

**Item 1. Cover Page**

**Paradigm Operations LP**

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Part 2A of Form ADV: Firm Brochure  
April 25, 2024

**This brochure provides information about the qualifications and business practices of Paradigm Operations LP. If you have any questions about the contents of this brochure, please contact us at [operations@paradigm.xyz](mailto:operations@paradigm.xyz). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Paradigm Operations LP also is available on the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

## **Item 2. Material Changes**

This brochure contains several material changes from the last firm brochure dated as of March 30, 2023, including, but not limited to: (i) updates to Item 5 to reflect new disclosure related to allocation of fees and expenses; (ii) updates to Item 8 to reflect new and updated material risk factors relating to the Adviser's investment strategies, including with respect to Crypto Assets (as defined below), artificial intelligence, social media, banking sector developments and regulatory developments for private funds and their advisers; and (iii) updates to Item 11 to reflect new and updated disclosure regarding potential and/or actual conflicts of interest related to discretion to allocate expenses, engage in follow-on investments, and relationships with Collaborators (as defined below).

In addition, Paradigm Operations LP has also made other updates throughout the brochure to improve and clarify the description of its business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices.

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

For purposes of this brochure, the “Adviser” means Paradigm Operations LP, a Delaware limited partnership, together (where the context permits) with its affiliated general partners of the Funds (as defined below). The Adviser provides investment advisory services to one or more investment vehicles (“Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Funds primarily invest in blockchain assets, crypto-related assets, and crypto and crypto-related companies, projects, and protocols, as discussed in further detail in Item 8 below. The Adviser’s advisory services consist of investigating, identifying, and evaluating investment opportunities, structuring, negotiating, and making investments on behalf of the Funds, managing and monitoring the performance of such investments, and disposing of such investments.

The Adviser provides investment advisory services to the Funds in accordance with the limited partnership agreement of each Fund and separate investment management agreement (each, an “Advisory Agreement”).

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the investors in a Fund. Services are provided to a Fund in accordance with the Advisory Agreement with a Fund and/or organizational documents of a Fund. Investment restrictions for a Fund, if any, are established in the organizational or offering documents of such Fund, Advisory Agreements and/or side letter agreements negotiated with investors in such Fund (such documents collectively, a Fund’s “Organizational Documents”).

**The descriptions of the Funds in this brochure, including the type of investments made and strategies used, fees and expenses charged, risk factors and conflicts of interests that may arise in the Adviser’s management of such Funds are qualified in their entirety by reference to each Fund’s Organizational Documents.**

The principal owners of the Adviser are Matthew Huang and Frederick Ernest Ehram III. The Adviser has been in business since 2018. As of December 31, 2023, the Adviser managed approximately \$10,077,295,617 in regulatory assets under management on a discretionary basis. The Adviser does not manage assets on a non-discretionary basis.

#### **Item 5. Fees and Compensation**

The Adviser receives Management Fees and Incentive Allocations (each as defined below) from the Funds. A Fund and/or its portfolio companies also typically reimburse the Adviser and its affiliates for certain expenses and/or make other payments to the Adviser or its affiliates for services provided to the Fund and/or its portfolio companies which, in certain circumstances, reduce the Management Fees payable to the Adviser. Additionally, consistent with each Fund’s Organizational Documents, the Funds bear certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Funds and/or their portfolio companies. Details

about such fees and expenses are contained in the Organizational Documents of a Fund. Further details about such fees and expenses are set forth below.

### **Management Fees**

From certain Funds, as compensation for investment advisory services rendered to the Fund, the Adviser receives an advisory fee (a “Management Fee”) typically calculated based on committed capital, net asset value, invested capital, or the Fund’s allocable portion of the Adviser’s proposed budget for Adviser related expenses. Management Fees paid by a Fund may be reduced by Other Fees (as defined below) or compensation received by the Adviser or its affiliates that relate to such Fund’s activities and investments, or by other expenses borne by such Fund, as described in more detail below. Management Fees paid by a Fund are indirectly borne by investors in such Fund.

Management Fees billed to and received from the Funds are payable quarterly in advance.

The precise amount of, and the manner and calculation of, the Management Fees for each Fund are established by the Adviser and are set forth in a Fund’s Organizational Documents, which are received by each investor prior to investing in a Fund. The Management Fees and other fees and distributions described herein are generally subject to modification, waiver, or reduction by the Adviser in its sole discretion. The fee structures described herein may be modified from time to time.

Upon termination of an Advisory Agreement, Management Fees that have been prepaid will generally be returned on a prorated basis.

The Adviser, in its sole discretion, may waive, reduce, or calculate differently the Management Fees of investors in the Funds that are employees or former employees of the Adviser or its personnel (including any related entity established by any of the foregoing, such as trusts, charitable programs, endowments or related programs, family investment vehicles, and other estate planning vehicles) (collectively, “Adviser Investors”). Adviser Investors pay for their pro rata share of certain Fund expenses.

In addition, the Adviser and its affiliates from time to time earn fees and other income, including in-kind payments of cryptocurrencies, for services provided or related to Fund Investments (as defined in Item 8 below) or in connection with Investments or prospective Investments, such as advisory fees, consulting fees, transaction fees, monitoring fees, servicing fees, directors’ fees or any similar fees (collectively, “Other Fees”). To the extent the Adviser or its affiliates do receive Other Fees, the Management Fees paid by the Funds will generally be reduced by the allocable portion of such Other Fees as determined by a Fund’s relevant investment compared to that of other Funds and/or third parties. Other Fees may be substantial. The amount and manner of the foregoing reductions are set forth in the Organizational Documents of a Fund. Generally, the amount of such Other Fees will not (except in connection with the reductions described herein) be disclosed to investors in the Funds. For the avoidance of doubt, unless otherwise provided in a Fund’s Organizational Documents, any fees paid to the Adviser or its personnel after a Fund has exited an Investment are not considered “Other Fees” and do not reduce the Management Fee.

Any fees that accrue to the benefit of former Adviser Personnel (as defined below) or other persons who are or become unaffiliated with the Adviser (even if any such fee is earned during their tenure

with the Adviser) are not considered “Other Fees” and do not reduce the Management Fees or otherwise benefit the Funds or their investors. Similarly, any fees that accrue to the benefit of Adviser Personnel or other persons who are affiliated with the Adviser prior to their association with the Adviser (even if any fee received in kind is realized or otherwise converted to cash during their tenure with the Adviser) are not considered “Other Fees” and do not reduce the Management Fees or otherwise benefit the Funds or their investors.

## **Expenses**

### *Adviser Expenses*

The Adviser bears certain expenses and costs associated with the performance of its services, including expenses related to the Adviser’s office space and utilities, and secretarial, clerical, and other personnel, except those referenced below in “*Fund Expenses*.”

### *Fund Expenses*

Consistent with the Organizational Documents of the Funds, each Fund bears all costs and expenses incurred by such Fund, its general partner, and the Adviser on behalf of a Fund (except for those expenses borne by the Adviser, as noted above), including, without limitation, (i) Management Fees; (ii) expenses related to the research, due diligence and monitoring of actual and prospective investments (whether or not consummated, including expenses that would have been allocable to co-investors if consummated, and including certain advisory, transaction, consulting and other similar fees paid to the Adviser or the Adviser’s affiliates) and the consummation of investments, including the following: fees and expenses related to obtaining research and market data (including any information technology hardware, software or other technology incorporated into the cost of obtaining such research and market data); due diligence expenses; expenses associated with business development relating to a Fund’s investment program; costs related to the security and custody of Investments (including third party wallet providers); expenses related to the purchase and sale of illiquid investments; expenses incurred in connection with the disposition of investments (including closing, execution, and other transaction costs); bank service fees; currency conversions; fees and expenses of third-party professionals, including consultants, investment bankers, attorneys, administrators, and accountants; and travel expenses associated with sourcing, making, owning and selling a Fund’s investments; (iii) organizational and reorganizational expenses; and (iv) operational expenses, including the following: fees and expenses relating to information technology hardware, software, or other technology (including, but not limited to, specialty or custom hardware or software and costs of software licensing, implementation, data management and recovery services, and custom development) used in connection with a Fund’s operations to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate compliance with the rules of any self-regulatory organization or applicable law (including reporting obligations), facilitate and manage the purchase and sale of investments, acquire or mine cryptocurrencies (i.e., mining technology) or otherwise manage a Fund or any trading vehicle, such as portfolio management systems, risk management systems, and order management systems; fees and expenses of third-party risk management products, models and services; third-party administrative fees and expenses; fees and expenses of third-party professionals, including consultants, valuation service providers, attorneys, and accountants; the costs of any litigation, judgments and settlements

or investigation involving activities of a Fund or any trading vehicle; expenses associated with making capital calls from and distributions to investors, including fees and expenses of information technology used to facilitate all such activities, third-party audit and tax preparation and planning expenses; fees and other governmental charges levied against a Fund or payable by a Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of a Fund; insurance expenses, including insurance premiums of any director and officer liability, general partner liability, errors and omissions or other similar insurance policies, insurance of which the Adviser and its affiliates are beneficiaries, cyber-security insurance premiums and any other insurance for coverage of liabilities incurred in connection with the activities of, or on behalf of, a Fund; fees and expenses (including director registration fees) of a Fund's and/or any trading vehicle's directors and officers (including any Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer, and Deputy Money Laundering Reporting Officer); any expenses incurred in conjunction with implementing any voting or consent procedures or meetings of the limited partners or prospective investors during fundraising; fees and expenses incurred by a Fund in connection with its respective advisory committee (including set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related expenses and expenses of legal counsel, accountants, auditors, financial advisors or any other advisors or experts retained to assist the advisory committee and other expenses incurred in connection with advisory committee action); fees and expenses incurred in connection with any annual or special meetings of the Fund's investors (including set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related expenses), regardless of whether all investors are invited to participate in or attend such meetings; costs of preparing, printing and distributing reports and notices physically or electronically (including software used to electronically distribute such reports); taxes; expenses incurred in connection with negotiating and complying with provisions of any side letter agreement; fees and expenses related to compliance with the rules of any self-regulatory organization or applicable law in connection with the activities of the Funds or any trading vehicle, including any governmental, regulatory, licensing, filing or registration fees, duties or taxes (including fees and expenses incurred in connection with the preparation and filing of any regulatory filings of a Fund, including preparation and filing of Form PF, 13F and 13H, and registration or other compliance obligations related to, or arising as a result of, the offering and sale of interests in a Fund in any jurisdiction, including any such obligations arising under the Alternative Investment Fund Managers Directive or the securities law of any jurisdiction, or from managing compliance with FATCA or similar regimes), including reimbursements of any fees and expenses to advisers, service providers and other third parties; expenses incurred in connection with the offering and sale of the interests and other similar expenses related to a Fund (excluding fees payable to any placement agent); expenses and fees generated in the course of organizing, making, holding, developing, managing, monitoring, refinancing, maintaining, administering, restructuring, structuring, operating and negotiating joint ventures arrangements and platform investments including with respect to transactions that are not consummated; extraordinary expenses, including the following: indemnification costs and expenses; fees and expenses incurred in connection with any tax audit or inquiry by any taxing authority, including any related administrative settlement and judicial review; and fees and expenses incurred in connection with the reorganization, winding-up, termination or dissolution of the Funds or any trading vehicle; and (v) expenses incurred in conjunction with the disposition of assets including expenses paid to valuation firms, liquidators, auction houses or entities engaged to assist with disposition.

In addition, the Adviser, from time to time, engages one or more fund administrators or similar service providers to perform certain functions in relation to the Funds, which services may include, among other things: (i) maintaining the register of investors of the Funds and generally performing all actions related to subscriptions and transfers of Fund interests; (ii) reviewing and, subject to approval by each Fund, accepting subscriptions for Fund interests and accepting payment therefor; (iii) computing monthly net asset value for and disseminating the net asset value of the capital accounts in accordance with the applicable Organizational Document; (iv) performing certain acts related to withdrawals; (v) keeping such books and records as set forth in the applicable administration agreement; and (vi) performing certain other services necessary in connection with the administration of the Funds. Fund administrators or similar service providers receive reasonable and customary annual fees and are reimbursed for all out-of-pocket expenses, which fees and expenses are paid out of the assets of the Funds. In addition, the Funds will bear the expenses of all third-party administrator service providers even if there is some overlap in services performed by such third-party administrator and Adviser personnel.

From time to time, the general partner of a Fund may create certain “special purpose vehicles” or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory considerations of investors (“SPVs”). In the event a general partner creates an SPV, consistent with the Organizational Documents of the Funds, the SPV, and indirectly, the investors thereof, typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV. Expenses of the types borne by a Fund but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain investors in a Fund (including, without limitation, expenses of accounting and tax services) will be borne by such Fund.

#### *Co-Investment Vehicle Expenses*

In certain cases, a co-investment vehicle, or other similar vehicle established to facilitate the investment by investors to invest alongside a Fund, may be formed in connection with the consummation of a transaction. In the event a co-investment vehicle is created, the investors in such co-investment vehicle typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle. The co-investment vehicle generally bears its pro rata portion of expenses incurred in making an investment.

If a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any expenses relating to such proposed but not consummated transaction (“Dead Deal Costs”) would therefore be borne by the Funds. As a general matter, no co-investor or co-investment vehicle bears Dead Deal Costs or receives any portion of break-up fees until they are contractually committed to invest in the prospective investment. Furthermore, to the extent a co-investment vehicle is formed in connection with a proposed transaction, costs and expenses relating to such co-investment vehicle may, in certain situations be borne by the Funds, regardless of whether such proposed transaction is consummated. The Adviser will evaluate the facts and circumstances including, without limitation, timing of the transaction, benefit to the Fund to have co-investors participate in a particular transaction and relative negotiating power. The Adviser will have discretion in determining whether a particular allocation among Fund and co-investors or co-investment vehicles is fair and equitable. This discretion creates a potential conflict of interest as it may have incentive to allocate expenses to a particular



Fund over another Fund and it may result in a Fund bearing more than its pro rata portion of certain fees, costs and expenses (including Dead Deal Costs). Dead Deal Costs may include, among other things, legal, accounting advisory, consulting or other third-party expenses (including amounts payable to third parties), any travel and travel-related and accommodation expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment (including commitment fees), any break-up fees, reverse termination fees, topping, termination or other similar fees, costs of negotiating co-investment documentation (including non-disclosure agreements with counterparties), the costs from onboarding (i.e., KYC, as defined below) investment entities with a financial institution, expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated.

#### *Allocation of Expenses*

From time to time, the Adviser is required to decide whether certain fees, costs, and expenses should be borne by the Funds, on the one hand, or the Adviser on the other hand, and/or whether certain fees, costs, and expenses should be allocated between the Funds and other parties (each such party, including potentially a co-investment vehicle and/or a third party, along with the Adviser, an “Allocable Party”). Certain expenses may be the obligation of the Funds and may be borne by the Funds or expenses may be allocated among the Funds and other entities. In exercising its discretion to allocate fees and expenses, the Adviser may be faced with a variety of potential conflicts of interest. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process.

The appropriate allocation among the Funds, the Adviser, and third parties of Dead Deal Costs, is determined by the Adviser and its affiliates in their good faith discretion, consistent with the Organizational Documents of each Fund, as applicable.

The Adviser expects that the Funds will participate in certain investments together. The Adviser will determine, in its sole discretion, the appropriate allocation of investment-related expenses, including Dead Deal Costs, expenses incurred in respect of consummated and unconsummated investments, and expenses more generally relating to a particular investment strategy, among the Funds participating or that would have participated in such investments. This could result in a Fund bearing more or less expenses than other participants or potential participants in the relevant investments. Fund expenses attributable to the Funds, including certain fees and expenses of technology or consultants and costs and expenses of research relating to an investment strategy, will generally be allocated to the Funds in accordance with the Adviser’s internal allocation policies and methodologies.

With respect to allocating other expenses among Fund(s), co-investment vehicles, the Adviser and/or Third Parties, as appropriate, to the extent not addressed in the Organizational Documents of a Fund, the Adviser makes any such allocation determination in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. The Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable to ensure allocations are equitable on an overall basis in its good faith

judgment. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service will not always reflect the relative benefit derived by such Fund from that service in any instance and the Adviser may determine an allocation of expenses to be fair and equitable even where a Fund is required to bear more than its proportional share of such fees or expenses relative to other Allocable Parties receiving the same service or participating in the same transaction. In addition, a Fund will bear more or less of a particular expense based on the methodology used, and a Fund will bear more or less of a particular expense based on the number of Allocable Parties the Adviser selects to bear the expense in its initial allocation determination. When making expense allocation determinations, the Adviser generally will allocate an expense to one or more Allocable Parties that are in existence and identified as such at the time the expense allocation determination is made. Accordingly, it can be expected that in certain cases Allocable Parties that were not in existence or otherwise identified as Allocable Parties at the time an expense is allocated will ultimately benefit from a particular expense, without having borne any portion of such expense, and in such cases the Adviser will not re-allocate the expense to each such future Allocable Party, and such future Allocable Part(ies) will benefit at the expense of other Allocable Parties, including the Funds.

### **Incentive Allocation Payments**

Please see Item 6 below regarding “Incentive Allocation” that the Funds pay, depending on the terms of the applicable Organizational Documents.

### **Brokerage Fees**

If the Adviser chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund incurs brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

A portion of the profits of each such Fund is allocated to the capital account of its general partner as an “Incentive Allocation” (the “Incentive Allocation”). Each general partner is a related person of the Adviser. Incentive Allocations paid by a Fund are indirectly borne by investors in such Fund. Certain investors in the Funds (including Adviser Investors) do not pay Incentive Allocations.

The payment by some, but not all, Funds of Incentive Allocations or the payment of Incentive Allocations at varying rates (including varying effective rates based on the performance of a Fund) may create an incentive for the Adviser to disproportionately allocate time, services, or functions to Funds paying Incentive Allocations or Funds paying Incentive Allocations at a higher rate or allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the Organizational Documents of a Fund, this conflict is mitigated by contractual provisions and procedures governing incentive allocations. Please also see Item 11 below regarding allocation for additional information relating to how conflicts of interest are generally addressed by the Adviser.

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

The Adviser currently provides investment advisory services to the Funds as described in Item 4. Investment advice is provided directly to the Funds (subject to the direction and control of the general partner of a Fund) and not individually to investors in the Funds.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other entities. In some cases, the Funds may accept “accredited investors” who do not meet the definition of “qualified purchasers” including knowledgeable employees and other individuals.

The Adviser does not currently have a minimum total size for a Fund, but minimum investment commitments may be established for investors in the Funds. The general partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the Organizational Documents of such Fund.

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

### **Methods of Analysis and Investment Strategies**

The Funds primarily invest in “blockchain assets” (i.e., any asset housed on, making use of, or connected to a blockchain through cryptographic ownership, including cryptocurrency coins, crypto tokens and “utility” tokens) (“Crypto Assets”).

The Funds may also make investments in assets that the Adviser has determined, in its reasonable discretion, are or may in the future become associated with or utilize blockchain technology (even if such asset is not associated with, or does not utilize, blockchain technology at the time of investment), including securities that may be convertible or exercisable for Crypto Assets and equity investments in technology companies or businesses involved, making use of, or supporting infrastructure for crypto technology and, subject to certain limitations, securities of commingled investment vehicles or separate accounts investing in, or related to, Crypto Assets, or “Crypto Portfolio Funds” (“Crypto-Related Assets” and, together with Crypto Assets, “Investments”).

The Funds may also pursue opportunities in more illiquid investments and acquire certain assets that the Adviser believes in good faith either lack a readily assessable market value or should be held until the resolution of a special event or circumstance (“Special Investments”).

### **Risks**

Investing in Crypto Assets, securities, and other assets, involves a substantial degree of risk. The Funds may lose all or a substantial portion of its investments, and investors in the Funds must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities/assets typically purchased by or for the Funds, include the following:

#### *Risk of Loss*

No guarantee or representation is made that the Funds' investment programs, including the Funds' investment objectives, diversification strategies, or risk monitoring goals, will be successful. Investment results may vary substantially over time and may be subject to significant volatility.

No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred.

#### *Risk of Total Loss of Capital - Investments*

While all investments risk the loss of capital, Investments should be considered substantially more speculative and significantly more likely to result in a total loss of capital than most other investments. Accordingly, an investment in the Funds could result in the total loss of a limited partner's capital.

#### *Investment Strategy Generally*

The success of the Funds' investment strategies, in large part, depends upon the Adviser's ability to identify and purchase Investments that are undervalued or primed for appreciation. In certain cases, the Funds may hold investments so as to maximize value on a long-term basis (in such case(s), the Funds may forego value in the short-term or temporary investments in order to be able to avail the Funds of additional and/or longer-term opportunities in the future) or may not be able to realize returns on investments in a timely manner (if at all). The identification of investment opportunities in the implementation of the Funds' investment strategy is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired.

#### *Diversification and Concentration*

Certain Funds' investments will consist of Crypto Assets. The Adviser may select investments that are concentrated in a limited number or types of Investments. In addition, the Funds' portfolio may become significantly concentrated in Investments related to a single or a limited number of Crypto Assets or issuers. This limited diversification, and the focus of the Funds overall on Crypto Assets, will result in the concentration of risk.

#### *Hedging Transactions*

The Funds may utilize Investments for risk management purposes. The Funds will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. The Adviser may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged. Furthermore, the costs associated with these arrangements

could reduce the returns that the Funds would have otherwise achieved if these transactions were not entered into by the Funds.

#### *Discretion of the Adviser; New Strategies and Techniques*

While the Adviser will generally seek to employ the representative investment strategy and techniques discussed herein, the Adviser (subject to the policies and control of a Fund's general partner) has considerable discretion in the types of Investments the Funds may trade and may, in certain circumstances, have the right to modify the investment strategy and techniques of the Fund without the consent of the limited partners. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful investments and, ultimately, losses to the Funds. In addition, any new investment strategy or technique developed by the Funds may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the Funds.

#### *Dependence on Key Personnel*

The success of the Funds is dependent upon the talents and efforts of highly skilled individuals employed by the Adviser, including the Principals, as such term is defined in a relevant Fund's Organizational Documents, and the Adviser's ability to identify, and willingness to provide acceptable compensation to attract, retain and motivate, talented investment professionals and other employees. There can be no assurance that the Principals or the Adviser's other employees will continue to be associated with the Adviser throughout the life of the Fund, and the failure to attract or retain such investment professionals could have a material adverse effect on the Funds.

Moreover, except as specifically provided in the Funds' Organizational Documents, the Principals will not be required to devote their time and attention exclusively to the Funds. Further, the Principals may allocate portions of their time and attention, which may be material, to personal activities or other projects, such as open-source crypto projects or other projects supporting the broader crypto ecosystem. Any prior experience that the Principals may have in making investments of the type expected to be made by the Funds was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that the Principals or the Adviser will be able to duplicate prior levels of success.

#### *Incentive Allocation*

The fact that a general partner's compensation is based on the performance of a Fund may create an incentive for a general partner to cause the applicable Fund to make investments that are more speculative than would be the case in the absence of performance-based compensation.

#### **Risks Relating to Specific Investments**

The investment characteristics of Crypto Assets generally differ from those of currencies, commodities, or securities. Importantly, Crypto Assets are oftentimes not directly backed by a central bank or a national, supra-national or quasi-national organization, any hard assets, human capital, or other form of credit. Rather, Crypto Assets are market-based, with their value

determined by supply and demand factors and the value assigned to them by various market participants through mutual agreement taking into consideration the relevant Crypto Asset's in-network utility where applicable. Use of Crypto Assets as a medium of exchange and payment method may always be low.

#### *Development and Acceptance of Crypto Assets*

As a relatively new product and technology, most Crypto Assets are not yet widely adopted. Banks and other established financial institutions may refuse to process funds for cryptocurrency transactions, process wire transfers to or from cryptocurrency exchanges, Crypto Asset-related companies or service providers, or maintain accounts for persons or entities transacting in Crypto Assets. Further, a Crypto Asset may be hindered in some jurisdictions by the fact that it may not be considered an acceptable means of payment or legal tender. To date, speculators and investors seeking to profit from either short- or long-term holding of Crypto Assets drive part of the demand for them, and competitive products may develop which compete for market share. The Funds could be adversely impacted if certain Crypto Assets fail to expand into retail and commercial markets.

#### *Development and Acceptance of the Crypto Asset Networks*

The growth and use of Crypto Assets generally is subject to a high degree of uncertainty. Indeed, the future of the industry likely depends on several factors, including: (a) economic and regulatory conditions relating to Crypto Assets; (b) government regulation of the use of and access to Crypto Assets; (c) government regulation of Crypto Asset service providers, administrators, or exchanges; and (d) the domestic and global market demand for—and availability of—other forms of Crypto Asset. Any slowing or stopping of the development or acceptance of Crypto Assets or a Crypto Asset network may adversely affect an investment in the Funds.

#### *Risks of Open-Source Structure*

The open-source structure of many blockchain networks means that certain core developers and other contributors may not be directly compensated for their contributions in maintaining and developing the network protocol. Consequently, developers may lack a financial incentive to maintain or develop the network, and the core developers may lack the resources to adequately address emerging issues. There can be no guarantee that developer support will continue or be sufficient in the future, and a failure to properly monitor and upgrade protocols could damage the relevant networks. To the extent that material issues arise with certain networks and the core developers and open-source contributors are unable or unwilling to address the issues adequately or in a timely manner, the networks and related Crypto Assets may be adversely affected. Some developers and contributors are granted native tokens of the blockchain network they worked on, which does provide some incentive for their continued work to improve the network. However, this introduces the risk of a regulatory agency determining these token transfers were investment contracts and, thus, sales of unregistered securities.

#### *Scalability Risks*

Blockchain networks face significant scaling obstacles that can lead to high fees or slow transaction settlement times. Increased fees and decreased settlement speeds could preclude certain use cases for Crypto Assets (e.g., use of cryptocurrencies for micropayments), and can reduce demand for Crypto Assets.

#### *Risks of Flawed or Ineffective Source Code*

If the source code of or cryptography underlying a blockchain network or protocol proves to be flawed or ineffective, malicious actors may exploit such flaw to steal Crypto Assets, to disable intended functionality, or to manipulate the price of Crypto Assets being used by decentralized finance (“DeFi”) protocols. In addition, although highly unlikely in the near future, the cryptography underlying a blockchain or Crypto Asset could prove to be flawed or ineffective, or developments in mathematics or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. Any such development would lead to the loss of assets, the compromise of a particular blockchain or even the general demise of the blockchain industry.

#### *Risk of a Blockchain “Fork”*

When a backwards-incompatible modification to the source code of a blockchain network is proposed and adopted by a majority of validators and users, but a significant number of validators and users continue to validate and use the unmodified source code, the network may have two competing blockchains that run concurrently, resulting in a ‘fork’ of the network, with one prong running on the pre-modified software and the other running the modified software. The fork would lead to the existence of two versions of the Crypto Assets stored on the blockchain network at the point of the fork and the two networks would run in parallel without interchangeability. A fork may introduce confusion in the trading markets and may adversely impact the value of the Crypto Assets. If the affected Crypto Asset is an asset-backed token, it may be unclear which fork represents the asset that has a claim on the underlying asset. A fork may also interfere with the functionality of scaling solutions, DeFi protocols, and blockchain protocols that facilitate the movement of Crypto Assets between different blockchain networks.

#### *Technology and Security; Security Breach*

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 a malfunction or even the destruction of a blockchain network and/or a loss of the affected Crypto Assets. DeFi and other blockchain protocols, including “bridges” that connect different blockchain networks, have also been increasingly exploited by malicious actors seeking to steal Crypto Assets or manipulate market activity on these protocols. While the Adviser believes that the Funds will invest in portfolio companies or networks with security systems consistent with the current industry best practice, no security system is impenetrable and may not be free from defect and lead to a loss to the Funds.

The Funds themselves must adapt to technological change to secure and safeguard assets and investor accounts. As technological change occurs, the security threats to the Investments will likely adapt and previously unknown threats may emerge. To the extent that the Adviser is unable to identify and mitigate or stop new security threats, the Funds' Investments may be subject to theft, loss, destruction, or other attack.

#### *Smart Contracts*

The relatively short history of smart contract development may magnify initial problems, increase volatility, and reduce interest in smart contracts, which could have an adverse effect on the value of the affected network and related Crypto Assets. Smart contracts are computer protocols that execute coded transactions upon the satisfaction of conditions written in the protocol. Since smart contracts cannot be stopped or reversed, bugs or other flaws in their codes can have catastrophic effects. Since DeFi and other blockchain protocols are generally composed of multiple smart contracts working together in coordination, they face an increased risk of being exploited by malicious actors due to a vulnerability in any of their constituent smart contracts or vulnerabilities that emerge from the interaction of those smart contracts.

#### *Risks Relating to Availability of Banking Services and Other Service Providers*

Due to the regulatory uncertainty and other risks involving Crypto Assets, many existing service providers that advise on or facilitate Crypto Asset transactions, including banks, could decide not to provide such services to the detriment of existing users (including the Adviser) as well as potential new entrants into the market which may face a high entry barrier. Due to substantial uncertainties surrounding compliance with anti-money laundering ("AML") and other rules, many banks and other established financial institutions do not (or have stopped) processing fiat currencies for Crypto Asset transactions, processing wire transfers to or from Crypto Asset exchanges, blockchain companies or service providers, or maintaining accounts for persons or entities (including investment funds) that transact or invest in Crypto Assets. Several companies that provide Crypto Asset-related services have been unable to find banks that are willing to provide bank accounts and banking services. Similarly, several such companies have had their existing bank accounts closed by their banks. Investment managers including the Adviser, or investment funds such as those managed by the Adviser, could similarly face such closures. The ability for these companies and investment managers and funds to find banking partners in the future may be severely limited. All these may negatively affect public perception of Crypto Assets or decrease their usefulness.

In early 2023 the Federal Reserve Board ("FRB"), the Federal Deposit Insurance Corporation ("FDIC") and Office of the Comptroller of the Currency ("OCC") (together the "Federal Banking Regulators") released multiple statements warning banking organizations about crypto asset-related activities and liquidity risks posed from accepting crypto asset-related deposits. Furthermore, the Federal Banking Regulators have rejected recent applications from organizations seeking federal approval to provide banking services to the crypto industry. Those rejections, combined with the failure in March 2023 of two banks which prominently provided banking services for the crypto industry, has



limited the options for those seeking banking services for crypto asset transactions in the United States.

Several companies and financial institutions provide services related to the buying, selling, payment processing and storing of Investments (i.e., banks, accountants, exchanges, digital wallet providers and payment processors) and the due diligence of exchanges, decentralized applications (“DAPPs”) and digital wallet addresses. The Funds expect the number of service providers to increase as the Investment networks continue to grow. However, there is no assurance that the Investment market, or the service providers necessary to accommodate it, will continue to support Investments or continue in existence or grow. Further, there is no assurance that the availability of and access to Investment service providers will not be negatively affected by government regulation or supply and demand of Investments. Accordingly, companies or financial institutions that currently support Investments may not do so in the future. In addition, to the extent that an Investment service provider offering due diligence services provides faulty or incomplete information to a Fund, and the Fund relies on such faulty or incomplete information to its detriment, an investment by the Fund in reliance on that faulty or incomplete information may be adversely affected.

#### *Risks Related to Insufficient Mining Incentives*

With respect to Crypto Assets on a blockchain operating under the proof of work protocol, if the award of new units of Crypto Assets and transaction fees for building and solving blocks are not sufficiently high to incentivize mining, miners may cease expending processing power to solve blocks and confirmations of transactions on the blockchain could be slowed temporarily. A reduction in the processing power expended by miners on such network could also increase the likelihood of a malicious actor obtaining control.

#### *Risks of Intellectual Property Rights Claims*

Intellectual property rights claims may adversely affect the operation of a network by its sponsor company. Third parties may assert intellectual property claims over the source code for the network protocol. Regardless of the merit of any intellectual property or other legal action, any threatened action may financially or otherwise harm the sponsor company and, may also decrease confidence in long-term viability or the ability of end-users to use that network or the blockchain technology generally. Additionally, a meritorious intellectual property claim could prevent the network sponsor from continuing building and operating the network. Intellectual property claims can also negatively impact companies that utilize other digital assets, such as NFTs.

#### *Risk Associated with DeFi Networks and Decentralized Applications*

A DeFi protocol runs on a blockchain network (such as the Ethereum network), which functions as the execution and settlement layer for the protocol. There are several types of DeFi protocols, ranging from trading, lending, asset management to yield farming, and the common theme of the DeFi protocol is that users can execute transactions on their own without relying on any intermediary and without giving up custody of their assets to a third

party. Access to a DeFi platform is generally permissionless, i.e., unrestricted. Many DeFi protocols are autonomous and cannot be modified once launched by the person or group who coded it. This creates various risks, some also inherent in blockchain itself, such as the inability to reverse mistaken transactions and vulnerability to certain predatory behavior by miners (such as sandwich attacks). Additionally, there are risks of security exploits in the protocol code itself that could result in loss of user funds and may be impossible to fix.

Decentralized applications (“DAPPs”) (including DeFi applications) are generally built upon existing public decentralized blockchains, such as the Ethereum blockchain and others. The DeFi industry is relatively new and rapidly growing. Consequently, the industry is currently subject to scrutiny by the government and other regulatory bodies. The legal status of DAPPs has not yet been determined, as multiple federal and state authorities have jurisdiction over aspects of DeFi, including the Department of Justice, the U.S. Financial Crimes Enforcement Network (“FinCEN”), the Service, the Commodity Futures Trading Commission (“CFTC”), the SEC, and the U.S. Department of Treasury’s Office of Foreign Assets Control (“OFAC”), depending upon the services offered by and provided through the DAPP. For example, to the extent the DAPP enables participants to engage in regulated money transmission services, the DAPP, or its owners or operators (which in the case of DeFi or DAPPs may be determined by those persons with significant ownership of Crypto Assets on the DAPP, with the ability to control the protocol used by the DAPP, or that are profiting from the DAPP) would be required to register with FinCEN as a money services business. Similarly, to the extent that the DAPP enables purchase or sale of securities the DAPP may be required to register with the SEC. Given the evolving nature of the DeFi industry, there is no guarantee that legal, tax, or regulatory changes that materially affect the DeFi industry and the Funds’ investment strategy will not occur. Further, failure by these DAPPs to comply with all applicable current and future laws may adversely affect their ability to operate and, consequently, the Funds and their investments.

The decentralized nature of a DAPP also presents compliance risk to participants, including the Funds. DAPPs that allow anonymous peer-to-peer exchange of Crypto Assets without the use of an intermediary are particularly vulnerable to financial crime and can be used by persons that have been designated as prohibited under applicable sanctions laws. Unlike centralized cryptocurrency exchanges and other financial institutions which are required to adopt and implement AML controls, such as customer identity verification and suspicious activity reporting, and conduct sanctions screening to ensure compliance with sanctions laws, DAPPs, by design, lack a centralized governing body. This makes the implementation of any AML controls or sanctions compliance measures challenging because there is no governing body requiring the implementation of such controls and any party with an internet connection can participate in the DAPP. Front ends (such as websites or interfaces with which users interact) of certain DeFi platforms have implemented certain restrictions, either due to regulatory concerns or as a market practice. Such restrictions may include IP blocking from certain countries or territories as well as wallet addresses sanctioned by OFAC. However, sophisticated actors may still access DAPPs without using a front end. Therefore, it is possible for sophisticated users to access certain DAPPs without undergoing any identity verification process, such as know-your-customer (“KYC”) due diligence, or sanctions screening to assess whether participants are listed on various

sanctions lists or located in a country or territory subject to comprehensive sanctions (e.g., Cuba, Iran, North Korea, Syria and the Crimea, Donetsk and Luhansk regions of the Ukraine). Engaging with DAPPs carries inherent risks. Users can be exposed, either directly or indirectly, to all other participants transacting within the DAPP, including potential bad actors. Because participants in a DAPP cannot select their counterparty within the DAPP, participants run the risk of engaging in financial transactions with persons engaged in criminal conduct or that are persons prohibited under applicable sanctions laws.

Accordingly, this lack of transparency increases the risk that a Fund may be deemed to have transacted with criminals and/or persons that are operationally based or domiciled in a country or territory subject to comprehensive sanctions that have been issued by the United States, United Nations, the European Union, the United Kingdom or the Cayman Islands or a person or wallet address listed on a sanctions list administered by the OFAC or any other similar economic and trade sanctions program (collectively, “Prohibited Person”), potentially exposing a Fund and/or the Adviser to violations of law, including anti-money laundering and/or sanctions laws. The Funds intend to take certain measures to mitigate the risk of dealing with Prohibited Persons. However, particularly given the challenges in conducting due diligence on DAPPs participants, there can be no assurance that such measures will prove effective. To the extent a DAPP, a DAPP owner, operator or participant, or a digital wallet associated with the DAPP, is a Prohibited Person, a Fund may be unable to have dealings with the DAPP, or required to cease any further dealings with the DAPP, until such sanctions are lifted or a license is sought under applicable law to continue dealings, and such Fund may not be able to fulfill its investment objective. For these and other reasons specific to the decentralized finance industry, investments through DAPPs, particularly those that operate using blockchain technology, pose greater risks than Investments made in other sectors.

### *Governance Risks*

Governance of many blockchain networks and protocols is by consensus among token holders, which may result in a lack of clarity in control of such systems. Governance may also lead to ineffective decision-making that slows development and growth or hinders the network protocol in overcoming obstacles or adverse situations. Other risks include popular decisions that result in illegal activity, breaches in contractual obligations, or modifications that violate securities laws. Recent efforts to decentralize governance by DeFi networks may sacrifice the efficient operation of a network for the sake of the “democratization” of the network.

### *Inability to Realize Benefits of Hard Forks or “AirDrops”*

An owner of Crypto Assets may not be able to realize the economic benefit of a hard fork or “airdrop,” either immediately or ever. In an airdrop, the promoters of a new Crypto Asset announce to holders of another Crypto Asset that they will be entitled to claim a certain amount of the new asset for free, or it will be sent automatically to the wallets holding the original asset. For instance, however, if the owner holds assets through a third-party custodian, the custodian may not support one of the forked assets or airdropped assets for technological, regulatory or other reasons, in which case the owner may not realize the

benefit of such forked or airdropped asset. In addition, the owner may be prohibited by law to own the airdropped asset.

#### *Risk of Loss Due to Incapacitation of Key Personnel*

A small number of designated principals or employees of the Adviser collectively have sole access (directly or via the custodians) to the private keys required to access the Crypto Assets held by the Funds. While generally no single individual alone has the right to access the private keys, the incapacitation of more than one such person could result in the loss of access to the private keys.

#### *Virtual Currency Tax Implications*

On March 25, 2014, the Internal Revenue Service (the “IRS”) issued Notice 2014-21 (I.R.B. 2014-16) regarding certain U.S. federal tax implications of transactions in, or transactions that use, virtual currency (the “Notice”), as updated by Notice 2023-34. According to the Notice, as updated by Notice 2023-34, virtual currency is treated as property, not currency, for U.S. federal tax purposes, and “[g]eneral tax principles applicable to property transactions apply to transactions using virtual currency.” In part, the Notice provides that the character of gain or loss from the sale or exchange of virtual currency depends on whether the virtual currency is a capital asset in the hands of the taxpayer. Accordingly, in the U.S., certain transactions in virtual currency are taxable events and subject to information reporting to the IRS to the same extent as any other payment made in property.

Additionally, the IRS issued Revenue Ruling 2019-24 (the “2019 Revenue Ruling”) concerning the tax treatment of hard fork and airdrop transactions and Revenue Ruling 2023-14 (the “2023 Revenue Ruling” and together with the 2019 Revenue Ruling, the “Revenue Rulings”) concerning the treatment of staking for taxpayers using the cash method of accounting. The 2019 Revenue Ruling provides that a taxpayer does not have gross income as a result of a hard fork of a “cryptocurrency” the taxpayer owns if the taxpayer does not receive units of a new “cryptocurrency.” However, an airdrop of a new “cryptocurrency” following a hard fork generally results in ordinary income to the taxpayer if the taxpayer receives units of new “cryptocurrency.” Furthermore, under the 2023 Revenue Ruling, additional units of cryptocurrency received as validation rewards from “staking” activities generally are also included as ordinary income to the taxpayer at the time such rewards are received.

Although the IRS has issued the Notice and Revenue Rulings, there remain many uncertainties as to the tax treatment of Crypto Assets. For example, the IRS has not indicated whether or to what extent virtual currencies should be considered securities or commodities for federal income tax purposes.

The U.S. Department of Treasury and the IRS may publish future guidance that provides for adverse tax consequences to the Fund and investors in the Fund. Limited partners should be aware that tax laws and regulations change on an ongoing basis, and that they may be changed with retroactive effect. Moreover, the interpretation and application of tax

laws and regulations by certain tax authorities may not be clear, consistent, or transparent. As a result, the U.S. Federal tax consequences of investing in the Funds are uncertain. Accounting standards may also change, creating an obligation for the Funds to accrue for a tax liability that was not previously required to be accrued for or in situations where it is not expected that the Funds will directly or indirectly be ultimately subject to such tax liability.

Additionally, application of tax laws and regulations may result in increased, ongoing costs, or accounting related expenses, adversely affecting the investment in the Funds. Also, outside the U.S. the tax rules applicable to Crypto Assets are uncertain. Accordingly, the costs or tax consequences to an investor or the Funds could differ from the investor's expectations.

### *Crypto Asset Offerings*

#### *Participation*

The Funds may acquire Crypto Assets in an initial offering, such as an initial exchange offering ("IEO"), or any other similar initial sale. In addition, the Funds may acquire Crypto Assets through a privately negotiated agreement with the issuer, or may agree with the issuer to buy Crypto Assets at initial issuance in the future on a fully committed basis and pay all or a portion of the purchase price in advance (collectively, "Crypto Asset Offerings"). Participating in Crypto Asset Offerings may require the Funds to pledge Crypto Assets. Trading platforms used by Crypto Asset Offerings are often new and largely unregulated and may therefore be more exposed to theft, fraud, and failure. Crypto asset issuers create applications on one or more execution and settlement layers (such as the Ethereum network) that may be flawed or otherwise susceptible to malicious attack, which may lead to theft or other loss of such pledged assets, or other adverse consequences to the issuer and/or the Funds. For example, in June 2017, CoinDash, an Israeli startup, planned to raise capital by selling its own digital tokens in exchange for cryptocurrency Ethereum. Thirteen minutes into the token sale, an "unknown perpetrator" hacked CoinDash's website and changed the address for sending Ethereum-based investments to a fake one, diverting millions of dollars in Ethereum-based investments to the attacker. In general, Crypto Asset Offering trading platforms are currently start-up businesses, with limited operating history and no publicly available financial information. Consequently, if a Crypto Asset Offering trading platform experiences theft, fraud, or failure, the Crypto Asset Offering operators may be unable to replace missing Crypto Assets or seek reimbursement for any theft of Crypto Assets, adversely affecting investors and an investment in the Funds.

A Fund may invest in Crypto Assets in development through token warrants and other token-based instruments. As these agreements are entered into in respect of Crypto Asset Offering which have yet to occur, there is a risk that the Crypto Asset Offering will not occur or that the token warrant or other token-based instrument counterparty will otherwise default in its delivery of the relevant Crypto Asset.

### *New Crypto Assets*

Crypto Asset Offerings occur in respect of Crypto Assets that have not been tested or used in the marketplace. As a result, the risk that Crypto Assets obtained by the Funds through Crypto Asset Offerings will have imperfections and/or be susceptible to hackers is greater than that of Crypto Assets that have already been established. In addition, there is also the risk that Crypto Assets obtained by the Funds through Crypto Asset Offerings will not develop a following.

### *Promise to Hold or Sell*

Crypto Assets acquired by the Funds in connection with Crypto Asset Offerings may also entail promises to sell within, or hold for, a specified time period. As a result, the Funds may be forced to sell an investment at an inopportune time or hold an investment at times where it would otherwise be advantageous to sell.

### *Performance*

Crypto Assets sold through Crypto Asset Offerings may experience an exceptionally wide range of outcomes. While past performance is not indicative of future results, this is especially the case with respect to Crypto Assets purchased through Crypto Asset Offerings, which are a relatively new and untested product. In addition, there is not yet sufficient information to determine whether high levels of performance are sustainable and/or how the Crypto Asset market will react in the short- or long-term to the proliferation of Crypto Asset Offerings currently taking place.

### *Valuation*

Crypto Asset Offerings offer the Funds the ability to purchase Crypto Assets at discounted prices. Crypto Assets purchased by the Funds will generally be valued at cost until active trading in such Crypto Assets develops. Accordingly, while limited partners who invest in the Funds prior to the emergence of such active trading will receive the benefit of purchasing such Crypto Assets at discounted prices, any withdrawal proceeds paid to limited partners who withdraw from the Funds prior to the emergence of such active trading will reflect the lower, discounted prices and not the expected trading price of such Crypto Assets on any active exchange or other market. To the extent an investment in a Crypto Asset Offering is deemed to be a “Special Investment,” it will be valued at Special Investment Value (subject to adjustment for purposes of calculating the Management Fee). In addition, such investment will only be available for withdrawal as provided herein.

### *Fraudulent Crypto Asset Offerings*

Crypto Asset Offering campaigns in which the Funds participate are unregulated and may turn out to be fraudulent. There is no guarantee that funds lost due to such fraudulent actions will be recovered by the Funds.

### *Potential SEC Involvement*

As further discussed below, the SEC has advised that, depending on the facts and circumstances of each individual Crypto Asset Offering, the Crypto Assets that are offered or sold in a Crypto Asset Offering may be deemed securities.

### *Crypto Asset Exchanges*

#### *General*

The exchanges on which Crypto 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. Crypto Asset exchanges may be start-up businesses with no institutional backing, limited operating history and no publicly available financial information. Exchanges may require fiat currency funds or cryptocurrency coins to be deposited in advance in order to purchase Crypto Assets, and no assurance can be given that those deposit funds or cryptocurrency coins can be recovered. Additionally, upon sale of Crypto Assets, proceeds may not be received from the exchange for several business days. Participation in exchanges requires users to take on credit risk by transferring Crypto Assets from a personal account to a third-party's account. The Funds will take credit risk of an exchange every time it transacts. Crypto Asset exchanges may impose daily, weekly, monthly, or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of Crypto Assets for fiat currency difficult or impossible. Additionally, Crypto Asset prices and valuations on Crypto 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 Crypto Assets remain subject to any volatility experienced by Crypto Asset exchanges, and any such volatility can adversely affect an investment in the Funds.

Crypto Asset exchanges are appealing targets for cybercrime, hackers, and malware. It is possible that while engaging in transactions with various Crypto 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.

Exchanges may even shut down or go offline voluntarily, without any recourse to investors. In many of these instances, the customers of such exchanges have not been compensated or made whole for the partial or complete loss of their account balances. An exchange may be unable to replace missing Crypto Assets or seek reimbursement for any theft of Crypto Assets, adversely affecting investors and an investment in the Funds.

Any financial, security or operational difficulties experienced by such exchanges may result in an inability of the Funds to recover fiat currency or Crypto Assets

being held by the exchange, or to pay investors upon withdrawal, or a decrease in the value of Crypto Assets held by the Funds. Further, the Funds may be unable to recover Crypto Assets awaiting transmission into or out of the Funds, all of which could adversely affect an investment in the Funds. Additionally, to the extent that the Crypto Asset exchanges representing a substantial portion of the volume in Crypto Asset trading are involved in fraud or experience security failures or other operational issues, such Crypto Asset exchanges' failures may result in loss or less favorable prices of Crypto Assets, or may adversely affect the Funds, their operations and investments, or the limited partners.

#### *Limited Exchanges on Which to Trade*

The Funds may trade Crypto Assets on a limited number of Crypto Asset 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 exchange may result in less favorable prices and decreased liquidity for the Funds and therefore could have an adverse effect on the Funds and the limited partners.

#### *Non-U.S. Operations*

Crypto Asset exchanges may operate outside of the United States. The Funds may have difficulty in successfully pursuing claims in the courts of such countries or enforcing in the courts of such countries a judgment obtained by the Funds in another country. In general, certain less developed countries lack fully developed legal systems and bodies of commercial law and practices normally found in countries with more developed market economies. These legal and regulatory risks may adversely affect the Funds and their operations and investments.

#### *Risks of Buying or Selling Crypto Assets*

The Funds may transact with private buyers or sellers or Crypto Asset exchanges. The Funds will take on credit risk every time it purchases or sells Crypto Assets, and its contractual rights with respect to such transactions may be limited. Although the Funds' transfers of Crypto Assets or fiat currency will be made to or from a counterparty that the Adviser believes is trustworthy, it is possible that, through computer or human error, or through theft or criminal action, the Funds' Crypto Assets or fiat currency could be transferred in incorrect amounts or to unauthorized third parties. To the extent that the Funds are unable to seek a corrective transaction with such third party or are incapable of identifying the third party which has received the Funds' Crypto Assets or fiat currency (through error or theft), the Funds will be unable to recover incorrectly transferred Crypto Assets or fiat currency, and such losses will negatively impact the Funds.

Certain Crypto Asset exchanges may place limits on the Funds' transactions, or the Funds may be unable to find a willing buyer or seller of Crypto Assets. To the extent the Funds experience difficulty in buying or selling Crypto Assets, investors may experience delays in subscriptions or payment of withdrawal proceeds, or there



may be delays in liquidation of the Funds' Crypto Assets, adversely affecting the net asset value of the Funds.

### *Settlement Risks*

In addition to the regulatory issues, crypto exchanges pose certain risks and business limitations. Due to the nature of assets listed and traded on them, crypto exchanges face a significantly greater threat from hackers and other malicious actors. Crypto Assets exchanges may impose daily, weekly, monthly, or customer-specific transaction or distribution limits or suspend redemptions entirely, rendering the exchange of Crypto Assets for fiat currency difficult or impossible. Additionally, asset prices and valuations on Crypto Assets exchanges have been volatile and subject to influence by many factors including the levels of liquidity on each exchange and operational interruptions and disruptions. Because Crypto Assets are traded globally on thousands of exchanges and through OTC brokers, asset prices may vary widely from exchange to exchange, even within the same country. Any financial, security, or operational difficulties experienced by such exchanges may result in an inability of the Funds to recover fiat currency or Crypto Assets being held by the exchange, or to pay investors upon withdrawal, or a decrease in the value of Crypto Assets held by the Funds. Further, the Funds may be unable to recover Crypto Assets awaiting transmission into or out of a Fund, all of which could adversely affect an investment in the Funds.

Crypto Asset exchanges are appealing targets for cybercrime, hackers and malware. It is possible that while engaging in transactions with various Crypto 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. By way of example, in 2018 alone, cryptocurrency exchanges based in Japan (Coincheck), Italy (Bitgrail), India (Coinsecure) and South Korea (Coinrail) are reported to have experienced major hacks, resulting in losses of approximately \$650 million in total. In addition, significant hacks occurred in 2019, including the theft of approximately 7,000 Bitcoin (equivalent to more than \$40 million) from Binance and in 2020, including a hack on a Singapore-based cryptocurrency exchange (KuCoin) resulting in the loss of more than \$150 million. In 2021, cryptocurrency platform Poly Network suffered a hack of tokens worth more than \$600 million. Overall, more than 150 blockchain hacking incidents took place in 2021, with nearly \$7 billion in funds lost. In February 2022, Wormhole, one of the most popular bridges linking the Ethereum and Solana blockchains, lost about \$320 million in a hack, and each of FTX (as defined below), Binance and Coincheck suffered attacks costing each more than \$500 million. More than \$20 billion in cryptocurrency was stolen from exchanges and other platforms in 2022.

Exchanges may even shut down or go offline voluntarily, without any recourse to investors. In many of these instances, the customers of such exchanges have not been compensated or made whole for the partial or complete loss of their account

balances. An exchange may be unable to replace missing Crypto Assets or seek reimbursement for any theft of Crypto Assets, adversely affecting investors and an investment in a Fund.

Businesses that relate to Crypto Assets are subject to the risk of their own insolvency as well as of insolvency of exchanges, service providers and other companies with which they work in the Crypto Asset space. Moreover, adverse developments in respect of particular Crypto Assets can spread to adversely affect exchanges that handle such Crypto Assets. In the first half of 2022, Luna (and related stablecoin TerraUSD) collapsed leading to widespread flow-on-distress for some of the biggest participants in the Crypto Asset markets. Shortly after Luna's collapse, Celsius Networks and Voyager Digital declared bankruptcy, resulting in a loss of confidence in participants of the cryptoeconomy and negative publicity surrounding crypto more broadly.

By late 2022, FTX Trading, Ltd., ("FTX"), the third largest Crypto Asset exchange by volume at the time, halted customer withdrawals amid rumors of the company's liquidity issues and likely insolvency. Shortly thereafter, FTX's CEO resigned and FTX and several affiliates of FTX filed for bankruptcy. Several other entities in the Crypto Asset industry filed for bankruptcy following FTX's bankruptcy filing, such as BlockFi Lending LLC and Genesis Global Holdco, LLC, both of which are Crypto Asset lenders. In response to these events, the Crypto Asset markets have experienced extreme price volatility and several other entities in the Crypto Asset industry have been, and may continue to be, negatively affected, further undermining confidence in Crypto Asset markets.

Furthermore, in June 2023, the SEC filed complaints against two leading crypto exchanges, for, in part, operating unregistered securities exchanges. Both complaints explain at length the SEC's view that certain identified crypto assets traded on each platform are securities. Should the SEC continue to pursue and potentially succeed in these actions it could lead to the closing of many, if not all, crypto exchanges in the United States and materially impact the ability to trade and custody crypto assets.

When trading Crypto Assets on the OTC markets, the Funds may be subject to risk based on the identity of the counterparty (such as a dealer and a third party) and the provenance of the Crypto Assets, including the counterparty credit risk and unforeseen regulatory scrutiny under the AML and other rules. Although the Funds' transfers of Crypto Assets or fiat currency will be made to or from a counterparty that the Adviser believes is trustworthy and utilizing reasonable policies and procedures designed to decrease errors, it is possible that, through computer or human error, or through theft or criminal action, the Funds' Crypto Assets or fiat currency could be transferred in incorrect amounts or to unauthorized third parties. To the extent that a Fund is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received a Fund's Crypto Assets or fiat currency (through error or theft), the Fund will be unable to

recover incorrectly transferred Crypto Assets or fiat currency, and such losses will negatively impact the Fund.

### *Legal Uncertainty*

Crypto Assets and blockchain protocols, trading platforms, and service providers are subject to a variety of overlapping and dynamic legal and regulatory regimes. Many of these legal and regulatory regimes developed before the advent of blockchain technology and may apply to the blockchain industry in unexpected ways as a result. New legal and regulatory regimes (including tax and accounting rules) have also been and may continue to be developed for Crypto Assets globally, and such regimes may change suddenly.

In the United States, future legislation, Commodity Futures Trading Commission (the “CFTC”) and SEC rulemaking, and other regulatory developments may affect the legal and regulatory treatment of the use of the blockchain technology and/or Crypto Assets and the activities of certain service providers. For example, the SEC has taken a position that transactions in several Crypto Assets are securities transactions through staff interpretations and enforcement activity. Certain transactions in Crypto Assets may constitute the offer and sale of securities under U.S. federal securities laws. To the extent that Crypto Asset sales are conducted in violation of federal securities laws, the Crypto Assets purchased may be or become worthless in the hands of the ultimate recipient, may be or become difficult or impossible to sell, and may subject the purchaser to potential liability if the purchaser resells the Crypto Assets in violation of the requirements of applicable federal securities laws. Additionally, the CFTC has determined certain transactions in Crypto Assets to be futures contracts required to be traded on a regulated exchange and cleared through a clearing house, or swaps subject to margin and other requirements. These regulatory uncertainties are compounded with respect to new types of blockchain protocols and Crypto Assets. For example, both the SEC and the CFTC have brought enforcement actions against, and proposed rules that would regulate, DeFi protocols and their associated Crypto Assets.

Additionally, FinCEN has interpreted certain Crypto Assets as subject to AML rules under the Bank Secrecy Act when such assets are classified as “virtual currencies” and has sanctioned several service providers and other market participants for non-compliance with the AML rules. FinCEN has periodically issued its interpretations on the applicability of the AML rules to Crypto Assets and market participants that expand its jurisdictional reach.

At the state level, the New York State Department of Financial Services (the “NYDFS”) requires most businesses involved in Crypto Asset business activity for third parties in or involving New York, excluding merchants and consumers, to apply for a license, known as a “BitLicense,” from the NYDFS and to comply with certain anti-money laundering, cyber security, consumer protection, and financial and reporting requirements, among others. Other states have considered similar regimes and have passed statutes, regulations and/or guidance indicating that certain Crypto Asset business activities constitute money transmitting services requiring licensure. On the other hand, certain other states have adopted statutes and rules that provide a friendlier regulatory environment for the Crypto

Asset business. All these differences in state laws and the federal-state dual regulatory structure pose challenges for the blockchain industry.

Outside the United States, the legal and regulatory framework for the blockchain and Crypto Assets widely vary from jurisdiction to jurisdiction. Some jurisdictions such as the EU and the United Kingdom have begun to provide a comprehensive regulatory framework for the Crypto Asset industry to provide a degree of regulatory certainty, market integrity, and consumer protection. Some other countries have taken a haphazard approach to the industry, prohibiting and then permitting certain Crypto Asset related activities. Finally, certain global standard-setting organizations such as the Financial Action Task Force and the Basel Committee for Bank Supervision have been working on providing guidance to national supervisors, but without large-scale member adoption. Lack of international coordination raises the risk of an uneven global regulatory landscape. The development of the market for Crypto Assets globally is in a relative holding pattern due in part to this regulatory uncertainty.

To the extent that certain Crypto Assets held by a Fund, or issued by a portfolio company of a Fund, in the future could be determined by regulators (including by the SEC), legislation, or courts to fall within the definition of a security for purposes of U.S. laws and regulations, a Fund may be required to comply with certain relevant U.S. laws and regulations. Such change in law and associated compliance costs could adversely affect an investment in a Fund. The Adviser, however, actively monitors the regulatory landscape. The Funds treat certain Crypto Assets as securities for various purposes (e.g., custody, secondary transactions and material nonpublic information) to the extent they deem appropriate. If Crypto Assets held by the Funds are deemed to be securities and were not anticipated to be such, such Crypto Assets may decline in value and/or be burdensome or costly to transmit (or the Funds may be restricted from selling such Crypto Assets). Furthermore, the offering of such Crypto Assets by a portfolio company (through a Crypto Asset Offering or otherwise) may be deemed to constitute an unregistered offer or sale of securities, resulting in, among other things, penalties and potential litigation that could substantially impact the value of such portfolio company or claims against a Fund for being a necessary participant to such offering, aiding-and-abetting the offering, or being a control person of the issuer.

#### *Risks Relating to Government Oversight*

The regulatory schemes—both foreign and domestic—possibly affecting Crypto Assets or a Crypto Asset network may not be fully developed. It is possible that any jurisdiction may, in the near or distant future, adopt laws, regulations, policies or rules directly or indirectly affecting a Crypto Asset network, generally, or restricting the right to acquire, own, hold, sell, convert, trade, or use Crypto Assets, or to exchange Crypto Assets for either fiat currency or other virtual currency. It is also possible that government authorities may claim ownership over mathematical Crypto Asset network source codes and protocols or law enforcement agencies (of any or all jurisdictions, foreign or domestic) may take direct or indirect investigative or prosecutorial action related to, among other things, the use, ownership or transfer of Crypto Assets, resulting in a change to its value or to the development of a Crypto Asset network (e.g., the closure and seizure of Silk Road and the

closure and seizure of [www.libertyreserve.com](http://www.libertyreserve.com)—the domain name for Liberty Reserve, an online, virtual currency payment processor and money transfer system that the U.S. government alleges acted as a financial hub of the cyber-crime world).

### *Federal Regulatory Authorities*

As described in “Methods of Analysis and Investment Strategies,” the Funds invest in a diversified portfolio of Crypto Assets, as well as Crypto-Related Assets.

The laws regarding Crypto Assets, Crypto Asset Offerings, and Simple Agreements for Future Tokens (“SAFTs”) are still evolving and not yet clearly defined. Certain Crypto Assets (including those resulting from Crypto Asset Offerings and SAFTs) may be deemed to be securities or commodities, or neither securities nor commodities.

Buying, selling, and trading in the securities of crypto technology or other companies is regulated by the SEC. Under U.S. federal securities laws, a company may not issue securities unless the offering is registered with the SEC or an exemption to registration is otherwise available (e.g., the securities are sold through “private placement”). In addition, any resale of securities sold through a “private placement” is generally restricted (unless certain specific exceptions are available). The companies in whose securities the Funds invest may also issue Crypto Assets, and an SEC finding that such Crypto Assets were distributed in contravention of U.S. federal securities laws will likely have a material negative impact on the value of such assets.

### *Increased Regulatory Oversight*

Changes in law (whether securities laws or any other applicable law) and increased regulatory oversight of and changes in law applicable to private investment funds and their managers, especially with respect to private investment funds investing in Crypto Assets (such as the Funds) and their managers (such as the Adviser), may impose administrative burdens on the Adviser, including responding to examinations and other regulatory inquiries and implementing policies and procedures. Such administrative burdens may divert the Adviser's time, attention, and resources from portfolio management activities to responding to inquiries, examinations, and enforcement actions (or threats thereof).

### *Investment and Due Diligence Process*

Before making investments, the Adviser will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Adviser may be required to evaluate important and complex business, financial, tax, accounting, and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties might be involved in the due diligence process to varying degrees depending on the type of investment. When conducting due diligence and making an assessment regarding an investment, the Adviser will rely on the resources reasonably available to it, which in some circumstances, whether or not known to the Adviser at the time, may not be sufficient, accurate, complete, or reliable. In particular, the due diligence materials and information available for early stage investments is likely to be limited and require the Adviser to rely on representations from third parties that are not independently verifiable. Due diligence may not reveal or highlight

matters that could have a material adverse effect on the value of an investment. Moreover, such an investigation will not necessarily result in the investment being successful.

### *Publicly Traded Securities*

A portion of the Funds' investment portfolios are expected to consist of securities issued by publicly traded companies (e.g., as the result of a direct investment in publicly traded securities, an initial public offering effected by a previously private portfolio company, or acquisition of a private portfolio company by a publicly traded company). The fact that a portfolio company is publicly traded will not necessarily reduce the business and other risks associated with an investment in such company. Moreover, investments in publicly traded companies often are subject to additional risks, such as increased risks of litigation and greater securities law and other regulatory burdens, as well as risks associated with "insider trading" and similar rules.

### *Investments in Businesses Outside of the United States*

Certain Funds have invested in securities of non-United States portfolio companies. Such investments may present a variety of risks not presented by investments in United States portfolio companies, including risks associated with: (i) fluctuating currency exchange rates; (ii) limitations on currency exchange or the transfer of capital/profits across international boundaries; (iii) different accounting and financial reporting standards; (iv) different legal protections for investors; (v) unusual regulatory burdens; (vi) social, economic, and political instability; (vii) nationalization or expropriation of assets or confiscatory taxation; (viii) governmental decisions to discontinue support or economic reform programs generally and to impose centrally planned economies; (ix) dependence on exports and the corresponding importance of international trade; (x) greater price fluctuations and market volatility, less liquidity, and smaller capitalization of securities markets; (xi) higher rates of inflation; (xii) less extensive regulation of the securities markets, (xiii) longer settlement periods for securities transactions; (xiv) less developed corporate laws regarding fiduciary duties and the protection of investors; and (xv) multiple taxing jurisdictions.

Even those portfolio companies that nominally are United States portfolio companies by virtue of their jurisdiction of organization or management headquarters may be exposed to significant non-United States risks due to the increasingly international nature of many companies that (i) rely upon international location or outsourcing of research, development, manufacturing, or other operations; (ii) seek alliances with non-United States partners; or (iii) seek non-United States customers.

Any adverse change to the political, economic, military, or social environments in the host countries of the Funds' portfolio companies could have a significant adverse effect upon the operations or financial performance of the Funds.

### *Dependence on Counterparties and Service Providers*

The Funds are dependent upon its counterparties (including Crypto Asset custodians, wallet providers, and exchanges) and the businesses that are not controlled by the Adviser that provide services to the Funds (the "Service Providers"). Examples of Service Providers include, but are

not limited to, administrators, legal counsel, and auditors as well as accountants, bankers, brokers, custodians, consultants (including, to the extent applicable, persons engaged to assist with the development of portfolio deal flow, as well as persons engaged to assist with the assessment of technologies, markets, and other matters), and various other persons or agents. Errors are inherent in the business and operations of any business, and although the Adviser will adopt measures to prevent and detect errors by, and misconduct of, counterparties and Service Providers, and transact with counterparties and Service Providers it believes to be reliable, such measures may not be effective in all cases. Failure by any of these third parties to perform their duties or otherwise satisfy their obligations to the Funds could have a material adverse effect upon the Funds. In particular, the Funds' technology diligence on blockchain counterparties may not identify all security vulnerabilities and risks, which is especially pertinent given the limited (but growing) number of viable blockchain counterparties (see "Qualified Custodian" below). Any errors or misconduct could have a material adverse effect on the Funds and the limited partners' investments therein.

### *Price Volatility*

A principal risk in trading Crypto Assets is the rapid fluctuation of their market price. The value of a limited partner's Capital Account balance relates directly to the value of the Crypto Assets held in the Funds, and fluctuations in the price of Crypto Assets could adversely affect the net asset value of the Funds and a limited partner's Capital Account. There is no guarantee that the Funds will be able to achieve a better than average market price for Crypto Assets or will purchase Crypto Assets at the most favorable price available. The price of Crypto Assets achieved by the Funds may be affected generally by a wide variety of complex and difficult to predict factors (for example: supply and demand or political, natural, and economic events).

To the extent the public demand for Crypto Assets were to decrease, or the Funds were unable to find a willing buyer, the price of Crypto Assets could fluctuate rapidly, and the Funds may be unable to sell the Crypto Assets in its possession or custody. Limited partners will be subject to the risk of price fluctuations of Crypto Assets until they are fully withdrawn from the Funds. Further, if the supply of Crypto Assets available to the public were to increase or decrease suddenly due to, for example, a change in a Crypto Asset's source code, the dissolution of a Crypto Asset exchange, or seizure of Crypto Assets by government authorities, the price of Crypto Assets could fluctuate rapidly. Such changes in demand and supply of Crypto Assets could adversely affect an investment in the Funds. In addition, governments may intervene, directly and by regulation, in the Crypto Asset market, with the specific effect, or intention, of influencing Crypto Asset prices and valuation (e.g., releasing previously seized Crypto Assets). Similarly, any government action or regulation may indirectly affect the Crypto Asset market or Crypto Asset network, influencing Crypto Asset use or prices. To the extent a Crypto Asset is used in an in-protocol utility mechanism in such a way as to incur a "slashing condition" (i.e., to violate a rule of protocol inaction or misaction) some or all of that Crypto Asset may be destroyed.

Several factors may affect the price of such Crypto Assets, including:

- the total quantity, global demand and/or global supply of certain Crypto Assets in existence;
- investors' expectations with respect to the rate of inflation or deflation of fiat currencies;

- investors' expectations with respect to the rate of inflation or deflation of Crypto Assets;
- fiat currency exchange rates;
- fiat currency redemption and deposit policies of Crypto Asset exchanges and liquidity on such exchanges;
- interruptions in service from or failures of Crypto Asset exchanges;
- theft, or news of such theft, of Crypto Assets from individuals, DeFi protocols, or service providers;
- investment and trading activities of large investors, including private and registered funds, that may directly or indirectly invest in Crypto Assets;
- trades of a significant size in comparison to the overall trading in the market for Crypto Assets over a short time period;
- "spoofing" or other manipulative tactics employed by participants on exchange platforms;
- regulatory measures or other government actions relating to the blockchain or Crypto Assets;
- global or regional political, economic or financial events and situations; and,
- fees, including miners' and staking fees, associated with processing Crypto Asset transactions.

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

#### *Performance of Crypto Assets*

In the event the types of Crypto Assets held by the Funds perform less well than competing Crypto Assets, such Crypto Assets held by the Funds may be devalued or fall into disuse, adversely affecting the Funds.

#### *Irrevocability of Transactions*

Crypto Asset transactions are generally irrevocable, and stolen or incorrectly transferred Crypto Assets may be irretrievable. Crypto Asset transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction or, in theory, control of the consensus mechanism used by the relevant blockchain network, e.g., a majority of the aggregate hash rate for a network using proof-of-work consensus. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of or theft of Crypto Asset generally will not be reversible, resulting in the permanent loss of such asset. To the extent that the Funds are unable to seek redress for such action, error or theft, such loss could adversely affect an investment in the Funds.

#### *Third Party Wallet Providers*

The Funds intend to use third party wallet providers to hold the Funds' Crypto Assets. The Funds may have a high concentration of its Crypto 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. The Funds are not required to maintain a minimum number of wallet providers to hold the Funds' Crypto Assets. The Funds' technology diligence on such third-party wallet providers may not identify all security vulnerabilities and risks. Certain third-party wallet providers may not indemnify the Funds against any losses of Crypto Assets. Crypto 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 Crypto Assets. The Funds may also incur costs related to third party storage. Any security breach, incurred cost or loss of Crypto Assets associated with the use of a third party wallet provider, may adversely affect an investment in the Funds.

### *Security*

The Funds intend to use third party wallet providers to secure the Funds' Crypto Assets. The wallet provider or the Funds may employ various methods to safeguard Crypto Asset holdings including "cold storage" or "deep storage," which may increase the time required to access certain Crypto Assets, and may, therefore, delay liquidation of the Funds' Crypto Assets or payment of withdrawal proceeds, which could have a material adverse effect on the net asset value of the Funds. The systems in place to secure the Crypto Assets may not prevent the improper access to, or damage or theft of the Funds' Crypto Assets. Further, a security breach could harm the Funds' reputation or result in the loss of some or all of the Funds' Crypto Assets. Any such security breach or leak of non-public information relating to the security of Crypto Assets may adversely affect an investment in the Funds.

### *Hackers*

Hackers or malicious actors may launch attacks to steal, compromise, or secure Crypto Assets, such as by attacking Crypto Asset network source code, exchange servers, third-party platforms, cold and hot storage locations or software, or Crypto Asset transaction history, or by other means. As the Funds increase in size, it may become a more appealing target of hackers, malware, cyber-attacks, or other security threats. The Funds will undertake efforts to secure and safeguard the Crypto Assets in its custody from theft, loss, damage, destruction, malware, hackers, or cyber-attacks, which may add significant expenses to the operation of the Funds. There can be no assurance that such securities measures will be effective. The Funds may be unable to replace missing Crypto Assets or seek reimbursement for any theft of Crypto Assets, adversely affecting an investment in the Funds.

### *Lack of Transparency*

Given the type and extent of the security measures necessary to adequately secure Crypto Assets, the limited partners will not fully know how the Funds store or secure its Crypto Assets or the Funds' complete holding of Crypto Assets at any time.

### *Reliance on Crypto Asset Service Providers*

Due to audit and operational needs, there will be individuals who have information regarding the Funds' security measures. Any of those individuals may purposely or inadvertently leak such information. Further, several companies and/or institutions may provide support to the Funds related to the buying, selling, and storing of Crypto Assets. To the extent service providers no

longer support the Funds or cannot be replaced, an investment in the Funds may be adversely affected.

### *Network Integrity and Security*

While the Adviser undertakes efforts to ensure high levels of data protection and information assurance internally (using industry-leading practices for data storage and transmission, strong cryptography known, and stringent internal controls on data and communications), at some points during the act of transferring Crypto Assets into or out of the Funds' platform (during Download or Upload) the Funds' platform requires interfacing with outside entities whose methods, practices and standards may be outside of the Funds' control or who may be under the influence of bad actors. Events may occur where corrupted Crypto Assets, viruses and/or attachments are introduced into the Funds' platform, which could compromise the Funds' operation or result in loss of Crypto Assets, adversely affecting an investment in the Funds.

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

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

### *Legal Claims*

To the extent that the creation, use or circulation of, or investment in, Crypto Assets, a Crypto Asset network generally, or a Crypto-Related Asset, violates any foreign or domestic statute or regulation (such as the Stamp Payments Act of 1862 or US. federal counterfeiting statutes), or government prohibition, or government, quasi-government, or private individuals assert intellectual property claims against Crypto Asset network source code or related mathematical algorithms, the Funds could be adversely affected. To the extent that any individual, institution, government, or other authority asserts a legal claim, including a claim of ownership or wrongful possession, over the Crypto Assets in the custody of the Funds, or the Crypto-Related Asset in which the Funds invest, the Funds could be adversely affected. Regardless of its merit, such legal action may adversely affect an investment in the Funds. Further, to the extent that a blockchain technology company in which the Funds invest engages in activity that is not legally recognized (e.g., smart contract is not recognized as a valid contract under applicable contract law), the Funds could be adversely affected.

### *Risks of Uninsured Losses*

Though the Funds may seek to insure its Crypto Asset holdings or Crypto-Related Assets, it likely will not be possible, either because of a lack of available policies or because of prohibitive cost, for the Funds to obtain insurance of any type that would cover losses associated with Crypto Assets

or Crypto-Related Assets. If an uninsured loss occurs or a loss exceeds policy limits, the Funds could lose a portion or all of its assets.

### *Qualified Custodian*

Under the Advisers Act, SEC registered investment advisers are required to hold securities with “qualified custodians.” Certain Crypto Assets may be deemed to be securities.

Currently, many Crypto Asset custodial services may fall outside of the SEC’s definition of “qualified custodian,” and many long-standing, prominent qualified custodians do not provide custodial services for Crypto Assets or otherwise provide such services only with respect to a limited number of actively traded Crypto Assets. In addition, even when a qualified custodian is capable of taking custody of a Crypto Asset, in certain cases it may not support yield-generating options that are in the Funds’ best interest to pursue. Accordingly, the Funds may use non-qualified custodians to hold all or a portion of its Crypto Assets. In addition, the Adviser in certain cases determines that it is appropriate to self-custody Crypto Assets. There can be no assurance that self-custody will adequately protect the security of such Crypto Assets, exposing the Fund to the potential for complete loss of a Crypto Asset owing to a security breach or other failure of the self-custody controls. If the SEC is not satisfied with this approach, it is possible that the Funds will be required to custody assets in a manner that the Adviser believes to be less secure, in a manner that does not support certain yield-generating options, or to divest such assets that are deemed to be securities.

### *Blockchain Related Risks Generally*

#### *Blockchain Technology May Not Prove Disruptive*

Blockchain-led transformations may not be adopted or proven for many years. To date, blockchain technology adoption has not yet overtaken incumbent firms, processes, or financial serviced offerings. It may take decades for blockchain technologies to be integrated with economic infrastructure and for Crypto Asset companies and businesses to become profitable.

#### *Technology and Operational Failures*

Companies and business processes built on blockchain technology may be vulnerable to technology and operational failures. Any given blockchain technology or project’s consensus mechanism, cryptography, or user interaction points may fail for any number of reasons (theoretical, economic, technical, etc.), individually or in concert with other projects sharing similar characteristics or code. Accordingly, entities relying on such processes may need a robust business continuity plan and governance framework to mitigate risks. To the extent that any blockchain technology company or Crypto-Related Asset in which the Funds invest is subject to a technological or operational failure, the Funds and any investment in the Funds could be adversely affected.

### *Blockchain Technology Companies and other Crypto-Related Assets*

#### *Risk of Early-Stage Companies*

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

#### *Small Companies*

The Funds' investments in Crypto-Related Assets may be made in unregistered securities of small companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger companies.

#### *Distressed Companies*

The Funds may invest in companies that are financially leveraged or troubled or potentially troubled and may be or have recently been involved in restructurings, bankruptcy, reorganization, or liquidation. Securities of such companies are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. As a result, the Funds may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard which is a prerequisite to the Funds' investment in any security. Securities in which the Funds may invest may rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of whose debt securities may be secured by substantially all of the issuer's assets. Moreover, the Funds may invest in securities that are not protected by financial covenants or limitations on additional indebtedness. While leverage presents opportunities for increasing a portfolio company's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the portfolio company's net assets will decrease. Accordingly, any event which adversely affects the value of a portfolio company would be magnified to the extent a portfolio company is leveraged.

#### *Provision of Managerial Assistance; Control Positions.*

The Funds, the Adviser and/or their respective affiliates may serve on, or designate members to serve on, the supervisory boards or boards of directors of portfolio companies. Serving on such bodies and/or designation of supervisory board members and of directors and other measures contemplated exposes the Adviser and/or their respective affiliates and, ultimately, the Funds to potential liability and exposes the assets of the Funds to claims by an investment, the portfolio company, its security holders, and its creditors.

Additionally, in their capacity as officers or directors (or even simply by virtue of a Fund's status as a significant shareholder of a portfolio company), such individuals may become subject to fiduciary or other duties that adversely affect the Funds. For example, the Funds may be unable to sell or otherwise dispose of portfolio securities if a member of a general partner is in possession of material, non-public (i.e., "inside") information relating to the issuer thereof. Nevertheless, the Funds' Organizational Documents will not preclude the Principals or employees of the Adviser from serving as officers or directors of portfolio companies or otherwise acquiring material, nonpublic information regarding portfolio companies. Conversely, the Funds' Organizational Documents will not require Principals or employees of the Adviser to serve as officers or directors of portfolio companies, and there can be no assurance that the Adviser or funds' general partner will have a legal right to influence the management of any portfolio company or companies.

#### *Minority Investments*

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

#### *Crypto Portfolio Funds*

The Funds may invest a portion of its assets in Crypto Portfolio Funds, including, with the approval of their respective advisory committees, where additional performance compensation and/or management fees would be borne by the Funds and payable/allocable to a general partner, managing member, adviser or other person serving in a similar capacity of such Crypto Portfolio Fund(s).

#### *Two Layers of Fee/Performance-Based Compensation*

In addition to the Management Fee and the Incentive Allocation, limited partners may indirectly bear both asset-based fees and performance-based fees or allocations of any Crypto Portfolio Funds, even during a period when the Funds' overall capital depreciated.

#### *Withdrawals from Crypto Portfolio Funds; In-Kind Distributions*

The Funds may have limited rights pursuant to which it may withdraw, transfer or otherwise liquidate its investments in Crypto Portfolio Funds and Crypto Portfolio Funds also may be permitted to make distributions in kind with respect to withdrawals.

#### *Crypto Portfolio Fund Valuation*

Interests in Crypto Portfolio Funds will generally be valued in accordance with the valuations provided by such Crypto Portfolio Funds, which are typically based on the interim unaudited financial records of the Crypto Portfolio Fund and subject to adjustment (upward or downward) upon the auditing of such financial records.

#### *Crypto Portfolio Fund Risks*

A general partner, managing members, advisers or other persons serving in a similar capacity of a Crypto Portfolio Fund, and Crypto Portfolio Funds generally, are subject to various risks, including risks typically associated with managing investment funds, as well as any additional risks relating to Crypto Assets and Crypto-Related Assets.

## **Risks Relating to the Operations and Investment Activities of the Funds**

### *Systems and Operational Risks Generally*

The Funds depend on the Adviser to develop and implement appropriate systems for the Funds' activities. The Funds rely heavily and on a daily basis on data processing systems to make transactions and to evaluate certain Investments, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of the Funds' activities. In addition, the Funds rely on information systems to store sensitive information about the Funds, the Adviser, their affiliates, and the limited partners. Certain of the Funds' and the Adviser's activities will be dependent upon systems operated by third parties, including the Administrator, counterparties, and other service providers, and the Adviser may not be in a position to verify the risks or reliability of such third-party systems. Failures in the systems employed by the Adviser, the Administrator, counterparties, exchanges, third-party wallet providers and other parties could result in mistakes made in the making of transactions, or in transactions not being properly booked, evaluated, or accounted for. Disruptions in the Funds' operations may cause the Funds 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 failures or disruptions could have a material adverse effect on the Funds and the limited partners' investments therein.

### *Litigation Risks*

Because crypto is a relatively new industry and the application of law is still developing, crypto asset managers, including the Adviser, face a high risk of litigation. The Funds will be subject to a variety of litigation risks, particularly in consequence of the substantial likelihood that one or more portfolio companies or other investments will face financial or other difficulties during the term of the Funds' investment. In the event of a dispute arising from the activities relating to the operation of the Funds or a general partner, it is possible that the Funds, a general partner, the Adviser, or the Principals may be named as defendants. Under most circumstances, the Funds will indemnify such persons for any costs they incur in connection with such disputes. Beyond direct costs, such disputes may adversely affect the Funds in a variety of ways, including by distracting the Adviser and harming relationships between the Funds and its portfolio companies or other investors in such portfolio companies.

As of the date hereof, Paradigm has been named as a defendant in various lawsuits related to investments of the Funds and other investment vehicles sponsored by the Adviser or its affiliates and has received inquiries from various regulators and enforcement agencies, including the SEC.

### *Cybersecurity Risk*

As part of its business, the Adviser processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Funds and personally

identifiable information of the limited partners. Similarly, portfolio companies and service providers of the Adviser, the Funds, especially the Administrator, may process, store, and transmit such information. The Adviser has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Adviser may be susceptible to compromise, leading to a breach of the Adviser's network. The Adviser's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Adviser to the limited partners may also be susceptible to compromise. Breach of the Adviser's information systems may cause information relating to the transactions of the Funds and personally identifiable information of the limited partners to be lost or improperly accessed, used, or disclosed. Crypto protocols, companies and investors in particular have been the target of cyber attacks, including by sophisticated actors like state-sponsored groups.

The portfolio companies and service providers of the Adviser and the Funds are subject to the same electronic information security threats as the Adviser. If a portfolio company or 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 the Funds and personally identifiable information of the limited partners may be lost or improperly accessed, used, or disclosed.

The loss or improper access, use or disclosure of the Adviser's or the Funds' proprietary information may cause the Adviser or the Funds to suffer, among other things, increased insurance premiums, 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 the Funds and the limited partners' investments therein.

#### *Risks of Artificial Intelligence ("AI")*

The Adviser's employees and consultants and a Fund's portfolio companies may under certain circumstances use third-party and open-source AI tools, such as ChatGPT. These tools can pose risks relating to the protection of proprietary data, including the potential exposure of the Adviser's or such portfolio companies' confidential information to unauthorized recipients and the misuse of the Adviser's or third-party intellectual property, which could adversely affect the Adviser, a Fund, or its portfolio companies. AI tools may also produce inaccurate, misleading, or incomplete responses that could lead to errors in the Adviser's and its employees' and consultants' business activities, which could have a negative impact on the Adviser or on the performance of a Fund and its portfolio companies. As the use and availability of AI tools has grown, the U.S. Congress and a number of U.S. federal and state agencies have been examining AI tools and their use in a variety of industries, including financial services. These agencies have issued proposed or adopted a variety of rules and other guidance regarding the use of AI. AI similarly faces an uncertain regulatory landscape in many foreign jurisdictions. Ongoing and future regulatory actions with respect to AI generally or AI's use in any industry in particular may alter, perhaps to a materially adverse extent, the ability of the Adviser, a Fund, or its portfolio companies to utilize AI.

### *Counterparty risk*

Counterparty risk refers to the risk of loss for the Funds resulting from the fact that the counterparty to a transaction entered into by the Funds could default on its contractual obligations. There can be no assurance that an issuer or counterparty will not be subject to credit or other difficulties leading to a default on its contractual obligations and the loss of all or part of the amounts due to the Funds. This risk may arise at any time the assets of the Funds are deposited, extended, committed, invested or otherwise exposed through actual or implied contractual agreements.

### *Certain Social Media Risk*

The use of social networks such as Facebook, Twitter and Instagram, message boards such as Reddit and other internet channels has become widespread within the U.S. and globally. As a result, individuals now have the ability to rapidly and broadly disseminate information or misinformation without relying on traditional media intermediaries. Information often spreads rapidly across large segments of the U.S. and global population, frequently without any independent verification as to its accuracy, which has led to the spread of misinformation in many cases. The spread of information or misinformation regarding the Adviser, the Funds, the Funds' portfolio companies or their respective affiliates or the Principals and employees of the Adviser could result in material and adverse effects on any of the foregoing. Furthermore, certain administrators of or other service providers to social networks, message boards, app stores, websites and other internet outlets have taken actions to ban, block, verify or censor the content disseminated on their networks. Such actions, or similar actions taken by government regulators or courts, could negatively affect the Adviser, the Funds, the Funds' portfolio companies or their respective affiliates (e.g., if a portfolio company were to face public backlash or regulatory penalties for taking such actions, or if a portfolio company were itself the subject of such a ban).

### *Valuation of Assets and Liabilities*

The Funds' assets and liabilities are valued in accordance with the Adviser's valuation policy. The valuation of any asset or liability involves inherent uncertainty. The value of an Investment determined in accordance with the Adviser's valuation policy may differ materially from the value that could have been realized in an actual sale or transfer for a variety of reasons, including the timing of the transaction and liquidity in the applicable market. Uncertainties as to the valuation of portfolio positions (including, for instance, determination of when an investment should be written down or written off) could have an impact on the net asset value of the Funds if the judgments of the Adviser regarding the appropriate valuation should prove to be incorrect.

### *Audits of Crypto Asset Funds*

Audits for investment funds holding Crypto Assets are unlike audits for other types of investment funds. Special procedures must be taken to assess whether investments and transactions are properly accounted for and valued because independent confirmation of Crypto Asset ownership (e.g., ownership of a balance on a Crypto Asset exchange) differs dramatically from traditional confirmation with a securities broker or bank account. The Funds, the Adviser and the Administrator will need to have satisfactory processes in place in order for the Auditor to obtain the Funds' transaction history and properly prepare audited financials. Any breakdown in such



processes may result in delays or other impediments of an audit. In addition, the complexity of Crypto Assets generally may lead to difficulties in connection with the preparation of the Funds' audited financials.

#### *Competition; Availability of Investments*

The "blockchain" market in which the Funds will invest is highly competitive. As a result, there can be no assurance that the Adviser will be able to identify or successfully pursue certain investment opportunities. Although the Adviser has been successful in identifying suitable investments in the past, the Adviser will be competing for investments, and the Adviser may be unable to identify sufficient attractive investment opportunities for the Funds to meet their investment objectives. Other investors may make competing offers for investment opportunities that are identified, and consummating an investment transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of the Adviser.

#### *Volatility Risk*

The Funds' investment program will involve the purchase and sale of volatile Investments and/or investments in a volatile market. Fluctuations or prolonged changes in the volatility of such Investments and/or markets can adversely affect the value of investments held by the Funds.

#### *Co-Investments with Third Parties*

The Funds may co-invest with third parties through funds, joint ventures, or other entities. Third-party involvement with an investment may negatively impact the returns of such investment if, for example, the third-party co-venturer has financial difficulties, has economic or business interests or goals that are inconsistent with those of the Funds, or is in a position to take (or block) action in a manner contrary to the Funds' investment objective. In circumstances where such third parties involve a management group, such third parties may enter into compensation arrangements relating to such investments, including incentive compensation arrangements. Such compensation arrangements will reduce the returns to participants in the investments. The Funds' ability to exercise control or significant influence over management in these cooperative efforts will depend upon the nature of the joint venture arrangement. In addition, such arrangements could involve restrictions on the resale of the Funds' interest in the portfolio company.

#### *Risks Upon Disposition of Investments*

In connection with the disposition of an investment, the Funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Funds may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate, or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the partners.

#### *Broken Deal Expenses*

The Funds' investments could require extensive due diligence activities prior to acquisition, and the related expenses may be substantial. These expenses could include, among others, negotiation of confidentiality agreements, marketing studies, feasibility and technical studies, due diligence, travel, and legal costs. Expenses incurred in connection with a proposed but unconsummated investment, including costs and expenses of sourcing, recruiting, and retaining professionals, will be deemed to be Dead Deal Costs. Such Dead Deal Costs are permitted to be borne solely by the Funds, even if co-investors had been expected to participate had the transaction been consummated or if co-investors have participated in other completed transactions.

## **Risks Relating to Market Conditions Generally**

### *General Economic and Market Conditions*

The success of any private investment fund's activities may be affected by general economic and market conditions, such as economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), and national and international political circumstances (including wars, terrorist acts, or security operations), although the success of Fund's blockchain-focused investment strategy may be uncorrelated to changes in general economic and market conditions.

### *Governmental Interventions*

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

### *Brexit*

On March 29, 2017, the United Kingdom formally notified the European Council of its intention to leave the EU ("Brexit"). After several iterations, the European Commission and the UK's negotiators reached agreement on the terms of the UK's withdrawal from the EU, and these terms have been approved by the UK and EU Parliaments. The UK formally left the EU on January 31, 2020.

Some of the terms of UK's exit from the EU are still uncertain. There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

The legal, political, and economic uncertainty generally resulting from the UK's exit from the EU may adversely affect both EU and UK-based businesses, including the Adviser and the Funds.

## *MiFID II*

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

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

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

## *Recent Developments in the Banking Sector*

In early 2023, bank closures in the U.S. and Europe caused uncertainty for financial services companies—especially in the banking sector, and U.S. middle market banks in particular—and fear of instability in the global financial system generally. Many financial institutions experienced volatile stock prices and significant losses in their equity value, and there is concern that depositors have withdrawn, or could withdraw in the future, significant sums from their accounts at these institutions (each, a “Distress Event”). As a result, U.S. governmental agencies (including the FDIC and the U.S. Federal Reserve Bank) intervened directly and indirectly to protect the uninsured depositors of banks that have recently closed, including Silicon Valley Bank, or who have experienced a significant Distress Event. Simultaneously, as a result of depositary outflows and other existential issues, the Swiss Financial Market Supervisory Authority intervened in the collapse of Credit Suisse, one of the global systemically important banks, brokering its partial sale to UBS. There is a risk that other financial institutions could undergo Distress Events as a result of contagion disconnected from market fundamentals or for other reasons, and it is unclear what steps regulators would take, if any, in the event of further bank closures or continuing (or increasing) market distress.

Banks and other financial institutions, including those that could undergo Distress Events could provide credit facilities and/or other forms of financing and banking services to the Funds or their portfolio companies. There can be no assurance that such financial institutions will honor their obligations as creditors or that another financial institution would be willing and able to provide replacement financing or similar capabilities and on similar terms. If a financial institution closes, whether as a result of a Distress Event or otherwise, there is no guarantee that its uninsured depositors, which could include the Funds and/or their portfolio companies, will be made whole or, even if made whole, that such deposits will become available for withdrawal in short order. Pursuant to statute, U.S. bank accounts are insured by the FDIC in an amount up to \$250,000. While the U.S. government has considered raising that limit, there can be no guarantee that such

limit will be increased. As a consequence, for example, if a Distress Event occurs, the Funds or portfolio companies could be delayed or prevented from accessing a portion or all of their bank accounts or making required payments under their debt or other contractual obligations. Members could be impacted in their ability to honor capital calls and/or receive distributions for related reasons.

Distress Events could have a potentially adverse effect on the ability of the Adviser to manage the Funds and their investments, and on the ability of the Adviser, the Funds and any portfolio company to maintain operations, which in each case could result in significant losses and in unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event the Funds are not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a financial institution experiencing a Distress Event, the inability of the Funds to access capital contributions or otherwise); the inability of the Funds to acquire or dispose of investments, or acquire or dispose of such investments at prices that Adviser believes reflect the fair value of such investments; and the inability of portfolio companies to make payroll, fulfill obligations or maintain operations. If a Distress Event leads to a loss of access to a financial institution's services, it is also possible that the Funds or a portfolio company will incur additional expenses or delays in putting in place alternative arrangements or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). Although the Adviser expects to exercise contractual remedies under agreements with financial institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays. The Funds and their portfolio companies are subject to similar risks if any financial institution utilized by investors in the Funds or by suppliers, vendors, service providers or other counterparties of the Funds or a portfolio company becomes subject to a Distress Event, which could have a material adverse effect on the Funds.

Many financial institutions require, as a condition to using their services (including lending services), that the Adviser and/or the Funds maintain all or a set amount or percentage of their respective accounts or assets with the financial institution, which heightens the risks associated with a Distress Event with respect to such financial institutions. Although Adviser seeks to do business with financial institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, the Adviser is under no obligation to use a minimum number of financial institutions with respect to the Funds or to maintain account balances at or below the relevant insured amounts.

Uncertainty caused by recent bank failures—and general concern regarding the financial health and outlook for other financial institutions—could have an overall negative effect on banking systems and financial markets generally. The recent developments could also have other implications for broader economic and monetary policy, including interest rate policy. For the foregoing reasons, there can be no assurance that conditions in the banking sector and in global financial markets will not worsen and/or adversely affect the Funds or one or more of their portfolio investments or its overall performance.

#### *Recent Regulatory Developments for Private Funds and their Advisers*

In recent years, the SEC has proposed and adopted, and continues to adopt, various changes to the rules relating to private funds and their advisers. On August 23, 2023, the SEC adopted previously proposed new rules and amendments to existing rules (collectively, the “Private Funds Rules”) under the Advisers Act specifically related to advisers of private funds.

The Private Funds Rules will impose new and substantial requirements on advisers and the funds they advise, including with respect to quarterly reporting, restricted activities, preferential treatment of investors, audit requirements, adviser-led secondaries, and annual compliance reviews.

As a result of the new rules, the Adviser may be restricted or refrain from providing information regarding a Fund in response to investor requests. The Adviser will be required to circulate to all investors the material terms of any preferential treatment agreed in connection with investments in a Fund (i.e., all side letter terms), without regard to any most favored nation provision. Further, many provisions of the Private Funds Rules require the Adviser to make a variety of subjective determinations as to whether and how such rules apply to a Fund and the Adviser’s related obligations. The Adviser will face conflicts of interest in making such determinations, including for example with respect to whether certain fees and expenses may be charged to a Fund, whether certain provisions may have a material negative impact on certain investors and whether certain allocations are fair and equitable. The Adviser’s and a Fund’s compliance burdens and associated costs including, without limitation, insurance expenses, are also expected to increase. The Adviser also will be subject to increased risk of exposure to additional regulatory scrutiny, litigation, censure and penalties for noncompliance or perceived noncompliance as a result of the Private Funds Rules, and any noncompliance or perceived noncompliance with such rules may negatively impact a Fund’s reputation as well as its investment activities, thereby materially reducing returns to investors.

Several trade groups representing private fund managers have filed a legal challenge to the Private Funds Rules and other legal challenges to the Private Funds Rules may be forthcoming. Regardless of the outcome of these lawsuits, the implementation of these new rules is expected to create additional burdens for advisers to private funds.

### *Inflation Risk*

The United States and certain non-U.S. countries have experienced substantial, and in some periods extremely high, rates of inflation for many years. As inflation continues to rise, the United States Federal Reserve may raise interest rates in the near term, which could have a negative impact on the cost of debt and the market value of fixed income securities. Further, inflation and rapid fluctuations in inflation rates have had and could continue to have very negative effects on the economies and securities markets (both public and private) of certain countries in which the Funds are permitted to invest.

Inflation could adversely affect the Funds’ investments. During periods of rising inflation, interest and dividend rates of any instruments issued by the Funds’ portfolio investments could increase, which would tend to reduce returns to the limited partners.

### *Possibility of Fraud and Other Misconduct of Employees and Service Providers*

Misconduct by employees of the Adviser, service providers to the Adviser or the Funds and/or their respective affiliates could cause significant losses to such Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement, or serious financial harm, including limiting the business prospects or future marketing activities of such Funds and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Funds. The Adviser has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that the Adviser will be able to identify or prevent such misconduct.

### *Coronavirus Outbreak Risks*

The 2019 novel coronavirus (“COVID-19”) has meaningfully disrupted the global economy and markets. The global impact of COVID-19 has been evolving over the course of the pandemic and, at different points of time has, and may continue to have ongoing material adverse effects across many, if not all, aspects of the regional, national, and global economy. The spread of COVID-19 among the Adviser’s personnel and its service providers would also significantly affect the Adviser’s ability to properly oversee the affairs of the Funds (particularly to the extent such impacted personnel include key investment professionals or other members of senior management). The full effects, duration and costs of the COVID-19 pandemic are impossible to predict, and the circumstances surrounding the COVID-19 pandemic will continue to evolve.

### *Natural Disasters and Other Major Events*

The Funds and their portfolio companies’ business operations could be vulnerable to disruption in the case of catastrophic events such as fires, natural disasters (e.g., tornadoes, floods, hurricanes, volcanic eruptions, and earthquakes), epidemics, pandemics, terrorist attacks, public unrest, war and other armed conflicts and related cyber attacks, or other circumstances resulting in, among other things, property damage, network interruption, and/or prolonged power outages, disruptions in markets or supply chains and/or prolonged office closures. Although the Funds and portfolio companies are expected to have implemented various measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. If such business operations are disrupted or suspended for extended periods of time, the Funds could be adversely affected.

## **Item 9. Disciplinary Information**

Neither the Adviser nor any “Management Persons” as defined in Form ADV has been subject to the legal or disciplinary events related to this Item or otherwise is required to disclose any event required by this Item.

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

Various limited liability companies serve as general partner of the Funds. For a description of material conflicts of interest created by the relationship among the Adviser and the Fund's general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

The Adviser maintains a written Code of Ethics that is applicable to all of its officers, directors, principals, members, and employees (collectively, "Adviser Personnel"). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the "Advisers Act"), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, including Crypto Assets and Crypto-Related Assets, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are required to file certain periodic reports with the Adviser's Chief Compliance Officer ("CCO") as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest. Adviser Personnel who violate the Code of Ethics may be subject to sanctions. Adviser Personnel are also required to promptly report any suspected or actual violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client upon written request to: Paradigm Operations LP, 548 Market Street, Suite 46424, San Francisco, CA 94104.

### **Participation or Interest in Client Transactions**

Certain employees and affiliates of the Adviser invest in and alongside the Funds, either through a general partner, as direct investors in a Fund or otherwise. A Fund or its general partner, as applicable, may reduce all or a portion of the Management Fee and Incentive Allocations related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner's interests in a secondary transaction) or a co-investment opportunity (see below) may ask different questions and request different information, the Adviser may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

### **Conflicts of Interest**

The Adviser may engage in a broad range of activities, including investment activities for its own account and provides transaction-related, investment advisory, management, and other services to the Funds. In the ordinary course of conducting its activities, the interests of the Funds will from

time-to-time conflict with the interests of the Adviser. Certain of these conflicts of interest, as well as a description of how the Adviser addresses such conflicts of interest, can be found below.

### *Resolution of Conflicts*

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser's best judgment, but in its sole discretion. In resolving conflicts, the Adviser may consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- (1) A Fund will not make an investment unless the Adviser believes that such investment is an appropriate investment considered from the viewpoint of the Fund;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions, or other provisions contained in the Organizational Documents for the Fund;
- (3) Generally, each Fund has established an advisory committee, consisting of representatives of investors not affiliated with the Adviser. An advisory committee meets as required to consult with the Adviser as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;
- (4) Where the Adviser deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an independent securities or "blockchain expert" to opine as to the fairness of a purchase or sale price; and
- (5) Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

In addition, certain provisions of a Fund's Organizational Documents are designed to protect the interests of investors in situations where conflicts may exist, although these provisions do not eliminate such conflicts.

While the Adviser endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions. There can be no assurance that the Adviser will identify or resolve all conflicts in a manner that is favorable to the Funds and the Funds' investors may not be entitled to receive notice or disclosure of the actual occurrence of conflicts or have any right to consent to them as they arise.

### *Conflicts*

The material conflicts of interest encountered by the Funds include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced



by the Funds. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

#### *Allocations of Trades and Investment Opportunities Among Clients*

The Adviser maintains written policies and procedures relating to the allocation of investment opportunities and makes allocation determinations consistently therewith.

The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”), which will also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Requirements may be set forth in the instrument under which the Funds were established (such as a Fund’s Organizational Documents).

To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser will follow the process set forth below.

The Funds have investment objectives, strategies, and policies that substantially overlap, and it is expected that the Funds will co-invest in certain investments, including situations where a Fund acquires interests in an existing portfolio investment of another Fund, or vice versa. It is the policy of the Adviser to seek to allocate investment opportunities among the Funds on a fair and equitable basis, to the extent practical and in accordance with the Funds’ applicable investment strategies, over a period of time. Investment opportunities will generally be allocated among those Funds for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (i) whether the risk-return profile of the proposed investment is consistent with a Fund’s objectives; (ii) the potential for the proposed investment to create an imbalance in a Fund’s portfolio; (iii) the liquidity requirements of a Fund; (iv) potentially adverse tax consequences; (v) regulatory restrictions that would or could limit a Fund’s ability to participate in a proposed investment; (vi) the need to re-size risk in a Fund’s portfolio; (vii) the investment guidelines and restrictions contained in the Funds’ Organizational Documents; (viii) the available capital commitments of the applicable Funds; and (ix) legal, tax, regulatory, or such other considerations as the Adviser may determine in its sole discretion. Accordingly, there can be no assurance the Funds will be allocated all opportunities that fall within their investment objectives.

The Adviser will have no obligation to purchase or sell an Investment for, enter into a transaction on behalf of, or provide an investment opportunity to, a Fund solely because the Adviser purchases or sells the same Investment for, enters into a transaction on behalf of, or provides an opportunity to, another Fund, if in its reasonable opinion, such Investment, transaction or investment opportunity does not appear to be suitable, practicable, or desirable for such Fund.

The investment objectives, guidelines and restrictions of the Funds also have certain material differences, which may lead to actual or potential conflicts of interest in connection with the acquisition, structuring, holding, or disposition of an Investment in which the Funds co-invest. For example, certain Funds have a finite term, whereas other Funds have an indefinite term, as described in the Organizational Documents for each Fund, which could give rise to actual conflicts

of interest in the event that the Funds co-invest. As a further example, in the event that the Funds co-invest in a particular investment, a Fund is permitted to exit such investment on different terms or at a different time than the other Funds, which may lead to a materially less favorable outcome for a Fund than if such Fund were to exit such investment alongside, and/or on the same terms as, the other Funds. The Adviser may take actions in connection with the acquisition, structuring, holding or disposition of an Investment for a particular Fund, which may materially adversely affect another Fund or its investors.

The Adviser is subject to differing compensation arrangements for the Funds, and the Adviser may be incentivized to take action with respect to investments held by the Funds in order to maximize its compensation from one Fund over another.

#### *Co-Investments and Secondary Transactions*

The Adviser and its affiliates may, from time to time, offer one or more limited partners or investors in the Funds and/or other third-party investors the opportunity to co-invest with the Funds in particular investments. The Adviser and its affiliates are not obligated to arrange co-investment opportunities, and no limited partner will be obligated to participate in such an opportunity. The Adviser and its affiliates have sole discretion as to the amount (if any) of a co-investment opportunity that will be allocated to a particular limited partner and may allocate co-investment opportunities instead to investors in other Funds or accounts or to third parties. If the Adviser determines that an investment opportunity is too large for the Funds, the Adviser and its affiliates may, but will not be obligated to, make proprietary investments therein. The Adviser or its affiliates may receive fees and/or allocations from co-investors, which may differ as among co-investors and also may differ from the fees and/or allocations borne by the Funds. There may be circumstances where an amount that could have otherwise been invested by a Fund is instead allocated to one or more co-investors.

The allocation of co-investment opportunities will, in certain cases, also involve a benefit to the Adviser, including the receipt of management fees or incentive allocation from the co-investor, and/or capital commitments to Funds. As a result of the foregoing, the Adviser could be incentivized to allocate a greater portion of an investment to a co-investor than it would have otherwise allocated absent such an arrangement or economic terms.

In addition, co-investment vehicles may be formed to make investments alongside a Fund. In such cases, the co-investment vehicle will have a priority right to make co-investments in some or all of the investments made by such Fund. The existence of such a priority right will significantly reduce or eliminate co-investment opportunities available to the investors.

Subject to a Fund's stated incentive allocation or other specific agreements with investors, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity and investing in a Fund does not give an investor any rights, entitlements, or priority to co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of the Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities may, and typically will, be offered to some and not other investors in a Fund, in the sole discretion of the Adviser or its related persons and investors

may be offered a smaller amount of co-investment opportunities than originally requested and an investor may be offered fewer co-investment opportunities than other investors in the same Fund, with the same, larger or smaller capital commitments to such Fund, and (iv) certain persons other than investors in a Fund (e.g., another Fund, Adviser Investors funds managed by another investment adviser in which the Adviser's managing members has an ongoing role, consultants, joint venture partners, Collaborators, persons associated with an Investment and other Third Parties, including persons who the Adviser believes will provide a benefit to a Fund and/or one or more portfolio investments or who provide a strategic sourcing or similar benefit to the Adviser, a Fund, and/or a portfolio company and one or more of their respective affiliates, due to industry or regulatory expertise or otherwise) rather than one or more investors in a Fund, will, from time to time be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons. Additionally, non-binding acknowledgements of interest in co-investment opportunities do not require the Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity. However, the Adviser from time to time agrees to give particular investors or other parties priority access to co-investment opportunities. The existence of such priority or other contractual co-investment access rights could affect the Adviser's decision to offer certain opportunities for co-investment and could limit the ability of Funds or their investors to be offered certain co-investment opportunities.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the Funds, and other potential co-investors, the Adviser may consider some or all of a wide range of factors, which include, but are not limited to, its own interests and/or one or more of the following:

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources or similar synergies) to efficiently and expeditiously participate in the investment opportunity with the Funds without harming or otherwise prejudicing the Funds, in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- Any confidentiality concerns the Adviser has that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- Whether a potential co-investment party has a history of participating in opportunities and the Adviser's perception of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser and the expected amount of negotiations required in connection with a potential co-investment party's commitment;
- The character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry);

- Level of demand for participation in such co-investment opportunity;
- The extent to which a potential co-investment party has been provided a greater amount of co-investment opportunities relative to others;
- Whether the potential co-investment party would require any governance rights that would complicate the transactions (or, alternatively, whether the potential co-investment party would be willing to defer to the Adviser and assume a passive role in governing a portfolio company);
- The ability of a potential co-investment party to hold investments for longer periods of time (or indefinitely);
- Whether the co-investment opportunity is being provided in connection with a potential investment in or acquisition of interests through a secondary transfer of the Funds (i.e., a stapled co-investment opportunity);
- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, competitive, confidentiality, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- The Adviser's evaluation of whether a particular potential co-investment party has provided value in the sourcing, establishing relationships, participating in diligence and/or negotiations for such potential transaction or is expected to provide value to the business or operations of a portfolio company post-closing;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which the Funds wish to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of the Funds being able to capitalize on a potential investment opportunity); and
- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits (including strategic, sourcing, or similar benefits) to the relevant Fund or future funds and/or the Adviser.

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors, Adviser Investors and Third Parties, and in the manner discussed above may not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. For example, the Adviser may be incentivized to offer a co-investment opportunity to certain persons over others based on its economic arrangement with

such persons. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser is subject, discussed herein, did not exist.

In the event the Adviser determines to offer an investment opportunity to co-investors, there can be no assurance that the Adviser will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the applicable Fund or that expenses incurred by such Fund with respect to the syndication of the co-investment will not be substantial, and the Funds bear the risk that any or all excess portion of an investment is not sole or is sole on unattractive terms. Further, it is possible that a potential co-investment party may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of a Fund and as a result, may take a different view from the Adviser as to appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective. The Funds may also provide interim financing for the purpose of bridging a potential co-investment (but only to the extent that the Funds would have been permitted to make such investment). In the event that the Adviser is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, a Fund may consequently hold a greater concentration and have more exposure in the related investment opportunity than was initially intended and could bear the entire portion of any fees, costs and expenses related to such investment, which could make the Funds more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. Therefore, it is possible that a Fund that overcommits to an investment will bear a disproportionate allocation of the risks associated with the transaction without being compensated for assuming such risks. Moreover, an investment by the Funds that is not syndicated to co-investors as originally anticipated could significantly reduce the Funds' overall investment returns.

Fees and expenses incurred in respect of any investment (and any Other Fee income earned in respect of any investment) will generally be allocated among the Funds and any co-investors on the basis of capital committed by each to the relevant investment, provided that the Adviser shall in its sole discretion be authorized to structure any co-investment opportunity such that the co-investors do not bear any expenses in connection with unconsummated investments. In such cases, the Funds shall bear all such Dead Deal Costs expenses including, but not limited to, expenses a co-investor would have borne if the investment had been consummated.

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to a Fund's Organizational Documents, or is asked to identify potential purchasers in a secondary transfer, the Adviser will do so in its sole discretion, generally taking into account the following factors:

- The Adviser's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;

- The Adviser's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds and/or the Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject the Adviser, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- Requirements in a Fund's Organizational Documents; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

A purchaser's potential investment into a future fund may be considered but will not be the sole determining factor considered by the Adviser in determining whether to grant or withhold its consent to a secondary transfer of interests in a Fund.

#### *Other Activities*

The Principals and employees of the Adviser, from time to time, serve as directors, council members, or advisory board members of certain portfolio companies or other entities, some of which compete with, or may in the future compete with, the Funds for investment opportunities. Certain other entities for which the Principals or employees of the Adviser serve as directors, council members, or advisory board members, or may in the future become, potential Investments for a Fund. In connection with such services, such persons may receive directors' fees or other similar compensation attributable to such employees' services, which amounts may offset the Management Fee payable by the Funds. In the course of any such board or council-member service, the Principals or other employees of the Adviser can be expected to receive information with respect to the Funds' Investments, potential Investments, Crypto Assets or Crypto-Related Assets. In such circumstances, the Funds may be prohibited by law, policy, or contract, for a period of time, from (i) investing in certain assets or categories of assets, or pursuing certain investment opportunities, (ii) selling an investment and (iii) taking any larger position in an existing investment.

In addition, the Adviser or its affiliate may continue to receive other fees from a portfolio company after a Fund has fully exited its ownership interest (for instance, in respect of consulting arrangements or group purchasing arrangements). In such circumstances, any fees received with respect to such exited investment may not be subject to the Management Fee offset described above, or otherwise shared with the Funds and/or investors.

#### *Conflicts Related to Purchases and Sales*

The Funds expect from time to time to invest in the same Investment, including at different levels of the Investment's capital structure. Further, Adviser Personnel and other related persons of the Adviser have made or may make capital investments in or alongside certain Funds. These investments are often at different times or in non-pro rata amounts, or in different classes or levels

of the capital structure. Such persons therefore have additional conflicting interests in connection with these investments. In addition, Funds from time to time invest in securities of companies in which Adviser Personnel have previously invested for their own accounts and in which such Adviser Personnel continue to hold an interest and/or serve as a director. Furthermore, Adviser Personnel and other related persons of the Adviser and its affiliates from time to time invest for their own accounts in Investments in which the Funds have previously invested, in investments that the Adviser has recommended to a Fund, or in other assets that are otherwise suitable for investment by a Fund. Subject to the terms of the Code of Ethics and any restrictions and exceptions set forth in a Fund's Organizational Documents, Adviser Personnel generally are not prohibited from personally making such investments.

Conflicts will arise when a Fund makes investments in conjunction with an investment being made by other Funds or Adviser Personnel, or in a transaction where another Fund or Adviser Personnel have already made an investment. Investment opportunities may be appropriate for Funds or Adviser Personnel at the same, in different or overlapping levels of a portfolio company's capital structure, including in cryptocurrency tokens issued by such portfolio company. Conflicts may arise in determining the terms of investments. Questions may arise as to whether payment obligations and covenants should be enforced, modified, or waived, whether payments should be accelerated, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring or other concessions that may be given in such a situation raise conflicts of interest and the Adviser may be incentivized to choose a course of action that benefits one Fund or Adviser Personnel to the detriment of another Fund. If additional capital is necessary as a result of financial or other difficulties of a portfolio company, or to finance growth or other opportunities, the Funds or Adviser Personnel may or may not provide such additional capital, and if provided each Fund will supply such additional capital in such amounts, if any, as determined by the Adviser. In the event one Fund or Adviser Personnel is unable to fund its share of additional capital (e.g., in the event such Fund or Adviser Personnel does not have sufficient available capital), the other Fund may be obligated to fund more than its share of such amount. In such event, one such party will gain greater exposure to such investment than may have been intended and the other party will be diluted in such investment. The returns of a Fund may be negatively impacted as a result of the foregoing. Investments by more than one Fund (or by a Fund and Adviser Personnel) in a portfolio company or cryptocurrency issued by a portfolio company may also raise the risk of using assets of a Fund to support positions taken by other Funds or Adviser Personnel, or that a Fund may remain passive in a situation in which it is entitled to vote. The Adviser may also express inconsistent or contrary views of commonly held investments or of market conditions more generally. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

In addition, where more than one Fund (or a Fund and Adviser Personnel) invest in the same investment, there can be no assurance that such parties will dispose of investments at the same time or on the same terms. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, each Fund (or Adviser Personnel, as applicable) may realize different returns as compared to the same investment held by the other party. These variations in timing may be detrimental. At the same time, if the Adviser determines it is advisable for a Fund

to exit an investment at the same time as another Fund or Adviser Personnel, such Fund may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments.

The Adviser has an incentive to cause the Fund to make and hold an investment in which a Principal or other Adviser Personnel has a pre-existing interest, as it would be likely to increase the liquidity and value of such person's pre-existing interest. In addition, to the extent any such Principal or Adviser Personnel serves as a director of any such portfolio company, such person's duties as director will at times conflict with such person's duties to the Fund, which may cause such person to make decisions as a director that are to the detriment of the Fund's interest. Where any such portfolio company is publicly traded, such Principal's or Adviser Personnel's role as a director of such portfolio company will also from time-to-time result in restrictions with respect to the Fund's ability to trade in the securities of such portfolio company. In addition, as a result of certain restrictions under the federal securities laws, the ownership interest of a Principal in such publicly traded company could also in certain cases restrict the Fund's action with respect to its holdings in such publicly traded company. In addition, any such Adviser Personnel will be entitled to act in their own interest with respect to their interest in the applicable portfolio company, which interest may not be aligned with that of the Fund. To the extent the Principal or other Adviser Personnel holding an ownership interest in the publicly traded portfolio company were to sell such interests in advance of the Fund's sale of its own interests in the portfolio company, such sale could affect the value of the Fund's interest in such publicly traded portfolio company. As a result of the foregoing conflicts, there can be no assurance that a Fund's investment in any portfolio company will ultimately be as profitable as it would have been had such conflicts not existed.

From time to time the Adviser may, in its discretion, enter into transactions with investors in a Fund to dispose of all or a portion of certain investments held by the Funds. In exercising its discretion to select the purchaser(s) of such investments, the Adviser may consider some or all of the factors listed above under *"Allocation of Co-Investment Opportunities and Secondary Transactions."* The sale price for such transactions will be mutually agreed to by the Adviser and such purchaser(s); however, determinations of sale prices involve a significant degree of judgment by the Adviser. Although the Adviser is not obligated to solicit competitive bids for such sale transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the Funds, taking into account the sale price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s). Any such transactions will comply with the Organizational Documents of the applicable Fund(s).

The Funds will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, a Fund agrees that upon the closing of a transaction with respect to a potential portfolio company, it will purchase equity securities in a transaction. Furthermore, in certain instances a Fund may also enter into (a) limited guarantee arrangements whereby, subject to any applicable documentation, a Fund agrees that if a transaction with respect to a potential investment is not consummated, it will pay a percentage of the total value of the transaction as a "reverse termination fee" to the seller entity and (b) full guarantee arrangements where such Fund agrees to close a transaction even if the debt financing for such transaction is not available or has not been funded. While certain co-investment vehicles with investments contractually tied to a



Fund (including co-investment vehicles through which employees of the Adviser participate) are generally obligated to pay their proportionate share of the equity purchase price (whether pursuant to the applicable Funds' Organizational Documents or otherwise), such co-investment vehicles are generally not direct parties to the equity commitment arrangements or guarantees and, in any event, are not obligated to pay their proportionate share of any reverse termination fee. Therefore, in the unlikely event that a co-investment vehicle defaults on any arrangement with the Fund to pay its proportionate share of the equity purchase price (if any) or such arrangement does not exist, the Funds would be held responsible for the entire equity purchase price or other applicable obligations.

#### *Principal Transactions and Cross Transactions*

To the extent that cross transactions may be viewed as principal transactions (as such term is used under the Advisers Act) due to the ownership interest in an account by a general partner, the Adviser, or its personnel, the general partners of the Funds and the Adviser will comply with the requirements of Section 206(3) of the Advisers Act. Subject to the terms of the Funds' Organizational Documents, which set forth certain requirements and limitations, the Funds are permitted to enter into cross transactions. A cross transaction generally refers to a transaction where one client account managed by the Adviser or its affiliates seeks to acquire an investment that another client account of the Adviser seeks to sell. Cross transactions may create conflicts of interest because a fund managed by the Adviser or its affiliates is on both sides of the transaction. To the extent permitted by the Funds' Organizational Documents, the Adviser is permitted to purchase or sell a security or asset for the Fund at the same time as a sale or purchase of the same security or asset for another Fund. The valuation of investments transferred between the Funds involves conflicts of interest, in particular given the private nature of the Funds' assets.

The Adviser may determine that it would be in the best interests of a Fund and one or more other Funds to transfer an Investment from one Fund to another Fund for a variety of reasons, including tax purposes, liquidity purposes, to rebalance the portfolios of the Accounts, or to reduce transaction costs that may arise in an open market transaction. If the Adviser decides to engage in a cross transaction, the Adviser will determine that the trade is in the best interests of both of the Funds involved and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Funds.

#### *Other Activities of the Adviser and its Affiliates*

Subject to limitations set forth in a Fund's Organizational Documents, each Principal devotes less than all of his business time to the activities of a Fund. Accordingly, conflicts of interest may arise from the fact that the Adviser, the Principals, and their affiliates provide investment management services to multiple Funds or accounts.

Funds may have investment objectives, programs, strategies and positions that are similar to or may conflict with those of other Funds or may compete with or have interests adverse to the Funds. Such conflicts could affect the prices and availability of Investments in which the Funds invest. Even if an one Fund has investment objectives, programs or strategies that are similar to those of another Fund, the Adviser may give advice or take action with respect to the investments held by, and transactions of, the one Fund that may differ from the advice given or the timing or nature of

any action taken with respect to the investments held by, and transactions of, another Fund for a variety of reasons, including differences between the investment strategy, financing terms, regulatory treatment and tax treatment of a Fund. As a result, Funds may have substantially different portfolios and investment returns. Conflicts of interest may also arise when the Adviser makes decisions on behalf of a Fund with respect to matters where the interests of the Adviser or one or more Funds differ from the interests of such Fund.

### *Collaborators*

The Adviser will from time to time retain or designate collaborators such as “Entrepreneurs in Residence” (for purposes hereof, “Collaborators”) and provide them with administrative support services. Because Collaborators are not employees or affiliates, any compensation they receive from or with respect to any Fund or portfolio company does not constitute “Other Fees” and will not offset the Management Fee. The Funds have in the past and may in the future invest in portfolio companies that employ or are founded by Collaborators. Because the Funds may invest in Collaborator companies, the Adviser may face conflicts of interest with respect to those investment decisions. Over time, certain existing and former employees of the Adviser (including senior personnel) may transition to a Collaborator role, which will shift the burden of compensating such persons from the Adviser to the applicable portfolio companies, and any fees received by such persons will not reduce the Management Fee.

### *Management of the Funds*

The Funds may enter into borrowing arrangements that require the Funds to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Funds may be held responsible for the defaulted amount. The Funds will only enter into such joint and several borrowing arrangements when the Adviser determines it is in the best interests of the Funds.

A Fund may invest in opportunities that other Funds have declined, and likewise, a Fund may decline to invest in opportunities in which other Funds have invested. A conflict of interest arises because one Fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by the Adviser on behalf of the original Fund considering the investment. In such circumstances, the benefitting Fund or Funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment.

In addition, the Adviser may consider an investment opportunity for one Fund and then subsequently determine to have another Fund make the investment. In making any such determination, the Adviser will consider a variety of factors, including those set forth above under “*Allocation of Trades and Investment Opportunities Among Clients*”. Conflicts of interest arise in connection with such a decision, including those set forth above under “*Allocation of Trades and Investment Opportunities Among Clients*”. In addition, a conflict of interest exists because the investing Fund will benefit from the initial evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the original Fund for which the investment was initially considered. In certain cases, such determination can be expected to occur after a significant period of time has passed and the Fund to which the investment was originally allocated has incurred substantial out-of-pocket expenses in connection with evaluating, investigating, and diligencing such investment. The investing Fund typically will not be required to reimburse the original Fund for such expenses.

The Adviser experiences conflicts of interest in connection with causing one Fund to incur expenses that may ultimately benefit another Fund, and similarly experiences conflicts of interest in determining the need for, calculating the amount of, and effecting any such reimbursement, as such arrangements may involve the discharge of a liability that one Fund owes to another Fund, and in all such cases these determinations, calculations, and terms are not arm's length arrangements and there can be no assurance that the allocation of such expenses is in the best interest of the Funds. There can be no assurance that the amounts reimbursed to the original Fund will be commensurate with the benefit received by the investing Fund.

#### *Liquidation of Assets of Other Funds and Other Classes*

The Adviser and their affiliates may provide investment management services to other Funds (including managed accounts and investment funds formed for a single investor or group of affiliated investors (each such fund, a "Fund of One")) that may have investment objectives, programs or strategies that are similar to those of the Funds, which could result in significant overlapping investments among the Funds. In addition, such Funds may have different or additional terms in an Investment, including different fees, information rights, and liquidity rights (including the right to wind down and terminate a managed account or Fund of One without cause). Additional information may affect an investor's decision to invest additional capital in, to remain invested in, to withdraw from or to terminate the Funds. Any such withdrawals or terminations could cause any such Funds to liquidate its investments ahead of the Funds, which may have a material adverse effect on the Funds and the limited partners' investments therein. Similarly, to the extent that the Funds establish classes of interests with different liquidity rights, certain limited partners may be able to act on information before any limited partner that has less frequent liquidity rights.

#### *Follow-on Investments*

Investments to finance follow-on acquisitions may present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund may participate in re-leveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest may arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

Furthermore, a conflict of interest also arises because a Fund that participates in a follow-on investment in a portfolio company held by another Fund will benefit from the initial evaluation, investigation and due diligence undertaken by the Adviser on behalf of the original Fund and from operational or other information about such portfolio company acquired from the original Fund's ownership of interests in the portfolio company. In such circumstances, such benefitting Fund or Funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment. An investment by a Fund in a portfolio company in which another Fund invests at a later stage may be made at a higher or lower valuation than the investment in

such portfolio company by such other Fund and an investment by one or more other Funds in any such portfolio company may dilute the original Fund's interest in such portfolio company.

Additionally, the Adviser at times will make a follow-on investment in a portfolio investment because such follow-on investment protects the rights given to the investing Fund (or another Fund) previously or for reputational or strategic reasons, even when such follow-on investment's valuation has decreased since the original investment. These reputational benefits and protections will, from time to time, benefit and/or accrue to other Funds and/or the Adviser at the expense of the current Fund(s) investing in such follow-on investment.

#### *Conflicts Relating to the General Partners and the Adviser*

The Adviser generally may, in its discretion, contract with any related person of the Adviser (including but not limited to a portfolio company and Collaborators) to perform services for the Adviser in connection with its provision of services to the Funds. When engaging a related person to provide such services, the Adviser may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser will from time to time, in its discretion, recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) the Adviser or a related person of the Adviser (including but not limited to a portfolio company of a Fund) or (ii) an entity with which the Adviser or its affiliates or a member of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit. When making such a recommendation, the Adviser, because of its financial or other business interest, may have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser, its affiliates, and Adviser Personnel may, from time to time, buy or sell securities, Crypto Assets, Crypto-Related Assets, or other instruments that the Adviser has recommended to a Fund, or invest in other assets that are otherwise suitable for investment by a Fund. Adviser Personnel may also buy securities or Crypto Assets in transactions offered to but rejected by Funds. A conflict of interest may arise because such Adviser Personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of a Fund. In such circumstances, such Adviser Personnel will not share or reimburse the Funds and/or the Adviser for any expenses incurred in connection with the investment opportunity. In addition, Adviser Personnel may also buy securities in other investment vehicles (including private equity funds, venture capital funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Funds and/or which may invest in similar industries and sectors as the Funds. Such Adviser Personnel have a conflict of interest with respect to their personal investment holdings. There could be situations in which such investment vehicles invest in the same investments as the Funds and there may be situations in which such investment vehicle purchases an investment from, or sells an investment to, a Fund. Such personnel may be incentivized to cause a Fund to act in a manner that benefits such other investment vehicles and indirectly themselves as investors in such investment vehicles. The transactions described above are subject to the policies and procedures set forth in the Adviser's Code of Ethics, and Fund

investors will not benefit from any such investments. The investment policies, fee arrangements, and other circumstances of these investments may vary from those of the Funds. If Adviser Personnel have made large capital investments in or alongside the Funds, they may have conflicting interests with respect to these investments. In addition, Funds from time to time invest in securities of companies in which Adviser Personnel previously invested for their own accounts. While the significant interests of the Adviser Personnel generally align the interest of such persons with the Funds, such persons may have differing interests from the Funds with respect to such investments (for example, with respect to the availability and timing of liquidity).

When the Principals and other Adviser Personnel hold interests in portfolio companies other than through the Funds, certain of those interests are likely to substantially differ from the Funds' interests in such companies due to differences in liquidation preference, voting rights, or other investment terms. This may result in such persons having personal investment interests that directly conflict with the interests of the Funds. Moreover, the Principals and other Adviser Personnel may enter into non-competition or similar agreements that effectively preclude the Funds from taking advantage of certain investment acquisition or disposition opportunities or otherwise adversely impact the Funds.

By reason of their responsibilities in connection with other activities of the Adviser, certain Adviser Personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, the Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Adviser Personnel have family members that are actively involved in industries and sectors in which the Funds invest or have business, personal, financial, or other relationships with companies in such industries and sectors (including service providers described below) or other industries, which gives rise to potential conflicts of interest. For example, such family members might be officers, directors, personnel, or owners of companies that are actual or potential investments of the Funds or other counterparties of the Funds and the portfolio investments. Moreover, in certain instances, the Funds or the portfolio investments have in the past and may in the future purchase or sell companies or assets from or to, or otherwise transact with companies that are owned by such family members or in respect of which such family members have other involvement. In most such circumstances, the Funds' Organizational Documents will not preclude Funds from undertaking any of these investment activities or transactions.

From time to time, Adviser Personnel may invest in funds or other entities managed by limited partners of a Fund, which could incentivize such Adviser Personnel to afford the limited partner preferential or favored treatment, such as, for example, increased access to co-investment opportunities, and could create conflicts of interest to the extent such other funds compete with a Fund for investment opportunities or invest in competing portfolio companies.

Because certain expenses are paid for by the Funds and/or their portfolio companies or, if incurred by the Adviser, are reimbursed by a Fund and/or its portfolio companies, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing the Funds or its portfolio companies to incur) such expenses.

### *In-Kind Distributions*

The Funds are permitted to make distributions in kind that could consist of securities or other assets for which there is no readily available public market. The investments distributed in kind will generally be valued by a general partner at what it deems their “fair market value,” and this valuation will be conclusive for various purposes, including for the calculation of any carried interest owed. Distributed securities or other assets may be subject to a variety of legal or practical limitations on sale. Such securities or other assets may experience periods of limited liquidity, price volatility or a decline in market value. The ability of investors to liquidate positions in such securities or other assets is subject to these risks, and investors must be prepared to hold such securities for an extended period. The value of the securities or other assets distributed may increase or decrease before such securities or other assets are sold, and such investor will incur transaction costs in connection with the sale of any such securities or other assets. The risk of loss and delay in liquidating these securities or other assets will be borne by the investors, with the result that such investors may ultimately receive less cash than it would have received if it had been paid in cash.

### *Valuation*

The Funds’ assets and liabilities are valued in accordance with the Adviser’s valuation policy. In making valuation determinations, the Adviser may be deemed subject to a conflict of interest, as the valuation of such assets and liabilities affects its compensation and the compensation of a general partner. There is no guarantee that the value determined with respect to a particular asset or liability by the Adviser will represent the value that will be realized by the Funds on the eventual disposition of the related investment or that would, in fact, be realized upon an immediate disposition of the investment and the differences could be material. The valuation of investments will affect the amount and timing of a general partner’s Incentive Allocation. The valuation of investments may also affect the ability of the Adviser to raise a successor fund to the Funds. As a result, there may be circumstances where a general partner is incentivized to determine valuations that are higher than the actual fair value of investments.

### *Investments by the Principals and Employees of the Adviser in the Funds or Other Accounts*

The Principals and certain employees invest in Funds. Such investors may be in possession of information relating to the Funds that is not available to other limited partners and prospective limited partners. The Principals and employees of the Adviser are not required to keep any minimum investment in each Fund and may invest in other Funds or accounts. It is expected that, if such investments are made, the size and nature of these investments will change over time without notice to the limited partners. Investments by the Principals and employees of the Adviser in the Funds could incentivize the Principals and employees of the Adviser to increase or decrease the risk profile of the Funds.

### *Investment by the Adviser’s Principals In Kind*

The Adviser and the Principals may contribute Crypto Assets and/or Crypto-Related Assets to the Funds (in lieu of cash). In such cases, the valuation of such contributed assets will be determined in accordance with the Adviser’s valuation policy. See “Valuation” above for a discussion of the

conflicts relating to valuation by the Adviser. There is no guarantee that the Adviser's valuation of an asset contributed to the Fund accurately reflects the value of such asset.

### *Incentive Allocation*

The Funds' general partners will receive the performance-based Incentive Allocations in connection with the management of the Funds. Since the Incentive Allocation for certain funds is calculated on a basis which includes unrealized appreciation of the Funds' assets, it may be greater than if such compensation were based solely on realized gains. The Incentive Allocation may give rise to potential conflicts of interest, including the following:

#### *Allocation of Investment Opportunities*

The Incentive Allocation may create an incentive for the Adviser to direct the best investment ideas to, or to allocate or sequence trades in favor of, (i) Funds with performance compensation arrangements over Funds that are not charged, or from which a general partner or the Adviser will not receive (e.g., because the Fund is below its high water mark), performance compensation, and (ii) Funds from which a general partner or the Adviser will receive a greater performance compensation over Funds from which a general partner or the Adviser will receive lesser performance compensation.

#### *Valuation*

The Incentive Allocation may create an incentive for the Adviser to provide biased valuations.

#### *Risk*

The Incentive Allocation may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case if a performance-based compensation arrangement were not in effect.

#### *Timing and Realization of Investments*

The Incentive Allocation may create an incentive for the Adviser to time investments, and the realization of investments, so as to maximize the Incentive Allocation rather than the return of the Funds.

Due to a recent change in U.S. tax laws, there could be an incentive for the Adviser to cause the Funds to hold securities for longer than three years in order for a general partner to receive "long-term capital gain" tax rates with respect to its Incentive Allocation, although other U.S.-taxable investors can achieve long-term capital gain tax rates on securities held for longer than one year, and the holding period does not generally have relevance for the tax treatment of investors who are not subject to U.S. income taxation. This dichotomy creates a potential conflict between the interests of a general partner and the interests of other investors in the Funds.

### *Special Investments*

Certain other conflicts of interest may exist during a period when the limited partners' Capital Accounts are "under water." For example, the Adviser may be incentivized to (i) deem an Investment to be a Special Investment to avoid unrealized losses on such Investment being taken into account for purposes of determining the Incentive Allocation, or (ii) realize, or deem a realization of (in consultation with an advisory committee), a Special Investment prematurely to lower the balance in (x) an account that tracks the losses that must be recouped before Incentive Allocations can be made to the capital account of a general partner with respect to a limited partner's capital account (a, "Loss Recovery Account") or (b) a modified Loss Recovery Account made at the beginning of any fiscal year.

### *Management Fee*

As described in the Funds' Organizational Documents, the Adviser may determine to charge a Management Fee based on the Adviser's proposed budget for Adviser-related expenses with respect to such Fund (the "Budget-Based Management Fee"). In identifying the Adviser's budget for any particular fiscal year for purposes of calculating the Budget-Based Management Fee, the Adviser will first determine an estimate of aggregate operating expenses for Adviser-related expenses. The Adviser will then identify the portion of the estimated budget attributable to each Fund, taking into account such facts and circumstances as the Adviser deems appropriate, including the relative size of each Fund. Conflicts of interest may arise in determining any such Budget-Based Management Fees. In any particular period, the amount of Management Fees borne by one particular Fund may be greater than the amount of Management Fees borne by another Fund, and such amounts and the portion of the Adviser's proposed budget attributable to each Fund may fluctuate over time. For example, to the extent the Adviser determines the allocation based on the size of each Fund, it may do so according to net asset value for certain Funds and the amount of committed capital for other Funds. Because the net asset value of certain Funds will fluctuate over time, the amount of the budget allocable to such Funds will also fluctuate. Accordingly, although the amount of committed capital for a particular Fund does not change, such Fund may be allocated a greater (or lower) proportion of the Adviser's budgeted expenses to the extent another Fund's net asset value decreases (or increases). As described in the Funds' Organizational Documents, the Budget-Based Management Fee is not expected to and, in certain cases, may not exceed the applicable commitment-based Management Fee for any fiscal year.

As described in the Funds' Organizational Documents, following the investment period of a Fund, the Adviser may determine to charge a Management Fee with respect to such Fund that are calculated based on invested capital, which is reduced by any investments that are permanently written off. The Adviser has discretion in determining whether and when an investment has been permanently written off, which impacts the calculation of Management Fees. As a result, a conflict of interests exists because the Adviser has an incentive to refrain from or delay permanently writing off investments in order to ensure the Management Fee base does not decrease, which would result in higher Management Fees ultimately paid to the Adviser. In general, the Adviser evaluates several criteria in determining whether to permanently write off an investment, including, without limitation, how long the investment has been held, length of time the investment has been marked down, materiality or markdown, anticipated holding period of the investment,



volatility in valuation, impact of market conditions on valuation, other valuation methodologies showing increased valuations, and anticipated recovery path for the investment. The Adviser may change these criteria in its sole discretion from time to time and the Adviser has flexibility in determining the applicability and weight of these factors and has ultimate discretion in determining whether an investment should be permanently written off. As a result, the Adviser is permitted to determine that even extremely distressed investments should not be permanently written off. There can be no assurance that an investment, in hindsight, should have been permanently written off or should have been permanently written off at an earlier date.

### *Diverse Membership*

The investors in the Funds are expected to include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors may have conflicting investment, tax, regulatory, business, and other interests with respect to their investments in the Funds. For example, certain investors that have relationships with the Adviser or its affiliates, or are affiliated with or employed by a portfolio company or prospective portfolio company of the Funds, are expected to be investors in the Funds. Without limitation, some investors may invest in the Funds for strategic reasons unrelated to maximizing their direct financial returns through their interests in the Funds. The conflicting interests among the investors may relate to or arise from, among other things, the nature of investments made by the Funds, the structuring of the acquisition of investments and the nature and timing of the disposition of investments. Consequently, conflicts of interest may arise in connection with decisions made by the Adviser or its affiliates, including with respect to the nature or structuring of investments that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Funds, the Adviser and its affiliates will consider the investment and tax objectives of the applicable Fund, not the investment, tax, or other objectives of any investor individually.

### *Investment of Crypto Assets Developed by Portfolio Companies*

The Adviser from time to time may cause a Fund to purchase Crypto Assets developed or offered by portfolio companies of one Fund or another Fund. The Adviser may be incentivized to purchase (and not divest) Crypto Assets developed or offered by portfolio companies of one Fund, which raises a conflict of interest in that such arrangement may be more advantageous for the applicable portfolio company than to another Fund that is investing in the Crypto Assets.

### *Investments in Crypto Assets / Crypto-Related Assets by Adviser Personnel*

Subject to the terms of the Code of Ethics and any restrictions and exceptions set forth in a Fund's Organizational Documents, the Principals and employees of the Adviser generally are not prohibited from personally making investments in Crypto Assets or Crypto-Related Assets. In addition, as described herein, a general partner (and, in turn, the Principals in their capacity as members of a general partner) and the Principals (in their capacity as limited partners of the Funds) may receive and retain withdrawal proceeds from the Funds in kind. A general partner and the Principals may be particularly incentivized to receive proceeds in-kind of assets that they expect to increase in value, and in cases where such increase occurs, if the other limited partners received cash distributions instead of in-kind distributions, the other limited partners will be denied the

benefits of that increase had the Fund retained the securities and a general partner and the Principals will receive more value from the assets than they would have had the proceeds been paid in cash.

The Principals and employees of the Adviser have, in some cases, prior investments, purchased before joining the Adviser, in Crypto and Crypto-Related Assets which are also positions held by the Funds.

Principals and employees of the Adviser serving as directors may make decisions for a portfolio company that negatively impacts returns received by a Fund investing in the portfolio company. In addition, the Adviser, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with, or be adverse to advice given or action taken for the Funds. These activities may adversely affect the prices and availability of other Investments held by or potentially considered for purchase by the Funds.

#### *Business with Portfolio Companies and Investors*

Given the collaborative nature of the Adviser's business and the portfolio companies in which the Funds have invested, there are often situations where the Adviser is in the position of selecting such portfolio company to provide services to the Adviser, a Fund, or a Fund's other portfolio companies, which may involve fees, commissions, servicing payments and/or discounts to the Adviser, an affiliate, or a portfolio company. The Adviser has a conflict of interest in making such recommendations, as the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies held by the Funds. The benefits received by a portfolio company providing a service may be greater than those received by a Fund and/or its portfolio companies receiving the service.

The Adviser may have an incentive to recommend the products or services of certain investors or prospective investors in a Fund, certain third parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

Portfolio companies controlled by the Funds may provide services to the Adviser, certain Fund investors or prospective investors. This creates a conflict of interest, as the Adviser may have an incentive to cause the portfolio company to favor those investors or prospective investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Funds. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

Current and former founders and prospective founders, officers and executives and other affiliates of portfolio companies may invest in a Fund. While the Adviser believes this aligns portfolio company management teams with the best interests of the Fund, the Adviser may, in certain circumstances, be incentivized to take (or refrain from taking) certain actions with respect to a portfolio company in order to maintain the goodwill with such portfolio company management team investor or other affiliate of the portfolio company that is an investor in a Fund such that they continue to invest in the Funds, among other reasons.

From time to time, a Fund's portfolio company will be a counterparty or participant in agreements, transactions, or other arrangements with other portfolio companies of such Fund or other Funds. These agreements, transactions, and other arrangements will involve payment of fees and other amounts, none of which will result in any offset to the Management Fee. Such agreements, transactions and other arrangements will generally be entered into without the consent or direct involvement of the Funds and/or the Adviser or the consent of any advisory committee.

In addition, certain portfolio companies controlled by a Fund may engage in activities that could adversely affect another Fund and/or its portfolio company, including, for instance, as a result of laws and regulations or certain jurisdictions (such as bankruptcy, environmental, consumer protection and/or labor or union laws) that may not recognize or permit the segregation of assets and liabilities between separate entities. Such jurisdictions may also allow for recourse against assets that are under common control with, or part of the same economic group as the entity that has incurred the liability. This may result in the assets of a Fund and/or a portfolio company being used to satisfy the obligations or liabilities of another Fund or its portfolio company.

The Advisers and/or its affiliates may engage in business opportunities arising from a Fund's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company). This creates a conflict of interest, as such interests are a benefit arising from the Funds' investments and may vary from the Funds' interests (e.g., whether to make a follow-on investment and, if so, how much should be allocated to the Funds).

In certain instances, a Fund's portfolio company competes with, is a customer of, or is a service provider to, another portfolio company. In providing advice to a portfolio company's business, the Adviser may consider the interests of one portfolio company or Fund and is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Adviser to a portfolio company may have adverse consequences to a separate portfolio company. The performance and operations of a competitor, customer or service provider portfolio company could conflict with, and adversely affect the performance and operations of another portfolio company, or could adversely affect prices, business opportunities or potential acquisition opportunities.

A Fund's portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with other portfolio companies that, although the Adviser determines to be consistent with the requirements of such Funds' Organizational Documents, may not have otherwise been entered into but for the affiliation with the Adviser, and which may provide economic or other benefits to affiliates of the Adviser that are not subject to the Management Fee offset provisions described herein. For example, the Adviser may in the future cause portfolio companies to enter into agreements regarding group procurement (which may depend on the volume of services purchased under these agreements and which may be pooled across multiple portfolio companies and discounted due to scale), benefits management, data management and/or mining, technology development, purchase or title and/or other insurance policy (which may be pooled across multiple portfolio companies and discounted to scale) and other similar operational initiatives that may result in fees, better pricing, rebates, commissions or similar payments and/or discounts being paid to the Adviser, its affiliates or a portfolio company, including related to a

portion of the savings achieved by the portfolio company. While the Adviser may have a conflict of interest because its economic benefit may incentivize the Adviser to maintain such arrangements, the Adviser believes that such agreements benefit the portfolio companies due to increased access to quality products and services at beneficial pricing and the Adviser's benefits from such arrangements are reduced because the Adviser only benefits on at the same rate as the portfolio companies. However, it should not be assumed that a company related to, or otherwise affiliated with the Adviser will only take actions that are beneficial to, or not opposed to, the interests of a Fund and its portfolio companies.

While less common, from time to time a Fund could hold an investment in a different layer of the capital structure than an investor or another party with which the Adviser has a material relationship, in which case the Adviser could have an incentive to cause the Fund or the portfolio company to offer more favorable terms to such parties (including, for instance, financing arrangements).

Adviser Personnel in certain cases serve as directors of, or observers on boards with respect to, certain portfolio companies. Conflicts of interest may arise if such Adviser Personnel's fiduciary duties as a director conflict with those of the Fund. For instance, such positions could impair the ability of a Fund to sell the securities of an issuer in the event a director receives material non-public information by virtue of his or her role, which would have an adverse effect on the Fund. Furthermore, an Adviser Personnel serving as a director to a portfolio company owes a fiduciary duty to the portfolio company, on the one hand, and the relevant Fund, on the other hand, and such Adviser Personnel may be in a position where they must make a decision that is either not in the best interest of the Fund, or is not in the best interest of the portfolio company. Adviser Personnel serving as directors may make decisions for a portfolio company that negatively impact returns received by a Fund investing in the portfolio company. In addition, to the extent Adviser Personnel serve as a director on the board of more than one portfolio company, such person's fiduciary duties among the two portfolio companies may create a conflict of interest. Certain decisions made by a director may subject the Adviser, its affiliate, or a Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Funds will indemnify the Adviser and Adviser Personnel from such claims. In addition, Adviser Personnel may leave the employment of the Adviser or its affiliates and become an officer or employee of a portfolio company, which will shift the burden of compensating such persons from the Adviser to the applicable portfolio companies, and any fees received by such persons as an employee of the portfolio company will not reduce the Management Fee.

#### *Service Providers Generally*

Conflicts of interest may arise from the fact that Service Providers or their affiliates from time to time provide goods or services to, or have business, financial, personal, political, or other relations with (i) other private funds with investment programs similar to that of the Funds or (ii) the Adviser or any of its affiliates. Any Service Provider or any affiliate of a Service Provider may be an investor in the Funds, a current, former or potential portfolio company of the Funds, a source of investment opportunities or a co-investor or commercial counterparty or entity in which the Adviser has an investment. These relationships may influence the Adviser in deciding whether to select or recommend such a Service Provider to perform services for the Funds or a portfolio

company (the cost of which will generally be borne directly or indirectly by the Funds or such portfolio company, as applicable). It is customary for a Service Provider to charge different rates or have different terms for different types of services. Based on the types of services used by the Adviser and its affiliates as compared to the types of services used by the Funds and the terms of such services, a Service Provider may enter into an arrangement with the Adviser or its affiliates that provides for more favorable rates or terms than an arrangement with the Funds.

Additionally, former Adviser employees may also become employees, officers, or directors of, or otherwise be engaged by, third-party service providers that provide services to the Adviser, the Funds and/or portfolio companies. While employed by the Adviser, the cost of the compensation, benefits and attributable overhead provided to these individuals are paid by the Adviser unless a Fund's Organizational Documents permit certain allocations of internal expenses to the Fund. If a former Adviser employee becomes an employee or consultant of a third party that also provides services to a Fund, such former Adviser employee may be assigned by such third party to provide services to that account. In such instance, the cost of the third-party service provider attributable to the former Adviser employee working on the Fund will be borne entirely by the Fund and no such amounts will reduce the Management Fee paid or the Incentive Allocation distributed by such Fund on the basis that such person used to be a former Adviser employee.

In certain circumstances where the Adviser commits or has committed to seek "market" or "arms-length" rates or terms, the Adviser will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. The Adviser reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is "arms-length." Consequently, the Adviser undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable, or relate specifically to the assets, services, geographies, or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, the Adviser reserves the right to rely on approximations or estimates of time for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not the Adviser has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. To the extent the Funds engage in a long-term or recurring contract with an Adviser affiliated service provider, the Adviser may not seek to benchmark or otherwise renegotiate the original fee arrangement for a significant period of time.

The Adviser from time to time may cause the Funds to bear the cost and expense of engaging certain third-party service providers on behalf of a portfolio company. In the event a Fund is not the sole shareholder of the portfolio company, other shareholders would benefit from the costs incurred by such Fund and, depending on the circumstances, would not reimburse the Fund for their pro rata portion of the cost of any such service provider.

#### *Selection of Blockchain Service Providers and Investment in Blockchain Counterparties and Service Providers*

The Adviser may be subject to conflicts relating to its selection of blockchain intermediaries, exchanges, and counterparties on behalf of the Funds. Portfolio transactions for the Funds will be

allocated to intermediaries, exchanges, and counterparties on the basis of numerous factors and not necessarily lowest pricing. Intermediaries, exchanges, and counterparties may provide other services that are beneficial to the Adviser or one Fund, but not necessarily beneficial to another Fund. Limited partners will have no right to request which intermediaries, exchanges, and counterparties the Funds transact with or invest in and should not expect the Funds to accommodate any such requests.

The Adviser may be incentivized to cause the Funds to invest in businesses that establish third party wallets and exchanges, including business that focus on storage, security, and custody of Crypto Assets, particularly where the Funds use such services. In such cases, businesses in which one Fund invests may receive compensation from another Fund when effecting Crypto Asset transactions. In addition, to the extent that a Fund invests in Crypto Asset exchanges (through their tokens), the Adviser may have an interest in causing another Fund to make equity investments in such companies.

#### *Conflicts Relating to Adviser Personnel Relationships with Coinbase and Anchorage*

One of the Principals currently serves as a director of Coinbase Global, Inc. (a digital currency exchange headquartered in San Francisco that is a publicly traded company) (“Coinbase”) and, during the course of such service receives information with respect to the Funds’ Investments, potential Investments, Crypto Assets, or Crypto-Related Assets. Another Adviser employee currently serves as a board observer of Anchor Labs, Inc. (“Anchorage”) and, in the course of such service, from time to time receives information with respect to the Funds’ Investments, potential Investments, Crypto Assets, or Crypto-Related Assets. In such circumstances, the Funds may be prohibited by law, policy, or contract, for a period of time, from (i) investing in certain assets or categories of assets, or pursuing certain investment opportunities, (ii) selling an Investment, and (iii) taking a larger position in an existing Investment, which in each case may adversely affect the Funds and their investors. In addition, to the extent the Principals or employees of the Adviser receive similar information as a result of any board or council-member service at other companies or entities, similar investment restrictions may apply.

The Funds may compete with Coinbase Ventures (an investment arm of Coinbase that invests in cryptocurrency and blockchain startups) for investment opportunities. As described above, one of the Principals currently is a director of, and holds a financial interest in, Coinbase and therefore, subject to requirements set forth in a Fund’s Organizational Documents regarding allocation of investment opportunities, would experience a conflict of interest regarding the allocation of investment opportunities that may be appropriate for both a Fund and Coinbase Ventures or with respect to the terms of any Investment to the extent a Fund and Coinbase Ventures participate in the same Investment. Such relationship may influence decisions that the Adviser makes with respect to the Fund.

Such Principal holds stock of Coinbase. Accordingly, the Adviser may be incentivized to store Crypto Assets with, and conduct its exchange-based trading in Crypto Assets on, Coinbase (and use Coinbase for other services in the future).

Certain Funds utilize Coinbase Custody Trust Company LLC (“Coinbase Custody”) and Anchorage for custody services. The Funds also utilize Coinbase and Anchorage for staking,

trading Crypto Assets (through their exchanges), and for other purposes (for example, Coinbase Pro is used as a pricing source for token positions). Because a Principal is a director of, and holds a financial interest in, Coinbase, the Adviser has a conflict of interest in utilizing Coinbase services, as such relationship can influence the Adviser in determining whether to select Coinbase services. Similarly, because an Adviser employee is a board observer of Anchorage, the Adviser has a conflict of interest in retaining Anchorage services. There is a possibility that the Adviser, because of such relationships, may favor the utilization or retention of Coinbase and Anchorage for various services even if a better price and/or quality of service could be obtained from another service provider.

#### *Lack of Exclusivity*

Subject to restrictions in a Fund's Organizational Documents, the Principals engage in other business activities that are from time to time in competition with the Funds and/or may involve substantial time and resources of the Principals (such as forming other accounts, entering into other investment advisory relationships, or engaging in other business activities). Such activities could be viewed as creating a conflict of interest in that the Principals' time and effort will not be devoted exclusively to the business of the Funds but will be allocated between the business of the Funds and such other activities. Adviser Personnel may also engage in such activities.

#### *Side Letter Agreements; Most Favored Nation*

The Funds, and in certain cases the Adviser, will have the discretion to waive or modify the application of, or grant special or more favorable rights with respect to, any provision of to the extent permitted by applicable law. To effect such waivers or modifications or the grant of any special or more favorable rights, the Funds may create additional classes of interests for certain limited partners that provide for, among other things, (i) greater transparency into the Funds' portfolio, (ii) different or more favorable withdrawal rights, such as more frequent withdrawals or shorter withdrawal notice periods, (iii) greater information than may be provided to other limited partners, (iv) different fee or incentive compensation terms, (v) more favorable transfer rights and (vi) key-person notifications. Certain such waivers, modifications, or grants of special or more favorable rights may also be effected by the Funds, and, in certain cases, the Adviser, through agreements ("Side Letter Agreements"). Although certain limited partners may invest in the Funds with different material terms, the Funds and the Adviser generally will only offer such terms if they believe other limited partners of the Funds will not be materially disadvantaged. In addition, subject to certain exceptions described in a Fund's Organizational Documents, limited partners who entered the initial close ("Founder LPs") will generally have the right to elect to receive any more favorable rights of any additional class of Fund interests, side letter agreement or additional class of interests or side letter with a substantially identical investment program of a Fund (a "Comparable Fund") (to the extent that such more favorable rights are or can be applicable to such Founder LP); provided that Founder LPs will also be bound by the obligations or restrictions of such additional class of interests, side letter agreement or Comparable Fund. In addition, side letter arrangements with certain investors of the Funds impose additional restrictions on investing in certain types of assets, geographies or industries, modification of representations, indemnification and/or liability and other obligations in order to meet certain legal, tax, regulatory, internal policy or other requirements of such investors. While these restrictions are intended to apply solely to such investors, they may ultimately restrict the investments made by an applicable Fund. Also,

investors will have no recourse against a Fund, the applicable Fund's general partner, the Adviser or their respective affiliates in the event that certain investors receive additional or different rights or terms pursuant to such side letters, some of which rights may impact the rights and/or increase the obligations of other investors.

#### *Other Potential Conflicts*

The Organizational Documents of each Fund establish complex arrangements among the Funds, the Adviser, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Organizational Documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

The Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in the Funds and may also represent one or more portfolio companies or investors in the Funds. In the event of a significant dispute or divergence of interest between a Fund and the Adviser, the parties may engage separate counsel in the sole discretion of the Adviser, and in litigation and other circumstances separate representation may be required. Additionally, the Adviser and the Funds and the portfolio companies of the Funds may engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to the Adviser, the Funds, and/or the portfolio companies. This may result in the Adviser receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or the Adviser receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between the Adviser, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies. Neither the Funds nor investors in the Funds will receive the benefit of any such favorable rate or discount provided to the Adviser, its personnel or its affiliates, and the Management Fee paid by any Fund will not be reduced in connection with such favorable rate or discount.

The Adviser engages certain service providers (including law firms) on behalf of the Funds and personnel of such service provider may be seconded to the Adviser or its affiliates on a temporary basis or serve in an internship capacity, pursuant to various arrangements including at cost or at no cost. The Adviser is, from time to time, a beneficiary of these arrangements as well. Such personnel may provide services in respect of multiple matters, including in respect of matters related to the Adviser, its affiliates and/or portfolio companies and in any such circumstance the benefits or costs of any such personnel will be allocated in the Adviser's discretion taking into



consideration the usage of such personnel. The Management Fee will not be offset or reduced as a result of these arrangements or any fees, expense reimbursements or other costs related thereto. In such circumstances, a conflict of interest exists because the Adviser or its affiliates have an incentive to select one service provider over another on the basis that the Adviser or its affiliates may receive the benefit of seconded employees from such service provider, particularly where the compensation and expenses for such personnel during the secondment is borne by the service provider and not the Adviser or its affiliates.

Certain personnel of the Adviser or its affiliates have in the past and may from time to time in the future also be temporarily seconded to or otherwise engaged by certain portfolio companies on either a full-time or a part-time basis to provide services to such portfolio companies. In such instances, the portfolio companies will pay such person's directors' fees, salaries, consultant fees, other cash compensation, stock options, other equity grants or other compensation and incentives and may reimburse the Adviser or such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. The Adviser may also advance compensation to seconded employees and be subsequently reimbursed by the applicable portfolio companies. Any compensation customarily paid directly by the Adviser or its affiliates to such persons will typically be reduced to reflect amounts paid directly or indirectly by the portfolio company even though the Management Fee paid by the Fund to the Adviser will not be reduced. Any amounts paid to such persons by a portfolio company (or paid by the Adviser and reimbursed by a portfolio company) will not be treated as expenses to be borne by the Fund and will not reduce the Management Fee otherwise payable to the Adviser. All or a portion of any such compensation and incentives will be borne by the Fund, directly or indirectly, via its ownership interest in such portfolio company.

The Adviser and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in "miles" or "points," rebates or credit in loyalty/status programs to the Adviser and/or its personnel. Such benefits, rewards and/or amounts (whether or not de minimis or difficult to value) will exclusively benefit the Adviser and/or such personnel even though the cost of the underlying service is being borne by the Funds, its investors and/or the portfolio companies. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies. In addition, airline travel incurred as a Fund expense for Adviser personnel traveling for appropriate Fund-related purposes (including, without limitations, travel related to a portfolio company, a prospective portfolio company or other Fund-related matter) may benefit such Adviser personnel to the extent the trip also serves a personal purpose.

The Adviser may, in its discretion, have, and may, in its discretion, cause a Fund and/or its portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of the Adviser. The Funds and/or its portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements, or agreements. In such circumstances, there may be a conflict of interest between the Adviser and the Funds (or its portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser may favor the engagement

or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

The Adviser may cause one or more Funds to purchase, and/or bear premiums, fees, costs, and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable general partner, the Adviser and/or their respective directors, officers, employees, agents, representatives, members of an advisory committee and other indemnified parties, against liability in connection with the activities of the Funds. This may include a portion or the entirety of any premiums, fees, costs, and expenses for one or more “umbrella” or other insurance policies maintained by the Adviser that cover one or more Funds and/or the Adviser (including their respective directors, officers, employees, agents, representatives, members of an advisory committee and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds on a fair and reasonable basis and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs, and expenses for insurance policies.

The Organizational Documents of the Funds permit each Fund’s general partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, information may be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. A Fund’s general partner may elect to withhold certain information to such limited partners for reasons relating to the general partner’s public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

The Adviser from time to time receives material, non-public information regarding issuers, including through its members who participate on the board of directors of other entities, which in some cases may expose such persons to material non-public information regarding other issuers that may fall within the Funds’ investment objectives. Under applicable law and policies, employees of the Adviser are generally prohibited from disclosing or using material non-public information for their own personal benefit or for the benefit of any other person in violation of applicable law, regardless of whether that person is a client. Accordingly, should an employee of the Adviser obtain material, non-public information with respect to an issuer, he or she is generally prohibited from communicating that information to, or using that information for the benefit of clients in violation of applicable law. Accordingly, receipt of material non-public information by the Adviser or its employees may impact the ability of the Funds to buy, sell or hold certain investments, which may adversely impact the Funds’ investment results. The Adviser has no obligation or responsibility to disclose the information to, or use such information for the benefit of, any person (including clients) even if requested by the Adviser or its affiliates and even if failure to do so would be detrimental to the interests of that person.

The Adviser and its affiliates may also enter into formal or informal arrangements with portfolio investments to facilitate the sharing of data and/or data analytics. Subject to applicable legal, regulatory, and contractual requirements, these information sharing arrangements are designed to allow the Adviser, the Funds and the Funds’ portfolio companies to better discern economic or other trends and developments. The Adviser believes that all Funds benefit from these

arrangements in ways that would be impossible without the ability to aggregate data from across the Adviser's businesses and the Funds' portfolio investments. However, information sharing may involve conflicts of interest between the Funds and/or between the Funds and the Adviser. For example, data analytics based on inputs from one portfolio investment may inform business decisions by other portfolio investments, or investment decisions by the Adviser and its affiliates, without the source of the data being directly compensated. It is difficult, if not impossible, to measure exactly the benefits any particular entity receives from these kinds of arrangements, or to provide specific and directly monetary compensation for such information. Therefore, the Adviser and its affiliates may utilize such data outside of Fund activities in a manner that may provide a material benefit to the Adviser, without directly compensating or otherwise benefiting the Funds. As a result, the Adviser may have an incentive to pursue investments (on its own behalf or on behalf of the Funds) based on the data that may be accessible as a result of owning such investments, and/or to utilize such data in a manner that benefits the Adviser and/or investments held by other Funds.

In addition, from time to time, the Adviser may recruit a management team to pursue a new opportunity expected to lead to the formation of a future portfolio company, or to undertake a "build-up strategy" to acquire and develop assets in a particular sector or involving a particular strategy. In other instances, a new platform could be formed to recruit an existing or newly formed management team to build such platform through acquisitions and organic growth. In certain circumstances, such platform employees may include former employees of the Adviser, or current or former senior advisors or consultants to the Adviser and its affiliates. The structure of each platform and the engagement of personnel will vary, including whether a management team's services are exclusive to the platform and whether the members of the management team are employed directly by the platform or indirectly through a separate management company established to manage such platform. Platform structures may change during the investments' hold period, for instance, in connection with restructurings or dispositions. The management team of a platform investment may provide services with respect to other platform investments of more than one Fund, or provide the same or similar services for unaffiliated parties. The services provided by the platform management team could be similar to, and in some cases overlap with, the services provided by the Adviser to the Funds. The Fund may bear the expenses of the management team or portfolio company, as the case may be, including any sourcing costs and management costs, overhead expenses, management or other fees, employee compensation (including cash compensation and profits-interest), diligence expenses or other related expenses in connection with backing the management team or the build out of the platform company. Such expenses may be borne directly by the applicable Fund as partnership expenses or indirectly as the Fund bears the start-up and ongoing expenses of the newly-formed platform portfolio company. Such costs and expenses will not offset the Management Fee and are in addition to Management Fees and other compensation received by the Adviser.

Please see the discussion above under the sub-heading "Resolution of Conflicts" for a description of the means by which the Adviser and its related persons may seek to alleviate conflicts of interest among the Funds or other persons.

## **Item 12. Brokerage Practices**

The Adviser anticipates that it will utilize brokers for certain Fund transactions. To meet its fiduciary duty to the Funds, the Adviser maintains policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

### **Best Execution of Purchases or Sales Through a Broker-Dealer**

As part of the Adviser's fiduciary duty to the Funds, the Adviser will seek "best execution" of the transaction. "Best execution" means obtaining for the Funds the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer. Best execution is not limited solely to the consideration of the best available commission rate.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser's investment team takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience, and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser may consider the use of Electronic Communications Networks ("ECNs") when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

The Adviser does not in all cases solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Accordingly, if the Adviser determines that the amount of commissions charged by a broker-dealer is reasonable in relation to the value of the brokerage and products or services provided by such broker-dealer, the Funds may pay commissions to such broker-dealer in an amount greater than the amount another broker-dealer might charge.

To monitor best execution, the Adviser periodically monitors broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

### **Block Orders and Aggregation for Publicly Traded Securities**

In pursuing the Funds' investment objectives, the Adviser may aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security or Crypto Asset. The Adviser may combine orders on behalf of the Funds with orders for other Funds for which it has trading authority or in which it has an economic interest. For certain Crypto Assets, aggregated orders may not be feasible due to the real-time settlement process. As a result, the Adviser will typically submit pro rata parallel orders to minimize execution price variance.

The Adviser generally, to the extent practicable, aggregates trade orders for publicly traded securities, including Crypto Assets, so that each participating Fund and relevant co-investment vehicle receives the average price for each execution of a transaction.

While the Adviser from time to time receives research from broker-dealers, the Adviser does not have any “soft dollar” arrangements in place (i.e., arrangements whereby the Adviser pays a higher commission to execute a trade than the lower available negotiated commission, using a portion of the commission to obtain brokerage and research services).

If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made based upon the Adviser’s procedures for allocation of investment opportunities, as described in Item 11 above.

### **Order Aggregation and Average Pricing**

If the Adviser determines that the purchase or sale of an Investment is appropriate for multiple Funds, the Adviser may, but is not obligated to, to the extent practicable, purchase or sell such Investment on behalf of such Funds, for which the Adviser has trading authority or in which the Adviser has an economic interest, with an aggregated order for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Fund receives the average price, with transaction costs generally allocated pro rata based on the size of each Account’s participation in the order (or allocation in the event of a “partial fill”) as determined by the Adviser. In the event of a “partial fill,” allocations may be modified on a basis that the Adviser deems to be appropriate, including, for example, to avoid de minimis allocations. When orders are not aggregated, trades generally are processed in the order that they are placed with the counterparty selected by the Adviser. As a result, certain trades in the same Investment for one Account (including an Account in which the Adviser and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another Fund, and orders placed later may not be filled entirely or at all, based upon the prevailing exchange/market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved. For certain Investments, aggregated orders may not be feasible due to the real-time settlement process. As a result, the Adviser will typically submit pro rata parallel orders to minimize execution price variance. The Adviser generally, to the extent practicable, aggregates trade orders for publicly traded securities, including Investments, so that a Fund and relevant co-investment vehicle receives the average price for each execution of a transaction.

### **Trade Errors**

Trade errors and similar human errors involving transactions in accounts directly or indirectly held by the Funds or any Investment documentation or other similar agreement of the Funds may occur. Such errors may include, for example, (i) the placement of orders (either purchases or sales) in excess of, or less than, the amount of Investments the account intended to trade; (ii) the sale of an Investment when it should have been purchased; (iii) the purchase of an Investment when it should have been sold; (iv) the purchase or sale of the wrong Investment; (v) the purchase or sale of an Investment contrary to regulatory restrictions or investment guidelines or restrictions of the account; (vi) incorrect allocations of trades between a Fund and any other Fund that does not trade pari passu with the account; (vii) keystroke errors that occur when entering trades into an electronic trading system; and (viii) typographical or drafting errors. Such errors may result in losses or gains. The Adviser generally seeks to detect such errors prior to settlement and promptly correct and/or mitigate them. To the extent an error is caused by a counterparty, the Adviser seeks to recover any

losses associated with such error from the counterparty but may choose not to do so in its discretion. Trade Errors do not include scenarios that do not result in a trade.

Pursuant to the exculpation and indemnification provided by the Funds to the Adviser and its affiliates and personnel, the Adviser and its affiliates and personnel are generally not be liable to the Funds for any act or omission, absent bad faith, gross negligence, willful misconduct, or actual fraud of such person, and the Funds are generally required to indemnify such persons against any losses they may incur by reason of any act or omission related to the Funds, absent bad faith, gross negligence, willful misconduct, or actual fraud of such person. As a result of these provisions, the Funds (and not the Adviser) benefit from any gains resulting from trade errors and similar human errors and are responsible for any losses (including additional trading costs) resulting from trade errors and similar human errors, absent bad faith, gross negligence, willful misconduct, or actual fraud of the relevant person. The Adviser will reimburse the Funds for losses for which the Adviser is responsible under the applicable exculpation provisions. Given the potentially large volume of transactions executed by the Adviser on behalf of the Funds, investors should assume that trade errors and similar human errors occur and that, to the extent permitted by applicable law and under the Funds' Documents, the Funds are responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of the Adviser's personnel.

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

#### **Oversight and Monitoring**

The Adviser closely monitors the Funds' investments. The Funds' accounts are reviewed on an ongoing basis by the Adviser's investment staff and are formally reviewed by Principals as necessary.

#### **Reporting**

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of such Fund, as well as quarterly performance reports within 45 days after each fiscal quarter end. For additional information related to the types and frequency of reports provided to Clients, please see the relevant Offering Documents, to the extent applicable.

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

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above.

The Adviser may, from time to time, engage one or more persons to act as a placement agent for the Funds in connection with the offer and sale of interests to certain potential investors. Such persons generally receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to the Funds that are subsequently accepted.

## **Item 15. Custody**

The Adviser complies with the custody requirements applicable to registered investment advisers (the “Custody Provisions”) by delivering audited financial statements to the investors in the Funds within the applicable required time frame.

## **Item 16. Investment Discretion**

Subject to any limitations in the various agreements that the Adviser has with particular Funds, the Adviser has full discretion and authority to make all investment decisions with respect to the types or amounts of securities/assets to be bought or sold for its Funds and the broker-dealers to be used and the commission rates paid.

Investment advice is provided directly to the Funds, subject to the direction and control of the general partner of each Fund, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or Organizational Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Organizational Documents of the applicable Fund.

## **Item 17. Voting Client Securities**

The Adviser maintains written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities or other assets owned by the Funds (“Votes”). The Adviser votes or determines to abstain from all Votes in the best interests of each Fund, taking into account the relevant Fund’s objectives, the contractual obligations under the relevant Advisory Agreements or comparable documents, and all other relevant facts and circumstances at the time of the Vote. The Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

The Adviser will generally seek to vote or abstain from a vote in a way that maximizes the value of the Funds’ assets. The Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Adviser’s CCO or the relevant Adviser investment professional, the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds. For example, proxy voting in certain countries involves “share blocking,” which limits the Adviser’s ability to sell the affected instrument during a blocking period that can last for several weeks. The Adviser believes that the potential consequences of being unable to sell an instrument usually outweigh the benefits of participating in a proxy vote, so the Adviser generally abstains from voting when share blocking is required. In addition, with respect to governance Votes in tokens, the Adviser will often abstain on such Votes unless the Adviser determines that voting is in the best interest of the Funds.

All Voting decisions initially are referred to the appropriate Adviser employee. In most cases, the employee covering the particular investment will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she may rely on any of the information and/or research available to him or her.

All decisions to cast a vote for or against (for tokens and securities) and to abstain (for securities) require a mandatory conflicts of interest review by the CCO, which will include consideration of whether the Adviser or any employee or other person recommending how to vote has an interest in how the vote is voted that may present a conflict of interest. The CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Fund.

If the employee is making the Voting decision, the employee will inform the CCO of any such Voting decision. If the CCO does not object to the applicable employee's Voting decision as a result of his or her conflict of interest review, the Vote will be voted in such manner. If the employee and the CCO are unable to arrive at an agreement as to how to vote, then the CCO may consult with the Adviser's Principals as to the appropriate Vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Fund's holdings.

Where the Adviser's CCO deems appropriate in his sole discretion, unaffiliated third parties are from time to time used to help resolve conflicts or to otherwise assist the Adviser in fulfilling all or part of its voting obligations. In this regard, the Adviser from time to time retains independent fiduciaries, consultants, or other professionals to assist with voting decision and/or to which voting and/or consent powers may be delegated in accordance with its proxy voting policies and procedures.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Paradigm Operations LP, 548 Market Street, San Francisco, CA 94104.

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

Item 18 is not applicable to the Adviser.

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

Item 19 is not applicable to the Adviser.