokens may fluctuate greatly with respect to the number and value of such tokens held. While a rebase may potentially result in a profitable event, investments in elastic supply tokens may be extremely volatile, even more volatile than the Digital Asset space, generally. An investment in elastic supply tokens may result in a loss of value or amount of an investor’s total holdings as each rebase occurs, and in a downtrend, this may cause a spiral of negative rebases. In the worst-case scenario, the supply changes are unable to increase demand and re-stabilize the price and market cap of such elastic supply token, resulting in further losses.

Qualified Custodians and the Custody Rule. In 2003, the SEC amended Rule 206(4)-2 of the Investment Advisers Act (the “Custody Rule”), requiring investment advisers registered with the SEC to maintain custody of client funds and securities with “qualified custodians” (as defined under the Investment Advisers Act). Because the changes to the Custody Rule were implemented prior to the existence of Digital Assets, the Custody Rule (and the securities and commodities regulatory framework in general) did not contemplate or accommodate for the business and technological limitations of investments in the Digital Assets industry, which is still in a nascent stage. There are currently a limited number of qualified custodians in the Digital Assets space with limited capabilities with respect to the types and amounts of Digital Assets that they can maintain. In some cases, utilizing a third-party custodian may provide less security for the Clients’ assets than a cold storage or self-custody solution. Depending on Clients’ investments, it may be difficult or impossible to fully comply with the qualified custodian requirement. Further, it remains unclear how or whether the Custody Rule applies to Digital Assets. The SEC has not issued any guidance about whether Digital Assets are considered “client funds or securities” under the Custody Rule and whether investment advisers are required to maintain custody of Digital Assets with qualified custodians in order

to comply with the rule. In the event future guidance or regulations with respect to the Custody Rule extend to Digital Assets, Clients may be adversely affected. With respect to any Funds, Protocol VC is not limited in any way in determining the appropriate custody solutions to safeguard investments, and retains the right to use any third-party custodian, including qualified custodians, in the future as firms and Digital Assets custody standards begin to evolve.

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

Net Cash. Clients may hold significant quantities of cash and cash equivalents. This may result in Clients' investment results underperforming market indices, or a portfolio which is one hundred percent (100%) invested without any net cash holdings.

Highly Volatile Markets. The prices of Digital Assets in which a Client may invest can be highly volatile. Clients are subject to the risk of failure of any of the Digital Asset exchanges on which their positions trade.

High Risk Investments. While investments in Digital Assets offer the opportunity for significant capital gains, such investments involve a high degree of business, financial, technological and regulatory risk, which can result in substantial losses. Moreover, a Client's portfolio may include investments particularly subject to increased risk because they are in Digital Assets at an early stage of development. As a result, Clients may experience substantial volatility and potential for loss over such investments. Protocol VC believes that its investment program and research techniques moderate this risk through a careful selection of Digital Assets and other financial instruments. However, no guarantee or representation is made that the program will be successful.

Unidentified Investments; Competitive Market for Investments. Protocol VC may be very selective when seeking investments. The business of identifying and structuring certain transactions is competitive (and may become more competitive in the future) and involves a high degree of uncertainty. There can be no assurance that Protocol VC will be able to locate and complete attractive investments or that it will be able to adhere to the investment strategy outlined herein. Furthermore, there can be no assurance that Protocol VC will be able

to invest the entire amount of Client assets or that suitable investment opportunities will otherwise be identified. If Protocol VC is unable to identify adequate investments at any given time, a significant portion of Client assets may be held in cash or equivalents, which produce low rates of return.

Transaction Costs. During some periods, Clients' activities may involve a high level of trading, and the turnover of its portfolio may generate substantial transaction costs. These costs will be borne by the Client regardless of its profitability.

Technology and Security. Clients must adapt to technological change in order to secure and safeguard client accounts. While Protocol VC believes it uses security systems (with respect to the Funds) and recommends systems (with respect to the Managed Accounts) that are reasonably designed to safeguard Client Digital Assets from theft, loss, destruction, or other issues relating to hackers, malicious insiders and technological attack, such assessment is based upon known technology and threats. As technological change occurs, the security threats to Client Digital Assets will likely adapt and previously unknown threats may emerge. Furthermore, Protocol VC believes that a Client may become a more appealing target of security threats as the size of the Client's assets grows. To the extent that Clients are unable to identify and mitigate or stop new security threats, Client Digital Assets may be subject to theft, loss, destruction, or other attack, which could have a negative impact on the performance of Clients or result in loss of the Client assets.

Security Breaches. Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could result in the halting of a Clients' operations or the loss of Client assets. While Protocol VC generally intend to use and rely on third party security systems maintained by the exchanges on which Client's trades are effected, such security systems are not impenetrable and may not be free from defect, and any loss due to a security breach or software defect will be borne by Clients.

Systems and Operational Risk. A Client's may investment strategy may rely extensively on computer programs and systems to trade, clear and settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of account activities. In addition, certain of Protocol VC' operations interface with or depend on systems operated by third parties, including its prime brokers and market counterparties and their sub-custodians and other service providers, and Protocol VC may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures, or interruptions, including, but not limited to, those caused by worms, viruses, and power failures. Any such defect or failure could have a material adverse effect on Clients' operations.

Counterparty Risk. Some of the markets in which the Clients may affect their transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes Clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms

of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing a Client to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Client has concentrated its transactions with a single or small group of counterparties. Clients are not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, Clients have no internal credit function that evaluate the creditworthiness of their counterparties. The ability of Clients to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by Clients.

Nature of Fund Investments

The portfolio companies in which the Funds (each, a “Portfolio Company” and together, the “Portfolio Companies”) will invest are likely to face intense competition, including competition from companies with greater financial resources, more extensive development, production, marketing and service capabilities and a larger number of qualified managerial and technical personnel. There can be no assurance that the development or marketing efforts of any particular Portfolio Company will be successful or that its business will be profitable.

There may be little or no publicly available information regarding the status and prospects of Portfolio Companies. Many investment decisions by the Adviser will be dependent upon the ability of its members, directors and agents to obtain relevant information from non-public sources, and the Adviser often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify.

Some of the Funds’ Portfolio Companies may be unseasoned, unprofitable or have no established operating history or earnings and may lack technical, marketing, financial and other resources. These companies may be dependent upon the success of one product or service, a unique distribution channel, or the effectiveness of a manager or management team. The failure of this one product, service or distribution channel, or the loss or ineffectiveness of a key executive or executives within the management team may have a materially adverse impact on such companies. Furthermore, these companies may be more vulnerable to competition and to overall economic conditions than larger, more established entities. There is no assurance that the development efforts of any Portfolio Company will be successful or, if successful, will be completed within the budget or time period originally estimated.

Following its initial investment in Portfolio Companies, the Funds anticipate that Portfolio Companies will require additional funding, and that a Fund may have the opportunity to increase its investment in successful Portfolio Companies. There can be no assurance that the Funds will make, or will have the resources to make, follow-on investments. Any decision by a Fund not to make follow-on investments, or its inability to make them, may have a substantial adverse effect on a Portfolio Company in need of such an investment, may result in a missed opportunity for a Fund to increase its participation in a successful enterprise, may result in significant dilution of any existing Portfolio Company investment, or may cause a decrease in the value of a Fund’s portfolio.

Long Term Investment/Illiquidity

An investment in a Fund is a long-term investment. The inherent nature of venture capital and private equity investing dictates a significant length of time between the initial investment and realization of gains, if any. Such investments, if successful, typically take up to five years or more from the date of investment to reach a state of maturity where disposition is possible, and early and expansion stage investments in privately held companies can take even longer to reach liquidity. Investors must be able to bear the economic risks of an investment in a Fund for an indefinite period of time.

Lack of Diversification

The Funds' portfolios are expected to primarily be invested in companies in the blockchain and cryptocurrency sector, and Digital Assets, and may not be diversified among sectors and asset classes. The Funds aim to achieve significant capital appreciation principally through investments in early stage, technology-related companies in the blockchain and cryptocurrency sector and in cryptocurrencies and other similar Digital Assets. While the Funds may also invest in early-stage technologies companies outside of the blockchain and cryptocurrency sector the performance of the Funds are expected to be closely linked to the performance of such industries and the Funds could be severely impacted by adverse developments affecting them. There can be no assurance that the Funds will be able to find a sufficient number of attractive investments to enable the full amount of the capital committed to each Fund to be invested, or if such investments are made, that the objectives of the Funds will be achieved. The Funds have not adopted policies requiring that Portfolio Companies be geographically diversified; therefore, if several investments are concentrated in one geographic area, a Fund could be severely impacted by adverse developments affecting that geographic area.

More information about the Client's investments and the associated risk factors is available in the Governing Documents.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with Protocol VC. Prospective Investors and Clients should read the entire Brochure as well the Governing Documents, other materials that may be provided by Protocol VC and consult with their own advisers prior to engaging Protocol VC' services.

Item 9 – Disciplinary Information

Protocol VC and its management persons have not been a party to any legal or disciplinary events that would be material to a client's or prospective client's evaluation of its investment advisory business or the integrity of its management.

Item 10 – Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer or Broker-Dealer Representative

Neither Protocol VC nor its management persons are registered as a broker-dealer or broker-dealer representative.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither Protocol VC nor its management persons are registered as futures commission merchants, commodity pool operators, or commodity trading advisors.

C. Relationships Material to this Advisory Business and Possible Conflicts of Interest

The General Partner serves as the general partner to the Fund and is entitled to receive the Performance Allocation, in accordance with each Funds' Governing Documents.

D. Selection of Other Advisors or Managers

Protocol VC and its supervised persons do not recommend or receive compensation for the selection of other investment advisers for their Clients.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics

Protocol VC has adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Investment Advisers Act. The Code governs the activities of each member, officer, director and employee of Protocol VC (collectively, "Employees"). Protocol VC holds its Employees to a high standard of integrity and business practices that reflects its fiduciary duty to the Client. In serving its Client, Protocol VC strives to avoid conflicts of interest or the appearance of conflicts of interest in connection with the personal trading activities of its Employees and Client securities transactions. When persons covered by the Code engage in personal securities transactions, they must adhere to the following general principles as well as to the Code's specific provisions: (a) at all times the interests of Client must be paramount; (b) personal transactions must be conducted consistent with the Code in manner that avoids any actual or potential conflict of interest; and (c) no inappropriate advantage should be taken of any position of trust and responsibility. Employees covered by the Code have certain trading restrictions and reporting obligations of their personal securities transactions. Each Employee is provided with a copy of the Code and must annually certify that they have received it and have complied with its provisions. In addition, any Employee who becomes aware of any potential violation of the Code is obligated to report the potential violation to the Chief Compliance Officer.

Protocol VC will provide a copy of its Code of Ethics to Clients and prospective Clients upon request. Such a request may be made by submitting a written request to Protocol VC at the address on the cover page to this Brochure.

B. Recommendations Involving Material Financial Interests

Protocol VC or its related persons generally do not recommend to Clients, or buy or sell for client accounts, securities in which Protocol VC or a related person has a material financial

interest. However, it is possible that an employee may have a personal investment in a company in which the Fund also invests. Such situations will be disclosed to address the inherent conflict of interest.

C. Investing Personal Money in the Same Securities as Clients

Although Protocol VC's policies and procedures generally prohibit its Employees and related persons from trading in the same instruments that Protocol VC buys or sells for Client accounts, there may be limited circumstances in which Protocol VC, its Employees and/or the related persons may also personally buy or sell the same instruments that Protocol VC buys or sells for Client accounts, and it or they may own securities, or options on securities, of issuers whose securities are subsequently bought for Client accounts because of Protocol VC's recommendations regarding a particular security. Protocol VC's policy as to such transactions is that neither Protocol VC nor any of its Employees or related persons are to benefit from price movements that may be caused by transactions for Client accounts or otherwise. Protocol VC addresses this conflict by requiring employees to sign and adhere to Protocol VC's Code of Ethics and to report personal securities holdings and transactions to Protocol VC.

D. Trading Securities At/Around the Same Time as Clients' Securities

As discussed above, from time to time, Protocol VC, its Employees, or related persons of Protocol VC may buy or sell securities for themselves that Protocol VC also recommends to the Client. Protocol VC will always document any transactions that could be construed as conflicts of interest and will always transact Client business before the business of its Employees and/or related persons when similar securities are being bought or sold.

E. Participation or Interest in Client Transactions and Other Conflicts of Interest

As a general matter, Protocol VC does not engage in principal transactions. However, occasionally, to facilitate an investment opportunity prior to the initial closing of a Fund, Protocol VC or one of its affiliates may warehouse an investment temporarily. Details of any such transactions typically would be disclosed in the offering documents of the Fund. Protocol VC has established policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including providing any required disclosures and obtaining prior consents to the transaction.

Item 12 – Brokerage Practices

A. Factors Used to Select or Recommending Broker-Dealers

Funds

The Funds generally do not engage in trading transactions on behalf of the Funds or utilize the services of broker-dealers for transaction-related services. In the event it requires the services of a broker-dealer (e.g., when selling the shares of a private portfolio company that has gone public), the Adviser will seek to obtain best execution for all transactions but not necessarily the lowest cost (as described below). To the extent broker-dealers aggregate orders for purchase and sale, the Adviser will aggregate such orders as it deems appropriate and in accordance with the applicable Fund's Organizational Documents and in the best

interests of such Funds.

In selecting Digital Asset Trading Venues and Counterparties, Protocol VC may consider a variety of factors, including, without limitation, the ability of a Digital Asset Trading Venue or Counterparty to handle the trade, “slippage,” potential investment return, fees and expenses borne by a Fund, execution speed/quality of execution, the security of a Digital Asset Trading Venue or Counterparty, and a variety of factors going to “trust” of a Digital Asset Trading Venue or Counterparty, which may include Protocol VC’ diligence, the ongoing experience with a Digital Asset Trading Venue or Counterparty (e.g., reliability in achieving expected results), and industry reputation, among other items. In selecting Digital Asset Trading Venues and Counterparties, Protocol VC need not solicit competitive bids and does not have an obligation to seek the lowest available cost. Protocol VC has sole discretion in selecting a Fund’s Digital Asset Trading Venues and Counterparties and will change Digital Asset Trading Venues and Counterparties without notice to the Investors.

Managed Accounts

Protocol VC does not recommend brokers, exchanges, or custodians to Managed Account Clients, each such Client has full and sole power and authority to determine which brokers, exchanges, or custodians, including Custodial Accounts, it shall use to trade, hold, and store Digital Assets.

1. Research and Other Soft Dollar Benefits

Protocol VC does not currently engage in the use of soft dollars.

2. Brokerage for Client Referrals

Protocol VC does not currently select or recommend broker-dealers and, therefore, does not make such selections or recommendations with respect to client referrals from a broker-dealer. Protocol VC may receive referrals in the future and if it does it will appropriately amend this Brochure.

3. Directed Brokerage

Protocol VC does not direct brokerage. Transactions for Managed Accounts are executed by brokers, exchanges, custodians, and/or Custodial Accounts selected solely by the Managed Account Client in its sole discretion.

B. Aggregating Trading for Multiple Client Accounts

Protocol VC does not generally engage in trade aggregation arrangements.

Item 13 – Review of Accounts

A. Frequency and Nature of Periodic Review and Who Makes Those Reviews

Protocol VC reviews Client accounts no less than bi-annually to ensure consistency with the Client’s strategy and performance objectives. Given the largely illiquid nature of the portfolio, Protocol VC will also consider factors such as the health and progress of the underlying assets,

as well as the liquidity timeline. The reviews are conducted by Protocol VC's managing partner and the Chief Compliance Officer will conduct periodic reviews.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Certain events may trigger a more detailed review of the portfolio including but are not limited to significant deviations or trends in portfolio performance or a portfolio company. Reviews may take place more frequently if triggered by Client request and/or if irregular or abnormal fees are charged to Client accounts.

C. Content and Frequency of Regular Reports

Funds

Investors will periodically receive unaudited written reports of performance and will receive audited year-end financial statements annually as set forth in each Fund's Governing Documents.

Managed Accounts

Managed Account Clients will have full access to their Custodial Accounts, balance sheet, and assets at all times, and can view the performance of such Managed Account Client in real time, including all transactions made with respect to the Managed Account Client, all contributions and withdrawals made by the Managed Account Client, all management fees and expenses charged to the Managed Account Client, and the value of the Custodial Accounts, balance sheet, and assets of the Managed Account Client to which Protocol VC provides advisory services.

Item 14 – Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties

Protocol VC does not receive any economic benefits from third parties at this time. If Protocol VC does so in the future, any such economic benefit will be clearly and directly communicated with Clients.

B. Compensation for Client Referrals

Protocol VC does not receive any compensation for Client referrals.

Item 15 – Custody

Funds

In accordance with Rule 206(4)-2 under the Investment Advisers Act ("Custody Rule"), each Fund will be subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board and audited financial statements of each Fund will be prepared in accordance with generally accepted accounting principles (US GAAP) and distributed to investors within 120 days of the end of each Fund's fiscal year. Investors should carefully review the audited financial

statements of the Funds upon receipt and should compare these statements to any account information provided by Protocol VC.

Digital Assets are cryptographic bearer instruments that exist solely on the blockchain, a public, distributed ledger. Thus, unlike with traditional assets, where protecting the asset itself is important, with Digital Assets, what is important to protect is access to the bearer cryptographic private keys underpinning the Digital Assets. Any loss of a private key will cause a Fund to lose access to its Digital Assets on the blockchain (while the assets still exist, they are forever unusable and unrecoverable). The exposure of a cryptographic private key will permit a third-party to transfer the Digital Assets to a blockchain address under its own control.

Thus, Protocol VC seeks to safeguard access to the private keys that give control over a Client's Digital Assets. Sometimes, a Fund will utilize a "qualified custodian" (as defined under the Investment Advisers Act), often a state-chartered trust company, to safeguard its private keys. However, the Funds face limitations in their ability to utilize qualified custodians. There are a limited number of qualified custodians that custody private keys. Further, those qualified custodians that do custody private keys are limited to certain protocols and may not support trading within the custodial solution with respect to those protocols that it does cover. For example, while Coinbase has a custodial solution with a qualified custodian, Coinbase Custody Trust Company LLC, no trading is permitted from that entity – the Digital Assets must first be transferred to the Digital Asset exchange, Coinbase, Inc., which itself is not a qualified custodian. The inability to conduct trading, either at all or on many of the Digital Assets in which Funds invest, out of qualified custodians remains an issue. To the extent trading is permitted out of a qualified custodian (but also other entities), the non-qualified custodians may provide better execution than the qualified custodian.

For these reasons, Protocol VC sometimes utilizes direct custody of a Fund's private keys. Although Protocol VC is not a qualified custodian, it believes that its policies and procedures are reasonably designed to safeguard Digital Assets. Potential Investors should note that this is an evolving area, in which technical aspects of existing SEC rules may conflict with a Fund's best interests in practice. To provide Investors assurance regarding the safekeeping of a Fund's assets, Protocol VC provides the client reports and distributes annual audited financial statements as discussed in Item 13.C. Investors should carefully review the audited financial statements of the Funds upon receipt, and should compare these statements to any account information provided by Protocol VC or Fund administrators.

Protocol VC approaches any direct custody solution with the same objective as it does with qualified custodians: it seeks to secure a Fund's private keys while also permitting that Fund to effectively implement its investment strategy. Sometimes, Protocol VC may custody the private keys internally. However, there are also third-party security solutions that, while not custodial themselves (meaning, Protocol VC still retains custody under the Custody Rule), in certain cases permit better security than that which Protocol VC is able to create internally. These solutions only work with certain protocols, so Protocol VC can only use these solutions when the applicable protocol is included in the solution.

Regardless of what sort of custodial solution Protocol VC is evaluating, Protocol VC employs a comprehensive due diligence process regarding custodial solutions that it believes have reasonably designed security systems that will protect each Fund's assets. Protocol VC occasionally re-reviews its custodial solutions. However, regardless of Protocol VC's diligence, the systems and methodologies of the custodial solutions utilized by a Fund may be subject to exposure from hacking, malware, and general security threats. To the extent that the security system protecting a Fund's private keys is penetrated, or that a smart contract is misused, any loss of a Fund's Digital Assets may adversely affect the Investors and could result in total loss of capital.

Managed Accounts

With respect to Managed Account Clients, and in accordance with Rule 206(4)-2 of the Investment Advisers Act, Protocol VC does not have custody of Managed Account Client assets. All Managed Account Client assets are held in their own Custodial Accounts over which Protocol VC has no control and cannot obtain control of.

Item 16 – Investment Discretion

Funds

Protocol VC has discretionary authority to manage the Funds and is authorized to make purchase and sale decisions for Funds subject to the investment objectives and guidelines set forth in each of the respective Funds' Governing Documents. Investors in the Funds do not have the ability to impose limitations on Protocol VC's discretionary authority. Prospective Investors in the Fund are provided with such Fund's Governing Documents (and any applicable supplements) prior to their investment and are encouraged to carefully review such documents, along with all other relevant Fund materials, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective Investors should also consult with their legal, tax, or other advisors prior to making any investment. Prospective Investors must also execute a subscription agreement, which constitutes a legal, valid and binding obligation of the investor, enforceable in accordance with its terms.

Managed Accounts

Protocol VC provides discretionary and non-discretionary investment advisory services in accordance with the investment parameters of the Managed Account Client, as set out in such Managed Account Client's IMA. Managed Account Clients are free at all times to accept or reject any investment

recommendation from Protocol VC. Protocol VC provides Managed Account Clients with investment recommendations and Managed Account Clients have the sole authority to accept or reject any recommendation. Managed Account Clients discuss with Protocol VC their financial objective, financial condition, risk parameters, and risk tolerance in order for Protocol VC to recommend allocations and investments for the Managed Account Client's portfolio. Managed Account Clients may accept or reject investment recommendations given

by Protocol VC.

Item 17 – Voting Client Securities

Funds

Protocol VC (or an affiliate thereof) holds the authority to vote proxies on behalf of the Funds and has adopted proxy voting policies and procedures designed to ensure that such proxies are voted in its Funds' best interests. Pursuant to Protocol VC' proxy voting procedures, in the event that Protocol VC receives proxies sent to a Fund, Protocol VC will be responsible for casting the proxy, consistent with Protocol VC' general voting guidelines and other applicable firm policies. Protocol VC does not expect that there will be any material conflicts of interest with respect to any proxy vote between Protocol VC or its supervised persons and the Fund. However, the Chief Compliance Officer will monitor the potential for conflicts of interest on the part of Protocol VC with respect to proxy voting as a result of personal relationships, significant Investor relationships, potential conflicts of interests among the Fund or special circumstances that may arise during the conduct of Protocol VC' business. If a conflict of interest is identified, Protocol VC will not make related proxy voting decisions until it has been determined that the conflict of interest is not material or a method for resolving the conflict of interest has been agreed upon and implemented, in accordance with Protocol VC' proxy voting policies and procedures. Protocol VC reserves the right to abstain from voting a specific proxy or proxy item when it concludes that the cost of voting outweighs the potential benefit, or when Protocol VC otherwise does not believe voting serves the best interests of the Fund. Investors in the Funds may obtain a copy of Protocol VC' complete proxy voting policies and procedures and information about how Protocol VC voted any proxies on behalf of an applicable Fund by contacting Protocol VC' Chief Compliance Officer at Compliance@protocol.vc.

Managed Account

While Protocol VC may recommend investments in instruments that are considered equity securities, Protocol VC does not have and will not accept authority to vote proxies for Managed Account Client securities held in Custodial Accounts. The brokers servicing Managed Account Clients' Custodial Accounts will send all such proxy documents it receives to Managed Account Clients so that the Managed Account Client may take whatever action the Managed Account Client deems appropriate. Managed Account Clients will always retain authorities to vote equity securities held in their Custodial Accounts, if any. Some Digital Asset features, including participation in governance activities, may be considered similar to participating in shareholder votes, and while Protocol VC may make recommendations as to such governance votes, the Managed Account Client holds ultimate authority to cast any such governance votes.

Item 18 – Financial Information

Protocol VC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy petition.

A. Balance Sheet

Protocol VC does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this Brochure.

B. Financial Condition

At this time, neither Protocol VC nor its management persons have any financial conditions that are likely to reasonably impair its ability to meet contractual commitments to Clients.

C. Bankruptcy Petitions in Previous Years

Protocol VC has not been the subject of a bankruptcy petition in the last ten years.

Item 19 – Requirements for State-Registered Advisers

Not applicable.