



KALEIDOSCOPE

CAPITAL

PART 2A OF FORM ADV FIRM BROCHURE

March 29, 2024

This brochure provides information about the qualifications and business practices of Kaleidoscope Capital, LP ("Kaleidoscope Capital"). If you have any questions about the contents of this brochure, please contact us at (617) 765–2061. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Kaleidoscope Capital is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 MATERIAL CHANGES

There are no material changes to note at this time.

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ITEM 4 ADVISORY BUSINESS

Kaleidoscope Capital, LP (“Kaleidoscope Capital” or the “Investment Manager”), was established in 2014. Kaleidoscope Capital is headquartered in Boston, Massachusetts and provides investment management services on a discretionary basis to privately offered pooled investment vehicles which are registered with the Commodity Futures Exchange Commission (“CFTC”) as Commodity Pools (the “Kaleidoscope Funds” or the “Funds”). Kaleidoscope Capital’s principal owner is Nick Nanda.

The Kaleidoscope Funds currently comprise two master-feeder structures, and each master-feeder structure is comprised of three distinct Commodity Pools.

The Kaleidoscope Prism structure was established in 2015 and consists of:

- i. Kaleidoscope Prism Fund, LP (the “Prism Onshore Feeder” or the “Prism Onshore Feeder Commodity Pool”), a Delaware limited partnership,
- ii. Kaleidoscope Prism Offshore Fund, Ltd (the “Prism Offshore Feeder” or the “Prism Offshore Fund, Ltd. or “Prism Offshore Fund, Ltd. Commodity Pool), a Cayman Islands exempted company, and
- iii. Kaleidoscope Prism Master Fund, LP (the “Prism Master Fund” or the “Prism Master Fund Commodity Pool), a Cayman Islands exempted limited partnership (collectively, “Prism” or the “Prism Funds”).

The Kaleidoscope Fractal structure was established in 2019 and consists of:

- i. Kaleidoscope Fractal Offshore Fund Ltd (the “Fractal Offshore Feeder” or the “Fractal Offshore Feeder Commodity Pool”), a Cayman Islands exempted company,
- ii. Kaleidoscope Fractal Master Fund LP (the “Fractal Master Fund” or the “Fractal Master Fund Commodity Pool”), a Cayman Islands exempted limited partnership, and
- iii. Kaleidoscope Fractal Fund LP, a Delaware limited partnership (collectively, “Fractal” or the “Fractal Funds”).

Kaleidoscope also provides investment management services to the Kaleidoscope Insurance Dedicated Fund of the SALI Multi-Series Fund V, LP, (“Kaleidoscope IDF”), a Delaware series limited partnership. The Kaleidoscope IDF is a private investment vehicle available exclusively to insurance company clients pursuant to the terms of the Series Supplement to the Confidential Offering Memorandum for Limited Partnership Interests in the SALI Multi-Series Fund V. LP. The Kaleidoscope IDF invests substantially all of its capital in the Kaleidoscope Funds.

Kaleidoscope Capital provides investment management and advisory services to the Kaleidoscope Funds in accordance with the terms set forth in investment management agreements with the Funds and pursuant to the investment objectives, strategies and restrictions as set forth in each of the Funds’ offering documents. Kaleidoscope Capital does not tailor its advisory services to the individual needs of investors in the Funds, and investors in the Funds may not impose restrictions on any particular security, type of security, derivative instrument, or any type of so-called Commodity Interests.

As of December 31, 2023, Kaleidoscope Capital managed client assets totaling \$435,683,589, all of which are managed on a discretionary basis. There are no separately managed accounts.

ITEM 5 FEES AND COMPENSATION

Kaleidoscope Capital and Kaleidoscope GP LP receive fees and compensation from the Kaleidoscope Funds as set forth in each Fund's Offering Memorandum. Kaleidoscope Capital charges the Funds an asset-based investment Management Fee. In addition, each of the Funds' offering documents describe the circumstances in which a performance-based incentive allocation (a "Performance Allocation") is charged. Performance Allocations are based on capital appreciation net of Management Fees and subject to (i) a benchmark (or "Hurdle Rate") as discussed below, and (ii) a loss carryforward mechanism commonly referred to as a "high watermark".

Kaleidoscope Capital does not accept any other compensation in connection with its advisory business. Management Fees are charged each quarter in advance based on the value of the assets of each of the Funds as of the first business day of each calendar quarter. A pro rata portion of the Management Fee is paid in advance for investments made between calendar quarters, based on the number of remaining months in the quarter. Kaleidoscope Capital receives the Management Fee each quarter by instructing the administrator of the Funds to pay the applicable Management Fee from the Fund accounts.

The Management Fees and Performance Allocations described below may be waived in Kaleidoscope Capital's discretion for investors that are members, employees or affiliates of Kaleidoscope Capital and relatives of such persons. The Management Fees and Performance Allocations have been waived for current investors who are Kaleidoscope Capital employees.

In addition to the Management Fee and Performance Allocations described below, Fund investments are also subject to additional fees, expenses and transaction costs relating to Fund investments (including, without limitation, expenses related to the investment of the Funds' assets, such as brokerage commissions and other transaction costs, data costs (including without limitation, costs and fees of Bloomberg related execution and data products and services, subscription fees and other costs of third party databases and other data sources, and costs and fees of other web based services), clearing and settlement charges, custodial fees, margin and interest expenses on debit balances; expenses of professionals providing services to the Funds, including legal, audit and tax preparation expenses; accounting and administration fees and expenses; insurance expenses, including costs of any liability insurance obtained on behalf of the Funds (including, without limitation, directors and officers insurance), organizational expenses, regulatory and registration costs and expenses (including filing and license fees), and other fees described in each Fund's Offering Memorandum.

Management Fee and Performance Allocation – Prism Fund

Kaleidoscope Capital LP receives compensation for managing the Prism Fund investments. Investors in the Prism Funds are charged a Management Fee based on the capital account balance as of the beginning of each calendar quarter, in an amount equal to 0.1875% (0.75% annualized).

Kaleidoscope GP LP will also receive an annual performance-based incentive allocation from the Prism Funds in an amount equal to 20% of net capital appreciation in excess of an investor's benchmark.

Investors in the Prism Funds select from one of five benchmarks: (i) the S&P 500® Total Return Index (Bloomberg Ticker: SPXT) less 2.3 basis points (0.023%) per month (the "Domestic Equity Benchmark"), (ii) the MSCI EAFE Net Total Return Index (Bloomberg Ticker: NDDUEAFE) less 2.3 basis points (0.023%) per month (the "International Equity Benchmark"), (iii) the FTSE/Citigroup 3-Month Treasury Bill Index (Bloomberg Ticker: SBMMTB3) (the "Cash Benchmark"), (iv) a composite benchmark consisting of 25% Domestic Equity, 25% International Equity, and 50% Cash less 1.15 basis points (0.0115%) per month (the "Blend Benchmark"), and (v) the MSCI Emerging Net Total Return Index (Bloomberg Ticker: NDUUEEGF) less 3.3 basis points (0.033%) per month (the "Emerging Equity Benchmark").

The Performance Allocation is effectively determined based on the relative performance of an investor's capital account as compared to the performance of the relevant benchmark. Kaleidoscope GP LP will receive the Performance Allocation in an amount equal to 20% of the positive relative net of Management Fees performance at the end of each fiscal year; provided, however, that no Performance Allocation for a particular investment is made unless the cumulative relative net of management fee performance for such investment has recovered any amounts previously credited to its related loss recovery

sub-account (the “high watermark”). For the avoidance of doubt, an investment may incur a Performance Allocation even when the performance of such investment is negative.

Fractal Fund -- Share Classes

Class A Shares

Kaleidoscope Capital receives compensation for managing the Fractal Fund investments. Class A Shares are currently divided into three separate sub-classes being offered pursuant to Fractal Fund’s Offering Memoranda (each a “Sub-Class”): Sub-Class A Shares (which are being renamed as “Sub-Class A-F Shares”), “Sub-Class A-1 Shares,” and “Sub-Class A-3 Shares” each of which shall have such rights, privileges, terms and conditions as may be set forth in the Offering Memorandum (or in a related supplement thereto). Sub-Class A-F Shares were previously offered to certain early investors in the Fractal Fund and are no longer being issued. Sub-Class A-1 Shares and Sub-Class A-3 Shares are being offered to prospective and existing Shareholders. For the avoidance of doubt, a new or existing Shareholder seeking to subscribe for Shares will only be permitted to subscribe for Sub-Class A-1 Shares or Sub-Class A-3 Shares (or such other sub-class or class as may be offered in the future by the Fractal Fund). (Sub-Class A-2 Shares are available only at the Kaleidoscope Fractal Master Fund LP for insurance company investors eligible for the Kaleidoscope IDF).

Class DI Shares

The Fractal Fund may issue Class DI Shares (the “Class DI Shares”) in connection with Designated Investments. Shares are denominated in U.S. dollars. See “Fund Organization and Capitalization.”

Class D Shares

The Fractal Fund offers Class D Shares to current Shareholders and prospective investors who meet eligibility standards set forth in its Offering Memorandum and related April 2023 Supplement.

The Shares of each Class are also divided into Series (each a “Series”). Each Class and Sub-Class of Shares will be offered in an unlimited number of Series. In general, each Series will participate in the profits and losses of the Fractal Fund, in the same manner as the other Shares of that Class or Sub-Class. Each of the Shareholders will acquire its own Series of Shares.

The Performance Allocation (as defined in the Offering Memorandum), will be taken at the Master Fund level, and will be calculated separately for each Shareholder on the basis of the net aggregate performance of all of the Shares of each Sub-Class held by such Shareholder in its Sub-Account (as defined below).

Shares of each Class will be issued as non-voting shares and so will not have the right to receive notice of, attend, or vote at a general meeting of the Fractal Fund.

Management Fee and Performance Allocation – Fractal Fund

Sub-Class A-F Shares

In consideration for the investment management services provided by the Investment Manager, the Master Fund will pay the Investment Manager a quarterly management fee (the “Management Fee”). The Fractal Fund, as a limited partner of the Master Fund, will be charged its pro rata share of such Management Fee, and each Shareholder’s Series of Shares will be charged its pro rata share thereof. The Management Fee will be payable quarterly in advance and calculated based on the net asset value of each Series of Shares (and its corresponding Sub-Account at the Master Fund level) as of the beginning of each calendar quarter, in an amount equal to (i) 0.25% (1.0% annualized) of the net asset value of each Series of Sub-Class A-F Shares, (ii) 0.25% (1.0% annualized) of the net asset value of each Series of Sub-Class A-1 Shares, and (iii) 0.25% (1.0% annualized) of the net asset value of each Series of Sub-Class A-3 Shares, as applicable, at the beginning of each calendar

quarter (computed prior to the accrual of any Performance Allocation applicable to such Series during a calendar year). Since the Management Fee will be paid at the Master Fund level, no additional management fee will be paid at the Fund level. The Investment Manager may elect, in its sole discretion and without the consent of the Shareholders, to receive the Management Fee from the Fund rather than the Master Fund.

Shares that are issued to a Shareholder on a day other than the first Business Day of a calendar quarter will be subject to a pro rata portion of the Management Fee for such quarter based upon the portion of the quarter for which such Shares are in issue. No portion of the Management Fee will be refunded if a Shareholder is permitted to redeem all or any portion of its Shares on a date other than the end of a calendar quarter.

The Investment Manager bears all of its own normal and recurring operating expenses incurred in connection with the investment management services that it will provide to the Fractal Fund. The Management Fee may be more or less than the Investment Manager's cost of providing investment management services to the Fund. The Management Fee with respect to certain Shareholders may be waived, reduced, rebated or otherwise modified by the Investment Manager in its sole discretion, and it will waive the Management Fee for the partners, employees, officers, directors and affiliates of the General Partner and/or the Investment Manager; provided that no such waiver, reduction or modification will adversely impact any other Shareholder or cause them to bear a higher portion of the Management Fee than they would bear absent such waiver, reduction or modification. This may be affected through the creation of additional classes or subclasses of Shares or other means, which will not require Shareholder approval.

Class D Shares

The Master Fund will pay the Investment Manager a quarterly Management Fee. The Fractal Fund, as a limited partner of the Master Fund, will be charged its pro rata share of such Management Fee, and each Shareholder's Series of Sub-Class D Shares will be charged its pro rata share thereof. The Management Fee will be payable quarterly in advance and calculated based on the net asset value of each Series of Shares (and its corresponding Sub-Account at the Master Fund level) as of the beginning of each calendar quarter, in an amount equal to 0.25% (1.00% annualized) of the net asset value of each Series of Sub-Class D Shares as applicable, at the beginning of each calendar quarter (computed prior to the accrual of any Performance Allocation applicable to such Series during a calendar year). In the event there is insufficient cash or liquid assets attributable to a Shareholder's Series of Sub-Class D Shares to bear the quarterly Management Fee, it shall be accrued when due, and paid promptly following a Realization Event.

Generally, at the end of each fiscal year of the Master Fund, the General Partner will have reallocated to its capital account in the Master Fund the positive difference (if any) between fifteen percent (15%) of the (i) Net Increase preliminarily allocated to each of the Sub-Class D Shares (and Sub-Accounts) for the fiscal year over (ii) the applicable Hurdle Amount (as defined below) for the fiscal year (or other period when a Performance Allocation is determined) (the "Performance Allocation"), and as reduced by the unrecovered balance in the Loss Recovery Sub-Account maintained for each such Sub-Class D Shares (and corresponding Sub-Account).

Each Sub-Class of Class D Shares shall bear its pro-rata portion of the costs and expenses generally incurred by the Fractal Fund, as set forth in the Memorandum, and shall bear all of the expenses of the Fund attributable to such Sub-Class of Class D Shares. The costs and expenses will begin to accrue from the first day of the calendar month in which the Sub-Class D Shares were established. It is expected that the Investment Manager will establish a reserve at the Master Fund level from the proceeds of each issuance of a Sub-Class of Class D Shares in order to provide for anticipated expenses. Any expenses in excess of such reserved amount shall be accrued and paid promptly following a Realization Event.

Performance Allocation at the Master Fund

The General Partner will be entitled to withdraw Performance Allocations allocated to its capital account in the Master Fund in respect of each Shareholder following: (i) the end of the Three Year Lock Up (the "Three Year Date") and thereafter as of the end of each fiscal year (or other day on which a redemption or distribution is made) with respect to each Shareholder holding Sub-Class A-F Shares, and (ii) the end of each fiscal year (or other date on which a redemption or distribution is made) with respect to each Shareholder holding Sub-Class A-1 Shares or Sub-Class A-3 Shares. The Performance Allocation with

respect to each Sub-Class will be as set forth below. For purposes of this section, "Net Increase" shall mean the excess, if any, of (a) realized and unrealized Net Profits (prior to giving effect to any Performance Allocation, Tax Distribution but after reduction for other expenses and fees incurred by the Fractal Fund, including its pro rata portion of the fees and expenses incurred by the Master Fund), over (b) realized and unrealized Net Losses, that are allocated to each series of Shares (and Sub-Account).

Sub-Class A-F Shares. The Fractal Fund will maintain a memorandum sub-account (a "Performance Allocation Sub-Account") for each series of Sub-Class A-F Shares held by a Shareholder for the purpose of calculating the Performance Allocation. Upon a partial redemption of a Shareholder's Sub-Class A-F Shares, the Performance Allocation earned and entitled to be received by the General Partner with respect to the portion being redeemed by such Shareholder shall be deducted from the respective Performance Allocation Sub-Account on a first in, first out basis. For the purpose of calculating a Performance Allocation in respect of a distribution from a Performance Allocation Sub-Account maintained for Sub-Class A-F Shares:

The Performance Allocation in respect of a Performance Allocation Sub-Account maintained for Sub-Class A-F Shares will be calculated as follows (the "Total PA Amount"):

- a) If the Annualized Return Percentage is less than or equal to 5%, the Performance Allocation shall be zero;
- b) If the Annualized Return Percentage is greater than 5%, but less than or equal to 10%, the Performance Allocation shall be the product of (i) the Total Return Percentage less the 5% Hurdle Rate, (ii) the Performance Allocation Sub-Account balance as of the beginning as of the applicable Performance Allocation Period, (iii) 10%;
- c) If the Annualized Return Percentage is greater than 10%, but less than or equal to 15%, the Performance Allocation shall be the result of the calculation described in (b) above, plus the product of (i) the Total Return Percentage less the 10% Hurdle Rate, (ii) the Performance Allocation Sub-Account balance as of the beginning as of the applicable Performance Allocation Period, (iii) 5%; and
- d) If the Annualized Return Percentage is greater than 15%, the Performance Allocation shall be the result of the calculation described in (c) above, plus the product of (i) the Total Return Percentage less the 15% Hurdle Rate, (ii) the Performance Allocation Sub-Account balance as of the beginning as of the applicable Performance Allocation Period, (iii) 5%.

Effectively, the Performance Allocation shall be ten percent (10%) of profits compounded between five and ten percent (5-10%), fifteen percent (15%) of profits compounded between ten and fifteen percent (10-15%), and twenty percent (20%) of profits compounded in excess of fifteen percent (15%). While the initial Performance Allocation in respect of Shareholder holding Sub-Class A-F Shares may only be withdrawn by the General Partner on each applicable Three-Year Date, such Performance Allocation shall be determined and allocated to the General Partner as of the end of each fiscal year (or sooner if the Three-Year Date occurs during a fiscal year). In furtherance thereof, as the Three Year Date applicable to a Shareholder holding Sub-Class A-F Shares, the General Partner's capital account and such Shareholder's Sub-Accounts (and the net asset value of its Sub-Class A-F Shares) shall be adjusted so that the aggregate amount of the Total PA Amount (as reduced by any Tax Distributions made in respect thereof) corresponding to such Shareholder's Performance Allocation Sub-Account that is permitted to be withdrawn by the General Partner does not exceed the aggregate net profits attributable to such Performance Allocation Sub-Account allocated to, and remaining in, the General Partner's capital account for the fiscal years (including partial years) occurring prior to and as of the applicable Three-Year Date (the "Total Profits"). Pursuant to the preceding sentence, if (i) the Total PA Amount (as reduced by any Tax Distributions made in respect thereof) exceeds the Total Profits corresponding to a Limited Partner's Performance Allocation Sub-Account, then such excess amount will be carried forward and allocated to the General Partner's capital account in subsequent fiscal years until sufficient net profits have been allocated to the General Partner to satisfy such excess amount and (ii) the Total Profits exceed the Total PA Amount (as reduced by any Tax Distributions made in respect thereof) corresponding to such Performance Allocation Sub-Account, then such excess amount will be credited to the applicable Shareholder and shall be included in determining the net asset value of its Sub-Class A-F Shares for purposes of the fiscal year in which such amounts are so credited to it.

The Offering Memorandum contains an illustrative example for further clarity on the mechanics of the calculation of a Performance Allocation for Sub-Class A-F Shares. This illustrative example is intended only to demonstrate the steps in the calculation described above. The example has no basis in past performance results and is not indicative of the General Partner's expectations for future performance results. Investments in the Fractal Fund are subject to risks including the risk of loss.

Sub-Class A-1 Shares and Sub-Class A-3 Shares. Generally, at the end of each fiscal year of the Master Fund, the General Partner will have reallocated to its capital account in the Master Fund the positive difference (if any) between (A) thirty percent (30%) of the (i) Net Increase preliminarily allocated to each of the Series of Sub-Class A-1 Shares and the Series of Sub-Class A-3 Shares (and Sub-Accounts) for the fiscal year over (ii) the applicable Hurdle Amount (as defined below) for the fiscal year (or other period when a Performance Allocation is determined) (the "Performance Allocation"), and as reduced by the unrecovered balance in the Loss Recovery Sub-Account maintained for each such Series of Sub-Class A-1 Shares and each such Series of Sub-Class A-3 shares (and corresponding Sub-Account), minus (B) any unrecovered balance remaining in the Management Fee Offset Account maintained for such Series (and corresponding Sub-Account).

The "Hurdle Amount" shall equal a return that would have accrued had the sum equal to the beginning balance of each such Shareholder's Series of Sub-Class A-1 Shares or Series of Sub-Class A-3 Shares (and Sub-Accounts) been invested in FTSE/Citigroup 3-Month Treasury Bill Index (SBMMTB3 Index on Bloomberg), during the fiscal year (the "Hurdle Amount"). The Hurdle Amount shall be adjusted to reflect redemptions of Sub-Class A-1 Shares or Sub-Class A-3 Shares during a fiscal year, and to account for subscriptions for Sub-Class A-1 Shares or Sub-Class A-3 Shares as of any date later than the first Business Day of a fiscal year.

Sub-Class D Shares. Generally, at the end of each fiscal year of the Master Fund, the General Partner will have reallocated to its capital account in the Master Fund the positive difference (if any) between fifteen percent (15%) of the (i) Net Increase preliminarily allocated to each of the Sub-Class D Shares (and Sub-Accounts) for the fiscal year over (ii) the applicable Hurdle Amount (as defined below) for the fiscal year (or other period when a Performance Allocation is determined) (the "Performance Allocation"), and as reduced by the unrecovered balance in the Loss Recovery Sub-Account maintained for each such Sub-Class D Shares (and corresponding Sub-Account).

The "Hurdle Amount" shall equal an annual return that would have accrued had the sum equal to the beginning balance of each such Shareholder's Sub-Class D Shares (and Sub-Accounts) been invested in FTSE 3-Month Treasury Bill Index¹ (SBMMTB3 Index on Bloomberg), during the fiscal year (the "Hurdle Amount"). The Hurdle Amount shall be adjusted to reflect redemptions of Sub-Class D Shares during a fiscal year, and to account for subscriptions for Sub-Class D Shares as of any date later than the first Business Day of a fiscal year.

Loss Recovery Account applicable to Sub-Class A-1 Shares and Sub-Class A-3 Shares. The Master Fund will maintain a memorandum loss recovery account (commonly referred to as a "high watermark") for each of its limited partners (including the Fund and the U.S. Fund) holding sub-class A-1 limited partnership interests, and a memorandum loss recovery sub-account (a "Loss Recovery Sub-Account") that corresponds to the Sub-Account maintained for Sub-Class A-1 Shares or Sub-Class A-3 Shares held by each Shareholder. The opening balance of each Loss Recovery Sub-Account will be zero and will be increased by an amount equal to any net losses allocated to such Shareholder's Sub-Account maintained for Sub-Class A-1 Shares or Sub-Class A-3 Shares for a fiscal year or other applicable period of the Master Fund. Such balance will be decreased, but not below zero, by the aggregate net profits allocated to such Shareholder's Sub-Account maintained for Sub-Class A-1 Shares or Sub-Class A-3 Shares (before any Performance Allocation) for a fiscal year or other applicable period. The General Partner will not be allocated any Performance Allocation with respect to a Shareholder's Series of Sub-Class A-1 Shares or Series of Sub-Class A-3 Shares (and corresponding Sub-Accounts), until such Shareholder's Series of Sub-Class A-1 Shares or Series of Sub-Class A-3 Shares has recovered any amounts previously credited to its related Loss Recovery Sub-Account

¹ The FTSE 3-Month U.S. Treasury Bill Index is an unmanaged index representing monthly return equivalents of yield averages of the last three-month Treasury bill issues (Bloomberg Ticker: SBMMTB3).

maintained. The amount in a Loss Recovery Sub-Account shall be reduced on a pro rata basis for any redemptions by (and any distributions to) such Shareholder of the related Series of Sub-Class A-1 Shares or Series of Sub-Class A-3 Shares. Additional subscriptions for Shares will not affect a Shareholder's Loss Recovery Sub-Account.

Loss Recovery Account applicable to Sub-Class D Shares. The Master Fund will maintain a memorandum loss recovery account (commonly referred to as a "high watermark") for each of its limited partners (including the offshore Fund and the U.S. Fund) holding Sub-Class D limited partnership interests, and a memorandum loss recovery sub-account (a "Loss Recovery Sub-Account") that corresponds to the Sub-Account maintained for Sub-Class D Shares held by each Shareholder. The opening balance of each Loss Recovery Sub-Account will be zero and will be increased by an amount equal to any net losses allocated to such Shareholder's Sub-Account maintained for Sub-Class D Shares for a fiscal year or other applicable period of the Master Fund. Such balance will be decreased, but not below zero, by the aggregate net profits allocated to such Shareholder's Sub-Account maintained for Sub-Class D Shares (before any Performance Allocation) for a fiscal year or other applicable period. The General Partner will not be allocated any Performance Allocation with respect to a Shareholder's Sub-Class D Shares (and corresponding Sub-Accounts), until such Shareholder's Sub-Class D Shares has recovered any amounts previously credited to its related Loss Recovery Sub-Account maintained. The amount in a Loss Recovery Sub-Account shall be reduced on a pro rata basis for any redemptions by (and any distributions to) such Shareholder of the related Sub-Class D Shares. Additional subscriptions for Sub-Class D Shares will not affect a Shareholder's Loss Recovery Sub-Account.

Management Fee Offset Account applicable to Sub-Class A-1 Shares and Sub-Class A-3 Shares. The Master Fund will also maintain a memorandum management fee offset account for each of its limited partners (including the U.S. Fund and the Offshore Fund) holding sub-class A-1 limited partnership interests and sub-class A-3 limited partnership interests and a memorandum management fee offset sub-account (a "Management Fee Offset Account") that corresponds to the Sub-Account maintained for each Series of Sub-Class A-1 Shares and each Series of Sub-Class A-3 Shares held by each Shareholder (and each limited partner in the U.S. Fund with respect to its sub-class A-1 limited partnership interests and sub-class A-3 limited partnership interests it holds). The initial opening balance of each Management Fee Offset Account shall be zero. On each date when a Management Fee in respect of a Shareholder holding Sub-Class A-1 Shares and Sub-Class A-3 Shares is paid, the balance in such Shareholder's Management Fee Offset Account shall be increased by the amount of such Management Fee paid. At the end of any fiscal year (or other period when a Performance Allocation is determined) the balance in such Shareholder's Management Fee Offset Account shall be decreased (but not below zero) by the amount of the preliminary Performance Allocation determined with respect to such Series of Sub-Class A-1 Shares or Series of Sub-Class A-3 Shares (and corresponding Sub-Accounts). The amount in a Shareholder's Management Fee Offset Account shall be reduced on a pro rata basis for any redemptions of Sub-Class A-1 Shares or Sub-Class A-3 Shares by such Shareholder. The General Partner will not be allocated any Performance Allocation with respect to a Shareholder's Series of Sub-Class A-1 Shares or a Shareholder's Series of Sub-Class A-3 Shares until such Series has recovered any Management Fees apportioned to its Management Fee Offset Account.

There is an illustrative example in the Offering Memoranda for further clarity on the mechanics of the calculation of a Performance Allocation for Sub-Class A-1 Shares and Sub-Class A-3 Shares. The illustrative example contained in the Offering Memorandum is intended only to demonstrate the steps in the calculation described above. The example has no basis in past performance results and is not indicative of the General Partner's expectations for future performance results. Investments in the Fund are subject to risks including the risk of loss. See "Certain Risk Factors" for a more detailed, but in no way comprehensive, description of these risks.

Additional Terms related to the Performance Allocation. The Performance Allocation will be made with respect to each of the Shareholder's Sub-Accounts, through pro-rata reductions to each Shareholder's Sub-Account. If a Shareholder is permitted or required to withdraw capital from the Fund, the General Partner will be entitled to receive a Performance Allocation with respect to the portion being withdrawn (including the applicable amount of Net Increase) which shall be determined through the applicable Redemption date on a pro-rata first in, first out basis.

The Performance Allocation, while not taken at the Fund level, will still be made with respect to each of the Shareholder's Sub-Accounts, through reductions to each Shareholder's Sub-Account. Since the Performance Allocation will be made at the Master Fund level, no additional performance allocation will be made at the Fund level. The General Partner may elect, in its

sole discretion and without the consent of the Shareholders, to receive the Performance Allocation from the Fund rather than from the Master Fund. The General Partner may reduce, waive or otherwise modify the Performance Allocation with respect to certain Shareholders, and will waive the Performance Allocation for the partners, employees, officers, directors and affiliates of the General Partner and/or the Investment Manager; provided, however, that no such reduction, waiver or modification will adversely impact any other Shareholder or cause them to bear a higher portion of the Performance Allocation than they would bear absent such reduction, waiver or modification. This may be affected through the creation of additional classes or subclasses of Shares, which will not require Shareholder approval.

Terms of Redemption Applicable to Investors in the Kaleidoscope Prism Fund

Investments in the Kaleidoscope Prism Fund may incur a withdrawal charge, commonly referred to as a “soft lock.” Investors in this Fund may generally withdraw capital as of the last day of each calendar quarter, subject to the withdrawal gate and other withdrawal restrictions; provided, however, if such withdrawal date occurs prior to the end of the last business day of the twelfth (12th) calendar month following the date on which such capital account was established, the proceeds in respect of any such withdrawal will be subject to a withdrawal charge equal to four percent (4%) of the amount permitted to be withdrawn. Withdrawals by an investor that has made more than one capital contribution are made on a “first in-first out” basis. Any withdrawal charge applied with respect to a withdrawal is credited pro rata to the investors in the Kaleidoscope Prism Fund.

Requests for withdrawals must be provided in writing at least sixty (60) days prior to the requested withdrawal date, stating the investor’s intention to withdraw and the amount of such withdrawal, if less than the entire balance in such investor’s capital account. The maximum withdrawal percentage per calendar quarter is 25%; provided, however, that on each of the next three successive withdrawal dates for such capital account, the maximum withdrawal percentage will be 33-1/3%, and then 50% and then 100%.

Following are preferential terms applicable to investments in the Prism Fund. For each applicable capital account that has been maintained for:

- (i) at least thirty-six (36) calendar months but less than sixty (60) calendar months, the maximum withdrawal percentage is 33-1/3%, provided, however, that on each of the next two successive withdrawal dates for such capital account, the maximum withdrawal percentage will be 50% and then 100%; or
- (ii) at least sixty (60) calendar months, the maximum withdrawal percentage is 50%, provided, however, that on the next withdrawal date for such capital account, the maximum withdrawal percentage will be 100%.

Terms of Redemption Applicable to Investors in the Kaleidoscope Fractal Fund

Sub-Class A-F Shares

An investor may generally redeem its Sub-Class A-F Shares as of the last calendar day of each calendar quarter after the thirty-six-month (36) anniversary (“Three Year Lockup”) of the date of the investor’s initial investment in the Fund (each, a “Redemption Date”), subject to other redemption restrictions set forth herein. After the expiration of the Three-Year Lockup, an investor will generally be entitled to redeem 100% of the aggregate net asset value of its Shares as of any Redemption Date (excluding amounts attributable to Designated Investments) provided that the Fund will allow for the investor’s redemption to occur in two equal parts -- each fifty percent (50%) of the amount of the Redemption Request over a period of two (2) consecutive quarters.

Sub-Class A-1 Shares

An investor holding Sub-Class A-1 Shares may generally redeem its Sub-Class A-1 Shares as set forth below. Such investor may generally redeem all of its Sub-Class A-1 Shares (excluding amounts attributable to Designated Investments) in the Fund over a twelve-calendar quarter period (the “Sub-Class A-1 Redemption Period”) by submitting a Redemption Request for all of its

Sub-Class A-1 Shares. If such a Redemption Request is made by such investor, the Fund will pay the Maximum Redemption Percentage (as defined below) as of the end of each calendar quarter during the Sub-Class A-1 Redemption Period until all of such investor's Sub-Class A-1 Shares (excluding amounts attributable to Designated investments) have been fully redeemed, subject to the other redemption restrictions set forth in the Funds' Confidential Offering Memoranda (or in supplements hereto). In addition, such investor that has not submitted a Redemption Request pursuant to the two preceding sentences may make one redemption of its Sub-Class A-1 Shares per calendar year in an amount up to one third of the net asset value of its Sub-Class A-1 Shares (excluding any amounts attributable to Designated Investments) as of the beginning of such calendar year. Any redemption made pursuant to the preceding sentence will be paid in equal installments (as adjusted for any appreciation or depreciation of such Sub-Class A-1 Shares) over a consecutive four calendar quarter period. The "Maximum Redemption Percentage" with respect to an investor holding Sub-Class A-1 Shares for the (A) first eight (8) calendar quarters during the applicable Sub-Class A-1 Redemption Period means eight and a third percent (8.33%) of the opening net asset value of such Sub-Class A-1 Shares as of the beginning of each twelve month period during such Sub-Class A-1 Redemption Period (beginning as of the date such Sub-Class A-1 Shares were issued, each an "Opening NAV") (excluding amounts attributable to Designated Investments) and (B) for the final four (4) quarters of such Sub-Class A-1 Redemption Period means up to twenty-five percent (25%) of such investor's Opening NAV (excluding amounts attributable to Designated Investments) for the first three quarters of the final four (4) quarter period and up to one hundred percent (100%) of the remaining net asset value of such Sub-Class A-1 Shares (excluding any amounts attributable to Designated Investments) as of the end of the final quarter of such Sub-Class A-1 Redemption Period.

Sub-Class A-3 Shares

A Shareholder holding Sub-Class A-3 Shares may not redeem any of its Sub-Class A-3 Shares until after the expiration of the two-year period commencing on the date of Shareholder's initial investment in Sub-Class A-3 Shares (the "A-3 Lock-Up Period"). Thereafter, all redemptions shall be subject to the terms set forth below. For the avoidance of doubt, the A-3 Lock-Up Period shall be applied on a one-time basis, and not separately with respect to each additional investment by a Shareholder. Accordingly, any additional investments in Sub-Class A-3 Shares by an existing Shareholder shall not be subject to a new or separate A-3 Lock-Up Period (only the lock-up period applicable to the Shareholder's initial investment will apply).

For the purpose of applying the A-3 Lock-Up Period, a Shareholder's investment in Sub-Class A-3 Shares will be combined with all other investments by persons or entities affiliated with or under common management with, such Shareholder.

Following the expiration of the A-3 Lock-Up Period, a Shareholder holding Sub-Class A-3 Shares generally may redeem:

- up to 50% of its Sub-Class A-3 Shares (excluding amounts attributable to Designated Investments) as of a Redemption Date occurring last day of each calendar quarter; and
- 100% of its Shares Date (excluding amounts attributable to Designated Investments) over the course of two such quarterly Redemption Dates in two equal parts -- each fifty percent (50%) of the amount of the redemption request (subject to the holdback provisions below) over a period of two (2) consecutive quarters.

After the expiration of the applicable Three Year Lockup, a Shareholder holding Sub-Class A-F Shares will generally be entitled to redeem 100% of the aggregate net asset value of its Shares as of any Redemption Date (excluding amounts attributable to Designated Investments) provided that the Fund will allow for the Shareholder's redemption to occur in two equal parts -- each fifty percent (50%) of the Amount of the Redemption Request (subject to the holdback provisions below) over a period of two (2) consecutive quarters.

Each subscription for Shares will be considered separately for purposes of tracking the Three Year Lock Up and the A-1 Maximum Redemption Percentage applicable to such Shares. With respect to Sub-Class A-3 Shares, the A-3 Lock Up will be measured on an aggregated one-time basis in combination with all other investments by persons or entities affiliated with or under common management with the Shareholder holding Sub-Class A-3 Shares. Unless otherwise specified, for purposes of

determining which Shares to redeem, Shares will be redeemed on a “first in-first out” basis. Accordingly, the earliest issued Shares of a Class or Sub-Class subscribed for by a Shareholder will be redeemed first, at the redemption price for such Shares.

Class D Shares

A Shareholder holding Class D Shares may not redeem any of its Shares until after the expiration of the one-year period commencing on the date of Shareholder’s initial investment in Class D Shares (the “***Class D-Shares Lock-Up Period***”). Thereafter, all redemptions shall be subject to the terms set forth below.

Following the expiration of the Class D-Shares Lock-Up Period, an Investor holding Class D Shares generally may withdraw/redeem upon 60-days written notice:

- up to 50% of its Class D Shares (excluding amounts attributable to Designated Investments) as of the Redemption Date occurring on last day of each calendar quarter; and
- 100% of its Class D Shares (excluding amounts attributable to Designated Investments) over the course of two such quarterly Redemption Dates in two equal parts -- each fifty percent (50%) of the amount of the redemption request (subject to the holdback provisions in the Offering Memorandum) over a period of two (2) consecutive quarters.

Other Redemption Provisions

Requests for redemptions must be provided to the Funds’ Administrator in writing (a “Redemption Request”) at least sixty (60) days prior to the requested redemption date, and if an investor is permitted to redeem an aggregate amount equal to 95% or more of the estimated net asset value of its investment it will be subject to a holdback of 5% until the completion of the annual audit of each Fund’s financial statements.

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

Kaleidoscope Capital and its investment personnel provide investment management and advisory services to the Funds, each of which is charged performance-based fees in addition to asset-based fees. Each Fund incurs varying levels of performance-based and asset-based fees, as further discussed in Item 5. The potential exists for Kaleidoscope Capital to favor the Fund from which its affiliates receive a larger performance-based fee. The Investment Manager may, for example, be incentivized to allocate profitable trades to a higher fee-paying Fund.

Kaleidoscope routinely assesses its risks and mitigation initiatives in this area. For instance, if the Firm considers creating a new investment vehicle—one that has not previously been offered - then it would review its trade allocation policies and procedures (among others) to ensure they remain reasonably designed and address risks that may be created when managing accounts with varying fee structures alongside one another, as relevant. In terms of assessing actual risks, as opposed to those that are optical in nature, please note that, while it is not unusual for advisers to manage registered investment companies and hedge funds “side-by-side” (on the same trading desk and/or with the same personnel overseeing or executing such trades), Kaleidoscope does not manage registered investment companies and therefore does not presently have exposure to this risk. Nonetheless, Kaleidoscope is cognizant of its fiduciary duty to put the best interests of its clients/investors over those of itself and its employees. As such, it’s the CCO or his designee who must ensure the Firm does not favor higher-paying clients over lower-paying ones.

Kaleidoscope’s investment process is systematic, and it primarily maintains a pre-trade allocation policy. Kaleidoscope’s execution system employs a fair and equitable approach to the order of executions in instances where transactions in the same security and buy/sell direction are suitable for multiple Funds. Due to the trading environment for credit default swaps and options on futures contracts, a post-trade allocation process is performed for trades implicating those instruments. However, pre-determined risk allocations for each strategy influence trade allocation decisions and, likewise, post-trade allocation decisions are necessarily informed by the pre-trade risk determinations deemed appropriate for each Fund.

Kaleidoscope Capital has adopted and implemented policies and procedures intended to address the conflicts of interest inherent in managing multiple accounts and allocating investment opportunities in a fair and equitable manner. The pre-trade and post-trade allocation policies are tested quarterly by the Firm’s Allocation Committee, and trade allocations are analyzed to confirm fair and equitable allocations over time. The Investment Manager maintains documentation of the testing procedures.

Kaleidoscope Capital’s allocation policy is further discussed below in Item 12.

ITEM 7 TYPES OF CLIENTS

Kaleidoscope Capital's clients consist of the Funds and the Kaleidoscope IDF. Investors in the Funds consist primarily of endowments, foundations, family offices, and employees or affiliates of Kaleidoscope Capital. The minimum amount for an initial investment in the Prism Funds is USD \$15 million. The minimum amount for an initial investment in the Fractal Funds is USD \$25 million. The minimum investment amounts may be waived in Kaleidoscope Capital's discretion for investors that are members, employees, strategic partners or affiliates of Kaleidoscope Capital. Such waivers have been made for current investors who are members and strategic partners.

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

Methods of Analysis

Kaleidoscope Capital utilizes systematic and quantitative processes to make investment decisions and recommendations. Kaleidoscope makes investment decisions in the context of both security selection and portfolio construction. Each of the strategies makes use of a range of instruments including but not limited to options, futures, equity swaps, credit default swaps, interest rate swaps, total return swaps, ETFs, foreign currencies, digital assets, cryptocurrencies (and derivatives thereof), and cash bonds. The strategies used and the percentage of a Fund's capital invested in each asset class may vary greatly over time, as determined by the Investment Manager.

Investment Strategies of the Prism Fund

The Prism Fund seeks to provide both (i) an investment return equal to the return of an investor's benchmark (the "Benchmark Program") and (ii) an additional excess investment return (the "Excess Return Program"). The Benchmark Program attempts to minimize costs and tracking error while gaining exposure to the relevant benchmark of each sub-class. The Excess Return Program employs a systematic long-short investment program and attempts to achieve its investment objective by constructing a portfolio of uncorrelated risk exposures. The strategy analyzes every asset in its investable universe as a bundle of systemic and idiosyncratic risks. By trading in long and short pairs, the strategy attempts to isolate idiosyncratic risks and construct a portfolio of uncorrelated risk exposures.

Investment Strategies of the Fractal Fund

The Fractal Fund's investment objective is to provide investors with superior risk-adjusted returns by employing a global investment strategy implemented with a range of instruments including but not limited to options, structured over-the-counter options, futures, equity swaps, credit default swaps, interest rate swaps, total return swaps, ETFs, foreign currencies, digital assets, cryptocurrencies (and derivatives thereof), cash bonds and other derivatives and instruments. The Fund intends to achieve its objective of generating superior returns primarily by identifying underpriced investments across and within major asset classes (including, but not limited to, equities, bonds, currencies, volatility, and Commodity Interests). The Fund may also hedge its portfolio at times by taking offsetting positions or by investing in any instrument that could be expected to be a reasonable hedge to the overall portfolio. Certain Share Classes will differ from one another with respect to their portfolio construction and implementation strategies.

Material Risks

Investing in securities involves risk of loss. An investment in the Funds may be deemed speculative and is not intended as a complete investment program. The investment strategies are designed only for experienced and sophisticated persons who are able to bear the risk of the substantial impairment or loss of their investment. The following does not intend to describe all possible risks of such investments.

Investment and Trading Risks. An investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the Fund investment programs will be successful. The Investment Manager will be investing substantially all of the Funds' assets in securities and instruments, which may be particularly sensitive to economic, market, industry, regulatory and other variable conditions. The markets in which the Investment Manager expects to invest have recently experienced and continue to experience significant volatility and losses. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to the Funds.

Overpriced and Undervalued Options. The Funds may achieve their investment objectives by selling options that the Investment Manager believes are overpriced across all major asset classes (including, but not limited to, equities, bonds, currencies and commodities). The Funds may also purchase underpriced options as a hedge, depending on the opportunity set and market environment. Opportunities in overpriced or underpriced options may arise for various reasons, which may

include market inefficiencies or a lack of wide recognition of the potential impact (positive or negative) that specific events or trends may have on the value of an option. The identification of investment opportunities in overpriced and/or overpriced options is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While such investments offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

Risks of Investments in Options. Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. Currently, the Funds focus on listed instruments but also may trade OTC option instruments. Over-the-counter options ("OTC") generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for options is relatively illiquid, particularly for relatively small transactions.

Put and Call Options. The Funds write and sell covered or uncovered call and put option contracts. It is anticipated that the Funds will include long/short positions in options on equity indices and options on futures. The Funds may also purchase exchange-listed and OTC put and call options. Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires.

A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Options written by the Funds may be wholly or partially covered (meaning that the portfolio holds an offsetting position) or uncovered. Options on specific investments may be used by the Funds to seek enhanced profits with respect to a particular investment. Alternatively, they may be used for various defensive or hedging purposes. For example, they may be used to protect against a future adverse change in the market price of particular portfolio investments held by the Funds without requiring a sale of the investments.

Use of put and call options may result in losses to the Funds, force the sale or purchase of portfolio investments at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the Funds can realize on their investments or cause the Fund to hold an investment it might otherwise sell. For example, a decline in the market price of a particular investment could result in a complete loss of the amount expended by the Fund to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold by the Funds. The use of uncovered option writing techniques may entail greater risks of potential loss to the Funds than other forms of options transactions. For example, a rise in the market price of the underlying investment will result in the Funds realizing a loss on the calls written, which would not be offset by the increase in the value of the underlying investments to the extent the call option position was uncovered.

Futures Contracts. The value of futures depends upon the price of the securities, commodities, instruments, indices or other financial measures underlying them. The prices of futures are volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, inflation, foreign exchange rates, changing supply and demand

relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the positions trade or of clearinghouses or futures commission merchants. Futures positions may be illiquid because certain exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Funds from promptly liquidating unfavorable positions and subject the Funds to substantial losses or could prevent the Funds from entering into desired trades. In extraordinary circumstances, a futures exchange, the CFTC or another similar non-U.S. regulatory body or agency could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Forward Trading. The Funds may enter into forward contracts with counterparties. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies and commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually widespread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Investment Manager due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in major losses to the Funds.

Futures Commission Merchants. The Funds enter into transactions to purchase, hold, sell, clear and settle investments, with or through futures commission merchants (“FCMs”). In connection with their role accepting and soliciting orders for futures contracts, options on futures contracts and swaps, FCMs are required to be registered with the CFTC and are subject to CFTC rules and regulations, including with respect to minimum capital requirements, segregation of customer accounts, margin lending rules, customer disclosure requirements and filing requirements. FCMs are also subject to the rules and regulations of the various clearinghouses and exchanges of which they are members. Investments may also be adversely affected if an FCM with which the Funds transact decides to terminate its relationship with the Funds or call in any margin loans extended to the Funds. As active participants in the financial markets, FCMs are also subject to systemic risk as well as significant counterparty risk. A political or economic event affecting other participants in U.S. or global financial and commodities markets could have an adverse effect on the FCM’s financial viability and/or ability to successfully complete and execute transactions.

Foreign Exchange. Spot and forward prices are highly volatile. Price movements for spot and forward contracts may be influenced by, among other things, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and policies of governments, domestic and foreign political and economic events, changes in domestic and foreign interest rates and rates of inflation, currency devaluations and revaluations and emotions of the marketplace. In addition, governments from time to time intervene directly and by regulation in certain markets. Such intervention is often intended to influence prices directly. None of these factors can be controlled by the Investment Manager, and no assurance can be given that the Investment Manager’s advice will result in profitable trades for the Funds or that the Funds will not incur substantial losses. Spot and forward contracts are not traded on exchanges. Rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Neither the CFTC nor banking authorities currently regulate trading in forward contracts on currencies, nor is there a limitation on the daily price movements of forward contracts. Speculative position limits are not applicable to forward trading. The Funds will be subject to the risk of the inability or refusal to perform on the part of the principals or agents or through whom such forward contracts are traded.

Swap Transactions. The Funds may enter into swap agreements with respect to securities, indexes of securities and other assets or other measures of risk or return. Swap agreements are typically two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to many years. In a standard “swap” transaction, two parties agree to exchange the returns (or the differential in rates of return) earned or realized on particular predetermined investments, instruments, or indices. The gross returns to be exchanged or “swapped” between the parties are generally calculated with respect to a “notional amount”. Whether the use of swap agreements will be successful will depend on the Investment Manager’s ability to select appropriate transactions for the Funds. Swap transactions may be highly illiquid. Moreover, the Funds bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the ability to terminate existing swap transactions or to realize amounts to be received under such transactions. Swaps and certain other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Total return swaps are another form of swap transaction that the Funds may utilize in their investment programs. A total return swap allows the total return receiver to receive the change in market value of an asset (whether a security, interest rate, form of debt, currency, or other asset) from the total return payer in return for paying a floating or fixed interest-rate on a predetermined amount. The total return payer is synthetically short, and the total return receiver is synthetically long. Thus, total return swap agreements may effectively add leverage to the portfolio because, in addition, to total net assets, the Funds would be subject to investment exposure on the notional amount of the swap agreement.

Risks Associated with Spot, Derivative, and Basis Virtual Currency Transactions.

The Investment Manager is a member of the National Futures Association (“NFA”) and is subject to its regulatory oversight and examinations. The Firm has engaged or may engage in derivative (futures) or spot virtual currency transactions in its Funds. The Firm has engaged or may also engage in virtual currency basis trades between spot and derivative contracts. These positions can be material as the opportunities in basis present themselves. The spot leg of the transactions may also be expressed via the SEC-approved ETFs. Although NFA has jurisdiction over the Firm and its Funds which are registered Commodity Pools, investors should be aware that NFA does not have regulatory oversight authority for underlying or spot market virtual currency products or transactions or virtual currency exchanges, custodians or markets. Investors should also be aware that given certain material characteristics of these products, including a lack of a centralized pricing source and the opaque nature of the virtual currency market, there currently is no sound or acceptable practice for NFA to adequately verify the ownership and control of a virtual currency or the valuation attributed to a virtual currency by the Firm.

Risks Associated with Cryptocurrency Collateralized Lending Agreements

Counterparty Credit Risk in Cryptocurrency Collateralized Lending Agreements. The Funds may transact with private borrowers or through certain lending platforms. The Fund will take on credit risk every time it engages in collateralized lending agreement with a cryptocurrency counterparty and its contractual rights with respect to such transactions may be limited. Although the Fund’s transfers of cryptocurrencies and tokens or cash will be made to or from a counterparty which the Investment Manager believes is trustworthy, it is possible that, through computer or human error, or through theft or criminal action, the Fund’s cryptocurrencies and tokens or cash could be transferred in incorrect amounts or to unauthorized third parties. To the extent that the Fund is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received the Fund’s cryptocurrencies and tokens or cash (through error or theft), the Fund will be unable to recover incorrectly transferred cryptocurrencies and tokens or cash, and such losses will negatively impact the Fund.

Reliance on third-parties to undertake credit review. The Fund will not be undertaking its own counterparty credit due diligence process to evaluate the creditworthiness of the underlying borrowers. The Fund will be relying on third-party providers to undertake these reviews. While the Fund has examined the credit review process, there can be no guarantee that the third-party’s credit review process will prove to be adequate in avoiding defaulting borrowers.

Loss of Principal in Collateralized Lending Agreements backed by Cryptocurrencies and Tokens. The Collateralized Lending Agreements are subject to investment risks, credit risks, collateral risks, operational risks, legal and regulatory risk including the possible loss of the entire principal amount invested.

The Fund may have no direct right to enforce remedies against borrowers. Under the terms of the collateralized lending agreements, the Fund may have only limited rights to direct the borrower or escrow agent to take action on its behalf under the collateralized lending agreement or in respect of certain amendments of other transaction documents.

Escrow Agent Insolvency Risk. In a collateralized loan agreement, the escrow account administered by the escrow agent is the party to the transaction that undertakes the bulk of the administrative duties involved in the day-to-day administration of the loan. In the event of the insolvency of an escrow agent, a loan could be subject to settlement risk as well as the risk of interruptions in the administrative duties performed in the day-to-day administration of the loan.

Cryptocurrency Collateralized Lending Platform Insolvency Risk. In a cryptocurrency collateralized loan agreement, the collateralized lending platform is facilitating the loans between the lenders and borrowers. In the event of the insolvency of a collateralized lending platform, a loan could be subject to settlement risk as well as the risk of interruptions in the administrative duties performed in the day-to-day administration of the loan.

Substantial Decline in the Value of the Collateral. The collateral associated with Collateralized Loan Agreements will be cryptocurrencies and other tokens. These cryptocurrencies and tokens are not issued or guaranteed by any central bank or a national, supra-national or quasi-national organization, and there is no guarantee that such cryptocurrencies and tokens may operate as a medium of exchange in any jurisdiction.

Substantial Volatility in the Value of the Collateral. Another principal risk in Collateralized Lending Agreements with cryptocurrencies and tokens as the underlying collateral is the volatility of these assets. A principal risk with cryptocurrencies and tokens is the rapid fluctuation of their market prices. The borrower's cryptocurrency or token collateral may change rapidly affecting the ability of the escrow agent to timely require additional collateral to support the loan.

Lack of Certainty Regarding the Regulatory Status of Cryptocurrency Collateralized Lending Agreements. The regulatory regime of cryptocurrencies and tokens, blockchain technologies, ICOs, cryptocurrency lending platforms and cryptocurrency exchanges is undeveloped and subject to significant uncertainty. Various legislative and executive bodies are currently considering, or may in the future consider laws, regulations, restrictions which may impact the legality of these collateralized lending agreements. These regulatory actions may also severely impact the ability of the Fund to invest in these collateralized loan agreements.

Risks Relating to Cryptocurrencies and Tokens

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

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

Digital Currencies Trading is Volatile and Speculative. Digital currencies represent a speculative investment and involve a high degree of risk. As relatively new products and technologies, digital currencies have not been widely adopted as a means of

payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of the demand for digital currencies is generated by speculators and investors seeking to profit from the short or long-term holding of digital currencies. The relative lack of acceptance of digital currencies in the retail and commercial marketplace limits the ability of end-users to pay for goods and services with digital currencies. A lack of expansion by digital currencies into retail and commercial markets, or a contraction of such use, may result in increased volatility.

Total Loss of Capital. While all investments risk the loss of capital, investments in cryptocurrencies and tokens should be considered substantially more speculative and significantly more likely to result in a total loss of capital than other investments. Furthermore, the Investment Manager may not hedge potential losses nor make investment decisions based on the price of a particular Cryptocurrency or Token. Consequently, an investment in the Fund could result in the total loss of a Shareholder's capital.

Developing Regulatory Regime. The regulatory regime of cryptocurrencies and tokens, blockchain technologies, ICOs and cryptocurrency exchanges is undeveloped, varies significantly among jurisdictions and is subject to significant uncertainty. Some enterprises that the Fund may invest in may operate in industries in which there are significant regulatory concerns. The Fund believes that various legislative and executive bodies are currently considering, or may in the future consider, laws, regulations, guidance, or other actions, which may severely impact the Fund's ability to invest, or the Fund's ability to gain market share. Failure by the Fund or the Investment Manager to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in adverse consequences, including civil penalties and fines. It is possible that any jurisdiction may, in the near or distant future, adopt laws, regulations, policies or rules directly or indirectly affecting the Bitcoin network, generally, or restricting the right to acquire, own, hold, sell, convert, trade, or use cryptocurrencies and tokens, or to exchange cryptocurrencies and tokens for either fiat currency or other Cryptocurrencies or Tokens. Developments in regulation may alter the nature of the Fund's business or restrict the use of blockchain assets or the operation of a blockchain network upon which the Fund relies in a manner that adversely affects the Fund. Any additional regulatory obligations may cause the Fund to incur extraordinary, non-recurring expenses, and/or ongoing compliance expense, possibly affecting an investment in the Fund in an adverse manner. If the Fund determines not to comply with such regulatory requirements, the Fund may be liquidated at a time that is disadvantageous to an investor in the Fund. To the extent the Fund limits or reduces the scope of certain activities, investors' rights or investment initiatives, in order to limit the applicability of government regulation and supervision, investment in the Fund may be adversely affected.

Cryptocurrencies not Guaranteed by Central Banks. Cryptocurrencies and tokens that operate as a medium of exchange are not issued or guaranteed by any central bank or a national, supra-national or quasi-national organization, and there is no guarantee that such cryptocurrencies and tokens may operate as a legal medium of exchange in any jurisdiction. In fact, certain jurisdictions have completely prohibited the usage of certain cryptocurrencies and tokens in such jurisdiction.

Third Party Usage. As a relatively new product and technology, cryptocurrencies and tokens (such as Bitcoin) are not yet widely adopted as a means of payment for goods and services. Banks and other established financial institutions may refuse to process funds for cryptocurrency transactions, process wire transfers to or from cryptocurrency exchanges, blockchain-related companies or service providers, or maintain accounts for persons or entities transacting in cryptocurrencies and tokens.

Risks Related to Cryptocurrency and Token Exchanges

Unregulated Exchanges. The exchanges on which cryptocurrencies and tokens 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. Exchanges generally require cash to be deposited in advance in order to purchase cryptocurrencies and tokens, and no assurance can be given that those deposit funds can be recovered. Additionally, upon the sale of cryptocurrencies and tokens, cash proceeds may not be received from the exchange for several business days. The participation in exchanges

requires users to take on credit risk by transferring cryptocurrencies and tokens from a personal account to a third party's account. The Fund will take credit risk of an exchange every time it transacts.

Evolving Regulatory Landscape

Transaction Limits. Cryptocurrency and token exchanges may impose daily, weekly, monthly or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of virtual currency or digital token for fiat currency difficult or impossible. Additionally, cryptocurrencies and tokens prices and valuations on virtual 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 cryptocurrencies and tokens remain subject to any volatility experienced by virtual exchanges, and any such volatility can adversely affect an investment in the Fund.

Hacking Risks. Cryptocurrency and token exchanges are appealing targets for cybercrime, hackers and malware. It is possible that while engaging in transactions, any such exchange may cease operations due to theft, fraud, security breach, liquidity issues, or government investigation. In addition, banks may refuse to process wire transfers to or from exchanges. Over the past several years, many exchanges have, indeed, closed due to fraud, theft (e.g., Mt. Gox voluntarily shutting down because it was unable to account for over 850,000 Bitcoin), government or regulatory involvement, failure or security breaches (e.g., the voluntary temporary suspensions by Mt. Gox of cash withdrawals due to distributed denial of service attacks by malware and/or hackers), or banking issues.

Lack of Access. Cryptocurrency and token exchanges may even shut down or go offline voluntarily, without any recourse to investors. Currently no specific regulatory protections exist in the Cayman Islands that would protect investors from financial losses if an exchange platform that exchanges or holds cryptocurrencies and tokens is hacked, fails or goes out of business. For example, on February 25, 2014, the Bitcoin website for one of the largest Bitcoin exchanges, Mt. Gox, was taken offline suddenly, without any notice or warning to investors or the public. It was reported that Mt. Gox voluntarily shut down because it was unable to account for over 850,000 Bitcoin (valued at approximately 450 million dollars at the time). Although 200,000 Bitcoin have since been recovered, the reasons for their disappearance remain unclear. Mt. Gox ultimately filed for bankruptcy in Japan, and bankruptcy protection in Japan and the United States. As a result, the price of Bitcoin decreased drastically, adversely affecting all Bitcoin holders. In many of these instances, the customers of such exchanges have not been compensated or made whole for the partial or complete loss of their account balances. At this time, there is no U.S. or foreign governmental, regulatory, investigative, or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen cryptocurrencies and tokens from an exchange. Consequently, an exchange may be unable to replace missing cryptocurrencies and tokens or seek reimbursement for any theft of cryptocurrencies and tokens, adversely affecting investors and an investment in the Fund.

Exchange Difficulties. Any financial, security or operational difficulties experienced by cryptocurrency and token exchanges may result in an inability of the Fund to recover money, cryptocurrencies and tokens being held by the exchange, or to pay investors upon redemption. Further, the Fund may be unable to recover cryptocurrencies and tokens awaiting transmission into or out of the Fund, all of which could adversely affect an investment in the Fund. Additionally, to the extent that a cryptocurrency and token exchange represents a substantial portion of the volume in particular cryptocurrencies and tokens trading are involved in fraud or experience security failures or other operational issues, such exchanges' failures may result in loss or less favorable prices of a particular Cryptocurrency or Token, or may adversely affect the Fund, its operations and investments, or Shareholders.

No Warranties. Due to the nature of electronic communication processes, cryptocurrency and tokens exchanges typically do not guarantee or warrant their websites or electronic platforms will be uninterrupted, without delay, error-free, omission-free, or free of viruses. Therefore, information and services provided by cryptocurrency and token exchanges are typically provided "as is" without warranties of any kind, express or implied, including accuracy, timeliness and completeness.

Lack of Investor Protection. When trading cryptocurrencies and tokens, investors are generally not protected by any exchange rights. When investing in and holding cryptocurrencies and tokens issued by an entity or organization, investors generally do not possess any Shareholder or similar rights with respect to that issuing entity or organization.

Volatility of Cryptocurrencies and Tokens

Rapid Fluctuations in Value. A principal risk in trading cryptocurrencies and tokens is the rapid fluctuation of its market price of such assets. The value of the Shares may relate directly to the value of the cryptocurrencies and tokens held in the Fund and fluctuations in the price of cryptocurrencies and tokens could adversely affect the net asset value of the Shares. There is no guarantee that the Fund will be able to achieve a better than average market price for its cryptocurrencies and tokens or will purchase such cryptocurrencies and tokens at the most favorable price available. The price of cryptocurrencies and tokens achieved by the Fund may be affected generally by a wide variety of complex and difficult to predict factors such as supply and demand; rewards and transaction fees for the recording of transactions on the applicable blockchain; availability and access to virtual currency service providers (such as payment processors), exchanges, miners or other blockchain users and market participants; security vulnerability; inflation levels; fiscal policy; interest rates and political, natural and economic events.

Supply and Demand Risks. To the extent the public demand for cryptocurrencies and tokens were to decrease, or the Fund was unable to find a willing buyer, the price of cryptocurrencies and tokens could fluctuate rapidly, and the Fund may be unable to sell the cryptocurrencies and tokens in its possession or custody. Shareholders in the redemption queue will remain subject to the risk of price fluctuations of cryptocurrencies and tokens until they are fully redeemed from the Fund. Further, if the supply of cryptocurrencies and tokens available to the public were to increase or decrease suddenly due to, for example, a change in a blockchain network's source code, the dissolution of a virtual currency exchange, or seizure of cryptocurrencies and tokens by government authorities, the price of cryptocurrencies and tokens could fluctuate rapidly. Such changes in demand and supply could adversely affect an investment in the Fund. In addition, governments may intervene, directly and by regulation, in the cryptocurrency and token market, with the specific effect, or intention, of influencing cryptocurrency and token prices and valuation (e.g., releasing previously seized cryptocurrencies and tokens).

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

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

Risks Relating to Development and Acceptance of Blockchain Networks. The growth and use of cryptocurrencies and tokens generally, and the Bitcoin network specifically, is subject to a high degree of uncertainty. Indeed, the future of the industry likely depends on several factors, including, but not limited to: (a) economic and regulatory conditions relating to both fiat currencies and cryptocurrencies and tokens; (b) government regulation of the use of and access to cryptocurrencies and tokens; (c) government regulation of cryptocurrency and token service providers, administrators or exchanges; (d) the domestic and global market demand for—and availability of—other forms of virtual currency or payment methods; and, (e)

uniquely regarding Bitcoin, the security, integrity and adoption of the Bitcoin network source code protocol. Any slowing or stopping of the development or acceptance of Bitcoin or the Bitcoin network may adversely affect an investment in the Fund.

Risks of Transacting in Cryptocurrencies and Tokens

Credit Risks. The Funds may transact with private buyers or sellers or exchanges. The Funds will take on credit risk every time it purchases or sells a cryptocurrency and tokens, and its contractual rights with respect to such transactions may be limited. Although the Funds' transfers of cryptocurrencies and tokens or cash will be made to or from a counterparty which the Investment Manager believes is trustworthy, it is possible that, through computer or human error, or through theft or criminal action, the Funds' cryptocurrencies and tokens or cash 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 such Fund's cryptocurrencies and tokens or cash (through error or theft), it will be unable to recover incorrectly transferred cryptocurrencies and tokens or cash, and such losses will negatively impact that Fund.

Irreversible Nature of Blockchain Transactions. Transactions involving cryptocurrencies and tokens that have been verified, and thus recorded as a block on the blockchain, generally cannot be undone. Even if the transaction turns out to have been in error, or due to theft of a user's cryptocurrency and token, the transaction is not reversible. Further, at this time, there is no governmental, regulatory, investigative, or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen cryptocurrencies and tokens. Consequently, the Funds may be unable to replace missing cryptocurrencies and tokens or seek reimbursement for any erroneous transfer or theft of cryptocurrencies and tokens. To the extent that a Fund is unable to seek redress for such action, error or theft, such loss could adversely affect an investment in that Fund.

Exchange Limits. Certain cryptocurrency and token exchanges may place limits on a Fund's transactions, or a Fund may be unable to find a willing buyer or seller of a cryptocurrency and token. To the extent a Fund experiences difficulty in buying or selling Bitcoin, investors may experience delays in subscriptions or payment of redemption proceeds, or there may be delays in liquidation of a Fund's cryptocurrencies and tokens—adversely affecting such Fund's net asset value.

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

Theft or Loss of Cryptocurrencies and Tokens

Loss of Private Keys. Cryptocurrencies and tokens are intended to be controllable only by the possessor of both the unique public and private keys relating to the local or online digital wallet in which the cryptocurrencies and tokens are held. To the extent private keys relating to a Fund's cryptocurrencies and tokens are lost, destroyed or otherwise compromised, the Fund will be unable to access the related cryptocurrencies and tokens. Any loss of private keys relating to digital wallets used to store cryptocurrencies and tokens could adversely affect an investment in a Fund.

Third Party Wallet Providers. The Funds intend to use third party wallet providers to hold cryptocurrencies and tokens. The Funds may have a high concentration of its cryptocurrencies and tokens in one location or with one third party wallet provider, which may be prone to losses arising out of hacking, loss of passwords, compromised access credentials, malware, or cyber-attacks. The Funds are not required to maintain a minimum number of wallet providers to hold cryptocurrencies and tokens. The Funds may not conduct detailed information technology diligence on such third-party wallet providers and, as a result, may not be aware of all security vulnerabilities and risks. Certain third-party wallet providers may not indemnify a Fund against any losses of cryptocurrencies and tokens. Cryptocurrencies and tokens held by third parties could be transferred into "cold storage" or "deep storage," in which case there could be a delay in retrieving such cryptocurrencies

and tokens. The Funds may also incur costs related to third party storage. Any security breach, incurred cost or loss of cryptocurrencies and tokens associated with the use of a third-party wallet provider, may adversely affect the Funds.

Theft of Private Keys and Malicious Attacks. Hackers or malicious actors may launch attacks to steal, compromise, or secure cryptocurrencies and tokens, such as by attacking the applicable blockchain network source code, exchange servers, third-party platforms, cold and hot storage locations or software, or cryptocurrencies and tokens transaction history, or by other means. For example, in February 2014, Mt. Gox suspended withdrawals because it discovered hackers were able to obtain control over the exchange's Bitcoin. Further, Flexcoin, a so-called Bitcoin bank, was hacked in March 2014 when attackers exploited a flaw in the code governing transfers between users by flooding the system with requests before the account balances could update—resulting in the theft of 896 Bitcoin. As a Fund increases in size, it may become a more appealing target of hackers, malware, cyber-attacks or other security threats. At this time, there is no governmental, regulatory, investigative, or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen cryptocurrencies and tokens. Consequently, a Fund may be unable to replace missing cryptocurrencies and tokens or seek reimbursement for any theft, adversely affecting an investment in such Fund.

Money Laundering. Transactions in cryptocurrencies and tokens may be misused for criminal activities, including money laundering. Transactions in Cryptocurrencies and 37 Tokens are public, but the owners and recipients of these transactions generally are not. Transactions are largely untraceable and provide cryptocurrency and token consumers with a high degree of anonymity. It is therefore possible that the cryptocurrency and token network will be used for transactions associated with criminal activities, including money laundering. This misuse could affect investors, as law enforcement agencies may decide to close exchange platforms and prevent investors from accessing or using any funds that the platforms may be holding for them. Transacting with a counterparty making illicit use of Bitcoin could have a material adverse effect on a Fund.

Tax and Accounting Standards. The tax characterization of cryptocurrencies and tokens is evolving in many jurisdictions and the investing and trading in cryptocurrencies and tokens by a Fund may have tax implications, such as value added tax or capital gains tax, of which a Fund may not appropriately predict in advance and/or account for. In addition, the net asset value of a Fund at the time any subscriptions, redemptions or exchanges of Shares occur may reflect a direct or indirect accrual for tax liabilities, including estimates of such tax liabilities, that may not ultimately be paid. Accounting standards may also change, creating an obligation for a Fund to accrue for a tax liability that was not previously required to be accrued for or in situations where it is not expected that a Fund 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 an investment in such Fund.

Regulation under Commodity Exchange Act. Although a Funds may use equity swaps, credit default swaps, interest rate swaps, total return swaps, commodity futures contracts, and related options as components of its investment programs, and the Investment Manager is registered with the CFTC as a CPO, and relies on a partial exemption from registration with respect to the Funds under the CFTC Rules enacted under the Commodity Exchange Act of 1974. The Investment Manager relies on the exemption under CFTC Rule 4.7. Because the Investment Manager relies on this exemption with respect to the Funds, it need not comply with certain requirements applicable to a registered CPO that does not qualify for the CFTC Rule 4.7 exemption. For instance, the Investment Manager is not required to submit a Disclosure Document to the National Futures Association for review prior to dissemination.

Risks Associated with Initial Coin Offerings. The Funds may invest in ICOs. The Funds' investments in these assets may be very sensitive to movements in related markets and trends and ICO markets, including regulatory developments, enforcement actions, security concerns and technological developments. In addition, by investing in such assets a Fund may be subject to international, federal and state securities, commodity or other laws which may, among other things, restrict a Fund's ability to sell a portfolio investment and adversely impact the value of its assets. Many ICO issuers do not have lengthy operating histories and the success of a particular Cryptocurrency or Token issued under and ICO may be dependent on the management of such issuer.

Network Integrity and Security Risks for Cryptocurrencies and Tokens Generally

Forking. Certain cryptocurrencies and tokens are susceptible to risks of a fork occurring on the distributed ledger of transactions of such Cryptocurrency or Token. If miners of the underlying blockchain of such Cryptocurrency or Token solve a block at approximately the same time, it causes a “fork” in the blockchain. Certain network protocols utilizing a proof of work mining model try to resolve forks by automatically giving priority to the longest blockchain in the fork. If forks are unresolved there are effectively two networks operating at the same time, each with its own version of the transaction history. This creates an increased risk of receiving a double-spend transaction, and a general systemic risk to the integrity and security of the applicable cryptocurrency and token network. To the extent that a significant majority of users and miners on the applicable network install software that changes the network or properties of a particular Cryptocurrency or Token, including the irreversibility of transactions and limitations on the mining of new Cryptocurrencies or Tokens, such network would be subject to new protocols and software that may result in a “fork” of the network, adversely affecting an investment in a Fund. Similarly, if less than a significant majority of users and miners on the network install such software, the network could “fork,” which may adversely affect an investment in a Fund. To the extent that any temporary or permanent forks exist in the block chain, an investment in such Fund may be adversely affected.

Mining Risks. Certain cryptocurrencies and tokens are susceptible to risks associated with how the underlying blockchain of such cryptocurrency and token are mined. If rewards and transaction fees are not properly matched to the efforts of miners, miners may not have an adequate incentive to continue mining. Miners ceasing operations could reduce the collective processing power on the blockchain network, adversely affect the validation process for transactions, and, generally, make the network more vulnerable. Further, if a single miner or a mining pool gains a majority share in a given blockchain network’s computing power, the integrity of the blockchain may be affected. A miner or mining pool could reverse transactions of such cryptocurrency and token, make double spend transactions, prevent confirmations or prevent other miners from mining valid blocks. Each of these scenarios could reduce confidence in the validation process or processing power of the network, and adversely affect an investment in a Fund.

Amendments to Protocol. The development team and administrators of a network’s source code for any given cryptocurrency and token could propose amendments to such network’s protocols and software that, if accepted and authorized, or not accepted, by the network community, could adversely affect the supply, security, value, or market share of that Cryptocurrency or Token and thus an investment in a Fund.

Malware. 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 network for any given Cryptocurrency or Token; or alters the source code and blockchain on which all cryptocurrencies and tokens transactions rely, an investment in a Fund could be adversely affected.

Weaknesses or Exploitable Breakthroughs in Cryptography. Cryptography is an art, not a science, and the state of the art can advance over time. Advances in code cracking, or technical advances such as the development of quantum computers, could present risks to cryptocurrencies and tokens and underlying blockchain networks supporting such cryptocurrencies and tokens.

Network Integrity and Security Risks for Bitcoin

Bad Actors. The source code used to form the Bitcoin is attributed to “Satoshi Nakamoto” a pseudonym to a presently unidentified individual or group of individuals who may be acting alone or in concert with a government, government organization or group with malevolent tendencies. As such, only the portions of the source code that have been made public have been analyzed with regards to operation, ability to generate Bitcoin, and to conduct transactions in the previously

described manner. There may exist an unseen portion of the original code wherein a pre-existing sub-routine and/or virus has been placed which will activate at a future time (determined by the original code writer(s)) causing disruptions to the block chain and/or resulting in substantial losses, theft of Bitcoin, unauthorized transactions and the issuance of duplicate Bitcoin. Further, since the identity of the original code writer(s) is not known, one cannot discount the possibility of the same unknown individual(s) inserting and/or activating a sub-routine or artifact allowing said person(s) to manipulate a portion of the Bitcoin programming and/or block chain itself to the benefit of this individual(s) (i.e., by programming a portion of each Bitcoin to transfer to such individual's Bitcoin wallet).

Bitcoin Mining Risks. As the number of Bitcoin awarded for solving a block in the blockchain decreases, the incentive for miners to continue to contribute processing power to the Bitcoin network will transition from a set reward to transaction fees. Either the requirement from miners of higher transaction fees in exchange for recording transactions in the blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for Bitcoin and prevent the expansion of the Bitcoin network to retail merchants and commercial businesses, resulting in a reduction in the net asset value. To the extent that any miners cease to record transactions in solved blocks, transactions that do not include the payment of a transaction fee will not be recorded on the blockchain until a block is solved by a miner who does not require the payment of transaction fees. Any such delays in the recording of transactions could result in a loss of confidence in the Bitcoin network, which could adversely impact an investment in the Shares.

Investments in Private Enterprises. Many investment opportunities in blockchain technologies that a Fund may invest in are start-up companies with limited operating history and/or small private enterprises with small market capitalization. While a Fund believes that such investments can provide potential for appreciation, it recognizes that such investments involve higher risks than investments in larger or more established companies and the value of such investments is likely to be more volatile. Further, the risk of bankruptcy or insolvency of such companies (with the attendant loss to investors) is higher than for larger and more established companies. In addition, investments in these types of companies may be characterized by reduced liquidity and more abrupt and erratic market price movements than those of larger, more established companies.

Non-control Investments. The Funds may hold a non-controlling interest in many of the enterprises it invests in and, therefore, may have a limited ability to protect its positions in such enterprises. Accordingly, a Fund will be significantly reliant on the existing management such enterprises, which may include representatives of other financial investors with whom a Fund is not affiliated and whose interests may conflict with the interests of such Fund.

Material, Non-public Information. By reason of its investment in a company or otherwise, the Funds may acquire confidential or material non-public information or 40 otherwise be restricted from initiating transactions in certain securities. In such instances a Fund will not be able to act upon any such information. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell a portfolio investment that it otherwise might have sold.

Risks Relating to Lack of Transparency. Given the type and extent of the security measures necessary to adequately secure cryptocurrencies and tokens, Shareholders may not fully know how a Fund stores or secures its cryptocurrencies and tokens or a Fund's complete holding of cryptocurrencies and tokens at any time.

Cryptocurrency and Token Service Providers; Conflicts. The Funds and the Investment Manager may be subject to conflicts relating to its selection of cryptocurrency and token intermediaries, exchanges and counterparties on behalf of a Fund. 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 Investment Manager but not necessarily beneficial to a Fund. The Administrator and other service providers may also provide services to other vehicles with similar investment programs and, accordingly, may have conflicts of interest. In addition, subject to applicable law, any of the service providers may deal, as principal or agent, with a Fund; provided that such dealings are on normal commercial terms negotiated on an arm's-length basis. The Funds' service

providers and their principals, employees or affiliates may trade in cryptocurrencies and tokens outside of the Funds, which may conflict or compete with a Fund, including by buying or selling cryptocurrencies and tokens when a Fund is doing the opposite.

Trade Errors. The Funds may on occasion experience errors with respect to trades made on their behalf. Trade errors may include, for example, (i) the placement of orders (either purchases or sales) in excess of the amount of cryptocurrencies and tokens a Fund intended to trade; (ii) the sale of cryptocurrencies and tokens when it should have been purchased; (iii) the purchase of cryptocurrencies and tokens when it should have been sold; (iv) the purchase or sale of cryptocurrencies and tokens contrary to regulatory restrictions or Fund investment guidelines; (v) incorrect allocations of trades; and (vi) keystroke errors that occur when entering trades into an electronic trading system. Trade errors may result in losses or gains to a Fund. The Investment Manager generally will endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. However, this may not be practicable with respect to cryptocurrencies and tokens.

Other Derivative Investments. Derivative instruments or “derivatives” include futures, options, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement may expose the Funds to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Counterparty Risk. The Funds currently trade OTC instruments. Such instruments are not cleared through a central clearing agency, and thus will be bilateral contracts between the Funds and a dealer. It is anticipated that, over time, some and perhaps many of these OTC instruments will be required to be centrally cleared pursuant to the Dodd-Frank Act, however, clearing is not presently required, and the central clearing houses are not yet ready to clear most of these instruments.

In the OTC markets, the Funds bear the credit risk that one or more counterparties will be unable to pay in full their obligations under such contracts, except to the extent that a Fund is collateralized. OTC counterparties are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets – provided, however, that, the Dodd-Frank Act is bringing increasing regulatory oversight to the OTC markets. Less regulation exposes the Funds to the risk that counterparties will not meet their obligations under transactions in accordance with their terms and conditions because of disputes over the terms of the contracts (whether or not bona fide) or because of credit or liquidity problems (including, without limitation, the insolvency, bankruptcy or liquidation of the counterparty), thus causing the Funds to suffer a loss. Any bankruptcy, insolvency, receivership or other similar creditors’ rights event of a material counterparty of the Funds would likely result in losses to the Funds and may impair the operational capabilities of the Funds. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds might have concentrated transactions with a single or small group of counterparties.

The Funds are not restricted from dealing with any particular counterparty or limited in the number of transactions they may enter into with any particular counterparty or restricted from concentrating any or all of their transactions with one counterparty, although they generally use, and anticipate that they will generally continue to use a number of different counterparties. The Investment Manager will monitor concentration risk. When trading OTC instruments, the Funds trade actively with a number of different counterparties and, in placing trades, take into account their exposures to counterparties. In doing so, the Funds take into account such exposures on a current basis and also measure potential future exposures to counterparties assuming extreme market conditions.

To reduce counterparty credit risk, derivative positions are marked to the market daily and variation margin is exchanged on a bilateral basis as the parties agree from time to time. The variation margin may be held either by the Funds or their counterparty, depending on which party is, as of a given valuation day, “in-the-money”. The Funds will often be required to post initial margin or “independent amounts” as additional security for the benefit of their counterparties (generally, dealers). Variation and initial margin are generally comprised of U.S. Treasury securities, U.S. agency securities or U.S. dollars. If the variation margin is held by the counterparty, then any additional margin posted by the Funds to the counterparty as initial margin would increase the total amount of margin held by the counterparty. If the variation margin is held by the Funds, then any additional margin required as initial margin from the Funds would reduce the amount of variation margin held by the Funds. Thus, posting initial margin increases the counterparty credit risk of the posting party. In a number of cases, the Funds will not post initial margin directly with the derivatives counterparty, but instead will post the initial margin to a separate “tri-party collateral account” owned by the Funds in which the counterparty has been granted a security interest. This arrangement is intended to reduce counterparty credit risk associated with posting initial margin directly to a counterparty (or with allowing initial margin to reduce the amount of variation margin held by the Funds). The Funds may not have such arrangements in place with all counterparties, and there can be no assurance that these arrangements will be effective to eliminate or reduce counterparty credit risk.

The Investment Manager has no internal credit function that independently evaluates the creditworthiness of the Funds counterparties; however, the Investment Manager reviews published credit ratings regarding the counterparties that are prepared by independent third parties, which may or may not be accurate or entirely reliable. The ability of the Funds to transact business with any one or a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities, and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds. Although increased regulatory oversight of the OTC markets may decrease some of the risks associated with trading with OTC counterparties, it may increase other risks, including, without limitation, risks associated with clearing organizations, futures commission merchants and with certain mandated reorganizations of OTC trading activities.

Equity Options. The Funds may invest in equity options in the U.S. and other countries. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Funds may suffer losses if they invest in equity options of issuers whose performance diverges from the Investment Manager’s expectations or if equity markets generally move in a single direction and the Funds have not hedged against such a general move. The Funds may also be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering or otherwise qualifying restricted securities for public resale.

Fixed Income and Corporate Debt Securities. The Funds intend to invest in debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, sovereign debt issued or guaranteed by foreign governments; commercial paper and “higher yielding” (and, therefore, higher risk) debt securities of the former categories. These securities may pay fixed, variable or floating rates of interest and may include zero coupon obligations. The value of fixed income securities in which the Fund invests will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer’s inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). A major economic recession could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Risk Management. Although the Investment Manager expects to use certain risk management parameters and methods to seek to reduce exposure to certain risks, there is no assurance that such risk management parameters and methods will be successful. The Funds do not seek to reduce or limit, and may retain exposure to, various risks to the extent that the

Investment Manager believes they provide appropriate opportunities for returns. Judgments about the relationship between risks and returns and appropriate risk reduction strategies are subjective, and the desired risk levels may not be obtained or may prove to have been too high or too low. The Investment Manager's risk assessment methods, as in effect from time to time, may not accurately identify or quantify the risks to which the Funds are exposed, which could limit the Investment Manager's ability to manage the risks. The Investment Manager's risk assessment methods are based in part on historical data. Risks and attendant losses may be significantly greater than may reasonably be predicted from historical data. Additionally, the Investment Manager's models may not correctly interpret or apply the historical data and may be unable to correctly assess the interaction of various risks. Moreover, not all historical data is taken into account by any model, and the Investment Manager's models may fail to include the relevant historical data. The Investment Manager's risk management techniques and strategies, as in effect from time to time, may not fully achieve the targeted risk exposures in all economic or market environments, and may be ineffective to reduce certain types of risk, including but not limited to unidentified or unanticipated risks. Anticipated correlations among the returns of various investments may not materialize. Risk management techniques may be difficult to calibrate and expensive to implement and thus may have the effect of reducing returns by more than anticipated. There can be no guarantee that the Investment Manager's risk assessment methods and management techniques and strategies will be effective or that the volatility management strategies will generate positive returns.

Foreign Securities. The Funds may invest in securities of non-U.S. issuers. Investments in securities and instruments in foreign markets involve substantial risks not typically associated with investments in U.S. securities. Foreign securities investments may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of Fund assets denominated in that currency and thereby impact the total return on such assets. The Funds may utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Investments in foreign securities will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of Fund assets and any effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, foreign companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies. Finally, in the event of a default of any foreign debt obligations, it may be more difficult for the Funds to obtain or enforce a judgment against the issuers of such securities.

Securities of foreign issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher in foreign markets than in the U.S. Differences in clearance and settlement procedures in foreign markets may cause delays in settlements of the trades affected in such markets.

Difficulty of Locating Suitable Investments. There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable the Funds to invest all of their capital in opportunities that satisfy the investment objectives or that such investment opportunities will lead to completed investments by the Funds. The availability of investment opportunities, particularly with small issues, generally will be subject to competition from other investment entities.

Competition. The securities industry and the varied strategies engaged in by the Investment Manager are extremely competitive and each involves a degree of risk. The Funds compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Concentration. The Fund portfolios may, from time to time, be concentrated in a particular type of security, industry, geographic location or market capitalization. This may be the result of opportunistic investing, external market forces or the lack of liquidity in one security as compared to other securities the Funds hold. Losses incurred in a position making up a significant percentage of Fund capital could have a material adverse effect on the overall financial condition of the Funds. This limited diversity could expose the Funds to significantly greater volatility than in a more diversified portfolio.

Hedging Transactions. The Funds may also hedge short options positions by taking offsetting positions in the underlying instruments on which the options are being traded or by investing in any instrument that could be expected to be a reasonable hedge to the overall portfolio. Such hedging may seek to: (i) protect against possible changes in the market value of the Fund investment portfolios resulting from fluctuations in the securities markets and/or changes in interest rates, (ii) protect unrealized gains in the value of the Fund investment portfolios, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investment in the Fund portfolios, (v) hedge the interest rate or currency exchange rate on any of the Fund liabilities or assets, (vi) protect against any increase in the price of any securities the Funds anticipate purchasing at a later date or (vii) for any other reason that the Investment Manager deems appropriate.

When the Investment Manager decides to hedge one or more positions, its success will be based on the Investment Manager's ability to correctly assess the degree of correlation between the performance of the hedging instrument and the performance of the investment being hedged. Since the characteristics of many securities changes as markets change or time passes, the success of a hedge will also be subject to the Investment Manager's ability to periodically recalculate, readjust, and execute the hedge in an efficient and timely manner. 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 they had not engaged in any such hedging transactions. In certain transactions, the Funds may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated. When the Investment Manager desires to hedge a position in the Fund portfolios, it might not be able to do so because a hedge may not be available; it may be too costly in light of the likelihood of the possible risk actually occurring or the risk simply could not be reasonably anticipated.

Cash Balances. The Funds may hold a portion of its assets in cash. The Funds will hold any cash balances it may accumulate for investment, reinvestment or distribution to the investors in securities subject to repurchase agreements, in money market mutual funds, in interest-bearing bank accounts or in other securities.

Loans of Portfolio Securities. The Funds may lend their portfolio securities on terms customary in the securities industry, enter into reverse repurchase agreements or enter into other transactions constituting a loan of Fund assets. By doing so, the Funds attempt to increase its income through the receipt of interest on the loan. In the event of a default or the bankruptcy of the other party to a securities loan, the Funds could experience delays in recovering the securities it lent and there is no assurance that the securities will be recovered. To the extent that the value of the securities the Funds lent has increased, the Funds could experience a loss if such securities are not recovered.

Money Market Instruments. The Investment Manager may invest, for defensive purposes or otherwise, all or a portion of Fund assets in money-market instruments and foreign money-market mutual funds, or hold cash or cash equivalents in such amounts as the Investment Manager deems appropriate under the circumstances. Money market instruments are high quality, short term fixed-income obligations, which generally have remaining maturities of one year or less, and may include U.S. Government securities, commercial paper, certificates of deposit and bankers' acceptances issued by domestic branches of United States banks that are members of the Federal Deposit Insurance Corporation and repurchase agreements. However, there can be no assurances that such investments will not be subject to significant risks.

Exchange Traded Funds. The Funds may invest in and sell short shares of exchange traded funds ("ETFs") and other similar instruments. These transactions may be used to adjust exposure to the general market or industry sectors and to manage the portfolios' risk exposure. ETFs and other similar instruments involve risks generally associated with investments in a broadly based portfolio of common stocks, including the risk that the general level of stock prices, or that the prices of stocks within a particular sector, may increase or decrease, thereby affecting the value of the shares of the ETF or other instruments.

General Economic and Market Conditions. The success of investing activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of Fund investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect, among other things, the level and volatility of securities prices, the liquidity of Fund investments and the availability of certain securities and investments. Volatility or illiquidity could impair profitability or result in losses. The Funds may maintain substantial trading positions that can be materially adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss.

Suspension of Trading. For all securities traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for the Funds to liquidate positions and thereby expose it to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough for the Funds to close out positions.

Change in Investment Strategies. The investment strategies, approaches and techniques discussed herein may evolve over time due to, among other things, market developments and trends, the emergence of new or enhanced investment products, changing industry practice and/or technological innovation. As a result, these investment strategies, approaches and techniques may not reflect the investment strategies, approaches and techniques actually employed by the Funds. Nevertheless, the investments made on behalf of the Funds will be consistent with the Fund investment objectives.

Custody Risk. Fund assets may be held in one or more accounts maintained for the Funds by custodian banks, prime brokers or at other brokers or banks, which may be located in various jurisdictions, including emerging market jurisdictions. The custodian banks, prime brokers, other brokers (including those acting as sub-custodians) and banks are subject to various laws and regulations in the relevant jurisdictions that are designed to protect their customers in the event of their insolvency. Accordingly, the practical effect of the laws protecting customers in the event of insolvency and their application to the Fund assets may be subject to substantial variations, limitations and uncertainties. For instance, in certain jurisdictions brokers could have title to Fund assets or not segregate customer assets. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a custodian bank, prime broker, other broker or bank, or a clearing corporation, it is impossible further to generalize about the effect of the insolvency of any of them on the Funds and their assets. Investors should assume that the insolvency of any of the custodian banks, prime brokers, other brokers or banks or clearing corporations may result in the loss of all or a substantial portion of Fund assets or in a significant delay in the Funds having access to those assets.

As discussed above, regardless of how Digital Assets are stored, the Firm shall be prepared for an examination that also assesses the following:

- Occurrences of unauthorized transactions, including theft of digital assets;
- Controls around safekeeping of digital assets (e.g., employee access to private keys and trading platform accounts);
- Business continuity plans where key personnel have exclusive access to private keys;
- How the adviser evaluates harm due to the loss of private keys;
- Reliability of software used to interact with relevant digital asset networks;
- Storage of digital assets on trading platform accounts and with third party custodians; and
- Security procedures related to software and hardware wallets.

ITEM 9 DISCIPLINARY INFORMATION

Investment advisers are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of the advisory business or the integrity of management personnel. Kaleidoscope Capital and its management personal have not been involved in any such events.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

None of Kaleidoscope Capital, its affiliates and their partners, members or employees are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

In its capacity as a Commodity Trading Advisor (“CTA”), Kaleidoscope Capital LP is registered with the Commodity Futures Trading Commission (“CFTC”) and is a member of National Futures Association (“NFA”). In its capacity as a Commodity Pool Operator (“CPO”) and a Swap Commodity Pool Operator (“Swap CPO”), Kaleidoscope GP LP is registered with the CFTC and is a member of the NFA. Nick Nanda is an Associated Person and a Swap Associated Person of the CPO/Swap CPO and is also an Associated Person of the CTA (i.e., respectively, Kaleidoscope GP LP, and Kaleidoscope Capital LP).

Kaleidoscope Capital LP, its partners and employees may have conflicts in allocating their time to the management of the Funds. Kaleidoscope’s employees devote all of their business time to fulfilling their fiduciary duties to the Funds. Employees may conduct outside business activities pursuant to Kaleidoscope’s compliance policies and procedures. Such activities are subject to pre-approval and disclosure.

Nick Nanda serves on the Board of Overseers and chairs the Investment Committee of the Boston Ballet, is on the Advisory Board and serves on the Investment Committee of Boston's Institute of Contemporary Art, and is also a non-voting member of the Investment Committee of the Grantham Foundation for the Protection of the Environment. There are no known relationships between Kaleidoscope and the Boston Ballet nor between Kaleidoscope and Boston’s Institute of Contemporary Art. Mr. Nanda does not receive compensation for these engagements.

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

Kaleidoscope Capital is trusted to represent client interests in many matters and must hold itself to the highest standard of fairness in all such matters. Kaleidoscope Capital has adopted a Code of Ethics (the “Code”) which details the standards of business conduct for all employees. Clients and prospective clients may obtain a copy of the Code by contacting David Berry (Chief Compliance Officer) by email at David.berry@kldscap.com, or by telephone at (617) 765-2061.

All employees must certify in writing upon commencement of employment, and upon any material changes to the Code, that they have read, understood, and agree to comply with the policies and procedures described in the Code, and that they will conduct themselves professionally and in complete accordance with the requirements and standards described in the Code.

Kaleidoscope Capital maintains a strict personal trading and investment policy. This policy limits personal trading and investing by any Access Person to Publicly Traded Mutual Funds, Exchange Traded Funds (ETFs), Private Investments in Hedge Funds, Broad-based Futures Indices, and U.S. Government Issued Securities. Short-term trading is prohibited.

Each Access Person must submit an initial holding report within 10 days of commencement of employment and annually each year thereafter. Access Persons are required to instruct each broker, bank, or other financial institution in which the Access Person maintains a personal account (i.e., a securities trading account in which the employee has any direct or indirect beneficial ownership interest) to provide Kaleidoscope Capital with duplicates of all trade confirmations and monthly or other periodic statements. In addition, each Access Person is required to provide a quarterly transaction report within 30 days after the end of each calendar quarter even if he/she has no trades to report.

ITEM 12 BROKERAGE PRACTICES

As part of its fiduciary duty, Kaleidoscope Capital has an obligation to seek best execution when directing trading for the Funds. Pursuant to the applicable investment management agreement, Kaleidoscope Capital has the authority to determine the broker-dealer to be used in any securities transaction and the commission rate to be paid. Kaleidoscope Capital considers several qualitative and quantitative factors that influence its selection of brokers and assessment of post-execution performance, including execution quality. These factors generally include financial strength, counterparty diversification, integrity, stability of the futures commission merchant and/or broker-dealer, and the commissions or other fees paid or to be paid.

Kaleidoscope Capital may receive research or other products or services other than execution from a broker-dealer or a third party in connection with securities transactions (“soft dollar benefits”). However, Kaleidoscope’s policies prohibit the use of client brokerage to receive such benefits. Kaleidoscope Capital does not engage in directed brokerage practices.

Kaleidoscope’s investment process is systematic, and it primarily maintains a pre-trade allocation policy. Kaleidoscope’s execution system employs a fair and equitable approach to the order of executions in instances where transactions in the same security and buy/sell direction are suitable for multiple Funds. Due to the trading environment for credit default swaps, some interest rate swaps, and options on futures contracts, a post-trade allocation process is performed for trades implicating those instruments. There is a reasonable expectation of economic benefit for aggregating orders for securities that are traded over the counter and/or are less liquid. Any such allocations are made as soon as practicable post-execution. Pre-determined risk allocations for each strategy influence trade allocation decisions and, as such, so-called post-trade allocations are informed by pre-trade risk determinations appropriate for each Fund. The allocation framework and subsequent allocation decisions take into account Client/Fund investment objectives set forth in the Client/Fund disclosure documents.

Forensic tests of the allocation policy are conducted routinely, and no less frequently than quarterly. In all instances, the pre-trade and post-trade allocation populations are analyzed quarterly to confirm fair allocations. For accounts that are managed similarly and are therefore appropriate for comparison, a performance dispersion test would identify differences in accounts and therefore position the CCO to question disparate performance to ensure not only that there were legitimate reasons for the discrepancy (and not favoritism of one account or group of accounts over others) but also to aid in the detection of possible trading errors that could give rise to performance dispersion. Kaleidoscope maintains documentation of the allocation testing procedure.

The General Partner has established an Allocation Committee to facilitate the fair and equitable treatment of Fund accounts. The Allocation Committee meets quarterly, and members consist of the Chief Investment Officer, Chief Compliance Officer and employees responsible for placing orders on behalf of the Funds. To seek fair treatment of Fund accounts, the General Partner’s policy for trading in listed and liquid instruments is to determine allocation pre-execution and employ a random “turn-based” approach to the order of Fund account executions in instances where more than one Fund seeks to transact in the same security and buy/sell direction. The General Partner will monitor instances where multiple Funds transact in the same security on the same date to check for potential unfair treatment. If pre-execution allocation is not feasible, allocations will be made as soon as practicable post-execution. The General Partner may aggregate sale and purchase orders of securities held by a Fund with similar orders being made simultaneously for other Funds if, in the General Partner’s reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to the Funds in the aggregate based on an evaluation that Funds are benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these factors.

There is a reasonable expectation of economic benefit for aggregating orders for securities that are traded over-the-counter and/or are illiquid, and allocations will be made as soon as practicable post-execution. The Allocation Committee shall be responsible for documenting the framework for determining fair and equitable post trade allocations of OTC and/or illiquid securities. The allocation framework and subsequent allocation decisions shall take into account Client/Fund investment objectives set forth in the Client/Fund disclosure documents.

There will be no allocation to an account or set of accounts based on account performance or the amount or structure of fees.

While not anticipated due to the investment strategies followed by the Investment Manager's Funds, allocations of limited opportunity investments such as IPOs or other primary offerings of securities will be allocated among eligible accounts in the same manner as other securities. However, since all Funds must be accorded individual investment advice and treatment, an account's allocation may be eliminated, reduced, or increased because of any of the following factors:

1. Specific investment restrictions, guideline limitations, investment policies, investment objectives, or client risk tolerance;
2. Existing security positions, existing sector concentrations or a need to rebalance; and
3. Current cash position, outstanding commitment amounts or liquidity requirements.

All allocations will comply with the general guidelines set forth above. All allocation records and approvals of deviations from the allocation guidelines above will be maintained as records of the General Partner in an easily accessible place for a period of not less than six years, the first two in an appropriate office of the Firm.

In addition to the foregoing, the Allocation Committee engages in a quarterly review of its policies and procedures established by Kaleidoscope to provide non-preferential treatment for each of the Kaleidoscope Funds. The Committee's quarterly reviews are as designed to ensure the following:

1. Confirm Kaleidoscope's currently effective policies and procedures continue to reflect Kaleidoscope's current actual advisory practices. When the Firm contemplates new practices or changes to existing practices, this review encompasses confirming that any relevant changes have been incorporated into the Firm's policies and procedures and communicated to relevant personnel in the firm.
2. Confirm Kaleidoscope's policies and procedures are designed, implemented, and tested in a manner that results in allocations that are non-preferential and are fair and equitable over time such that no Fund or group of Funds receives consistently favorable or unfavorable treatment.
3. Confirm that our practices are consistent with disclosures made to clients regarding procedures designed and implemented to mitigate potential conflicts of interest resulting from side-by-side management.

ITEM 13 REVIEW OF ACCOUNTS

The Kaleidoscope Fund portfolios are continuously monitored by the members of the investment and operations teams. The investment team is led by the Chief Investment Officer, Nick Nanda. In addition, the operations team monitors the portfolios daily to ensure all transactions are recorded. The Chief Compliance Officer, David Berry, performs periodic reviews to determine if the portfolios are consistent with the investment objectives, risks and strategies set forth in each Fund's offering documents. Certain events that may trigger a more detailed review of the portfolio include but are not limited to significant deviations or trends in portfolio performance, significant changes in trading volumes, and the addition or removal of a security type or market.

Investors in the Funds receive monthly capital statements and may periodically receive other communications from the investment team. In addition, each of the Funds' financial statements are audited on an annual basis and distributed to investors in the Funds no later than 90 days following the end of the fiscal year.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

Kaleidoscope Capital is compensated for advisory services by its clients. Kaleidoscope Capital does not directly nor indirectly compensate any third party for client referrals.

ITEM 15 CUSTODY

Kaleidoscope Capital does not maintain physical possession of client cash or securities. However, as a technical matter, Kaleidoscope Capital is deemed to have custody of the Kaleidoscope Funds because an affiliate serves as general partner to the Funds. Kaleidoscope Capital has implemented procedures to safeguard Fund assets that are consistent with the requirements under the Investment Advisers Act of 1940, as amended. The Kaleidoscope Funds' financial statements are prepared in accordance with generally accepted accounting principles. The statements are audited annually and distributed to each Fund investor within 90 days of the fiscal year end. Investors should carefully review the Funds' audited financial statements and compare these statements to any financial information that may be distributed by the Investment Manager.

Please note custody-related matters pertaining to investments in Digital Assets as described above.

ITEM 16 INVESTMENT DISCRETION

Kaleidoscope Capital has full discretionary authority to manage the assets of the Kaleidoscope Funds. The authority is granted pursuant to investment management agreements between Kaleidoscope Capital and the Kaleidoscope Funds. The investment management agreements are intended to give the Investment Manager the flexibility to opportunistically invest Fund assets and otherwise conduct Fund business in a manner that is consistent with the objectives and strategies described in the Funds' Confidential Offering Memoranda.

ITEM 17 VOTING CLIENT SECURITIES

The Kaleidoscope Funds pursue investment strategies that generally do not utilize securities for which voting rights are attached, and primarily for this reason, the Investment Manager does not accept proxy voting responsibility and will abstain from any proxies received.

ITEM 18 FINANCIAL INFORMATION

Investment advisers are required to disclose any financial condition that is reasonably likely to impair their ability to meet contractual commitments to clients. Kaleidoscope Capital does not have any such financial condition.