

Form ADV Part 2A: Firm Brochure

Item 1. Cover Page

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This brochure (“Brochure”) provides information about the qualifications and business practices of Faction Ventures, LLC. (“Faction” or the “Firm”). If you have any questions about the contents of this Brochure, please contact Faction at (424) 239-9940 or team@faction.vc. 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 the Firm is also available on the SEC’s web site at <https://adviserinfo.sec.gov/>.

Please note that registration as an investment adviser with the SEC does not imply any level of skill, training or ability with respect to the provision of investment advisory services. The oral and written communications of an investment adviser provide you with information through which you determine to hire or retain an investment adviser.

Item 2. Material Changes

Item 2 discusses only material changes to the Brochure. Since the last annual update of the Brochure dated March 15, 2023, there has been no material changes.

Table of Contents

Item 1. Cover Page	1
Item 2. Material Changes	2
Item 4. Advisory Business	4
Item 5. Fees and Compensation	4
Item 6. Performance-Based Fees	6
Item 7. Types of Clients	6
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9. Disciplinary Information	15
Item 10. Other Financial Industry Activities and Affiliations	15
Item 11. Code of Ethics, Participation or Interests in Fund Transactions and Personal Trading	16
Item 12. Brokerage Practices	18
Item 13. Review of Accounts	19
Item 14. Client Referrals and Other Compensation	19
Item 15. Custody	19
Item 16. Investment Discretion	20
Item 17. Voting Fund Securities	20
Item 18. Financial Information	20

Item 4. Advisory Business

A. Description of the Advisory Firm

Faction Ventures, LLC (“Faction” or the “Firm”) a Delaware limited liability company, was formed in 2021. The Firm manages venture capital funds which will seek to generate long-term capital appreciation through venture capital and token investments in early-stage companies that are active in the blockchain and cryptocurrency space. The Firm is principally owned by Samuel Harrison and Lightspeed Venture Partners.

B. Types of Advisory Services

Faction serves as an investment advisor to venture capital oriented pooled investment vehicles (the “Funds”). The Funds are subject to the investment objectives, terms and conditions outlined in its offering documents, which include but are not limited to subscription agreements, limited partnership/operating agreements, and investment management agreements (collectively the “Governing Documents”). While Faction focuses on the strategies discussed throughout the Brochure, the Firm does not necessarily limit the types of investments which it advises.

C. Client Tailored Services and Client Imposed Restrictions

To the extent outlined in the Governing Documents, Faction tailors its investment advisory services to be consistent with the Funds investment strategy, return profile, concentration limits, time horizon, liquidity mandates and other related objectives, as defined therein. Underlying investors may not impose restrictions on investing in certain securities or types of securities.

D. Wrap Fee Programs

Faction does not participate as a sponsor of or a portfolio manager to any wrap fee programs.

E. Amounts Under Management

As of December 31, 2023, Faction manages regulatory assets under management of \$288,918,289 on a discretionary basis.

Item 5. Fees and Compensation

A. Fee Schedule

The fees and compensation payable to Faction are negotiable. Faction only offers interests in the Funds to qualified purchasers defined in section 2(a)(51)(A) of the Investment Company Act of 1940 and fees payable to Faction are outlined in the Governing Documents.

B. Payment of Fees

Investors in the Funds generally pay Management Fees quarterly in advance, as described in the Funds' Governing Documents. Carried Interest is typically paid upon the distribution of net realized capital gains attributed to the proportion of each Investor's respective capital commitments.

C. Other Fees and Expenses

Faction and the Funds generally bear their own expenses. Expenses, above and beyond the management fee and carried interest discussed above, are allocated on a case-by-case basis in accordance with the Governing Documents. Additional Fund expenses include but are not limited to operating expenses and organizational expenses, which include: the purchase, holding, storage, custody, digital asset staking and delegation, or sale or exchange or other disposition of securities (whether or not such purchase, storage, custody, digital asset staking and delegation, sale, exchange or other disposition is ultimately consummated), including reasonable private placement and finder's fees in contemplation of an investment by the Funds paid to persons other than the general partner or partners of the general partner or any of their affiliates; reasonable travel expenses (i.e., not more generous than commercial first class travel) incurred in connection with the identification, evaluation, consummation and management of each Fund's investments; unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer of partnership interests or the default by any partner in the payment of capital contributions; real property or personal property taxes on investments; brokerage fees; stock distribution agent fees; taxes applicable to the partnership on account of its operations or investment activities; financing costs and interest and other amounts paid in connection with borrowings of the partnership or any alternative fund; fees incurred in connection with the maintenance of bank or custodian accounts; legal, audit, and other expenses incurred in connection with the registration of the Funds' portfolio securities under the Securities Act; legal, tax advisory and accounting fees and expenses incurred in connection with the purchase or sale or exchange or other disposition of securities (whether or not such purchase, sale or exchange or other disposition is ultimately consummated); amendments to, and waivers, consents or approvals pursuant to, the Governing Documents; and fees and expenses of investment advisers and independent consultants incurred in investigating and evaluating investment opportunities. The Funds shall also bear the fees of the independent certified public accountant incurred in connection with the annual audit of the Funds' books and the preparation of the Funds' annual tax return; costs of independent appraisers; legal expenses of the Funds; accounting expenses paid to third parties for the maintenance of the Funds' books and records and preparation of reports and correspondence; fees and expenses associated with each Fund's anti-money laundering compliance and accounting; costs associated with developing, licensing, implementing, maintaining or upgrading any

web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of the Funds or the limited partners; premiums associated with insurance, if any, to insure against fraud or crimes against each Fund or any claims that could be made directly against each Fund, the general partner, the Firm or any indemnified persons; preparation and other expenses associated with annual and other reports to the partners; costs associated with any Fund information meetings; expenses of the LP advisory committee meetings and reimbursement of reasonable out-of-pocket costs for the LP advisory committee members, LP advisory committee non-voting observers and the general partner to attend such meetings; reasonable fees and expenses incurred to the extent the LP advisory committee reasonably determines it is necessary to engage independent legal and other advisors in connection with decisions to be made by the LP advisory committee under the Governing Documents; and all expenses that are not normal administrative and overhead expenses, including all legal fees and expenses incurred in prosecuting or defending administrative or legal proceedings relating to the Funds brought by or against the Funds, the Firm or the general partner, or the members, partners, employees or agents or former members, partners, employees or agents of any of the foregoing, including all costs and expenses arising out of or resulting from the Funds' indemnification.

The fees and expenses described above are negotiated and agreed upon in connection with the establishment of the management relationship in respect of the Funds and may be deducted from amounts that would otherwise be retained by the Funds. Please refer to the Funds' Governing Documents for further information regarding the fees and expenses of Faction and the Funds.

D. Prepayment of Fees

Faction's investment advisory services may be terminated by a Fund only in accordance with the requisite events and processes set out in the Fund's Governing Documents. Upon such termination, any prepaid, unearned fees will be promptly refunded by Faction (determined on a pro rata basis based on the number of days elapsed in the applicable fee payment period), and any earned, unpaid fees will be due and payable by the applicable Fund.

E. Outside Compensation for the Sale of Securities

Except as otherwise disclosed, neither the Firm nor any of its supervised persons receive, directly or indirectly, any compensation from the sale of securities or other investment products.

It is critical that Investors refer to the relevant confidential private offering memorandum, explanatory memorandum, and other Fund Governing Documents for a complete understanding of Advisory Fees and Expenses. The information contained herein is a summary only, qualified in its entirety by such documents, and does not preclude materially different fee and expense terms for future Funds sponsored or managed by the Firm and its affiliates.

Item 6. Performance-Based Fees

Faction is generally entitled to receive carried interest based on net profits after other distributions are made to the limited partners, as specified in the Governing Documents. The existence of the carried interest may motivate the Firm to make investments that are riskier or more speculative than those which would be made under a different compensation arrangement. In addition, if in the future the Firm agrees to manage assets where it (or an affiliate) does not charge a carried interest, Faction may have an incentive to favor the Funds investing under a carried interest fee structure. However, the Firm is committed to acting at all times in the best interests of its Funds. To this end, the Firm has implemented internal controls, which are further described in the Firm's compliance policies and procedures, to address the potential conflicts associated with performance-based fees.

Item 7. Types of Clients

Faction intends to provide investment advisory services to pooled investment vehicles which are exempt from the definition of investment company under the Investment Company Act. As discussed in Item 4, interests in the Funds will be offered privately and generally available only to persons who are "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act.

Faction generally requires a minimum capital commitment of \$1 million for its Funds; however, the Firm maintains discretion to individually waive, increase or reduce the minimum investment required.

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

A. Methods of Analysis and Investment Strategies

Faction's Funds are focused on generating long-term capital appreciation through privately negotiated venture equity and token investments in early stage blockchain companies and projects. In addition, the Funds may invest some of its assets in other pooled investment vehicles. Faction's investment strategy will focus on three critical areas of blockchain technology including: infrastructure, financial services, and emerging applications / use cases.

B. Risks of Investments and Strategies Utilized

The Firm's strategy and a corresponding investment in the Funds involve a significant degree of risk. There can be no assurance that the Funds' investment objectives will be achieved, or that investors will receive a return of his, her or its capital. Risks associated

with an investment in the Funds include, but are not limited to, the following and should be carefully evaluated before making an investment in the Funds and the interests offered.

General Risks

Competition: The business of identifying, structuring and implementing investments in venture capital transactions is highly competitive. The Funds will be competing for investments against other groups, including institutional investors, investment managers and industrial groups owned by large and well-capitalized investors. It is possible that competition for appropriate investment opportunities may limit significantly the number of opportunities available to the Funds and/or adversely affect the terms upon which investments can be made. There can be no assurance that the Funds will be successful in its efforts to identify attractive investment opportunities, and it is possible that the Funds' capital commitments will not be fully utilized if sufficient attractive investments are not identified and consummated by the Funds during the investment period.

Risks Associated with Portfolio Investments: While venture capital investments offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk and can result in substantial losses. There generally will be little or no publicly available information regarding the status and prospects of portfolio companies. Many investment decisions by the general partner will be dependent upon the ability to obtain relevant information from non-public sources, and the general partner may be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the general partner's control. Portfolio companies may have substantial variations in operating results from period to period, face intense competition, and experience failures or substantial declines in value at any stage. Existing volatility may adversely affect the development of portfolio companies, the ability of the partnership to dispose of investments, and the value of investment securities on the date of sale or distribution by the partnership. In particular, the receptiveness of the public market to initial public offerings by the partnership's portfolio companies may vary dramatically from period to period. An otherwise successful portfolio company may yield poor investment returns if it is unable to consummate an initial public offering at the proper time. Even if a portfolio company effects a successful public offering, the portfolio company's securities may be subject to contractual "lock-up," securities law or other restrictions which may, for a material period of time, prevent the partnership or the limited partners from disposing of such securities. Similarly, the receptiveness of potential acquirers to the partnership's portfolio companies will vary over time and, even if a portfolio company investment is disposed of via a merger, consolidation, or similar transaction, the partnership's stock, security, or other interests in the surviving entity may not be marketable. There can be no guarantee that any portfolio company investment will result in a liquidity event via public offering, merger, acquisition, or otherwise. Generally, the investments made by the partnership will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. At the time of the partnership's investment, a portfolio company may lack one or more key attributes (e.g., proven technology, marketable product, complete management team, or strategic alliances)

necessary for success. In most cases, investments will be long term in nature and may require many years from the date of initial investment before disposition.

Reliance on Portfolio Company Management: Although the partnership may seek representation on the board of directors of each of the portfolio companies or otherwise provide management and strategic planning assistance, the partnership will not have an active role in the day-to-day management of the companies in which it invests. To the extent that the senior management of a portfolio company performs poorly, or if a key manager of a portfolio company terminates employment, the partnership's investment in such company could be adversely affected. The returns of the partnership will depend in large part on the performance of these unrelated individuals and could be substantially adversely affected by the unfavorable performance of a small number of such individuals. The success of the portfolio companies depends in substantial part upon the skill and expertise of the portfolio company managers. There can be no assurance that the key personnel of each portfolio company's managers will continue to be associated with such portfolio company throughout the life of such portfolio company.

Long Term Investment: An investment in the partnership is a long-term commitment and there is no assurance of any distribution to the limited partners. There is not now, and there is not expected to be, a public market for the limited partner interests in the partnership. The interests may not be assigned, transferred or encumbered without the prior written consent of the general partner. Accordingly, a limited partner may not be able to liquidate its investment and must be prepared to bear the risks of owning its interest for an extended period of time. The interests will not be registered under the Securities Act, or under the various "Blue Sky" or securities laws of the state or jurisdiction of residence of any limited partner. The interests are being offered only to selected "accredited investors" under an exemption from registration provided by Section 4(a)(2) of the Securities Act and the rules of the Securities and Exchange Commission (the "SEC") thereunder and exemptions from registration provided under the various applicable "Blue Sky" and other state securities laws. The inability to transfer interests in the partnership may limit the availability of estate planning strategies.

Illiquidity of Interests: The interests are highly illiquid. There is no public market for the interests (with the exception of select blockchain token investments) and none is expected to develop. The partnership agreement will contain restrictions on the transferability of the interests. Voluntary withdrawals of interest are not permitted, except in limited instances as set forth in the partnership agreement. Consequently, limited partners may not be able to liquidate their investment in the event of a change of circumstance or for other reasons. A withdrawn limited partner may not be entitled to immediate payment for its interest in the partnership. Any withdrawal of a limited partner may reduce the amount of partnership capital available for investment or other activities.

Economic and Market Risk: The partnership's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the partnership operates may undergo substantial changes, some of which may be adverse to the partnership. The general partner will have

the exclusive right and authority (within limitations set forth in the partnership agreement) to determine the manner in which the partnership shall respond to such changes, and limited partners generally will have no right to withdraw from the partnership or to demand specific modifications to the partnership's operations in consequence thereof. Companies in which the partnership invests may be sensitive to general downward swings in the overall economy. Changes in economic conditions, including, for example, inflation rates, industry conditions, competition, technological developments, domestic and global political and diplomatic events and trends, tax laws, credit market conditions and innumerable other factors - none of which will be within the control of the general partner - can affect substantially and adversely the business and prospects of the partnership. A major recession or adverse developments in the securities or credit markets might have an impact on some or all of the partnership's investments. A sustained period of low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical values, which would reduce the returns that could be achieved by the partnership. In addition, factors specific to a portfolio company may have an adverse effect on the partnership's investment in such company. The general partner may rely upon its own or a portfolio company's projections concerning the portfolio company's future performance in making investment decisions. Such projections are inherently subject to uncertainty and to certain factors beyond the control of the portfolio company and the general partner. All portfolio companies may face intense competition, changing business and economic conditions, risks of technological acceptance and obsolescence or other developments that may adversely affect their performance.

Epidemics, Pandemics and Market Disruption: Faction's business may be materially affected by conditions in the global financial markets and economic conditions or events throughout the world that are outside of Faction's control. This includes but is not limited to, economic uncertainty, slowdown in global growth, changes in laws (including laws relating to taxation and regulations on the financial industry), geo-political clashes (such as the current war in Ukraine), due to disease, pandemics or other severe public health events. Worth noting as well are trade and travel barriers, volatility in commodity prices, currency exchange rates and controls and other national and international political circumstances. Disease, pandemics, or other severe public health events (such as novel strain of coronavirus from December 2019) may necessitate partial or complete remote work. Heavy reliance on external sources for information and technology may make a business more vulnerable to cybersecurity incidents and cyberattacks. See "Cybersecurity Risks" below for an additional discussion about cybersecurity risks.

Recent Developments in the Banking Sector: Recent bank closures in the United States have caused uncertainty for financial services companies and fear of instability in the global financial system generally. In addition, certain financial institutions – in particular smaller and/or regional banks – have experienced volatile stock prices and significant losses in their equity value, and there is concern that depositors at these institutions have withdrawn, or may withdraw in the future, significant sums from their accounts at these institutions. Notwithstanding intervention by U.S. governmental agencies to protect the uninsured depositors of banks that have recently closed, there is no guarantee that the

uninsured depositors of a financial institution that closes (which depositors 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. There is a risk that other banks, or other financial institutions, may be similarly impacted, and it is uncertain what steps (if any) regulators may take in such circumstances. As a consequence, for example, the Funds and/or their portfolio companies may be delayed or prevented from accessing money, making any required payments under their own debt or other contractual obligations or pursuing key strategic initiatives, and Investors may be impacted in their ability to honor capital calls and/or receive distributions. In addition, such bank failures or instability could affect, in certain circumstances, the ability of both affiliated and unaffiliated joint venture partners, co-lenders, syndicate lenders or other parties to undertake and/or execute transactions with the Funds, which in turn may result in fewer investment opportunities being made available to the Funds, result in shortfalls or defaults under existing investments, or impact the Funds' ability to provide additional follow-on support to portfolio companies. In addition, in the event that a financial institution that provides credit facilities and/or other financing to a Fund or its portfolio companies closes or experiences distress, there can be no assurance that such bank will honor its obligations or that such Fund or such portfolio company will be able to secure replacement financing or capabilities at all or on similar terms. There can be no assurances that the Funds or their portfolio companies will establish banking relationships with multiple financial institutions, and the Funds and their portfolio companies are expected to be subject to contractual obligations to maintain all or a portion of their respective assets with a particular bank (including, without limitation, in connection with a credit facility or other financing transaction). 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. These recent developments may also have other implications for broader economic and monetary policy, including interest rate policy. For the foregoing reasons, there can be no assurances that conditions in the banking sector and in global financial markets will not worsen and/or adversely affect the Funds, their portfolio companies or their respective financial performance.

Dependence on the Key Persons: The Funds will be dependent upon the activities of certain key Firm members and employees (the “Key Persons”). The loss of one or more of these individuals could have a significant adverse impact on the business of the Funds and its financial performance. There can be no assurance that the General Partner will be able to retain the Key Persons. In addition, each of the Key Persons will continue to devote time and energy to managing investments of the prior Funds and, may in the future manage additional accounts and investment vehicles that have investment objectives comparable in whole or in part to those of the Funds. Accordingly, the Key Persons will be unable to devote their exclusive attention to the affairs of the Funds. Further, each of the Key Persons

will have fiduciary duties to such other accounts and investment funds, and there may be situations in which the Firm, the General Partner or their affiliates has a duty or an interest which conflicts with its duty to or the interests of the Funds or the Funds' underlying investments.

Bridge Financings: From time to time, the partnership may lend to portfolio companies on a short term, unsecured basis in anticipation of a future issuance of equity securities. Such bridge loans would typically be convertible into equity securities; however, for reasons not always in the partnership's control, such equity securities may not be issued, and such bridge loans may remain outstanding. In such an event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the partnership.

Leverage: Although the partnership itself does not intend to borrow, other than certain short-term borrowings, portfolio companies may borrow without limitation. While leverage presents opportunities for the partnership's total return, it also has the effect of potentially increasing losses. If income and appreciation of such portfolio companies are less than the required payment on the borrowings, the value of such portfolio companies, and thus of the partnership's net assets, may decrease or, in extreme cases, the partnership could suffer a total loss. Accordingly, any event that adversely affects the value of an investment by the partnership may be magnified to the extent that a portfolio company is leveraged.

Contingent Liabilities on Disposition of Investments: In connection with the disposition of an investment in a portfolio company, the partnership may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. The partnership may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the general partner may establish reserves and escrows. In that regard, distributions may be delayed or withheld or, if made, may be subject to recall until such reserve is no longer needed. Furthermore, under the Delaware Revised Uniform Limited Partnership Act, each limited partner that receives a distribution in violation of such Act will be obligated, under certain circumstances, to recontribute such distribution to the partnership.

Investments in Private Companies: The Funds will invest in privately held companies. These private companies may have little or no revenue, may not be profitable and may require considerable additional capital to develop markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. Such companies may face intense competition, including competition from more established companies with much greater resources. Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage. Less established companies tend to have lower capitalizations and fewer resources and therefore may be more vulnerable to financial

failure. Such companies also have shorter operating histories on which to judge future performance.

Freedom of Information/Sunshine Laws: Under “freedom of information,” “sunshine,” “public records,” and similar laws, certain governmental or other regulated entities such as state universities and pension partnerships may be required to publicly disclose confidential information regarding the partnership or its portfolio companies, notwithstanding contractual obligations (such as those contained in the partnership agreement) to the contrary. Any such disclosure could have a material adverse effect upon the partnership or its portfolio companies, and could even expose the partnership, the general partner or the partners of the general partner to claims for damages brought by portfolio companies or other persons related thereto. The partnership agreement will not prohibit such entities from being admitted to the partnership.

Special Caution for Investors in Later Closings: It is expected that, following the partnership’s initial closing, the partnership will engage in a variety of investment and investment-related activities. In connection with such activities, the partnership and the general partner likely will obtain confidential information regarding actual or potential portfolio companies. The general partner and the partnership generally will not disclose such information to prospective limited partners in connection with their consideration of an investment in the partnership. As a more general matter, any person considering an investment in the partnership (including an existing limited partner that is considering an increase to its capital commitment) subsequent to the partnership’s initial closing should assume that the general partner and the partnership will be in possession of information (such as information relating to actual or prospective portfolio companies, to actual or prospective limited partners, or to other matters arising subsequent to such initial closing) which information both: (x) would be material to such person’s evaluation of an investment in the partnership; and (y) will not be disclosed to such person by the general partner or the partnership in connection with such evaluation. The general partner and the partnership explicitly disclaim any obligation to update the offering materials to include (or otherwise inform prospective limited partners of) any such information. Under some circumstances, a person considering an investment in the partnership may be provided with copies of the partnership’s financial statements for periods following the initial closing. Any such person is cautioned that it will be inherently difficult to determine the value of private company securities held by the partnership and that, accordingly, it would be inappropriate to interpret any information set forth in such statements as a representation or warranty regarding the true fair market value of any such securities.

Cybersecurity Risks: The Firm, the Funds and their service providers are susceptible to cybersecurity risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems, compromises to networks or devices that the Firm, the Funds and their service providers use to service the Funds’ operations; or operational disruption or failures in the physical infrastructure or operating systems that support the Firm, the Funds and their service providers. Cyberattacks against or security breakdowns of the Firm, the Funds or their service providers

may adversely impact the Funds and their investors, potentially resulting in, among other things, (i) financial losses; (ii) the inability of the Firm or the Funds to transact business; (iii) the Funds to process transactions; (iv) violations of applicable privacy and other laws; and (v) regulatory fines, penalties, reputational damage, reimbursement or other compensation costs and/or additional compliance costs. The Firm and the Funds may incur additional costs for cyber security risk management and remediation purposes. In addition, cybersecurity risks may also impact issuers of securities in which the Funds invest, which may cause a Fund's investment in such issuers to lose value. There can be no assurance that the Firm, a Fund or its service providers will not suffer losses relating to cyber-attacks or other information security breaches in the future.

Data Protection: Data protection and regulations related to privacy, data protection and information security could increase costs, and a failure to comply could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of one or more portfolio companies and the partnership. Such portfolio companies are subject to regulations related to privacy, data protection and information security in the jurisdictions in which they do business. As privacy, data protection and information security laws are implemented, interpreted and applied, compliance costs may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place. Compliance with current and future privacy, data protection and information security laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and partnership's current and planned business activities. A failure to comply with such laws could result in fines, sanctions or other penalties, which could materially and adversely affect the results of the partnership's operations and overall business.

Difficulty in Valuing Portfolio Investments: The partnership's investment portfolio will consist primarily of high-risk investments in unseasoned companies, and most of the partnership's investments will be difficult to value. There will be no readily available market for most of the partnership's investments. Valuations of such investments may vary from similar valuations performed by independent third parties for similar types of securities or assets. The value of the partnership's investments may also be affected by changes in accounting standards, policies, or practices. Due to a wide variety of market factors and the nature of certain securities and assets to be held by the partnership, there is no guarantee that the value determined by the general partner will represent the value that will be realized by the partnership on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment.

Formation of New Funds: Subject to the terms of the Partnership Agreement, the General Partner may establish additional funds which may be competitive with the Funds, and there can be no assurance that the creation of such additional funds will not give rise to conflicts of interest between the investors of the respective funds with respect to allocation of investment opportunities and other matters.

Risks Associated with Blockchain Investments and Crypto Assets

General Risks Blockchain-based financial transactions are entirely novel from a legal, tax, and regulatory perspective, and they create uncertainties, and therefore risks, as to compliance with a wide variety of laws, including those relating to the offer, sale, and trading of securities, commodities, derivatives, and other financial instruments; anti-money laundering; currency regulation; regulation of banks and other financial institutions; and taxes, tax withholding, and tax reporting. Participants in the blockchain marketplace are expected to face increasing scrutiny from regulators and tax authorities, both in the United States and abroad, particularly if, as blockchain markets grow (as the principals of the General Partner hope they will), incidents of misconduct, including fraud and theft, involving blockchain-based transactions also increase.

Risks of Investments in Blockchain Technology Companies. The legal uncertainties associated with the blockchain marketplace described above, as well as the novel nature of blockchain technology itself, also present special risks for the Funds' portfolio companies that could materially and adversely affect the Funds. For example:

- The Funds' portfolio companies that are blockchain technology companies are generally young, private technology companies with insufficient historical financial or operating performance information to predict the profitability and returns of the company.
- Compared with start-up companies in other more traditional industries, the Funds' portfolio companies, or their related persons and agents, may be more likely to face investigations, claims, or findings that their involvement in the development or use of the blockchain technologies, or their participation in the blockchain marketplace, violates applicable law.
- Compared with other companies, the Funds' portfolio companies may be more attractive targets for malicious hacking or other cyberattacks, and thus be subject to greater cybersecurity risks (including misappropriation of personal data or other property or technological sabotage).
- Blockchain technologies are often premised on theoretical conjectures as to the impossibility, in practice, of solving certain mathematical problems quickly. Those conjectures remain unproven, however, and mathematical or technological advances could conceivably show them to be incorrect. Blockchain technology companies may also be negatively affected by cryptography or other technological advances, such as the development of quantum computing, that undermine or vitiate the cryptographic consensus mechanism underpinning most current blockchain and distributed ledger protocols. If either of these events were to happen, the Funds' portfolio companies and marketplaces that rely on blockchain technologies could quickly collapse.

Lack of History. Crypto assets are a relatively recent technological innovation. Bitcoin is widely considered to be the first popular crypto asset and was invented in 2009. Other crypto assets in which the Funds may invest were created after Bitcoin and, in certain cases, may not be in existence as of the date of this Memorandum. This limited operating and

trading history limits the General Partner's ability to evaluate the investment opportunity of a crypto asset and limits the ability of Investors to evaluate an investment in the Funds.

Diverse Use of Crypto Assets; Decreased Adoption. As a new asset and technological innovation, the crypto asset industry is subject to a high degree of uncertainty. Crypto assets are used by market participants for various purposes. Certain crypto assets, such as Bitcoin, are considered to be a store of value, similar to gold, silver and other precious metals. Certain crypto assets are created, disseminated, distributed or issued by a company ("***Token Sponsor***") and are intended to be used in connection with a specific service or product developed by such Token Sponsor. Certain other crypto assets may be considered to be equity interests or other interests in the company that issued such crypto assets. There is no guarantee that market participants will continue to use crypto assets for such purposes or that any crypto asset will maintain its value in the long term. A lack of expansion, or a decrease, in usage of any crypto asset could adversely impact the price of the crypto asset and the Funds' performance.

Regulatory Uncertainty. Regulation of crypto assets continues to evolve in the United States and foreign jurisdictions. Regulatory actions could negatively impact crypto assets in various ways, including, for purposes of illustration only, through a determination that one or more crypto assets are regulated financial instruments that require registration or licensing for ownership or for transactions (such as the simple agreement for future tokens ("***SAFT***"), the simple agreement for future equity ("***SAFE***"), or the simple agreement for future tokens or equity ("***SAFE-T***"). The Funds may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction. The Funds may also be required to dispose of investments for which the Funds is not qualified as holders or investors.

Token Wallets; Private Keys. The Funds will hold crypto assets in a digital "wallet" with one or more third-party custodians that the General Partner, in its sole discretion, deems appropriate for any such crypto asset. Storage of a crypto asset in a digital wallet generally represents the public address associated with the underlying blockchain, which is known as the "public key." In order to transfer a crypto asset to or from the digital wallet, the controller of the wallet must also have a unique, private numerical code, often referred to as the "private key." To the extent a private key in respect of any crypto asset is lost, destroyed, accessed by a third party or otherwise compromised and no backup of the private key is accessible, the Funds or custodian will be unable to transfer the crypto asset held in the public wallet address associated with that private key. Consequently, such crypto assets will effectively be lost, which could adversely affect an investment in the Funds.

Protocol Developments; Blockchain "Forks." The protocols on which crypto assets are based are generally open-source software. Any user can download the software, modify it and then propose that users and miners of a specific crypto asset adopt the modification. When a modification is introduced and a substantial majority of users and miners consent to the modification, the change is implemented, and the crypto asset's protocol and network remains uninterrupted. However, if less than a substantial majority of users and miners

consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a “fork” (*i.e.*, “split”) of the crypto asset’s network (and the Blockchain), with one prong running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of the crypto asset’s network running in parallel, but with each version’s crypto asset (the asset) lacking interchangeability.

- Additionally, a fork could be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software users run. Although chain forks would likely be addressed by community-led efforts to merge the two chains (and in fact, several prior historical forks have been so merged), such a fork could adversely affect a crypto asset’s viability. It is possible, however, that a substantial number of a crypto asset’s users and miners could adopt an incompatible version of the crypto asset while resisting community-led efforts to merge the two chains. This would result in a permanent fork. If a permanent fork occurs, then the Funds may have to choose which crypto asset to hold or may hold amounts of both the original crypto asset and the alternative new crypto asset. As a result, the General Partner would need to decide whether to continue to hold the original crypto asset, the alternative new crypto asset or both, and what action to take with respect to the unselected crypto asset, such as the possible sale of the unselected crypto asset. The General Partner’s decision to continue to hold either the original or alternative new crypto asset would be based on factors such as the market value and liquidity of the original crypto asset versus the alternative new crypto asset. Past crypto asset forks have resulted in the trading of the different crypto assets at different prices and with different levels of liquidity.

Risks Associated with the Token Protocol. Crypto assets are generally based on protocols, such as the Bitcoin Protocol or the Ethereum Protocol. Any malfunction, breakdown or abandonment of the crypto asset’s protocol may have a material adverse effect on the value of the crypto assets. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to the crypto assets by rendering ineffective the cryptographic consensus mechanism that underpins a crypto asset’s protocol.

Security of Crypto Assets and Networks. Hackers or other malicious groups or organizations may attempt to interfere with the crypto assets and/or crypto asset networks in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, because a crypto asset’s network is based on open-source software, there is a risk that a third party or a member of the development team of a particular crypto asset may intentionally or unintentionally introduce weaknesses into the core infrastructure of the crypto asset’s network, which could negatively affect the network and the crypto asset. If there is a “hacking” event at an entity at which the Funds’ crypto assets are stored, it is possible that the Funds could be “distributed” a share of loss by the operators of such entity and the Funds may have no recourse if such a distribution occurs.

Dissolution of Network or Token Sponsor. It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of a crypto asset (or other cryptographic and fiat currencies), decrease in a crypto asset's utility, the failure of commercial relationships, the failure of the Token Sponsor or intellectual property ownership challenges, the crypto asset's network may no longer be viable to operate. The dissolution of a crypto asset's network or a Token Sponsor (if applicable) may adversely impact such crypto asset's value.

"Stablecoin" Risks. The term "Stablecoin" refers to a crypto asset with a value that is pegged to a reference asset, such as the U.S. Dollar. In some cases, the value of the Stablecoin is determined by reference to assets backing the Stablecoin and, in other cases, the value is determined by a pricing methodology that is used to maintain the price of the Stablecoin. The regulatory status of Stablecoins as "securities" or regulated derivatives products is unclear. There is a risk that these products will be recharacterized by the CFTC as regulated derivative instruments or the SEC as securities. If such a recharacterization occurs, the Funds may need to sell their Stablecoin holdings to maintain their derivatives trading under certain thresholds to allow the General Partner to continue to rely on exemptions from CFTC registration requirements or suffer significant losses. Moreover, there is no guarantee that the value of a given Stablecoin will not fluctuate and become unpegged to its reference asset. There is a risk that the Funds will suffer significant losses in the event that a Stablecoin held by the Funds decrease in value relative to its reference asset.

No FDIC or SIPC Protection. The Funds and, usually, the custodians, wallets, and exchanges that the Funds use, are not banking institutions, broker-dealers, or otherwise members of the Federal Deposit Insurance Corporation ("***FDIC***"), Securities Investor Protection Corporation ("***SIPC***"), or any similar insurance arrangement. Therefore, crypto assets held by the Funds are not subject to the protections enjoyed by depositors with FDIC insurance coverage or by broker-dealer customers that benefit from SIPC insurance coverage. The Funds are not likely to receive the benefits of any insurance or fidelity bond coverage with respect to crypto assets.

Unanticipated Risks. Cryptographic tokens such as the crypto assets are a new and still largely untested technology. In addition to the risks discussed in this Memorandum, there are other risks associated with your purchase of the Interests that the Funds and the General Partner are unable to anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks discussed in this Memorandum.

General Market Risk. Since the financial crisis, the global economy and equity markets have largely improved. Bitcoin was the first broadly adopted crypto asset and was invented in 2009. With a short existence and trading history, it is unclear how the value of crypto assets generally, and any particular crypto asset, will react to factors relating to market activity or the economy in general. The market for crypto assets is global in nature. Therefore, both domestic and international concerns can affect crypto asset prices. Exogenous events may have adverse effects on the strategies.

New and Unregulated Crypto Assets Exchanges. The crypto assets exchanges are relatively new and often largely unregulated and, therefore, may be more exposed to fraud and failure than established, regulated exchanges for other assets. The value of crypto assets on crypto assets exchanges that are largely unregulated may be inaccurate and the rules or regulations that apply to crypto assets exchanges are subject to change, which may result in the listing of crypto assets held by the Funds to be removed from certain crypto assets exchanges. Many crypto assets exchanges do not provide the public with significant information regarding their ownership structure, management teams, corporate practices or regulatory compliance. As a result, the marketplace may lose confidence in, or may experience problems relating to, crypto assets exchanges, including prominent exchanges handling a significant portion of the volume of trading. Crypto assets 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. The participation in crypto assets exchanges requires users to take on credit risk by transferring crypto assets from a personal account to a third-party account. Because of the regulatory uncertainty regarding treatment of crypto assets in the United States, crypto assets exchanges operating in the United States have taken divergent approaches to complying with various regulatory regimes. Some crypto assets exchanges have registered with FinCEN and the states as money transmitters, which are subject to certain anti-money laundering and other requirements. These crypto assets exchanges typically limit the crypto assets that can be exchanged on them to ones they consider to be non-security crypto assets, but there is no certainty that their analysis of the security status of a crypto asset is accurate or that federal or state regulators will agree with their determinations. Other crypto assets exchanges have attempted to register with the SEC and FINRA as alternative trading systems, which, if approved, would enable those crypto assets exchanges to list crypto assets that are securities under federal securities laws. However, there are currently no crypto assets exchanges in the United States that have been approved by the SEC and FINRA to operate as alternative trading systems, and it is unclear if and when the SEC and FINRA will approve any crypto assets exchanges going forward. Without more regulatory certainty and without appropriate regulatory approvals, crypto assets exchanges are more vulnerable to price manipulation, fraud, cybersecurity failures and other operational problems than regulated exchanges. Any price manipulation, fraud, cybersecurity failures or other operational problems experienced by crypto assets exchanges could result in a reduction in the value of crypto assets, including those held by the Funds, and could, in turn, adversely affect an investment in the Funds.

Crypto Asset Market Manipulation and Fraud Risk. Much of the daily trading volume of crypto assets is conducted on poorly capitalized, unregulated, unaudited and unaccountable crypto assets exchanges located outside of the United States where there is little to no regulation governing trading or listing requirements. Crypto assets exchanges may engage in unethical practices that may have a significant impact on the pricing of crypto assets, such as front-running, wash trades and trading with insufficient funds. To the extent that crypto assets exchanges are manipulated, the market prices for crypto assets may as a result decline, which may have an adverse effect on the Funds' portfolio companies. There exists shallow trade volume, extreme hoarding and low liquidity on crypto assets exchanges and high bankruptcy risk in the crypto assets market. The trade volume on crypto assets

exchanges tends to be shallow. Many crypto assets are hoarded by a few owners or are entirely out of circulation. Ownership concentration is high, which increases liquidity risk because large blocks of crypto assets are difficult to sell in a timely and efficient manner. In addition, not all crypto assets exchanges treat all customers equally. The daily trade volume of the crypto assets is only a small fraction of total crypto assets mined. The lack of a robust and regulated derivatives market for crypto assets means that market participants do not have a broad basket of tools at their disposal, making hedging difficult and keeping away many market makers that provide significant liquidity to traditional capital markets. The crypto assets market currently lacks institutional-grade infrastructure participants which would help stabilize the market. The value of crypto assets may be subject to momentum pricing and therefore, an inaccurate valuation. Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. The price of a crypto assets is determined primarily using data from crypto assets exchanges and other over-the-counter markets or derivative platforms. Momentum pricing of crypto assets has resulted, and may continue to result, in speculation regarding future appreciation in the value of the crypto assets, inflating and making more volatile the price of crypto assets. Crypto assets that lead the market may be subject to even more speculation.

Risk of 51% Attack. Transactions in cryptocurrencies based on blockchain technology are subject to what is referred to as “51% attacks.” The transactions on the blockchain are processed by “miners” and this processing consumes much computing power. The technology has a known vulnerability in case one miner is able to process more than 50% of the transactions throughput. In this case such a miner may be able to change the transaction history in a way that will benefit him or herself to the detriment of other holders of the cryptocurrency. A successful such attack may lead to complete loss of confidence in the cryptocurrency and rapid deterioration in its price until it potentially becomes worthless.

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

Irreversibility of Transactions and Risk of Unauthorized or Erroneous Use. The distributed ledger used to keep track of ownership and transfers of cryptocurrency does not allow for central control by any person or entity. As a result, all transactions, even erroneous or unauthorized ones, are irreversible. Although the third-party wallet providers and exchanges used by the Funds may implement state of the art online security measures, an unauthorized person could gain control of a Funds’ or its counterparties’ cryptocurrency or other cryptocurrency wallets and issue unauthorized payments. While the Funds will use

reasonable security measures including but not limited to controlling access to the Funds' cryptocurrency and other accounts via the use of multi-factor-authentication tokens, there is no guarantee that the General Partner's computers or home or office networks cannot be hacked, thus leading to a compromise of secret passwords and account access information. In the case of unauthorized transfer of cryptocurrencies or other cryptocurrency, the stolen cryptocurrencies may never be recovered. Even though the wallet address to which the stolen cryptocurrencies were transferred to by the perpetrator will be visible, as all transactions on the cryptocurrency blockchain are publicly visible, the identity of the perpetrator may never be found. The perpetrator may be able to then transact with the stolen cryptocurrencies and exchange them for goods, services, fiat currency, or other cryptocurrencies, in which case tracking the stolen cryptocurrencies may lead to a legitimate person or entity who purchased them unaware of their illegitimate origin, wherein the valuables exchanged for the stolen cryptocurrencies may no longer be traceable or within reach of law enforcement, yet remain in control of the perpetrator. Similarly, the irreversible nature of the transactions in cryptocurrencies means that an erroneous payment made may not be reversed and the receiving party may not be reachable or influenced to issue a new payment to overturn the erroneous one. The Funds may be adversely affected by such an unauthorized or erroneous transaction via a wallet it owns directly, or via its exposure to another counterparty such as a cryptocurrency exchange, wherein the latter may be affected by an unauthorized or erroneous transaction leading to losses.

Price Volatility Risk. The value of the Funds' assets may fluctuate significantly over short periods of time. Accordingly, Investors should understand that the results of a particular period will not necessarily be indicative of results in future periods. Changes in the degree of volatility of the market from the General Partner's expectations may produce material losses to the Funds. Crypto asset markets are susceptible to severe events evidenced by a rapid depreciation in asset values accompanied by a reduction in asset liquidity. Severe market events are difficult to predict, and significant losses could be realized in the wake of such events.

Token Sponsor Risk. Although the Funds' investments in crypto assets may offer the opportunity for significant gains, such investments will involve a high degree of business and financial risk that can result in substantial losses. These risks include the risks associated with investment in crypto assets issued by, and closely linked with the success of, Token Sponsors. Token Sponsors may include companies that are in an early stage of development or with limited operating history, companies operating at a loss or with substantial variations in operating results from period to period, and companies that need substantial additional capital to support expansion or to achieve or maintain a competitive position. Such Token Sponsors may face intense competition, including competition from companies with greater financial resources; more extensive development, manufacturing, marketing, and service capabilities; and a larger number of qualified managerial and technical personnel. The Funds may take significant positions in crypto assets of Token Sponsors that are in rapidly changing fields, which may face special risks of product obsolescence.

Political and Economic Risks. Investing in crypto assets is subject to the risk of political, social, or economic instability, variation in international trade patterns, the possibility of the imposition of exchange controls, expropriation, confiscatory taxation, limits on movement of currency or other assets and nationalization of assets. Any of these actions could severely affect crypto asset prices or impair the ability to purchase or sell crypto assets or transfer assets or income back into the U.S. The economies of certain foreign markets may not compare favorably with the economy of the U.S. with respect to such issues as growth of gross national product, reinvestment of capital, resources and balance of payments position. Other potential foreign market risks include difficulties in pricing crypto assets and difficulties in enforcing legal judgments in foreign courts. Diplomatic and political developments, including rapid and adverse political changes, social instability, regional conflicts, terrorism and war, could affect the economies, industries and crypto asset, securities and currency markets, and the value of an account's investments, in non-U.S. countries. These factors are extremely difficult, if not impossible, to predict and take into account.

Concentration Risk. The Funds will be invested significantly in securities and crypto assets or token-related instruments. The Funds do not represent a diversified trading strategy and may be subject to higher volatility than other investments. Although the Funds intend to invest across a range of securities and crypto assets using a variety of strategies and with a variety of investment timeframes, the Funds' investments are concentrated, directly or indirectly, in crypto assets.

Direct Transactions; Counterparty Risk. For their trading needs, the Funds intend to buy crypto assets from and sell crypto assets to both crypto asset exchanges and direct (sometimes called over the counter or OTC) trading counterparties. The Funds may seek trading arrangements under which payment for and delivery of a crypto asset occur at or near the same time, but it is possible that the Funds may remain subject to counterparty risk, including with respect to crypto asset exchanges and direct trading counterparties. To the extent a token exchange or direct trading counterparty fails to perform, either by failing to deliver a crypto asset when the Funds buy such crypto asset, or by failing to deliver U.S. dollars when the Funds sell such crypto asset, the value of the Interests may be adversely affected. This exposes the Funds to the risk that a token exchange or direct counterparty will not settle a transaction in accordance with its terms and conditions, thus causing the Funds to suffer a loss. Therefore, the Funds face the risk of trade failure and non-performance by token exchanges and direct counterparties and such non-performance may cause some or all of the Funds' trades, if any, to be unrealized. The Funds may not have the kind of recourse against a counterparty that would be common in securities markets, such as because the counterparty is in a foreign jurisdiction, is unregulated, is uninsured, is not well capitalized, or purports to be autonomous. Furthermore, the Funds may be subject to the risk that collateral or similar arrangements, such as arrangements under which the Funds or the counterparty are required to post collateral to support trades in the event of default, may fail for similar reasons.

Correlation Risk. U.S. and non-U.S. markets often rise and fall at different times or by different amounts due to economic or other developments particular to a given country or

region. Thus, investing in both U.S. and non-U.S. markets may lower the portfolio volatility of the Funds. Sometimes, however, global events will cause the U.S. and non-U.S. markets to move in the same direction, reducing or eliminating the benefit of such diversification.

Margin or Other Borrowing. The Funds may engage in borrowing including for cash management and investment purposes. If the value of the Funds' margin or collateral falls below the level required by a lender, additional margin or collateral deposits would be required. If the Funds were unable to satisfy any margin or collateral call by a lender, such lender could liquidate the Funds' position in some or all the investments that may be in the Funds' account at such lender and cause the Funds to incur significant losses. The failure to satisfy a margin or collateral call, or the occurrence of other material defaults under the Funds' financing agreements, may trigger cross-defaults of the Funds' agreements with other brokers, lenders, clearing firms or other counterparties, multiplying the adverse impact to the Funds. There can be no assurance that the Funds will be able to secure or maintain adequate financing. Margin interest rates tend to fluctuate with interest rates generally, and the Funds is at risk that interest rates generally, and margin interest rates in particular, will increase, thereby increasing the Funds' expenses.

Portfolio Turnover Rate Risk. The Funds may hold crypto assets for brief or substantial periods of time, and the crypto assets may be sold at any time such sale is deemed advisable for investment or operational reasons. To the extent that the Funds engage in active and frequent portfolio trading of crypto assets, they will have a correspondingly higher portfolio turnover rate. The Funds' high portfolio turnover rate will generally result in greater transaction-related expenses borne by the Funds and, ultimately, by Investors, and higher amounts of realized investment gain potentially subject to the payment of taxes by Investors. The Funds are not subject to a specific limitation on portfolio turnover.

Trading Suspensions. The United States, other governments, and U.S. and non-U.S. token exchanges retain the right to suspend or limit trading in crypto assets. Such a suspension might render it impossible for the General Partner to liquidate certain positions promptly and, accordingly, could expose the Funds to losses.

Governmental Supervision and Regulation. Holding assets outside of the U.S. entails additional risks, as there may be limited or no regulatory oversight of the operations of foreign exchanges, wallets or custodians, and there could be limits on the ability to recover assets if a foreign bank, depositary or Token Sponsor, or one of their agents, goes bankrupt. The U.S. government and many foreign governments generally do not supervise and regulate token exchanges. As such, crypto asset market participants may not be afforded the same level of protection as a market participant in traditional securities exchanges.

Illiquidity of Investments. Investments in crypto assets are subject to the risk that the realization of value from such investments may be difficult in the short-term or may have to be made at a substantial discount compared to other freely tradable investments. Some crypto assets are not well known, have few outstanding, may be thinly traded, or can be significantly affected by political and economic events. These crypto assets may be

particularly difficult to buy or sell, and the value of strategies that buy these crypto assets may rise and fall substantially. Newly created crypto assets or crypto assets with a smaller market capitalization may not be listed on a token exchange or traded through an organized market.

Access to Information. The General Partner is not in a position to confirm the completeness, genuineness or accuracy of the information and data it considers in making investment decisions, and in some cases, complete and accurate information is not available because certain information may be considered proprietary or otherwise confidential. These difficulties make it more difficult for investments to be evaluated and for the value of crypto assets to be accurately determined.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of every risk involved in an investment with Faction. Prospective investors should read the entire Brochure as well the Governing Documents that may be provided by Faction and consult with their own advisers prior to engaging Faction’s services.

Item 9. Disciplinary Information

There have been no legal or disciplinary events involving either Faction or any of its management persons that are material to Faction’s advisory business.

Item 10. Other Financial Industry Activities and Affiliations

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

Neither Faction nor any management person is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

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

Neither Faction nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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

Lightspeed Venture Partners (“LSVP”), an investment adviser, has a minority interest in Faction and will be providing Faction with fundraising assistance as well as certain strategic and business services to Portfolio Companies. LSVP will not be actively involved in the day-to-day operations or the investment decisions of Faction, including in

respect of the Funds. LSVP will also not be actively involved in the day-to-day operations of Portfolio Companies.

Certain of the Lightspeed Funds may have investment strategies that are the same as or similar to the Funds, and the Lightspeed Funds may compete with the Funds for investment opportunities. However, investment opportunities suitable for the Funds will be offered to Faction before consideration for Lightspeed Funds. LSVP may be prohibited from sharing investment opportunities with the Funds, including as a result of preexisting fiduciary or other duties to the Lightspeed Funds or their portfolio companies or contractual restrictions.

D. Selection of Other Advisers or Managers

Faction does not recommend or select other investment advisers for its Funds.

Item 11. Code of Ethics, Participation or Interests in Funds Transactions and Personal Trading

A. Code of Ethics

The Firm has adopted a Code of Ethics (the “Code”), which describes the Firm’s fiduciary duties and responsibilities to its Funds, and its underlying investors, which requires that the Firm’s employees act in the best interests of the Funds to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Funds to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. The Firm’s employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by the Firm or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of the Firm’s employees. The Code stipulates that employees must avoid activities, interests and relationships that might interfere with making decisions in the best interests of the Funds. Therefore, the employees shall not buy or sell securities for their personal portfolio when the reason for the purchase or sale decision is derived in whole or in part from information obtained during the employees’ business or employment with the Firm, unless such information is also available to the public on reasonable inquiry. The employees must not take personal advantage of any opportunity properly belonging to the Funds or the Firm, including acquiring securities or assets that would otherwise be acquired by the Firm on behalf of the Funds or by one of the related parties of the Firm. The Code also includes policies and procedures addressing conflicts of interest related to other employee activities such as gifts and business entertainment and outside business activities, including limitations and reporting requirements. The Firm provides a complete copy of its Code to any investor prospective investor upon request to the Chief Compliance Officer. Investors may contact the Firm to receive a copy of the Firm’s Code.

B. Recommendations Involving Material Financial Interests

From time to time, consistent with a Fund's investment objectives and subject to satisfaction of the policies and procedures set forth in the Code and in the Firm's compliance manual, the Firm may recommend that a Fund acquire or sell securities in which a related person of the Firm has a preexisting direct or indirect interest. A conflict of interest could arise in that the interested related person of the Firm could benefit from such a purchase or sale of the applicable security by a Fund. However, the Firm has policies and procedures designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions. These procedures are further detailed in the Firm's policies and procedures. Certain terms of certain Governing Documents further mitigate such conflicts. The Firm does not itself trade securities on a principal basis with the Clients. To the extent that the Firm and/or its related persons engage (or are deemed to engage) in principal securities transactions, any such transactions will comply with applicable law.

C. Investing Personal Money in the Same Securities as Funds

From time to time, subject to satisfaction of the policies and procedures set forth in the Code, the Compliance Manual and the Governing Documents, the Firm or a related person of the Firm may invest in the same securities that are recommended to a Fund. A potential conflict of interest could arise in that the Firm, or the interested related person of the Firm could benefit from the Funds' ownership of, or subsequent sale of, the applicable security. However, the Code and the Compliance Manual are designed to identify and manage conflicts of interest to the extent they arise in connection with the personal securities transactions and other investment activities of Faction's related persons. In particular, the Code requires that Faction's related persons abide by policies and procedures, including a pre-clearance procedure, in connection with certain of their personal securities trading activities, and such activities are monitored under the Code to ensure compliance with such policies and procedures.

D. Investing Personal Money in the Same Securities as Funds at about the Same Time

Neither Faction nor any of its related persons recommend securities to the Funds, or buys or sells securities for any Fund account, at or about the same time that Faction or any of its related persons buys or sells the same securities for the Firm's own account or any of its related persons' accounts.

Item 12. Brokerage Practices

A. Factors Used to Select or Recommend Broker-Dealers

Faction focuses on securities transactions of private companies and generally purchases and sells such companies through privately negotiated transactions. However, Faction reserves the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, where a public trading market exists. Although

Faction only periodically engages in public securities transactions, the following brokerage practices will be followed.

If Faction sells publicly traded securities for a Fund, Faction is responsible for directing orders to broker-dealers to effect securities transactions for the Funds managed by Faction. In such event, Faction will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Faction reserves the right to consider a variety of factors, including, but not limited to: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

Faction has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of the Funds. Although Faction generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Faction seeking to obtain best execution, brokerage commissions on transactions are permitted to be directed to brokers in recognition of research furnished by them, although Faction generally does not make use of such services at the current time and has not made use of such services since its inception.

Faction does not have any soft dollar arrangements with respect to securities transactions for the Funds.

Faction does not consider, in selecting or recommending broker-dealers, client referrals from a broker-dealer. Faction may receive referrals in the future and if it does it will appropriately amend this Brochure.

Faction does not accept directed brokerage arrangements. Securities transactions are executed by brokers selected by Faction in its discretion and without the consent of the Funds’ investors.

Item 13. Review of Accounts

A. Frequency and Nature of Periodic Review

Faction monitors the Funds’ portfolio as part of a continuous and ongoing process, while regular reviews are often conducted monthly or quarterly. All such reviews are conducted by the Firm’s investment professionals.

Faction's investment professionals review the Funds' portfolio on a regular basis, therefore there are no additional "triggering" events that would warrant a specific review.

B. Content and Frequency of Reports

Audited financial statements are provided to investors in each Fund within 120 days of the end of the Fund's fiscal year as required by Rule 206(4)-2 under the Advisers Act (the "Custody Rule").

Item 14. Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties

The Firm does not receive an economic benefit from anyone, other than its Funds, for providing investment advice or other advisory services to the Funds.

B. Compensation to Non-Advisory Personnel for Fund Investor Referrals

As of the date of this brochure, neither Faction nor any related person directly or indirectly compensate any person who is not a supervised person for Fund investor referrals.

Item 15. Custody

Faction is subject to Rule 206(4)-2 under the Advisers Act, also known as the "Custody Rule," which sets forth specific requirements relating to Fund securities or certain other assets over which the Firm has actual or constructive custody. The Firm's Chief Compliance Officer ensures that all privately offered securities, not held at a qualified custodian, do not violate the "Private Security Exemption" provided in the Custody Rule. The Funds' public assets are held for safekeeping by an independent qualified custodian – typically the Funds' prime brokers. The Firm ensures that any pooled investment vehicle's financial statements audited by an independent auditor that is registered with, and subject to regular inspection by, the PCAOB, in accordance with U.S. Generally Accepted Accounting Principles, are delivered to the underlying investors in each Fund within 120 days of the Fund's fiscal year end.

Wherever possible, Faction maintains clients' digital assets with qualified custodians. The Firm will never hold digital assets internally and will work with projects to custody on the fund's behalf if a qualified custodian does not provide support for the contemplated token.

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

Item 16. Investment Discretion

Faction accepts discretionary authority to manage assets and securities on behalf of its Funds. In such instances, Faction accepts discretion through the Governing Documents with the Funds.

Item 17. Voting Fund Securities

While the securities evidencing the investments made by the Funds are not typically the subject of proxies, there are circumstances where Faction, having discretionary authority over the accounts of the Funds, will be asked to vote the securities of such Fund on restructuring or other corporate matters.

To the extent Faction receives proxy voting authority, Faction believes that company management is generally best suited to make the decisions that are essential to the ongoing operation of the company. Therefore, Faction will generally vote proxies in line with company management. However, under circumstances where Faction believes that company management's proposal will not maximize value for the Funds, Faction will vote against company management. The Fund may obtain information about how proxies were voted or a copy of the Firm's proxy voting policies upon request.

Item 18. Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. Faction have no financial commitment that impairs their ability to meet contractual and fiduciary commitments to clients and have not been the subject of a bankruptcy proceeding.