
PART 2A OF FORM ADV: FIRM BROCHURE

PANTERA ADVISORS LLC

March 2024

Pantera Advisors LLC
600 Montgomery St
San Francisco, CA 94111
Tel: 650-854-7000
Fax: 650-854-7012
Website: <https://panteracapital.com>

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

The Investment Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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

ITEM 2

MATERIAL CHANGES

This Brochure, dated March 28, 2024, amends our Brochure filed with the U.S. Securities and Exchange Commission (“SEC”) on March 31, 2023. Although we do not believe that any of these changes are material, we have noted below several of the updates made in this annual amendment (not every update has been identified here). Recipients are encouraged to review this Brochure in its entirety.

- ☐ The Cover Page was amended to reflect a change in the Investment Adviser’s principal office from 3000 Sand Hill Road Menlo Park, CA 94025 to 600 Montgomery St San Francisco, CA 94111.
- ☐ We launched the Solana Funds. Items 4, 5 and 8 were amended to reflect additions and updates related to certain funds and general partner entities within our structure.
- ☐ Item 8 was amended to reflect updated investment strategy summaries and risk factors.

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ITEM 4 ADVISORY BUSINESS

A. General Description of Advisory Firm

1. *Pantera Advisors LLC*

Pantera Advisors LLC (the “**Filing Adviser**”) is a Delaware limited liability company that was formed in 2004.

We have four offices, which are located in (i) San Francisco, California, (ii) Menlo Park, California, (iii) San Juan, Puerto Rico and (iv) New York, New York. Our principal office and place of business is in San Francisco. The New York office primarily houses capital formation and infrastructure support personnel.

We are ultimately controlled by our principal owner, Daniel Morehead (the “**Principal Owner**”). The Principal Owner has been appointed the manager of DMDM Ventures, LLC (“**DMDM Ventures**”), the managing member of the Investment Adviser. DMDM Ventures is wholly owned by DMDM Trust, for which the Principal Owner serves as co-trustee with his spouse.

2. *Pantera Capital Management Puerto Rico LP*

Pantera Capital Management Puerto Rico LP (the “**Puerto Rico Relying Adviser**”), is a Delaware limited partnership that was formed in 2021. It has one office, which is located in Puerto Rico. The Puerto Rico Relying Adviser is controlled by its general partner, Pantera GP Puerto Rico LLC, which is wholly owned by DMDM Ventures, LLC. The Puerto Rico Relying Adviser is registered with the SEC as an investment adviser.

3. *Pantera Capital Management LP*

Pantera Capital Management LP (collectively with the Puerto Rico Relying Adviser, the “**Relying Advisers**” and, the Relying Advisers together with the Filing Adviser, the “**Investment Adviser**”, “we”, “us”, and similar terms), is a Delaware limited partnership that was formed in 2004. Pantera Capital Management LP is controlled by its general partner, Pantera GP LLC, which is wholly owned by DMDM Ventures, LLC. Pantera Capital Management LP is registered with the SEC as an investment adviser.

4. *Fund General Partner Entities*

Our registration on Form ADV also covers Pantera Venture GP LLC (the “**Venture General Partner**”), Pantera Venture II GP LLC (the “**Venture II General Partner**”), Pantera Venture III GP LLC (the “**Venture III General Partner**”), Pantera Bitcoin Management LLC (the “**Bitcoin Manager**”), Pantera Blockchain GP LLC (the “**Blockchain General Partner**”), Pantera Blockchain Venture GP LLC (the “**Blockchain Venture General Partner**”) and Pantera Liquid and Early-Stage Token GP LLC (the “**Liquid and Early-Stage Token General Partner**”, collectively with the Bitcoin Manager, the Venture General Partner, the Venture II General Partner, the Venture III General Partner, the Blockchain General Partner and the Blockchain Venture General Partner, the “**Fund General Partners**”), which are all limited liability companies organized under the laws of the state of Delaware. The Fund General Partners are affiliates of the Investment Adviser and serve or may serve as the general

partner of Funds (as defined below) that are U.S. or offshore partnerships. The Fund General Partners' facilities and personnel are provided by the Investment Adviser.

The Principal Owner is the principal owner of, and controls, the Fund General Partners, which are directly owned by DMDM Ventures.

B. Description of Advisory Services

This Brochure generally includes information about us and our relationships with our clients and affiliates. While much of this Brochure applies to all such clients and affiliates, certain information included herein applies to specific clients or affiliates only.

1. Advisory Services

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

- ☐ Pantera Venture Fund LP, a Delaware limited partnership (the **"Venture I Fund"**);
- ☐ Pantera Venture Fund II LP, a Delaware limited partnership (the **"Venture II Fund"**);
- ☐ Pantera Venture Fund III LP, a Delaware limited partnership (the **"Venture III Fund"**);
- ☐ Pantera Venture Fund III A LP, a Delaware limited partnership (the **"Venture III A Fund"**);
- ☐ Pantera Venture Offshore Fund III LP, a Cayman Islands exempted limited partnership (the **"Venture III Offshore Fund"**, and together with the Venture I Fund, the Venture II Fund, the Venture III Fund and the Venture III A Fund, the **"Venture Funds"**);
- ☐ Pantera Early-Stage Token Fund Ltd, a Cayman Islands exempted company (the **"Early-Stage Token Offshore Fund"**);
- ☐ Pantera Early Stage Token Master Fund LP, a Cayman Islands exempted limited partnership (the **"Early Stage Token Master Fund"**, and together with the Early-Stage Token Offshore Fund, the **"Early-Stage Token Offshore Funds"**);
- ☐ Pantera Early-Stage Token Fund LP, a Delaware limited partnership (the **"Early-Stage Token Fund I"**);
- ☐ Pantera Early-Stage Token Fund II LP, a Delaware limited partnership (the **"Early-Stage Token Fund II"**, and together with the Early-Stage Token Fund I, the **"Early-Stage Token Funds"**);
- ☐ Pantera Bitcoin Feeder Fund Ltd., a Cayman Islands exempted company (the **"Bitcoin Feeder Fund"**);
- ☐ Pantera Bitcoin Fund Ltd., a Cayman Islands exempted company (the **"Bitcoin Fund"**, and together with the Bitcoin Feeder Fund, the **"Bitcoin Funds"**);

- Pantera Liquid Token Fund LP, a Delaware limited partnership (the “**Liquid Token Fund**”);
- Pantera Liquid Token Offshore Fund Ltd, a Cayman Islands exempted company (the “**Liquid Token Offshore Fund**”);
- Pantera Liquid Token Offshore Master Fund LP, a Cayman Islands exempted limited partnership (the “**Liquid Token Master Fund**”, and together with the Liquid Token Fund, and the Liquid Token Offshore Fund, the “**Liquid Token Funds**”);
- Pantera Blockchain Fund LP, a Delaware limited partnership (the “**Blockchain Fund**”);
- Pantera Blockchain Venture Fund LP, a Delaware limited partnership (the “**Blockchain Venture Fund**”);
- Pantera Blockchain Offshore Fund LP, a Cayman Islands exempted limited partnership (the “**Blockchain Offshore Fund**”, and together with the Blockchain Fund, the “**Blockchain Funds**”);
- Pantera Solana Offshore Fund LP, a Cayman Islands exempted limited partnership (the “**Solana Offshore Fund**”); and
- Pantera Solana Fund LP, a Cayman Islands exempted limited partnership (the “**Solana Master Fund**”, and together with the Solana Offshore Fund, the “**Solana Funds**”).

The Venture General Partner serves as the general partner of the Venture I Fund, the Venture II General Partner serves as the general partner of the Venture II Fund, the Venture III General Partner serves as the general partner of the Venture III Fund, the Venture III A Fund and the Venture III Offshore Fund, and the Liquid and Early-Stage Token General Partner serves as the general partner of the Liquid Token Funds, and the Early-Stage Token Funds. The Bitcoin Manager serves as the general partner to the Bitcoin Funds. The Blockchain General Partner serves as the general partner to the Blockchain Funds and the Solana Funds. The Blockchain Venture General Partner serves as the general partner to the Blockchain Venture Fund.

2. *Investment Strategies and Types of Investments*

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

(a) Venture Funds

The Venture Funds pursue venture capital investments in businesses that seek to use blockchain technology and other less-liquid investments (excluding Early-Stage Token Offerings and digital assets (“Digital Assets”)) (“**Blockchain Venture Assets**”). The Investment Adviser seeks to capitalize on the highly disruptive migration Pantera believes is about to occur, from existing ledger systems and communication channels that rely on centralized third-party trust, to blockchain technology that will allow peer-to-peer (enterprises and individuals) connection across myriad industries and geographies to directly transfer information and value. The Venture Funds generally plan to lead seed and Series A deals, taking board seats where appropriate. The Investment Adviser expects to have access to superior

deal flow, by virtue of its active presence in the blockchain industry. The Venture Funds will seek to build a diversified portfolio to balance risk. Certain Venture Funds may, from time to time, hold tokens through early-stage token offerings (“**Early-Stage Token Offerings**”) that potentially convert into equity where the applicable Venture Fund invests in the underlying issuing company. Such Venture Funds will also be open to ancillary spaces, such as fintech, artificial intelligence, and machine learning.

(b) Early-Stage Token Funds

The investment objective of the Early-Stage Token Funds is to achieve capital appreciation and maximize absolute returns by participating in early-stage token opportunities within the blockchain space, with the ultimate goal of holding Liquid Tokens (defined below) resulting from such opportunities. The Early-Stage Token Funds seek to secure Liquid Tokens and access to Liquid Tokens using a wide variety of means and arrangements. In prior years, early-stage token opportunities arose primarily from new tokens, blockchain protocols or related services, financed and launched through Early-Stage Token Offerings of digital assets, virtual currencies, cryptocurrencies and/or other coins and tokens expected to have acceptable liquidity characteristics (collectively “**Liquid Tokens**”). Today, as the landscape for early-stage token opportunities is evolving, the Investment Adviser is adapting to market practices and novel ways of obtaining Liquid Tokens and the rights to Liquid Tokens, including in connection with or through preferred equity stakes in portfolio companies, Simple Agreements for Future Equity (“**SAFES**”), warrants for tokens and purchase agreements for existing Liquid Tokens.

(c) Early-Stage Token Offshore Funds

The investment objective of the Early-Stage Token Offshore Funds is to achieve capital appreciation and maximize absolute returns by participating in Early-Stage Token Offerings of Liquid Tokens. The Investment Adviser will rely on various approaches to obtaining Liquid Tokens and the rights to Liquid Tokens, including in connection with or through preferred equity stakes in portfolio companies, SAFES, warrants for tokens and purchase agreements for existing Liquid Tokens. The Early-Stage Token Offshore Funds generally intend to hold each investment for long-term appreciation over a period of not less than 12 months.

(d) Bitcoin Funds

The investment objective of the Bitcoin Funds is to invest substantially all of its assets in Bitcoin. The Investment Adviser will only cause the Bitcoin Funds to sell Bitcoin to fund redemptions and pay expenses and liabilities. The Bitcoin Funds will not trade, buy, sell or hold Bitcoin derivatives for any purpose. Transactions in Bitcoin will not be made on a leveraged, margined, or offer-financed basis. The Bitcoin Funds may engage in Bitcoin lending transactions, in the sole discretion of the Bitcoin Manager.

(e) Liquid Token Funds

The investment objective of the Liquid Token Funds is to achieve capital appreciation and maximize absolute returns by investing in a diversified portfolio consisting primarily of liquid digital assets, liquid virtual currencies, cryptocurrencies and/or other liquid coins and tokens. The Liquid Token Fund may also invest in related equity assets that exhibit strong market acceptance and liquidity. The Liquid Token Fund does not (i) expect to participate in Early-Stage Token Offerings, (ii) intend to invest in assets that have limited liquidity or (iii) intend to invest extensively (and in no instance over 40% of the Liquid Token Fund’s investments) in assets that have been determined to be securities for purposes of U.S. laws and regulations.

(f) Blockchain Funds and Blockchain Venture Fund

The investment objective of the Blockchain Funds is to offer investors the opportunity to make a single allocation and receive professionally-managed exposure to multiple facets of the emerging blockchain and cryptocurrency markets. The Blockchain Funds will invest in (i) venture capital investments in blockchain assets (including Early-Stage Token Offerings that are not Digital Assets) (collectively, “**Blockchain Venture Assets**”) and (ii) Digital Assets. The investment objective of the Blockchain Venture Fund is substantially similar to the investment objective of a certain class of interests of the Blockchain Fund.

(g) Solana Funds

The Investment Adviser will cause the Solana Funds to invest substantially all of their assets in the purchase of Solana, cryptographic blockchain tokens with the ticker symbol SOL (“**SOL**”), from the bankruptcy estate of FTX Trading Ltd. (“**FTX**”) (such SOL purchased by the Solana Funds, the “**Purchased SOL**” and the SOL being sold by the FTX estate, the “**FTX SOL**”). The Solana Funds will purchase the FTX SOL at a discounted price and subject to lock-up periods in accordance with the terms of a purchase agreement (the “**Purchase Agreement**”) entered into by, among others, the Solana Funds, the FTX estate and a certain broker on behalf of the FTX estate (the “**Broker**”).

The Solana Funds expect to hold Purchased SOL under the terms of the Purchase Agreement in accordance with the lock-up period and vesting schedule applicable and may sell such Purchased SOL following the end of such period.

The descriptions set forth in this Brochure of specific advisory services that we offer to our clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client’s investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

(h) Other Clients

The Investment Adviser serves as investment manager with discretionary authority with respect to a separately managed account that is beneficially owned by a private fund sponsored by a third part (the “Managed Account”). The investment strategies applicable to such clients are detailed in those clients’ governing documents.

C. Availability of Customized Services for Individual Clients

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

D. Wrap Fee Programs

We do not currently participate in any Wrap Fee Programs.

E. Assets Under Management

We manage, on a discretionary basis, approximately \$4,161,252,356 of client assets, determined as of December 31, 2023, calculated on the basis of regulatory assets under management. We do not manage any assets on a non-discretionary basis.

ITEM 5 FEES AND COMPENSATION

A. Advisory Fees and Compensation

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

1. *The Venture Funds*

(a) Management Fee

Generally, the Venture Funds pay the Investment Adviser a fee for investment management services (the "**Management Fee**") for each fiscal quarter of up to .5% (2% per annum) of the aggregate capital commitments of certain investors for such fiscal quarter. The Management Fee is calculated and paid in advance.

The Management Fee will be prorated for any subscription or withdrawal by an investor that is effective other than as of the first day of a quarter (to the extent permitted). In the sole discretion of the applicable Fund General Partner, the Management Fee may be waived, reduced, or calculated differently with respect to certain investors, including, without limitation, any Investment Adviser-related investor.

(b) Carried Interest

Generally, net proceeds of the investments of the Venture Funds will be distributed to the investors upon realization. The Fund General Partner is entitled to carried interest (the "**Carried Interest**") in an amount equal to the following (for certain Venture Funds the terms of the accrual of Carried Interest, including the distribution percentages listed below, may vary for certain investment classes). First, one hundred percent (100%) of the capital invested shall be returned to the investor, after which eighty to ninety percent (80-90%) will be distributed to such investor and ten to twenty percent (10-20%) will be distributed to the applicable Fund General Partner, until such investor has received aggregate distributions sufficient to provide it with a forty percent (40%) internal rate of return on its capital contributions. Thereafter, seventy percent (70%) of the remaining proceeds are paid to the investor and thirty percent (30%) are paid to the applicable Fund General Partner. In the sole discretion of the applicable Fund General Partner, the Carried Interest may be waived, reduced or calculated differently with respect to certain investors, including, without limitation, any Investment Adviser-related investor.

2. *The Early-Stage Token Funds*

(a) Management Fee

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

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

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

(b) Incentive Allocation

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

In the event that an Early-Stage Token Fund is terminated or an investor withdraws other than at the end of a fiscal year, then for purposes of determining the Incentive Allocation allocable at such time to the Liquid and Early-Stage Token General Partner, net capital appreciation will be determined as if such dates were the end of the fiscal year, subject to certain adjustments. In the sole discretion of the Liquid and Early-Stage Token General Partner, the Incentive Allocation may be waived, reduced or calculated differently with respect to certain investors, including, without limitation, any Investment Adviser-related investor.

3. *The Early-Stage Token Offshore Funds*

(a) Management Fee

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

The Management Fee will be prorated for any subscription or redemption by an investor that is effective other than as of the first day of a quarter. In the event of a redemption by an investor other than as of the last day of a quarter, the Investment Adviser will pay to the Early-Stage Token Offshore Fund Ltd (or the Pantera Early-Stage Token Master Fund LP) an amount equal to the *pro rata* portion of the Management Fee, based on the actual number of days remaining in such quarter, and the Early-Stage Token Offshore Fund will distribute such amount to the redeeming investor. In the sole discretion of the Investment Adviser, the Management Fee may be waived, reduced or calculated differently with respect to certain investors, including, without limitation, any Investment Adviser-related investor.

(b) Incentive Allocation

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

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

discretion of the Liquid and Early-Stage Token General Partner, the Incentive Allocation may be waived, reduced or calculated differently with respect to certain investors, including, without limitation, any Investment Adviser-related investor.

4. The Bitcoin Funds

(a) Management Fee

Generally, the Bitcoin Funds pays the Bitcoin Manager a Management Fee for each month equal to the aggregate of a daily accrual equal to 0.00205% (0.75% per annum) of the net asset value of the fee-paying class (before taking into account any investor-related taxes that are accrued but not yet paid as of the applicable calculation date) calculated as of the beginning of each day (including, for the avoidance of doubt, non-business days). Certain share classes are not subject to the Management Fee. Payment of the Management Fee will be made upon redemption or within 10 days of the last day of each month.

In the sole discretion of the Investment Adviser, the Management Fee may be waived, reduced or calculated differently with respect to certain investors, including, without limitation, any Investment Adviser-related investor.

(b) Realization Fee

Generally, amounts distributed to investors in the Bitcoin Funds upon redemption (whether voluntary or compulsory), other than upon dissolution of the Bitcoin Funds, will be reduced by a realization fee ("Realization Fee") equal to 1.0%. Certain share classes are not subject to a Realization Fee. The Bitcoin Manager may, in its sole discretion, reduce or waive the Realization Fee with respect to any investor or share class, including, without limitation, any Investment Adviser-related investor. The Realization Fee may be paid in Bitcoin or in its cash equivalent.

5. The Liquid Token Funds

(a) Management Fee

Generally, the Liquid Token Funds pay the Investment Adviser a Management Fee for each fiscal quarter equal to .5% (2% per annum) of the beginning net asset value of each capital account of an investor for such fiscal quarter. The Management Fee is calculated and paid in advance but is amortized monthly by the Liquid Token Funds over the quarter for which such Management Fee is paid.

The Management Fee will be prorated for any capital contribution or withdrawal by an investor that is effective other than as of the first day of a quarter. In the event of a withdrawal by an investor other than as of the last day of a quarter, the Investment Adviser will pay to the applicable Fund an amount equal to the *pro rata* portion of the Management Fee, based on the actual number of days remaining in such quarter, and the applicable Fund will distribute such amount to the withdrawing investor. In the sole discretion of the Liquid and Early-Stage Token General Partner, the Management Fee may be waived, reduced or calculated differently with respect to certain investors, including, without limitation, any Investment Adviser-related investor. The Liquid and Early-Stage Token General Partner's capital account will not be debited with any Management Fee.

(b) Incentive Allocation

Generally, at the end of each fiscal year of the Liquid Token Funds, the Liquid and Early-Stage Token General Partner is entitled to an incentive allocation (the “**Incentive Allocation**”) of an amount equaling 20% of the net capital appreciation (which includes both realized gains and losses and unrealized appreciation and depreciation of securities held in the applicable Fund’s portfolio) allocated to an investor’s capital account for such fiscal year after deducting the Management Fee debited to such investor’s capital account for such fiscal year, subject to a loss carryforward mechanism.

In the event that the Liquid Token Funds are terminated or an investor withdraws other than at the end of a fiscal year, then for purposes of determining the Incentive Allocation allocable at such time to the Liquid and Early-Stage Token General Partner, net capital appreciation will be determined as if such dates were the end of the fiscal year, subject to certain adjustments. In the sole discretion of the Liquid and Early-Stage Token General Partner, the Incentive Allocation may be waived, reduced or calculated differently with respect to certain investors, including, without limitation, any Investment Adviser-related investor.

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

6. *The Blockchain Funds*

(a) Management Fee

Generally, the Blockchain Funds pay the Investment Adviser a Management Fee for each fiscal quarter equal to .5% (2% per annum) of the aggregate capital commitments of certain investors for such fiscal quarter. The Management Fee is calculated and paid in advance but is amortized monthly by the Blockchain Funds over the quarter for which such Management Fee is paid.

The Management Fee will be prorated for any subscription or withdrawal by an investor that is effective other than as of the first day of a quarter (to the extent permitted). In the event of a withdrawal by an investor other than as of the last day of a quarter, the Investment Adviser will pay to the applicable Fund an amount equal to the *pro rata* portion of the Management Fee, based on the actual number of days remaining in such quarter, and the applicable Fund will distribute such amount to the withdrawing investor. In the sole discretion of the Blockchain General Partner, the Management Fee may be waived, reduced or calculated differently with respect to certain investors, including, without limitation, any Investment Adviser-related investor. The Blockchain General Partner’s capital account will not be debited with any Management Fee.

The Blockchain Funds will be responsible for all expenses incurred in organizing the Blockchain Funds up to an operational expense cap, as described in the Blockchain Funds’ governing documents. Any amounts incurred by the Blockchain Funds in excess of such expense cap shall reduce the Management Fee of Management Fee-paying investors *pro rata* to their Capital Commitments.

(b) Carried Interest

Generally, net proceeds of the investments of the Blockchain Funds will be distributed to the investors upon realization. The Fund General Partner is entitled to carried interest (the “**Carried Interest**”) from certain investors in the Blockchain Funds in an amount equal to the following. First, one hundred percent (100%) of the capital invested shall be returned to the investor, after which eighty percent

(80%) will be distributed to such investor and twenty percent (20%) will be distributed to the Blockchain General Partner, until such investor has received aggregate distributions sufficient to provide it with a forty percent (40%) internal rate of return on its capital contributions. Thereafter, seventy percent (70%) of the remaining proceeds are paid to the investor and thirty percent (30%) are paid to the Blockchain General Partner. In the sole discretion of the Blockchain General Partner, the Carried Interest may be waived, reduced or calculated differently with respect to certain investors, including, without limitation, any Investment Adviser-related investor. The Blockchain Fund will make certain investments through the Blockchain Venture Fund, which has fee structures. Where the Blockchain Fund invests through other Funds, such as the Blockchain Venture Fund, fees with respect to such investments will be assessed at the Blockchain Venture Fund level.

7. The Blockchain Venture Fund

(a) Management Fee

Generally, the Blockchain Venture Fund pays the Investment Adviser a Management Fee for each fiscal quarter at a rate of up to .5% (2% per annum) of the aggregate capital commitments of certain investors for such fiscal quarter. The Management Fee is calculated and paid in advance.

The Management Fee will be prorated for any subscription or withdrawal by an investor that is effective other than as of the first day of a quarter (to the extent permitted). In the sole discretion of the applicable Fund General Partner, the Management Fee may be waived, reduced or calculated differently with respect to certain investors, including, without limitation, any Investment Adviser-related investor.

(b) Carried Interest

Generally, net proceeds of the investments of the Blockchain Venture Fund will be distributed to the investors upon realization. The Fund General Partner is entitled to carried interest (the “Carried Interest”) from certain investors in the Blockchain Venture Fund in an amount equal to the following. First, one hundred percent (100%) of the capital invested shall be returned to the investor, after which eighty percent (80%) will be distributed to such investor and twenty percent (20%) will be distributed to the applicable Fund General Partner, until such investor has received aggregate distributions sufficient to provide it with a forty percent (40%) internal rate of return on its capital contributions. Thereafter, seventy percent (70%) of the remaining proceeds are paid to the investor and thirty percent (30%) are paid to the applicable Fund General Partner. In the sole discretion of the applicable Fund General Partner, the Carried Interest may be waived, reduced or calculated differently with respect to certain investors, including, without limitation, any Investment Adviser-related investor.

8. The Solana Funds

(a) Management Fee

Generally, until January 31, 2028, the Solana Funds pay the Investment Adviser a Management Fee for each fiscal quarter equal to .1875% (.75% per annum) of the capital commitment of each investor. After January 31, 2028 the Solana Funds will pay the Investment Adviser a Management Fee for each fiscal quarter equal to .1875% (.75% per annum) of the balance of each investor’s capital account (marked to market) as of the beginning of such fiscal quarter. Payment of the Management Fee will be made within the first 10 days of each fiscal quarter (prorated for partial periods).

In the sole discretion of the Investment Adviser, the Management Fee may be waived, reduced or calculated differently with respect to certain investors, including, without limitation, investors that are members, directors, shareholders, partners, affiliates or employees of the Fund General Partner, the Investment Adviser, members of the immediate families of such persons and trusts or other entities for their benefit.

(b) Carried Interest

The Blockchain General Partner is entitled to carried interest in an amount equal to the following. First, one hundred percent (100%) of the capital invested shall be returned to the investor, after which, ninety percent (90%) will be distributed to such investor and ten percent (10%) will be distributed to the Blockchain General Partner.

9. *The fees and expenses of the Managed Account are detailed in the governing agreements for that client.*

B. Additional Fees and Expenses

The expenses attributable to each specific client are detailed in each client's organizational documents. We have set forth below the expenses that each client can generally be expected to bear, however in some instances certain expenses listed below may be borne by, or solely applicable to, certain clients and not others.

Each client bears its own expenses, its pro rata share of its "master fund" expenses, and its pro rata share of any trading subsidiary's expenses, including, without limitation, the following: (i) the Management Fee; (ii) expenses related to the analysis, research, due diligence and monitoring of actual and prospective investments (whether or not consummated) and the consummation of investments; costs incurred in attending seminars and conferences related to digital currencies; costs related to the lending and custody of Bitcoin, SOL, other cryptocurrencies, tokens issued in Early-Stage Token Offerings, and Digital Assets and other assets (including, but not limited to, third party wallet providers and insurance); fees and expenses related to trading on Liquid Token exchanges and other decentralized exchanges; fees or performance-based compensation paid to third-party advisers; fees and expenses related to obtaining research and market data (including, without limitation, any information technology hardware, software or other technology incorporated into the cost of obtaining such research and market data); due diligence expenses, including, anti-money laundering and digital wallet due diligence costs, sanctions screening fees and consulting fees; costs incurred in attending seminars and conferences related to Digital Assets; costs associated with entering into SAFEs or simple agreements for future tokens ("SAFTs") and participating in Early-Stage Token Offerings; and expenses relating to short sales of Digital Assets; (iii) organizational and reorganizational expenses; (iv) operational expenses, including, without limitation, the following: fees and expenses relating to information technology hardware, software or other technology (including, without limitation, costs of software licensing, implementation, data management and recovery services and custom development) used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate compliance with the rules of any self-regulatory organization or applicable law (including, without limitation, reporting obligations), facilitate and manage the purchase and sale of Digital Assets and other assets or otherwise manage a client or any trading subsidiary, portfolio management systems, risk management systems and order management systems; fees and expenses of third-party risk management products, models and services; third-party administrative fees and expenses; fees and expenses of third-party professionals, including, without limitation, consultants, valuation service providers, attorneys and accountants; the costs of any litigation or investigation involving activities of a client or any trading

subsidiary; third-party audit and tax preparation expenses; fees and expenses (including, without limitation, director registration fees) of any client's or trading subsidiary's directors; costs of preparing and distributing reports and notices; taxes; expenses incurred in connection with negotiating and complying with provisions of any side letter agreement; fees and expenses related to compliance with the rules of any self-regulatory organization or applicable law in connection with the activities of a client or any trading subsidiary, including, without limitation, any governmental, regulatory, licensing, filing or registration fees or taxes (including, without limitation, filing fees); expenses incurred in connection with the offering and sale of fund interests or shares and other similar expenses related to a client (excluding fees payable to any placement agent); expenses incurred in connection with any outsourcing of the administration of a Fund and expenses associated with annual meetings of a Fund and such Fund's various committees; extraordinary expenses, including, without limitation, the following: indemnification expenses; fees and expenses incurred in connection with any tax audit by any U.S. federal, state or local authority, including, without limitation, any related administrative settlement and judicial review; and fees and expenses incurred in connection with the reorganization, dissolution, winding-up or termination of a client or any trading subsidiary (v) directors' and officers' liability insurance; and (vi) "broken deal" expenses.

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

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

C. Additional Compensation and Conflicts of Interest

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

ITEM 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We (including the Fund General Partners) accept performance-based compensation from every client (other than clients that are not assessed performance-based compensation because it is assessed through another entity in a single master-feeder or similar structure), with the exception of the Bitcoin Funds, which do not charge performance-based compensation. For the avoidance of doubt, we may manage additional entities in the future which also do not assess performance-based compensation. Performance-based compensation creates an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of such compensation. Certain of our Funds have higher fees or more favorable performance-based compensation arrangements than other Funds. Consequently, a conflict of interest exists because we have a greater incentive to favor Funds from which we receive higher fees or performance-based compensation arrangements. Please also see “Item 10: Other Financial Industry Activities and Affiliations” and “Item 12: Brokerage Practices” for more details on conflicts resulting from the management of multiple clients.

We have adopted and implemented policies and procedures intended to address these conflicts of interest, including trade allocation and aggregation policies. Our allocation policy seeks to allocate investment opportunities among all clients fairly, to the extent practical and in accordance with each client’s applicable investment strategies, over a period of time. Investment opportunities will generally be allocated among those clients for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (i) whether the risk-return profile of the proposed investment is consistent with a client’s objectives; (ii) the potential for the proposed investment to create an imbalance in a client’s portfolio; (iii) the liquidity requirements of a client; (iv) potentially adverse tax consequences; (v) regulatory restrictions that would or could limit a client’s ability to participate in a proposed investment; and (vi) the need to re-size risk in a client’s portfolio. Investments may be allocated among client portfolios, and such allocations will be determined based on the Investment Adviser’s allocation policy.

ITEM 7
TYPES OF CLIENTS

We provide investment advice to Funds, as described above.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services that we offer to clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved. In this Item 8.A, we have included summaries of each of the investment objectives for the different clients we advise; however, more detailed descriptions of such methods of analysis and investment strategies are incorporated into such clients' governing agreements.

The Early-Stage Token Offshore Funds

The investment objective of the Early-Stage Token Offshore Funds is to achieve capital appreciation and maximize absolute returns by participating in early-stage token opportunities within the blockchain space, with the ultimate goal of holding Liquid Tokens resulting from such opportunities. The Early-Stage Token Offshore Funds seek to secure Liquid Tokens and access to Liquid Tokens using a wide variety of means and arrangements. In prior years, early-stage token opportunities arose primarily from new tokens, blockchain protocols or related services, financed and launched through Early-Stage Token Offerings of Liquid Tokens. Today, as the landscape for early-stage token opportunities is evolving, the Investment Adviser is adapting to market practices and novel ways of obtaining Liquid Tokens and the rights to Liquid Tokens, including in connection with or through preferred equity stakes in portfolio companies, SAFEs, warrants for tokens and purchase agreements for existing Liquid Tokens. The Early-Stage Token Offshore Funds generally intend to hold each investment for long-term appreciation over a period of not less than 12 months. The Early-Stage Token Offshore Funds may invest in these and other Liquid Tokens that one or more jurisdictions, including the United States, or governmental authorities or courts within such jurisdictions, may now or in the future consider securities or other regulated products for purposes of their laws and regulations.

The Early-Stage Token Funds

The investment objective of the Early-Stage Token Funds is to achieve capital appreciation and maximize absolute returns by participating in early-stage token opportunities within the blockchain space, with the ultimate goal of holding Liquid Tokens (defined below) resulting from such opportunities. The Early-Stage Token Funds seek to secure Liquid Tokens and access to Liquid Tokens using a wide variety of means and arrangements. In prior years, early-stage token opportunities arose primarily from new tokens, blockchain protocols or related services, financed and launched through Early-Stage Token Offerings of Liquid Tokens. Today, as the landscape for early-stage token opportunities is evolving, the Investment Adviser is adapting to market practices and novel ways of obtaining Liquid Tokens and the rights to Liquid Tokens, including in connection with or through preferred equity stakes in portfolio companies, SAFEs, warrants for tokens and purchase agreements for existing Liquid Tokens. The Early-Stage Token Funds may invest in these and other Liquid Tokens that one or more jurisdictions, including the United States, or governmental authorities or courts within such jurisdictions, may now or in the future consider securities or other regulated products for purposes of their laws and regulations.

The Liquid Token Funds

The investment objective of the Liquid Token Funds is to achieve capital appreciation and maximize absolute returns by investing in a diversified portfolio consisting primarily of Liquid Tokens. The Liquid Token Funds may also invest in related equity assets that exhibit strong market acceptance and liquidity. The Liquid and Early-Stage Token General Partner intends to manage the Liquid Token Funds so that investments in instruments that are securities for purposes of U.S. laws and regulations do not exceed forty percent (40%) of the total value of the portfolio at any time. The Investment Adviser will employ a long-biased approach to capture the potential upside while retaining the flexibility to navigate market fluctuations using futures, options and other derivatives, including for short positions when warranted.

The Investment Adviser employs in-depth research and due diligence on blockchain-enabled protocols that utilize Liquid Tokens created, issued, and transmitted using the underlying software. The Investment Adviser will conduct fundamental research to ascertain the fair value of certain underlying Liquid Tokens and any associated assets in which the Liquid Token Funds invest. Tactical trading will be utilized to adjust exposure levels in response to perceived divergence from fair value.

Moreover, the Investment Adviser may strategically deploy a moderate amount of leverage to enhance returns while maintaining appropriate risk management.

The Liquid Token Funds do not (i) expect to participate in Early-Stage Token Offerings, (ii) intend to invest in assets that have limited liquidity or (iii) intend to invest extensively (and in no instance over 40% of the Master Fund's investments) in assets that have been determined to be securities for purposes of U.S. laws and regulations.

The Venture Funds

The Venture Funds will primarily invest in businesses that seek to use blockchain technology to disintermediate rent-seeking incumbents and enable peer-to-peer transactions using tokenized assets. The Investment Adviser believes that blockchain applications will disintermediate a myriad of industries. Certain Venture Funds may, from time to time, hold tokens (through Early-Stage Token Offerings) that potentially convert into equity where such Venture Funds invest in the underlying issuing company. Certain Venture Funds will also be open to ancillary spaces, such as fintech, artificial intelligence, and machine learning.

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

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

The Bitcoin Funds

The investment strategy of the Bitcoin Funds is to invest substantially all of its assets in Bitcoin. The Bitcoin Funds will only take immediate delivery of Bitcoin. The Bitcoin Funds will not trade, buy, sell or hold Bitcoin derivatives for any purpose. Transactions in Bitcoin will not be made on a leveraged, margined, or offer-financed basis. Through the investment program, investors in the Bitcoin Funds may indirectly participate in the Bitcoin market without owning or controlling specific Bitcoin. The Bitcoin Funds may engage in Bitcoin lending transactions, in the sole discretion of the Bitcoin Manager.

The Blockchain Funds

The Blockchain Funds will allocate its capital across both Blockchain Venture Assets and Digital Assets. The concentration of Blockchain Venture Assets and Digital Assets in the portfolio will fluctuate over time, and the Blockchain Funds will allocate capital to Blockchain Venture Assets and Digital Assets in such amounts as the Blockchain General Partner determines in its sole discretion. It is anticipated that the Blockchain Funds may initially be invested up to 100% in Digital Assets, which percentage is expected to decline over the Investment Period as capital is drawn down for investment in Blockchain Venture Assets.

Blockchain Venture Assets

The Blockchain Venture Assets portfolio will consist of actively managed early-stage companies building products and services in the nascent blockchain ecosystem. Pantera expects to use technical capabilities, market leadership, and exclusive deal flow to invest in private companies building out core blockchain infrastructural products and services, and by actively guiding those companies to create successful exits. The Class A Portfolio generally will seek to invest in “Seed”, Series A, and financings in initial investment sizes between \$1-10 million, with an equal amount reserved for follow-on rounds. However, the actual investment strategy used for the Class A portfolio may deviate from this description. Areas of focus for Blockchain Venture Asset investments are: infrastructure, payments, enterprise, media and financial services.

Early-Stage Token Offerings

The Blockchain Funds intend to invest in new protocols and tokens issued by financing developer teams. New tokens, blockchain protocols and related services are often developed, financed, and launched through an Early-Stage Token Offering. For portfolio construction purposes, the Investment Adviser will consider an offering to be an Early-Stage Token Offering if such offering is not listed on any Digital Asset exchange with a weekly volume above either \$21 million per week or \$3 million per day. Early-Stage Token Offerings are potentially profitable, but very risky; it takes deep technical and market knowledge to invest successfully in such investments. Once the offering has taken place and after a vesting or lockup period, the Blockchain Funds will seek to sell sufficient tokens earned in the Early-Stage Token Offering to recover its invested cost. A core thesis driving the Investment Adviser’s early-stage token strategy is that DeFi will be a main driver of value.

Early-Stage Token Offerings are generally subject to trading restrictions (such as vesting or lock-up periods) at the beginning of their lifecycle and, therefore, are illiquid or only thinly traded. Early-Stage Token Offerings become more liquid over time as such trading restrictions expire. The Blockchain Funds generally expect to invest in Early-Stage Token Offerings early in their life cycle when they are less-liquid and therefore will be considered Blockchain Venture Assets by the Blockchain General Partner. Early-Stage Token Offerings will progress in their lifecycles and become more liquid. Once an Early-Stage Token Offering is listed on any Digital Asset exchange with a weekly volume above either \$21 million per week or \$3 million per day, the Blockchain General Partner will re-characterize

such Early-Stage Token Offering to be a Digital Asset rather than a Blockchain Venture Asset for purposes of determining construction of the Blockchain Funds, including for reinvestment purposes.

Digital Assets

The Blockchain Funds will invest in widely traded Digital Assets such as cryptocurrency coins and “utility tokens” (e.g., Bitcoin, Ethereum) as well as Early-Stage Token Offerings that are listed on any Digital Asset exchange with a weekly volume above either \$21 million per week or \$3 million per day. Pantera expects to use technical, market and trading expertise to exploit market inefficiencies in early-stage token projects and in larger-cap publicly traded Digital Assets that span different use cases and functional utility (in the short and medium term). The most widely traded Digital Assets are highly volatile and dominated by retail investor trading. In the short and medium term, the Investment Adviser expects Decentralized Finance (DeFi) to be a central theme driving value in the Digital Asset markets.

Blockchain Venture Fund

The investment objective of the Blockchain Venture Fund is substantially similar to the investment objective of a certain class of interests of the Blockchain Fund. The governing documents for the Blockchain Venture Fund should be read in conjunction with the governing documents for the Blockchain Fund.

The Solana Funds

The Investment Adviser will cause the Solana Funds to invest substantially all of their assets in the purchase of Solana, from the bankruptcy estate of FTX. The Solana Funds will purchase the FTX SOL at a discounted price and subject to lock-up periods in accordance with the terms of the Purchase Agreement entered into by, among others, the Solana Funds, the FTX estate and the Broker.

The Solana Funds expect to hold Purchased SOL under the terms of the Purchase Agreement in accordance with the lock-up period and vesting schedule applicable and may sell such Purchased SOL following the end of such period.

B. Material, Significant or Unusual Risks Relating to Investment Strategies

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us. In addition, not all risk factors set forth below apply to each client – some risk factors apply to certain clients and not to others. The risk factors applicable to a specific client are further detailed in that client’s governing documents.

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

may be susceptible to compromise, leading to a breach of the Investment Adviser's network. The Investment Adviser's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Investment Adviser to the investors may also be susceptible to compromise. Breach of the Investment Adviser's information systems may cause information relating to the transactions of a client and personally identifiable information of the investors to be lost or improperly accessed, used or disclosed.

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

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

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

General Economic and Market Conditions. The success of certain clients' investment activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a client's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of clients' investments. Volatility or illiquidity could impair clients' profitability or result in losses. A client may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets. Note that certain clients' Early-Stage Token Offering-focused investment strategies may be uncorrelated to changes in general economic and market conditions.

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

Long-Term; Short Selling. The success of certain clients' investment strategies depends upon the Investment Adviser's ability to identify Digital Assets that will be successful. This is a difficult task,

and there are no assurances that such opportunities will be successfully recognized or acquired. If such Digital Assets were to fail or were to diverge further from values expected by the Investment Adviser, the client may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the client to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the Investment Adviser's strategy may become outdated and inaccurate as market conditions change. The Investment Adviser may cause certain clients to sell Digital Assets short; such activities may create inherent risks of loss, including the risk of theoretically unlimited loss.

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

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

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

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

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

Lack of Liquidity. There is no certainty that there will ever be a public market for the securities of portfolio companies held by certain clients. In addition, practical limitations may restrict the ability of

a client to sell or distribute its securities in a portfolio company, such as limitations imposed by co-investors, financial institutions or management. The lack of liquidity of a client's investments in portfolio companies may preclude or delay any disposition of such investments, or reduce the proceeds that might otherwise be realized from any such disposition.

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

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

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

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

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

Small Companies. Clients will generally make investments in small companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger companies.

Risks Relating to Digital Asset Derivatives Trading. The Funds may invest in Digital Asset derivatives, although the Investment Adviser expects that any such investment is likely to constitute only a limited portion of any given Fund's portfolio. Digital Asset derivatives, such as futures or options on futures on a Digital Asset, are also a relatively new asset class, and trading in these instruments, like trading in the Digital Assets themselves, carries a high level of risk. Investments in Digital Asset derivatives, like direct investments in Digital Assets, should be considered substantially more speculative and significantly more likely to result in a total loss of capital than many other investments.

Lending Digital Assets. The Funds will lend Digital Assets on a collateralized and an uncollateralized basis from their portfolio to creditworthy securities firms, financial institutions and other third-party borrowers (and affiliates of the Funds and/or the Investment Adviser). While such loan is outstanding, the Funds will receive interest on the investment of the collateral or a fee from the borrower. The risks in lending Digital Assets, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of Digital Assets or possible loss of rights in the collateral, if any, should the borrower fail financially. Borrowers engaging in decentralized application (including decentralized exchange) ("**DAPP**")-based yield-generating activities may be subject to less due diligence than borrowers in traditional borrowing arrangements and may therefore represent an increased risk of default on the borrowed Digital Assets. The Funds will not face such borrowers directly and will instead transact with the DAPP. The Funds are unlikely to be aware of the identity of the borrowers. As such, in the event of default, the Funds will be unable to pursue such borrowers on their own and may have limited or no recourse in the event of a default, particularly if the value of the collateral drops significantly. Furthermore, during the time any Digital Assets are in the possession of such borrower, such Digital Assets may be kept in custody that provides a different level of security than that of the Funds' custodians. In addition, Digital Assets lending may be treated for U.S. federal income tax purposes as a sale of the lent Digital Assets, which would cause the Funds to recognize any built-in gain or loss in such Digital Assets.

The prices of Digital Assets can be extremely volatile, and the value of collateral pledged by a borrower may decrease, resulting in the borrower's loan being under-collateralized. If the value of the collateral decreases and the Funds were forced to liquidate the collateral upon a buyer's default, there is no assurance that liquidation of any collateralized Digital Assets would satisfy a borrower's obligations under the applicable loan. Although borrowers on most DAPPs are required to "over-collateralize" (i.e., post collateral valued greater than the value of the loan (typically greater than 150%)), the frequent and rapid volatility of Digital Assets may result in a situation where the value of the collateral that a borrower posted falls so rapidly that despite algorithmic liquidation triggers there is insufficient collateral value left over to repay the loan.

Decentralized Finance and Decentralized Application Risks. Decentralized finance ("**DeFi**") investments are generally offered through DAPPs and smart contracts without the oversight or control of a centralized party. DeFi projects are generally built upon existing decentralized blockchains, such as the Ethereum blockchain, and others. The DeFi industry is relatively new and rapidly growing. Consequently, the industry is currently subject to scrutiny by the government and other regulatory bodies. The legal status of DAPPs has not yet been determined, as multiple federal and state authorities have jurisdiction over aspects of DeFi, including the Department of Justice, FinCEN, the Service, the CFTC and the SEC, and the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**"), depending upon the services offered by and provided through the DAPP. For example, to the extent the DAPP enables participants to engage in regulated money transmission services, the DAPP, or its owners or operators (which in the case of DeFi or DAPPs may be determined by those persons with significant ownership of Digital Assets on the DAPP, with the ability to control the protocol used by the DAPP, or that are profiting from the DAPP) would be required to register with FinCEN as a money services business. Similarly, to the extent that the DAPP enables purchase or sale of securities the DAPP may be required to register with the SEC. Given the evolving nature of the DeFi industry, there is no guarantee that legal, tax, or regulatory changes that materially affect the DeFi industry and Funds' investment strategies will not occur. Further, failure by these DAPPs to comply with all applicable current and future laws may adversely affect their ability to operate and, consequently, the Funds and their investments.

The decentralized nature of a DAPP also presents compliance risk to participants, including the Funds. DAPPs that allow anonymous peer-to-peer exchange of digital assets without the use of an intermediary are particularly vulnerable to financial crime and can be used by persons that have been designated as prohibited under applicable sanctions laws. Unlike centralized cryptocurrency exchanges and other financial institutions which are required to adopt and implement anti-money laundering ("AML") controls, such as customer identity verification and suspicious activity reporting, and conduct sanctions screening to ensure compliance with sanctions laws, DAPPs, by design, lack a centralized governing body. This makes the implementation of any AML controls or sanctions compliance measures challenging because there is no governing body requiring the implementation of such controls and any party with an internet connection can participate in the DAPP. It is possible, if not likely, that few, if any, DAPPs currently conduct identity verification of participants, such as know-your-customer ("KYC") due diligence, or sanctions screening to assess whether participants are listed on various sanctions lists or located in a country or territory subject to comprehensive sanctions (e.g., Cuba, Iran, North Korea, Syria and the Crimea, Donetsk and Luhansk regions of the Ukraine). Accordingly, persons that engage with DAPPs may be doing so at considerable risk, as such persons have either direct or indirect exposure to every other participant swapping or staking digital assets via the DAPP, including any bad actors that may be involved. Because participants in a DAPP cannot select their counterparty within the DAPP, participants run the risk of engaging in financial transactions with persons engaged in criminal conduct or that are persons prohibited under applicable sanctions laws.

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

Leverage. If utilized, leverage will subject certain clients or their investments to risks normally associated with debt financing, including the risk that cash flow will be insufficient to meet required payments of principal and interest, the risk that indebtedness on the investments will not be able to be refinanced or the risk that the terms of such refinancing will not be as favorable as the terms of the existing indebtedness. While leverage may enhance total returns to the investors, if investment results fail to cover borrowing costs, returns to the investors will be lower than if there had been no borrowings.

Price volatility. A principal risk in trading or transacting in Digital Assets or transacting is the rapid fluctuation of market price. High price volatility undermines Digital Assets' role as a medium of exchange as consumers or retailers are much less likely to accept them as a form of payment. The value of client portfolios relates directly to the value of the Digital Assets held in the client portfolio and fluctuations in the price of Digital Assets could adversely affect the net asset value of a client's portfolio. There is no guarantee that a client will be able to achieve a better than average market price for Digital

Assets or will purchase Digital Assets at the most favorable price available. The price of Digital Assets achieved by a client may be affected generally by a wide variety of complex and difficult to predict factors such as Digital Asset supply and demand; rewards and transaction fees for the recording of transactions on the blockchain; availability and access to Digital Asset service providers (such as payment processors), exchanges, miners or other Digital Asset users and market participants; perceived or actual Digital Asset network or Digital Asset security vulnerability; inflation levels; fiscal policy; interest rates; and political, natural and economic events.

To the extent the public demand for Digital Assets were to decrease, or certain clients were unable to find a willing buyer, the price of Digital Assets could fluctuate rapidly and a client may be unable to sell the Digital Assets in its possession or custody. Fund investors will be subject to the risk of price fluctuations of Digital Assets until they fully withdraw/redeem from a Fund. In 2022, the price of Digital Assets experienced significant volatility and declines—failure to recover to previous levels could materially impact the success of the clients’ investment strategies. Further, if the supply of Digital Assets available to the public were to increase or decrease suddenly due to, for example, a change in a Digital Asset’s source code, the dissolution of a Digital Asset or digital currency exchange, or seizure of Digital Assets by government authorities, the price of Digital Assets could fluctuate rapidly. Such changes in price, demand and supply of Digital Assets could adversely affect an investment in a client. In addition, governments may intervene, directly and by regulation, in the Digital Asset market, with the specific effect, or intention, of influencing Digital Asset prices and valuation (e.g., releasing previously seized Digital Assets). Similarly, any government action or regulation may indirectly affect the Digital Asset market or Digital Asset network, influencing Digital Asset use or prices. To the extent a Digital Asset is used in an in-protocol utility mechanism in such a way as to incur a “slashing condition” (i.e. to violate a rule of protocol inaction or misaction) some or all of that Digital Asset may be destroyed.

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

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

Stablecoin Risks. The term "stablecoin" refers to a Digital Asset with a value that is pegged to a reference asset, such as the U.S. Dollar. In some cases, the value of the stablecoin is determined by reference to assets backing the stablecoin and, in other cases, the value is determined by a pricing methodology that is used to maintain the price of the stablecoin. The regulatory status of certain stablecoins as "securities" or regulated derivatives products is unclear. There is a risk that these products will be recharacterized by the CFTC as regulated derivative instruments or the SEC as securities. If such a recharacterization occurs, the Fund General Partners may need to sell the Funds’ stablecoin holdings. Moreover, there is no guarantee that the value of a given stablecoin will not fluctuate and become unpegged to its reference asset. There is a risk that the Fund will suffer significant losses in the event that a stablecoin held by the Fund decreases in value relative to its reference asset.

Stablecoins are subject to the same risks as other Digital Assets as set forth herein but are also subject to unique risks. While stablecoins are intended to be less volatile than other Digital Assets, they are inherently subject to the volatility of the underlying assets they are pegged to. Fiat-based stablecoins are centralized, which exposes the holder of such stablecoins to counterparty risk, including, but not

limited to, a centralized entity that issues the applicable stablecoin and manages the fiat conversion. Specifically, fiat-based stablecoins require the holder of such stablecoins to rely on the issuer to have sufficient reserve to back up all of the issued stablecoins, and there is significant risk that issuers of fiat-based stablecoins do not, and may not in the future, retain sufficient reserves. Further, fiat-based stablecoins may be subject to greater oversight and regulation and may be further dependent on actions taken by the banking industry to support such stablecoins and other geopolitical factors that may influence government support of such stablecoins, all of which could affect the value of such stablecoins.

Digital Asset-backed stablecoins are inherently more volatile than stablecoins backed by fiat or traditional commodities. The collateral backing Digital Asset-based stablecoins is held in smart contracts and the underlying Digital Asset can be immediately liquidated if the value of such Digital Asset falls below a certain threshold. Further, if the underlying Digital Asset loses too much value, the system may become under-collateralized and there is potential that the stablecoin itself will be liquidated. In addition, there is a risk that the underlying Digital Asset held as collateral is not adopted or accepted on other platforms, which increases borrower default risk.

Algorithmically-managed stablecoins ("Algorithmic Stablecoins") pose additional risks by comparison to fiat and Digital Asset -backed stablecoins. Notably, Algorithmic Stablecoins do not typically rely on reserve backing assets or overcollateralization, meaning that Algorithmic Stablecoins are inherently more volatile than stablecoins backed by fiat or traditional commodities, and potentially more volatile than Digital Asset -backed stablecoins given the lack of overcollateralization. Instead, Algorithmic Stablecoins generally rely on two separate Digital Assets—a stablecoin and another Digital Asset which backs the stablecoin—with a smart contract regulating the relationship between the stablecoin and backing Digital Asset. The smart contract that governs the relationship between the two assets is generally programmed to automatically generate more units of a stablecoin, or destroy already existing units of the backing Digital Asset, in response to swings in each Digital Asset's relative supply and demand. For example, TerraUSD—an Algorithmic Stablecoin backed by its sister token, LUNA—lost its peg in May 2022 due to market factors outpacing the algorithms ability to burn/mint tokens to maintain stability. As such, the use of Algorithmic Stablecoins may expose the Fund to relatively high-volatility risks by comparison to fiat-based stablecoins and Digital Asset -backed stablecoins.

Stablecoin Banking Partners. Certain of the Funds will have exposure to stablecoins that are backed 1:1 by U.S. Dollars. The U.S. Dollars or U.S. Dollar equivalents that provide the backing for the stablecoins are held in trust by third-party banks and custodians. While many stablecoin issuers provide monthly or annual attestations by independent third-party auditors that detail their reserves and banking partners, the value of any given stablecoin is tied to the financial viability of the stablecoin issuers' banking partners and the U.S. government (in the case of U.S. treasuries).

Stablecoin Depegging Risks. Stablecoins may become depegged if the market no longer believes the stablecoin is fully backed. This may happen for a variety of reasons, for example if the assets held by the issuer of the stablecoin were devalued, illiquid or unavailable due to the insolvency or failure of a bank custodian, that the stablecoin could "depeg" either temporarily or permanently. In addition, regulatory or legal issues related to the use or issuance of stablecoins could also pose a risk factor for potential depegging of USDC or other U.S. Dollar backed stablecoins. If there were to be significant regulatory changes or legal challenges to the issuance or use of stablecoins, it could impact the ability of USDC issuers to maintain the peg, potentially leading to a depegging event.

Destruction of Digital Assets. Certain Digital Assets are intended to be controllable only by the possessor of both the unique public and private keys relating to the local or online digital wallet in

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

Irrevocable Digital Asset Transactions

Just as the blockchain (or similar technologies) creates a permanent, public record of Digital Asset transactions, it also creates an irrevocable one. Transactions that have been verified, and thus recorded as a block on the blockchain (or similar technologies), generally cannot be undone. Even if the transaction turns out to have been in error, or due to theft of a user's Digital Assets, the transaction is not reversible. Certain clients may be unable to replace missing Digital Assets or seek reimbursement for any erroneous transfer or theft of Digital Assets. To the extent that such clients are unable to seek redress for such action, error or theft, such loss could adversely affect an investment in such clients. Under the Investment Adviser's trade errors policy, in the absence of bad faith, gross negligence, willful misconduct or actual fraud on the Investment Adviser's part, the clients (and not the Investment Advisers) will benefit from any gains resulting from trade errors and will be responsible for any losses (including additional trading costs) resulting from trade errors and similar human errors.

Solana Generally

The investment characteristics of virtual Digital Assets generally, and of SOL specifically, differ from those of traditional currencies, commodities or securities. Importantly, SOL is not backed by a central bank or a national, supra-national or quasi-national organization, any hard assets, human capital, or other form of credit. Rather, it is market-based: SOL's value is determined by (and fluctuates often, according to) supply and demand factors, the number of merchants that accept it, the adoption of smart contracts using the Solana platform, competition from other smart contract platforms and the value that various market participants place on it through their mutual agreement, barter or transactions.

Development and Acceptance of Solana

As a relatively new product and technology, SOL is 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 SOL transactions, process wire transfers to or from Solana exchanges, Digital Asset-related companies or service providers, or maintain accounts for persons or entities transacting in Digital Asset. Market capitalization for Digital Asset as a medium of exchange and payment method may always be low. To date, speculators and investors seeking to profit from either short- or long-term holding of SOL drive much of the demand for it, and competitive products may develop which compete for market share. Clients could be adversely impacted if SOL fails to expand into retail and commercial markets and/or if smart contracts using the Solana platform fails to expand.

Risks Relating to Solana Price Volatility

A principal risk in trading SOL is the rapid fluctuation of its market price. High price volatility undermines Solana's role as a medium of exchange as retailers are much less likely to accept it as a form of payment. Fluctuations in the price of SOL could adversely affect the net asset value of our clients. There is no guarantee that clients will be able to achieve a better than average market price for Solana or will purchase Solana at the most favorable price available. The price of SOL achieved by a client may be affected generally by a wide variety of complex and difficult to predict factors such as

Solana supply and demand; rewards and transaction fees for the recording of transactions on the blockchain; availability and access to Digital Asset service providers (such as payment processors), exchanges, miners or other Solana users and market participants; perceived or actual Solana network or Solana security vulnerability; inflation levels; fiscal policy; interest rates; and political, natural and economic events.

To the extent the public demand for Solana were to decrease, or a client was unable to find a willing buyer, the price of SOL could fluctuate rapidly and a client may be unable to sell the Solana in its possession or custody. Investors with outstanding withdrawal requests will remain subject to the risk of price fluctuations of SOL until they are fully withdrawn from a client. Further, if the supply of SOL available to the public were to increase or decrease suddenly due to, for example, a change in the Solana source code, the dissolution of a Digital Asset exchange, or seizure of Solana by government authorities, the price of SOL could fluctuate rapidly. Such changes in demand and supply of SOL could adversely affect an investment in a client. In addition, governments may intervene, directly and by regulation, in the SOL market, with the specific effect, or intention, of influencing Solana prices and valuation (e.g., releasing previously seized Solana). Similarly, any government action or regulation may indirectly affect the SOL market or Solana network, influencing SOL use or prices.

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

Security of Crypto Asset Networks

Techniques to secure the blockchains of Digital Asset networks are recent inventions and may fail. For example, the incentives that keep a blockchain decentralized may prove insufficient, thus impacting the value or security of Digital Assets held by certain clients. Exploits in various blockchains may occur which result in losses for certain client portfolios.

Third-Party Wallet Providers

The Investment Adviser intends to use third-party wallet providers to hold certain clients' Digital Assets. Clients may have a high concentration of its Digital Assets in one location or with one third-party wallet provider, which may be prone to losses arising out of hacking, loss of passwords, compromised access credentials, malware, or cyber-attacks. Clients are not required to maintain a minimum number of wallet providers to hold such clients' Digital Assets. Clients' information technology diligence on third-party wallet providers, which includes an annual review of the providers' System and Organization Controls (SOC) reports and an annual re-evaluation of such providers and their information technology systems, may not identify all security vulnerabilities and risks associated with such providers. Certain third-party wallet providers may not indemnify the clients against any losses of Digital Assets. Digital Assets held by third parties could be transferred into "cold storage" or "deep storage," in which case there could be a delay in retrieving such Digital Assets. The clients may also incur costs related to third party storage. Any security breach, incurred cost or loss of Digital Assets associated with the use of a third-party wallet provider, may adversely affect an investment in the clients.

Security. Certain clients may use third party wallet providers to secure client Digital Assets. A client may, however, employ other systems to safeguard Digital Asset holdings, such as "cold storage" or "deep storage", which may increase the time required to access certain Digital Assets, and may, therefore, delay liquidation of a client's Digital Assets or payment of withdrawal proceeds, which could have a material adverse effect on the net asset value of the client. The systems in place to secure the

Digital Assets may not prevent the improper access to, or damage or theft of a client's Digital Assets. Further, a security breach could harm a client's reputation or result in the loss of some or all of the client's Digital Assets. Any such security breach or leak of non-public information relating to the security of Digital Assets may adversely affect an investment in the client.

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

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

Banking Relationships. The Investment Adviser and the Funds will hold cash and other assets in accounts with one or more banks, custodians or depository or credit institutions (collectively, "**Banking Institutions**"), which may include both U.S. and non-U.S. Banking Institutions from time to time. The Funds may also enter into credit facilities and have other relationships with Banking Institutions. The distress, impairment, or failure of, or a lack of investor or customer confidence in, any of such Banking Institutions may limit the ability of each of the Investment Adviser and Funds to access, transfer or otherwise deal with its assets, draw upon a credit facility, or rely upon any of such other relationships, in a timely manner or at all, and may result in other market volatility and disruption, including by affecting other Banking Institutions. All of the foregoing could have a negative impact on the Funds. For example, in such a scenario, the Funds could be forced to delay or forgo an investment or a distribution, including in connection with a withdrawal, or generate cash to fund such investment or distribution from other sources (including by disposing of other investments or making other borrowings) in a manner that it would not have otherwise considered desirable. Furthermore, in the event of the failure of a Banking Institution, access to a depository account with that institution could be restricted and U.S. Federal Deposit Insurance Corporation ("**FDIC**") protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to Banking Institutions in other jurisdictions not subject to FDIC protection). In such a case, the Investment Adviser or the Funds may not recover all or a portion of such excess uninsured amounts and could instead have an unsecured or other type of impaired claim against the Banking Institution (alongside other unsecured or impaired creditors). The Investment Adviser does not expect to be in a position to reliably identify in advance all potential solvency or stress concerns with respect to its or the Funds' banking relationships, and there can be no assurance that the Investment Adviser or the Funds will be able to easily establish alternative relationships with and transfer assets to other Banking Institutions in the event a Banking Institution comes under stress or fails.

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

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

In addition, while the Investment Adviser undertakes every effort to ensure the highest levels of data protection and information assurance internally (using industry-leading best practices for data storage and transmission, the strongest cryptography known and available to the private sector, and stringent internal controls on data and communications), at some points during the act of transferring Digital Assets into or out of a client's platform (during Download or Upload) the client's platform requires interfacing with outside entities whose methods, practices and standards may be outside of the client's control or who may be under the influence of bad actors. Events may occur where corrupted Digital Assets, viruses and/or attachments are introduced into the client's platform, which could compromise the client's operation or result in loss of Digital Assets, adversely affecting an investment in the client.

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

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

Malicious Actor or Botnet. Malware is software used or programmed by malicious actors to disrupt computer operation, gather sensitive information or gain access to private computer systems. "Botnet" refers generally to a group of computers that use malware to compromise computers whose security defenses have been breached. To the extent that a malicious actor, cyber-criminal, computer virus, hacker, or botnet (e.g., Zero Access) obtains a majority of the processing power on a Digital Asset

network; alters the source code and blockchain on which all of a Digital Asset's transactions rely; or prevents the use, transfer, ownership, or integrity of a Digital Asset, investments in certain clients could be adversely affected.

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

Similarly, with regard to trading, communication, development, programming, and other systems or equipment that the Investment Adviser operates, utilizes or relies upon, any or all of the following events may occur, even where the Investment Adviser, acting as a fiduciary, takes steps to select secure and satisfactory equipment and service providers: (i) failures of such systems or equipment; (ii) interruptions in access to or the operations of such systems or equipment; (iii) loss of functionality of such systems or equipment; (iv) degradation or corruption of such systems or equipment; (v) compromises in the security or integrity of such systems or equipment; (vi) loss of power to such systems or equipment; and (vii) other situations that adversely affect such systems or equipment, however caused or occurring. These sorts of problems can result in losses for clients and are collectively termed "Hardware Failures".

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

Risks of Uninsured Losses. Though certain clients may seek to insure their Digital Asset or Bitcoin holdings, it may not be possible, either because of a lack of available policies or because of prohibitive cost, for a client to obtain insurance of any type that would cover losses associated with Digital Assets or Bitcoin. If an uninsured loss occurs or a loss exceeds policy limits, the client could lose a portion or all of its assets. Clients' Digital Assets are not covered by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation.

Qualified Custodian. Under the Investment Advisers Act of 1940 (the "**Advisers Act**"), SEC registered investment advisers, such as the Investment Adviser, are required to hold securities with "qualified custodians". Certain Digital Assets (or tokens offered in an Early-Stage Token Offering) may be deemed to be securities.

Currently, many of the companies providing Digital Assets custodial services fall outside of the SEC's definition of "qualified custodian", and many long-standing, prominent qualified custodians do not provide custodial services for Digital Assets or otherwise provide such services only with respect to a limited number of actively traded Digital Assets. Accordingly, clients may use non-qualified custodians to hold all or a portion of their Digital Assets. If the SEC is not satisfied with this approach, it is possible that the Investment Adviser will be required to custody clients' assets in a manner that the Investment Adviser believes to be less secure or to divest such assets that are deemed to be securities. In February 2023, the SEC proposed a new "Safekeeping Client Assets Rule" which could, among other things, further limit the ability of registered investment advisers to use certain banks and non-U.S. custodians as "qualified custodians" for Digital Assets.

Risks Relating to Government Oversight: Federal Regulatory Authorities

U.S. Commodity Futures Trading Commission. The Commodity Futures Trading Commission ("CFTC") has not to date promulgated any regulations specifically addressing Digital Assets or the activities of participants in Digital Asset networks. However, as the primary regulator of derivatives (i.e., futures, options and swaps), the CFTC has jurisdiction over all Digital Asset-linked derivatives, including the platforms that list them and the clearinghouses that clear them. The CFTC has asserted its regulatory authority over cryptocurrencies, stating that both Bitcoin and Ether are cryptocurrency commodities, and has provided final interpretative guidance concerning retail commodity transactions involving certain Digital Assets. See "In Case You Missed It: Chairman Tarbert Comments on Cryptocurrency Regulation" at Yahoo! Finance All Markets Summit, Release Number 8051-19 (Oct. 10, 2019) and "CFTC Issues Final Interpretative Guidance on Actual Delivery for Digital Assets", Release Number 8139-20 (Mar. 24, 2020).

In addition, the CFTC has brought close to fifty enforcement actions involving the Digital Asset space. See Testimony of Chairman Rostin Behnam, "Examining Digital Assets: Risks, Regulation, and Innovation" (Feb. 09, 2022). For example, the CFTC fined the stablecoin issuer Tether Holdings Limited ("Tether") for making misleading statements regarding Stablecoin USDT in October 2021. Tether was fined \$41 million for misrepresenting to customers and the market that Tether maintained sufficient U.S. dollar reserves to back each Tether token in circulation. See "CFTC Orders Tether and Bitfinex to Pay Fines Totaling \$42.5 Million," Release Number 8450-21 (Oct. 15, 2021). Similarly, in a case involving BitMEX cryptocurrency derivatives trading platform in August 2021, the CFTC found BitMEX in violation of the Commodity Exchange Act by operating a facility to trade or process swaps without proper approvals, fining BitMEX \$100 million. It should be noted that FinCEN separately assessed a civil money penalty of \$100 million, deemed satisfied by payment of the CFTC's fine, for significant AML program failures. See *In the Matter of HDR Global Trading Limited et al.*, Assessment of Civil Money Penalty Number 2021-02 (Aug. 10, 2021).

In addition, the CFTC has engaged in an enforcement action against a DeFi platform, Blockratize, Inc. d/b/a Polymarket, for offering off-exchange event-based binary options contracts and failing to register as a swap execution facility ("SEF") or obtain designation as a designated contract market ("DCM"). See Blockratize, Inc. d/b/a Polymarket.com, CFTC Docket No. 22-09 (Jan. 3, 2022). According to the CFTC, Polymarket had been using blockchain-hosted smart contracts to operate an illegally unregistered or non-designated facility for event-based binary options trading contracts, and those event-based binary options contracts constituted swaps under the CFTC's jurisdiction. In September 2023, the CFTC issued orders simultaneously filing and settling charges against Opyin, Inc. ("Opyin"), ZeroEx, Inc. ("0x") and Deridex, Inc. ("Deridex"). Deridex and Opyin were charged with failing to register as a SEF or DCM, failing to register as a futures commission merchant ("FCM") and failing to adopt a customer identification program as part of a Bank Secrecy Act compliance program (as such

compliance is required of FCMs). 0x, Opyn and Deridex were also charged with illegally offering leveraged and margined retail commodity transactions in cryptocurrencies. See Opyn, Inc., CFTC Docket No. 23-40 (Sep. 7, 2023), ZeroEx, Inc., CFTC Docket No. 23-41 (Sep. 7, 2023) and Deridex, Inc., CFTC Docket No. 23-42 (Sep. 7, 2023).

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

In the event that the Funds' activities are viewed as holding or offering cryptocurrency derivatives (including futures, options and swaps), the Funds, the Investment Adviser or one or more companies in which they invest, may be required to register and comply with additional regulation under the Commodity Exchange Act, such as the Investment Adviser registering as a commodity pool operator (when holding cryptocurrency derivatives) or a Fund, or one of the companies in which it invests, registering as a swap execution facility or swap dealer (when offering certain cryptocurrency derivatives) or by being subject to the CFTC requirements with respect to such instruments, such as reporting, recordkeeping, mandatory clearing or minimum margin requirements. Such registration and associated compliance costs could adversely affect an investment in the Funds.

SEC. The SEC has not formally asserted regulatory authority over certain Digital Assets (e.g., Bitcoin, for which the SEC has not asserted authority over it or any participants in its network). However, the SEC has advised that, depending on the facts and circumstances of each individual Early-Stage Token Offering, the virtual coins or tokens that are offered or sold in an Early-Stage Token Offering may be securities. If they are deemed to be securities, the offer and sale of these virtual coins or tokens in an Early-Stage Token Offering would be subject to the federal securities laws. On July 25, 2017, the SEC issued a Report of Investigation under Section 21(a) of the Securities Exchange Act of 1934 describing an SEC investigation of The DAO (the "**Section 21(a) Report**"), a virtual organization, and its use of distributed ledger or blockchain technology to facilitate the offer and sale of DAO Tokens to raise capital, in which the SEC applied existing U.S. federal securities laws to this "new paradigm" and determined that DAO Tokens were securities. The SEC stressed that those who offer and sell securities in the U.S. are required to comply with federal securities laws, regardless of whether those securities are purchased with virtual currencies or distributed with blockchain technology. According to the SEC, whether a particular investment transaction involves the offer or sale of a security—regardless of the terminology or technology used—will depend on the facts and circumstances, including the economic realities of the transaction.

On November 1, 2017, Munchee Inc. ("**Munchee**"), a California based company selling digital tokens (MUN tokens) to investors to raise capital for its blockchain-based food review service, stopped its Early-Stage Token Offering and promptly returned any proceeds it had received in connection therewith after being contacted by the SEC. On December 11, 2017, Munchee agreed to a cease-and-desist order (the "**MUN Order**") in which the SEC found that its conduct constituted unregistered securities offers

and sales. In making such determination, the SEC focused on that fact that investors in Munchee had a reasonable belief that their investment in MUN tokens could generate a return on their investment if Munchee were successful in its entrepreneurial and managerial efforts to develop its business (i.e., build an “ecosystem” that would create demand for MUN tokens and make MUN tokens more valuable). In addition, Munchee also emphasized it would take steps to create and support a secondary market for the MUN tokens. According to the MUN Order, “[e]ven if MUN tokens had a practical use at the time of the offering, it would not preclude the token from being a security”, as “[d]etermining whether a transaction involves a security does not turn on labelling—such as characterizing an Early-Stage Token Offering as involving a “utility token”—but instead requires an assessment of “the economic realities underlying a transaction.” See <https://www.sec.gov/litigation/admin/2017/33-10445.pdf>; see also <https://www.sec.gov/news/press-release/2017-227>.

Also on December 11, 2017, in a public statement on cryptocurrencies and Early-Stage Token Offerings, former SEC Chairman Jay Clayton reaffirmed the SEC’s analysis and findings in both the Section 21(a) Report and the MUN Order, noting that whether a Digital Asset labelled as a cryptocurrency is a security depends on the characteristics and use of the particular Digital Asset. Clayton also stressed the value of substance over form, noting that merely calling a Digital Asset a “utility” token or structuring it to provide some utility, or simply calling a Digital Asset a “currency” or a currency-based product, does not prevent the Digital Asset in question from being a security. While acknowledging that there are Digital Assets that do not appear to be securities, Clayton cautioned that prior to launching a Digital Asset or a product with its value tied to one or more Digital Assets, its promoters must be able to demonstrate that the Digital Asset or product is not a security or otherwise comply with relevant registration and other securities laws requirements. With respect to other cryptocurrencies, on April 3, 2019, the SEC published a framework aimed at assisting in determining whether a cryptocurrency is a security (the “**Framework**”). Alongside the Framework, the SEC also published a no-action letter for TurnKey Jet, Inc. (the “**TurnKey Letter**”), which marks the first ever no-action letter regarding cryptocurrencies. Per the Framework and the TurnKey Letter, cryptocurrencies cannot be used to raise capital without implicating U.S. securities laws. The extent to which the SEC will continue to apply the Framework is not currently known, and decisions made in reliance on the Framework and pre-Framework statements by the SEC or its staff may be subject to subsequent changes in the SEC’s approach and views of the application of U.S. securities laws to Digital Asset offerings and transactions.

The applicable legal test for whether a Digital Asset is a security, including under the Framework, is highly complex and fact-specific. The SEC’s application of this test has evolved, and is expected to continue to evolve, and it is difficult to predict how the SEC will apply this test in every instance. Changes in the SEC’s composition and priorities could have a significant impact on the treatment of Digital Assets by the SEC, as well as the types of cases brought by the SEC in the federal courts, which ultimately make determinations as to the classification of Digital Assets as securities.

Prior to the Framework, the SEC had addressed the regulatory status of cryptocurrencies in various contexts. For example, on November 16, 2018, the SEC settled charges against CarrierEQ Inc. (“**Airfox**”) and Paragon Coin Inc. (“**Paragon**”), two companies that sold digital tokens in Early-Stage Token Offerings in 2017. Airfox, a Boston-based startup, raised approximately \$15 million worth of digital tokens (“**AirTokens**”), which were issued on a blockchain or distributed ledger to finance its development of a token-denominated “ecosystem” starting with a mobile application that would allow users in emerging markets to earn tokens and exchange them for data by interacting with advertisements. Paragon, an online entity, raised approximately \$12 million worth of digital tokens (“**PRG tokens**”) to be issued on a blockchain, or a distributed ledger to develop and implement its business plan to add blockchain technology to the cannabis industry and work toward legalization of

cannabis. The SEC determined that both AirTokens and PRG tokens were “securities” and that, in turn, Airfox and Paragon violated Sections 5(a) and 5(c) of the Securities Act by offering and selling those securities without having a registration statement filed or in effect with the SEC or qualifying for exemption from registration with the SEC. The orders imposed \$250,000 penalties against each company and both companies agreed to return funds to harmed investors, register the tokens as securities, file periodic reports with the SEC, and pay penalties. Airfox and Paragon consented to the orders without admitting or denying the findings.

With respect to Early-Stage Token Offerings in particular, similar to the MUN Order, Clayton focused on Early-Stage Token Offering promoters emphasizing the secondary market trading potential of a Digital Asset. Clayton also went on to note that “[b]y and large, the structures of initial coin offerings that I have seen promoted involve the offer and sale of securities and directly implicate the securities registration requirements and other investor protection provisions of our federal securities laws”. *See* <https://www.sec.gov/news/public-statement/statement-clayton-2017-12-11>. On June 14, 2018, William Hinman, the Director of the Division of Corporation Finance at the SEC also noted that, with respect to Early-Stage Token Offerings in particular, in general, the safeguards provided by the Securities Act are appropriate for most Early-Stage Token Offerings he has seen (i.e., Early-Stage Token Offerings generally involve the offer and sale of securities). Hinman also indicated that a digital asset that was initially part of an offering of securities may become, over time, something other than a security as its user network expands and the efforts of the founder become less important to its success. Hinman also provided a non-exhaustive list of factors to consider in determining whether a digital asset is offered as an investment contract and is thus a security. *See* <https://www.sec.gov/news/speech/speech-hinman-061418>. On September 11, 2018, the SEC entered an order finding that Crypto Asset Management LP, a hedge fund investing in digital assets, operated as an unregistered investment company by engaging in an unregistered non-exempt public offering and investing more than 40% of its assets in digital asset securities (the “**CAM Order**”). The CAM Order is the SEC’s first-ever enforcement action finding an investment company registration violation by a hedge fund manager based on its investments in digital assets. *See* <https://www.sec.gov/news/press-release/2018-186>.

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

As described above, certain clients may, in certain cases, invest in Digital Assets that are securities for purposes of U.S. laws and regulations. As the law regarding Digital Assets (including Early-Stage Token Offerings and SAFTs) is still evolving and not yet clearly defined, the Investment Adviser may be incorrect in its assessment of whether a Digital Asset in which clients invest is a security for purposes of U.S. laws and regulations. To the extent that Digital Assets held by clients are deemed to fall within the definition of a security for purposes of U.S. laws and regulations, the Investment Adviser and the clients will seek to comply with relevant U.S. laws and regulations, including the Advisers Act, the Company Act and the Securities Act, as applicable. Any associated registration and compliance costs

may adversely affect an investment in the clients. In addition, if Digital Assets held by clients are deemed to be securities and were not anticipated to be such, such Digital Assets may decline in value and/or be burdensome or costly to transmit (or clients may be restricted from selling such Digital Assets).

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

Additionally, in the event that DAPPs were deemed to be "issuers" within the meaning of the Securities Exchange Act of 1934 (the "Exchange Act") with respect to their native tokens, such native tokens could be considered unregistered securities. Such a determination could adversely affect the Funds' liquidity and negatively affect the valuations of certain of the Funds' Digital Assets.

There is also a possibility that the activities of a DAPP could be determined to be "investment contracts" under the SEC's Framework for "Investment Contract" Analysis of Digital Assets. As a result, the DAPP could be forced to shut down, thereby substantially decreasing or eliminating the value of any native tokens generated by the DAPP and held by the Funds. Such a determination could have wide-ranging implications for other DAPPs, making it difficult or impossible for the Funds to pursue its investment program. Neither the Investment Adviser nor the Funds control the activities of the DAPPs through which they invest. If a DAPP ceases operations or is subject to fines by a regulator, it could materially affect the Funds and their performance.

The SEC has recently brought enforcement actions relating to digital assets that assert the SEC's jurisdiction due to the SEC's classification of such instruments as securities. These risk factors do not contain a comprehensive description of all such action, but provide certain examples and key cases:

- In July 2022, the SEC filed securities fraud charges against a former employee of Coinbase related to misuse of confidential information, alleging that this individual engaged in illegal trading in several digital assets, which the SEC asserted are securities—Ether and/or Ethereum was not one of these assets. The SEC and the former Coinbase employee settled the charges in May 2023.
- In 2020, the SEC brought a lawsuit against Ripple Labs, alleging that Ripple and its executives illegally sold XRP, a digital asset token, without first registering XRP as a security. After the SDNY partially granted Ripple Labs' motion for summary judgment, the SEC moved for leave to file an interlocutory appeal, which was denied. This matter is still being litigated in the federal courts.
- In February 2023, the SEC entered into a settlement agreement with Payward Ventures, Inc. and Payward Trading Ltd. (collectively, "Kraken"), a cryptocurrency exchange, after alleging that Kraken's "staking-as-a-service" program constituted an offering and sale of securities. The settlement agreement provides that Kraken will cease offering or selling securities through crypto asset staking services or staking programs and pay \$30 million in disgorgement, prejudgment interest, and civil penalties.

In February 2023, the SEC also issued a Wells notice to the Paxos Trust Company, LLC ("Paxos"). Based on news reports, this Wells notice relates to the assertion that Paxos issued a stablecoin, BUSD, without first registering it as a security. In March 2023, the SEC issued a Wells notice to Coinbase Global Inc. Based on news reports, this Wells notice relates to Coinbase's spot market, as well as its

brokerage and staking offerings. Binance Holdings Limited., et al., (“Binance”) and Kraken were similarly charged in June 2023 and November 2023 respectively.

FinCEN. To the extent that a client, or an entity in which a client invests, engages in money services business activity, including money transmission, as defined by FinCEN, the client or such entity may be deemed to fall within the Bank Secrecy Act’s definition of a financial institution, and subject to the Bank Secrecy Act, 31 U.S.C. §§ 5311-5314; 5316-5336, and its implementing regulations, and as such required to register with FinCEN as a Money Services Business. Certain clients and such entity would also be required to develop an AML program and adhere to federal reporting and recordkeeping requirements. Owners, operators, participants and others who assist in the operation of an unregistered money services business, may be subject to civil money penalties under 31 U.S.C. § 5321, and/or criminal liability under 31 U.S.C. § 5322 and 18 U.S.C. § 1960. Such additional legal and regulatory obligations may cause the client to incur extraordinary expenses and ongoing expenses, possibly affecting an investment in the client in a material and adverse manner. To the extent certain clients limit or reduce the scope of certain activities, investors’ rights or investment initiatives, in order to limit the applicability of government regulation and supervision, investments in certain clients may be adversely affected.

State Regulatory Authorities. To the extent that the activities of certain clients cause them to be deemed a “money transmitter” (and/or other type of regulated financial services provider, for example, a “virtual currency business” in New York) under State statutes or regulations, they may incur significant fees in becoming licensed in each State in which they do business, and may also be required to adhere to State statutes or regulations. For example, the New York Department of Financial Services requires that custodians of virtual currency that are either BitLicensees or entities chartered by New York as limited purpose trust companies take measures to adequately protect, segregate and separate customer virtual currency from their own, engage in adequate due diligence of sub-custodians, and have clear consumer-facing disclosures regarding the general terms and conditions associated with their products and services. States may impose fines or penalties with respect to any unlicensed activity or activity that violates applicable regulations and guidance. To the extent that a state requires an additional license or registration for activities involving digital currencies that require certain clients to obtain a license or register with the state for their activities involving Digital Assets, they may incur significant fees in becoming licensed/registered in those States, and may also be required to adhere to the State’s statutes or regulations. States may impose fines or penalties with respect to any unlicensed activity. Accordingly, to the extent a client is operating without appropriate licenses, it may be subject to fines or penalties, and/or criminal liability under State laws or 18 U.S.C. § 1960, if applicable. Such additional regulatory obligations may cause a client to incur extraordinary expenses and ongoing expenses, possibly affecting an investment in the client in a material and adverse manner. To the extent a client limits or reduces the scope of certain activities, investors’ rights or investment initiatives, in order to limit the applicability of government regulation and supervision, investment in the client may be adversely affected.

Foreign Jurisdiction. Various foreign jurisdictions may adopt policies, laws, regulations or directives that affect Digital Assets or a Digital Asset network, generally. Such additional foreign regulatory obligations may cause the client, or the portfolio companies in which the clients invest, to incur extraordinary expenses and ongoing expenses, possibly affecting an investment in the client in a material and adverse manner. To the extent a Digital Asset is determined to be a security, commodity interest or other regulated asset, or a U.S. or foreign government or quasi-governmental agency exerts regulatory authority over Digital Asset use, exchange, trading and ownership generally in particular, the net asset value of a client may be adversely affected. Any additional regulatory obligations may cause a client, or a company that develops Digital Assets that are held by a client, to incur extraordinary,

non-recurring expenses, and/or ongoing compliance expense, possibly affecting an investment in a client in an adverse manner. If a client, or a company that develops Digital Assets that are held by a client, determines not to comply with such regulatory requirements, a client, or such company, may be liquidated at a time that is disadvantageous to an investor. To the extent a client, or a company that develops Digital Assets that are held by the client, limits or reduces the scope of certain activities, investors' rights or investment initiatives, in order to limit the applicability of government regulation and supervision, investment in the client may be adversely affected.

Blockchain Analytics. Given that Digital Assets can be transferred peer-to-peer directly from one individual or entity to another pseudonymously, absent the use of a regulated third party, such as through non-custodial wallets or self-hosted wallets, and that digital wallets can be created almost instantaneously, it is almost impossible to accurately and effectively conduct transaction counterparty due diligence, transaction monitoring, and sanctions screening related to Digital Asset transactions without the use of blockchain analytics tools, the use of which are being increasingly encouraged or expected by regulators and government authorities. For example, the New York Department of Financial Services issued guidance in April 2022 to all virtual currency business entities that are either licensed under 23 NYCRR Part 200 or chartered as a limited purpose trust company under the New York Banking Law on the importance of blockchain analytics to effective policies, processes, and procedures. To the extent such tools identify and/or classify a Digital Asset, a digital wallet, transaction or counterparty as higher risk, or as having direct or indirect exposure to criminal activity or sanctions, either correctly or incorrectly (based on erroneous information or an absence of information), the Funds, and/or the Digital Assets invested in by the Funds, may be negatively impacted, the investors may be adversely affected and the Funds may be unable to pursue their investment objectives.

Bitcoin Lending. The Bitcoin Funds may lend Bitcoin on a collateralized and an uncollateralized basis from its portfolio to creditworthy securities firms, financial institutions and other third-party borrowers (and affiliates of the Bitcoin Funds and/or the Investment Adviser). While such loan is outstanding, the Bitcoin Funds will receive interest on the investment of the collateral or a fee from the borrower. The risks in lending Bitcoin, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of Bitcoin or possible loss of rights in the collateral, if any, should the borrower fail financially. Furthermore, during the time any Bitcoin is in the possession of such borrower, such Bitcoin may be kept in custody that provides a different level of security than that of the Bitcoin Funds's custodian. In addition, Bitcoin lending may be treated for U.S. federal income tax purposes as a sale of the lent Bitcoin, which would cause the Bitcoin Funds to recognize any built-in gain or loss in such Bitcoin.

Recent Developments in the Digital Asset Industry. In 2022, several prominent Digital Asset-related firms, including trading venues, exchanges and lending platforms, experienced financial distress and/or declared bankruptcy (the "2022 Developments"). These failures included firms such as Celsius Networks, Three Arrows Capital, FTX and Voyager Digital. The impact of the 2022 Developments on the Digital Asset markets, including on other institutions or critical infrastructure for such markets, is not yet known and may evolve. Such impacts may include, but are not limited to: loss of confidence in the Digital Asset markets, reduced participation in the Digital Asset markets, closer scrutiny by governmental authorities of firms transacting in Digital Assets, or servicing Digital Asset market participants, new legislation and/or regulation of the Digital Asset markets.

The Investment Adviser was not directly involved in the 2022 Developments, however such changes resulted in price changes and volatility in the Digital Asset markets, as well as increased negative scrutiny of the Digital Asset markets by governmental authorities and the press—these events indirectly impacted the clients. Selling of Digital Assets by companies experiencing bankruptcy and/or financial distress could depress the prices of such assets. It is possible that such effects could cause systemic risks

to the Digital Asset markets. If the 2022 Developments cause sustained adverse impacts on the Digital Asset markets, the effectiveness and outlook for the clients' investment strategies may be impacted in a materially adverse manner.

Forced selling by distressed companies may also depress the prices of assets used as collateral by other firms. If this market condition becomes widespread in the cryptoeconomy, including as a result of the 2022 Developments, we may suffer from increased counterparty risk, including defaults or bankruptcies of major customers or counterparties, which could lead to significantly reduced activity on our platform and fewer available crypto market opportunities in general. Further, forced selling of crypto assets by distressed companies could lead to lower crypto asset prices and a consequent reduction in our revenue. To the extent that conditions in the general economic and crypto assets markets materially deteriorate, our ability to attract and retain customers may suffer.

Potential Interest Rate Increases. Uncertainty of the U.S. and global economy, and sensitivity of interest rates to changes in U.S. government and other nations' monetary and fiscal policies, including changes in the federal funds rate, create a risk that interest rates will be volatile in the future. Interest rate volatility is difficult to predict, and may cause the value of any assets sensitive to interest rates, including fixed-income instruments, held by the clients to decrease, which may result in substantial withdrawals from the clients that, in turn, force the clients to liquidate such instruments at disadvantageous prices negatively impacting the performance of the client portfolios.

Sanctions. The Investment Adviser's operations are or may become subject to economic sanctions laws and regulations of various jurisdictions. At any given time, whether under applicable law, by contractual commitment or as a voluntary risk management measure, the Investment Adviser may be required, or elect, to comply with various sanctions programs, including the Specially Designated Nationals and Blocked Persons List and Sectoral Sanctions programs administered by OFAC, the sanctions regimes administered by subsidiary organs of the United Nations Security Council, the Sanctions Orders of the Cayman Islands (including as extended to the Cayman Islands by Order of the government of the United Kingdom from time to time), and the Restrictive Measures adopted by the European Union. Some sanctions that may apply to the Investment Adviser prohibit or restrict dealings with particular identified persons. Other potentially applicable sanctions programs broadly prohibit or restrict dealings in certain countries or territories or with individuals and entities located in such countries or territories. In addition to such current sanctions, additional sanctions may be imposed in the future. Such sanctions may be imposed with little or no advance warning or "safe harbour" for compliance and may be ambiguous, including as to the scope of financial activities that regulators may ultimately deem to be covered by the sanctions.

Depending on the scope and duration of a particular sanctions program, compliance by the clients may result in a material adverse effect on the client portfolios. The Investment Adviser and its clients may be subject to heightened or targeted regulatory scrutiny and information requests as a result of such sanctions. In addition, if the Investment Adviser or its clients were to violate or be deemed in violation of any such sanction, they could face significant legal and monetary penalties. Sanctions may negatively impact the Investment Adviser's ability to effectively implement its clients' investment strategies and have a material adverse impact on the clients' investments in various ways, including by preventing or inhibiting the clients from making certain investments, forcing the clients to divest from investments previously made, and leading to substantial reductions in the revenues, profits and value of the clients' investments. Finally, sanctions may have broader economic implications, such as influencing the price of certain commodities, which may have adverse effects on inflation and the value of the U.S. dollar, which may adversely affect investment objectives and strategies of the clients. The U.S. government has also imposed, and authorized the imposition of, sanctions targeting Russia's financial sector and

access to capital markets. Such sanctions may adversely affect the investment objectives and strategies of certain clients.

Russia-Ukrainian Conflict. The Russian invasion of Ukraine that commenced on February 24, 2022, has resulted in complex, evolving and systemic economic effects that may influence financial benchmarks key to asset pricing, interest rates and lending availability, as well as financial and physical market liquidity, and the price and availability of essential commodities, in an unpredictable fashion for an uncertain duration. Acute effects to particular commodity and foreign securities markets are possible. Russia and Ukraine are major participants in certain commodities sectors, such as for agricultural (e.g., wheat) and energy (e.g., oil and natural gas) products. Furthermore, this conflict has also resulted in swift multilateral sanctions targeting Russia's financial sector and access to capital markets with designations of dozens of individuals and entities, including the Russian Central Bank, several large publicly-traded Russian banks and companies, Russia's sovereign wealth funds, and Russian oligarchs and other members of the Russian elite, including Russian Federation President Vladimir Putin. The sanctions imposed are complex and the prohibitions apply to various types of debt and equity transactions involving sanctioned persons, including bonds, loans, loan guarantees, extensions of credit, letters of credit, stocks, share issuances, and depository receipts, among others. For example, U.S. persons are prohibited from transacting, financing or otherwise dealing in certain new debt and equity of certain financial institutions and companies critical to the Russian economy. In addition, certain imports, exports, the transfer of U.S. dollar banknotes to Russia, and new investments involving the Russian energy sector are prohibited.

The unpredictable and evolving economic effects resulting from the Russia-Ukrainian conflict and the regulations, orders, and sanctions adopted by governments in response to this conflict may affect the value of the investments held by certain clients or the Investment Adviser's ability to acquire or dispose of such clients' investments in an efficient manner. These factors may have negative consequences for the valuation of the client portfolios that the Investment Advisers may be unable to anticipate or hedge against.

Climate Change-Related Risks. The environmental effects of climate change, including rising temperatures, extreme weather, fires, flooding, erratic weather fluctuations, agricultural failures and displacement and destabilization of human populations, could have materially adverse effects on the investments held by the clients. The Investment Adviser believes that such risks may increase over time, although the time period over which these consequences might unfold is difficult to predict.

In addition to the physical, economic and geo-political risks associated with climate change, there are transition risks. The willingness of certain governments, industries and businesses, especially those that profit from, or have a reliance on, fossil fuels, to adapt to climate change or transition to sustainable practices may also adversely affect the investments held by the client portfolios.

Regulatory changes and divestment movements tied to concerns about climate change could adversely affect the value of certain industries whose activities or products are seen as accelerating climate change, or ill-positioned in light of the economic and social demands imposed by climate change. In recent years, certain investors have incorporated the business risks of climate change and the adequacy of companies' responses to climate change as part of their investment theses. These shifts in investing priorities may result in adverse effects on the trading price of investments held by the clients if investors determine that the company has not made sufficient progress on climate change and environmental sustainability matters whether or not climate change proves to be as severe as predicted or preventable.

The values of investments held by the clients whose performance is linked to assets and revenue streams that are exposed to climate change risk, may readily be affected by both long-term, systemic effects of climate change, as well as severe environmental events whose occurrence is inherently unpredictable.

Assumption of Catastrophe Risks

The client portfolios may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters (which may be caused, or enhanced in frequency and severity, by climate change factors); war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which the Investment Adviser causes the clients to invest (or has a material negative impact on the operations of the Investment Adviser or the clients' service providers), the risks of loss can be substantial and could have a material adverse effect on the clients' investments therein. Furthermore, any such event may also adversely impact one or more individual client investor's financial condition, which could result in substantial withdrawal requests by such investor as a result of their individual liquidity situations and irrespective of client performance.

C. Risks Associated With Particular Types of Securities

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

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

Digital Assets and Bitcoin Generally. The investment characteristics of Digital Assets (which term includes, but is not limited to, virtual currencies, crypto-currencies, and digital coins and tokens), generally differ from those of traditional currencies, commodities or securities. Importantly, Digital Assets are not backed by a central bank or a national, supra-national or quasi-national organization, any hard assets, human capital, or other form of credit. Rather, Digital Assets are market-based: a Digital Asset's value is determined by (and fluctuates often, according to) supply and demand factors, the number of merchants that accept it, and/or the value that various market participants place on it through their mutual agreement, barter or transactions.

Certain activities that we undertake in connection with holding Digital Assets, such as staking, can lead to significant risks, such as limitations on liquidity or a risk of loss or theft due to malicious actions, network interruptions or a failure by third-party validators to validate transactions.

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

Blockchain Technology May Not Prove Disruptive. Blockchain-led transformation may be years away. So far, blockchain technology has, in many instances, not challenged traditional business models with a lower-cost solution, and has not yet overtaken incumbent firms. It may take decades for blockchain technologies to be integrated with economic infrastructure. Companies in the blockchain space may not

become highly profitable for many years or decades, including until after the investment terms applicable to certain clients has elapsed.

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

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

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

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

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

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

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

these latter two concepts are necessary to create a consensus on the network about which transactions will be confirmed and considered valid.

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

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

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

Mining. Bitcoin mining is the process of validating and adding transaction records to Bitcoin’s public ledger of past transactions (i.e., the blockchain). Each block is an independent mathematical proof which depends on the previous block. As an incentive to update the blockchain, Bitcoin miners may collect transaction fees for the transactions they confirm, along with newly created Bitcoin (i.e., rewards). Only the first miner to compute the proof is rewarded with Bitcoin, while the rest of the miners have to start over on a new block. Bitcoin supply is increased with every new block of transactions that is added to the blockchain. Currently, the reward is twenty-five (25) Bitcoin for each block that is added to the blockchain. The reward for solving a block is automatically adjusted—reduced by half for every 210,000 blocks mined—so that roughly every four years of operation of the Bitcoin network, half the amount of Bitcoin created in the prior four years are created. It is understood (but not guaranteed) that the total number of Bitcoin in existence will never exceed 21 million. Mining is currently very expensive and time-consuming, and miners must dedicate substantial resources to continuously power and cool devices. The mining reward system is designed to ensure that miners are compensated for their efforts and new Bitcoin enters into public circulation. The Bitcoin network’s mining protocol is intended to

make it more difficult to solve for new blocks in the blockchain as the processing power dedicated to mining increases. Therefore, the Bitcoin mining process is designed to incentivize people to be efficient and use as little power as possible to create blocks and validate the transactions. Given the time and resources that must be dedicated to mining, miners may “pool” their efforts and act cohesively to combine their processing power to solve blocks. These efforts are called mining “pools”—and pool members generally split any resulting rewards based on the processing power they each contributed to solve for such blocks.

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

On August 1, 2017 the Bitcoin blockchain experienced a hard “fork”, resulting in the creation of Bitcoin Cash (BCH), a version of Bitcoin with its own set of rules, updated technology and faster transaction speed. As Bitcoin Cash emerged from the same ledger as Bitcoin, Bitcoin holders received the same amount of Bitcoin Cash tokens after the split and, as a result, now hold both Bitcoin, which will continue to be recorded on the original Bitcoin blockchain, and Bitcoin Cash, which will be recorded on the new “forked” blockchain. The hard “fork” was the result of a disagreement regarding the optimal size of the blocks that make up the Bitcoin network (some users, merchants, businesses, investors and miners desired to increase the block size, so as to allow for greater transaction confirmation speed, while Bitcoin’s core developers desired to maintain the existing block size, so as to protect Bitcoin from potential hacks and more strongly preserve Bitcoin’s decentralized nature (as some miners would not install the new, updated, software)). The Bitcoin blockchain may experience additional hard “forks”, which may or may not have upgraded consensus rules that allow it to grow and scale. There is no guarantee that merchants, wallets or exchanges will support, or that a market will develop for, Bitcoin Cash and/or future Bitcoin tokens, which may also compete with Bitcoin (negatively affecting its value). In addition, hard “forks” may carry further risks, including, without limitation, (i) that Bitcoin networks heavily decline in value or that the combined value of the competing versions of Bitcoin is less than the value of a single Bitcoin network (particularly, if the “fork” is interpreted as a general failure to reach a consensus regarding the Bitcoin network), (ii) that developers, service providers and users choose one version of Bitcoin over another and (iii) that the division of mining power makes each Bitcoin blockchain slower and/or less secure.

Mining Incentives. If rewards and transaction fees are not properly matched to the efforts of miners, miners may not have an adequate incentive to continue mining. Miners ceasing operations could reduce the collective processing power on the Bitcoin network, adversely affect the validation process for transactions, and, generally, make the network more vulnerable. Further, if a single miner or a mining pool gains a majority share in the Bitcoin network’s computing power, the integrity of the blockchain

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

Changes to Underlying Protocol. In general, the underlying software protocols which govern the operation of Digital Asset networks are open source and anyone can use, copy, modify, and distribute them. The Investment Adviser makes no guarantee of the functionality, security, or availability of underlying protocols; (ii) that some underlying protocols are subject to consensus-based proof of stake validation methods which may allow, by virtue of their governance systems, changes to the associated blockchain or digital ledger ("**Governance Modifiable Blockchains**"), and that any transaction made by the Investment Adviser validated on such Governance Modifiable Blockchains may be affected accordingly; and (iii) that the underlying protocols are subject to sudden changes in operating rules (a/k/a "forks"), and that such forks may materially affect the value, function, and/or even the name of Digital Assets stored in client investors' accounts. In the event of a fork, the Investment Adviser may temporarily suspend certain clients' operations (with or without notice to client investors) and the Investment Adviser may, in its sole discretion, decide whether or not to support (or cease supporting) either branch of the forked protocol entirely. Clients assume absolutely no liability, obligation or responsibility whatsoever in respect to the operation of underlying software protocols, transactions affected by Governance Modifiable Blockchains, or an unsupported branch of a forked protocol and, accordingly, client investors acknowledges and assumes the risk of the same.

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

Bitcoin Service Providers. Several companies and financial institutions provide services related to the buying, selling, payment processing and storing of virtual currency (i.e., banks, accountants, exchanges, digital wallet providers, and payment processors). Certain clients expect the number of service providers to increase as the Bitcoin network (or other virtual currency networks) continue(s) to grow. However, there is no assurance that the virtual currency market, or the service providers necessary to accommodate it, will continue to support Bitcoin or other types of virtual currency, continue in existence or grow. Further, there is no assurance that the availability of and access to virtual currency service providers will not be negatively affected by government regulation or supply and demand of virtual

currency or Bitcoin. Accordingly, companies or financial institutions that currently support virtual currency may not do so in the future.

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

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

Transacting with a counterparty making illicit use of Bitcoin could have a material adverse effect on the clients. On October 2, 2013, the FBI seized the domain name for the infamous “Silk Road” website—an online black marketplace for illicit goods and services—and arrested its alleged founder, Ross William Ulbricht. The website operated through multiple systems of strict anonymity and secrecy, using Bitcoin as the exclusive means of payment for illicit goods and services. As part of the raid, the FBI also seized over 50,000 Bitcoin from accounts on Silk Road, which were worth approximately \$3.6 million at the time. In November 2022, the U.S. Department of Justice seized more than \$3.36 billion in Bitcoin from an account linked to the Silk Road website.

On January 27, 2014, the CEO of BitInstant (the New York-based Bitcoin exchange service) was arrested on charges of money laundering and operating an unlicensed money transmitting business. On July 24, 2017, FinCEN assessed a \$110 million civil money penalty against BTC-e a/k/a Canton Business Corporation (“BTC-e”), an internet-based and foreign-located digital currency exchange founded in 2011, for failing to register as a Money Services Business and facilitating crimes like drug sales and ransomware attacks. FinCEN also assessed separate \$12 million fine against BTC-e’s owner, Alexander Vinnik. Further, on October 19, 2020, FinCEN assessed a civil money penalty against Larry Dean Harmon, as the primary operator of Helix, for anti-money laundering program failures, including its facilitation of transactions with darknet marketplaces, ransomware, child exploitation websites, and unregistered money services businesses. *See In the Matter of Larry Dean Harmon, Assessment of Civil Money Penalty Number 2020-2 (Oct. 19, 2020).*

Further, identifying users can be made even more difficult where a user utilizes a tumbling or mixing services (e.g., Tornado Cash) to further obfuscate transaction details. On August 8, 2022, Tornado Cash—a mixing service operated on the Ethereum blockchain—was added to the Specially Designated Nationals (“SDN”) list because Tornado Cash was deemed to provide services to persons located in North Korea, a sanctioned jurisdiction. *See U.S. Dep’t of Treasury, Press Release, U.S. Treasury Sanctions Notorious Virtual Currency Mixer Tornado Cash (Aug. 8, 2022).* *See also U.S. v. Roman Storm, et al.* 23 CRIM 430 (S.D.N.Y. Aug. 23, 2023) (DOJ charged the developers of Tornado Cash with allegedly allowing unlawful proceeds, such as funds from a North Korean cybercrime organization, through Tornado Cash); *Loon v. Dep’t of Treasury*, 6:22-CV-00920-ADA-JCM (W.D. Tex. Feb. 16, 2023) (Plaintiffs challenged the inclusion of Tornado Cash to SDN and the court dismissed the case, granting summary judgement to Treasury) In addition, FinCEN has previously notified financial institutions on the importance of practicing increased vigilance in preventing illicit actors from using Digital Assets to evade sanctions. *See U.S. Dep’t of Treasury, FinCEN FIN-2022-Alert001, FinCEN Advises Increased Vigilance for Potential Russian Sanctions Evasion Attempts (Mar. 7, 2022).*

In April 2023, FinCEN issued a risk assessment about the role decentralized finance and digital assets play in facilitating unlawful transactions. *See Illicit Finance Risk Assessment of Decentralized Finance,*

Dep't of Treasury (April 2023). On December 6, 2023, the Founder of Bitzlato, Anatoly Legkodymov, pled guilty to operating a money transmitting business that transported and transmitted illicit funds. See E.D.N.Y. Docket No. 23-CR-496 (ENV).

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

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

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

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

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

Early-Stage Token Offerings: Liquidity. Liquidity in the Early-Stage Token Offering market is limited. Accordingly, in the event that substantial withdrawal requests are made by investors, a client may have difficulty liquidating its positions in order to satisfy such withdrawals. It is unclear how long the current situation (i.e., limited liquidity in the Early-Stage Token Offering market) will continue, and how such illiquidity will affect the particular assets in a client's portfolio.

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

Early-Stage Token Offerings: Participation. Participating in Early-Stage Token Offerings may require certain clients to pledge Digital Assets. The trading platforms used by Early-Stage Token Offerings are relatively new and largely unregulated and may therefore be more exposed to theft, fraud and failure. For example, in June 2017, CoinDash, an Israeli startup, planned to raise capital by selling its own digital tokens in exchange for cryptocurrency Ethereum. Thirteen minutes into the token sale, an "unknown perpetrator" hacked CoinDash's website and changed the address for sending Ethereum-based investments to a fake one, diverting millions of dollars in Ethereum-based investments to the attacker. In general, Early-Stage Token Offering trading platforms are currently start-up businesses, with limited operating history and no publicly available financial information. Consequently, if an Early-Stage Token Offering trading platform experiences theft, fraud or failure, the Early-Stage Token Offering operators may be unable to replace missing Digital Assets or seek reimbursement for any theft of Digital Assets, adversely affecting investors and a client.

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

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

Early-Stage Token Offerings: Valuation. The Investment Adviser generally expects that the initial purchase of an Early-Stage Token Offering will occur at a substantial discount to the price expected in the event the Digital Asset (offered through the Early-Stage Token Offering) is successful. Digital

Assets purchased by a client will generally be valued at cost until active trading in such Digital Assets develops. Accordingly, while investors who invest in a client prior to the emergence of such active trading will receive the potential benefit of purchasing such Digital Assets at expected discounted prices, any withdrawal proceeds paid to investors who withdraw from a client prior to the emergence of such active trading will generally reflect the cost of the Early-Stage Token Offering and not the expected trading price of such Digital Assets on any active exchange or other market. The value of an Early-Stage Token Offering held by a client (prior to active trading) may also be adjusted based on various factors.

Early-Stage Token Offerings: Fraudulent Early-Stage Token Offerings. Early-Stage Token Offering campaigns in which certain clients participate are unregulated and may turn out to be fraudulent. There is no guarantee that funds lost due to such fraudulent actions will be recovered by a client.

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

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

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

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

Digital Asset exchanges may impose daily, weekly, monthly or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of Digital Assets for fiat

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

Digital Asset exchanges are appealing targets for cybercrime, hackers and malware. It is possible that while engaging in transactions with various Digital Asset exchanges located throughout the world, any such exchange may cease operations due to theft, fraud, security breach, liquidity issues, or government investigation. In addition, banks may refuse to process wire transfers to or from exchanges. Over the past several years, many exchanges have, indeed, closed due to fraud, theft (e.g., Mt. Gox voluntarily shut down because it was unable to account for over 850,000 Bitcoin), government or regulatory involvement, failure or security breaches (e.g., the voluntary temporary suspensions by Mt. Gox of cash withdrawals due to distributed denial of service attacks by malware and/or hackers), or banking issues (e.g., the loss of Tradehill's banking privileges at Internet Archive Federal Credit Union). In 2018 alone, Digital Asset exchanges based in Japan (Coincheck), Italy (Bitgrail), India (Coinsecure) and South Korea (Coinrail) were reported to have experienced major hacks, resulting in losses of approximately \$650,000,000. In addition, significant hacks have occurred in 2019 and 2020, including a hack on a Singapore based cryptocurrency exchange KuCoin resulting in a loss of more than \$150,000,000. In 2021, cryptocurrency platform Poly Network suffered a hack of tokens worth more than \$600,000,000. Overall, more than 150 blockchain hacking incidents took place in 2021, with nearly \$7 billion in funds lost. In February 2022, Wormhole, one of the most popular bridges linking the Ethereum and Solana blockchains, lost about \$320,000,000 in a hack.

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

Moreover, Digital Asset exchanges are subject to the risk of their own insolvency as well as of insolvency of exchanges, service providers and other companies with which they work in the Digital Asset space. In the first half of 2022, Luna (and related stablecoin TerraUSD) collapsed leading to widespread flow-on-distress for some of the biggest participants in the Digital Asset markets. Shortly after Luna's collapse, each of Celsius Networks, Voyager Digital and Three Arrows Capital declared bankruptcy, resulting in a loss of confidence in participants of the cryptoeconomy and negative publicity surrounding crypto more broadly.

By late 2022, FTX, the third largest Digital Asset exchange by volume at the time, halted customer withdrawals amid rumors of the company's liquidity issues and likely insolvency. Shortly thereafter, FTX's CEO resigned and FTX and several affiliates of FTX filed for bankruptcy. Several other entities in the Digital Asset industry filed for bankruptcy following FTX's bankruptcy filing, such as BlockFi

Lending LLC (“**BlockFi**”) and Genesis Global Holdco, LLC, both of which are Digital Asset lenders. In response to these events, the Digital Asset markets have experienced extreme price volatility and several other entities in the Digital Asset industry have been, and may continue to be, negatively affected, further undermining confidence in Digital Asset markets.

Any financial, security or operational difficulties experienced by such exchanges may result in an inability of the clients to recover fiat currency or Digital Assets being held by the exchange, or to pay investors upon withdrawal, or a decrease in the value of the Digital Assets held by the Funds. The 2022 bankruptcy of FTX mentioned above, for example, caused investors in FTX to lose millions of dollars. Further, the clients may be unable to recover Digital Assets awaiting transmission into or out of the client portfolios, all of which could adversely affect an investment in the client portfolios. These disruptions in the Digital Asset markets have also negatively impacted the liquidity of Digital Assets because certain entities affiliated with defunct exchanges historically engaged in significant trading activity but have now curtailed operations. A lack of stability in the Digital Asset exchange market and the closure or temporary shutdown of Digital Asset exchanges due to insolvency, business failure, hackers or malware, government-mandated regulation, or fraud, undermines confidence in Digital Asset networks and may result in continued significant volatility in Digital Asset prices.

In any insolvency proceeding involving Digital Assets, courts and/or administrators as applicable, will face numerous questions of first impression regarding how to treat various portfolio investments in the Digital Asset exchanges. There are numerous Digital Asset exchanges and each is formed and set up under different legal regimes and with different contractual custodial commitments and obligations to their customers. Depending on the precise nature of such customer relationships, Digital Assets held in a Digital Asset exchange may or may not be considered to be the property of a bankruptcy estate. Even if Digital Asset exchanges are required by applicable law or contractual obligations to keep customer assets isolated and segregated, due to limited oversight, even with diligence, it is often hard to confirm a specific Digital Asset exchange’s level of compliance and there is significant risk those exchanges will not comply with these contractual or legal custodial commitments. Accordingly, customers who have Digital Assets purportedly held in custody by a Digital Asset exchange, including the clients, could be treated as general unsecured creditors and ultimately recover little or nothing after more senior creditors are satisfied in a subsequent insolvency proceeding. Even if Digital Assets held in custody by Digital Asset exchanges are deemed to be customer property and not property of the bankruptcy estate, there may be a significant delay in a Digital Asset exchange returning investors’ property whereby the passage of time and decline in value of the Digital Asset prevents the clients from properly exiting an investment position. Such Digital Assets, even if deemed customer property, could have also been improperly commingled with other assets and diminished during such commingling, which could lead to a reduced recovery for customers.

There are no clear laws on how Digital Assets should be treated in bankruptcy. In addition to the threshold question of whether an exchange’s holdings of Digital Assets could be deemed property of the estate, novel issues of whether to classify Digital Assets as securities, commodities, currencies or something else could have a material effect on the applicability of safe harbor defenses to protect against potential avoidance actions by debtors. Relatedly, Digital Asset transactions involving smart contracts create complications for determining the applicable transfer date for clawback actions because they are self-executing. The applicable transfer date can change how Digital Assets are valued for purposes of avoidance actions, which is of critical importance given how rapidly such Digital Assets can fluctuate in value.

Additionally, to the extent that the Digital Asset exchanges representing a substantial portion of the volume in Digital Asset trading are involved in fraud or experience security failures or other operational

issues, such as Digital Asset exchanges' failures may result in losses or less favorable prices of Digital Assets or may adversely affect the clients, their operations and investments, or the Fund investors.

Further, certain SEC officials have made statements that the platforms on which Digital Assets trade may be required to register and be regulated like traditional regulated exchanges. These statements suggest an additional regulatory focus on Digital Asset trading and lending platforms by the SEC may impact the platforms on which the clients trade or the availability of trading platforms generally. See <https://www.sec.gov/news/speech/gensler-remarks-crypto-markets-040422>.

In February 2022, the SEC engaged in enforcement in a first-of-its-kind action against BlockFi for failing to register the offers and sales of its retail crypto lending product and violating registration provisions of the Company Act. The order imposed a \$50 million civil money penalty and \$50 million in fines to be paid to 32 states for similar charges. The SEC's BlockFi order suggests that certain Digital Asset platforms and products may be subject to the federal securities laws.

If additional crypto lending platforms and products are deemed subject to the federal securities laws and regulations, the clients or the Digital Assets exchanges or platforms on which they trade may be required to comply with certain relevant federal securities laws and regulations and associated compliance costs could adversely affect an investment in the client portfolios. To the extent the Investment Adviser's trading and lending platform is required to register and be regulated like a traditional regulated exchange, such registration and compliance costs could adversely affect its operations and indirectly, the clients.

Digital Asset/Exchanges: Limited Exchanges on Which to Trade. Certain clients may trade Digital Assets on a limited number of Digital Asset exchanges (and potentially only a single exchange) either because of actual or perceived counterparty or other risks related to a particular exchange. Trading on a single exchange may result in less favorable prices and decreased liquidity for a client and therefore could have an adverse effect on a client and the investors.

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

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

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

Financial Technology Risk. Companies that are developing financial technologies that seek to disrupt or displace established financial institutions generally face competition from much larger and more established firms. Fintech companies may not be able to capitalize on their disruptive technologies if they face political and/or legal attacks from competitors, industry groups or local and national governments. Laws generally vary by country, creating some challenges to achieving scale. A fintech company may not currently derive any revenue, and there is no assurance that a fintech company will derive any revenue from innovative technologies in the future.

New Technologies (Machine Learning Technology and Artificial Intelligence). Companies in the machine learning technology and artificial intelligence industries may be subject to significant competitive pressures, such as aggressive pricing, new market entrants, competition for market share, short product cycles due to an accelerated rate of technological developments and the potential for limited earnings and/or falling profit margins. These companies also face the risks that new services, equipment or technologies will not be accepted by consumers and businesses or will become rapidly obsolete. These factors can affect the profitability of these companies and, as a result, the value of their securities. Also, patent protection is integral to the success of many companies in these industries, and profitability can be affected materially by, among other things, the cost of obtaining (or failing to obtain) patent approvals, the cost of litigating patent infringement and the loss of patent protection for products (which significantly increases pricing pressures and can materially reduce profitability with respect to such products). In addition, these companies may have limited operating histories, and prices of these companies' securities may be more volatile than other securities, especially over the short term.

ITEM 9
DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

ITEM 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status

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

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

The Investment Adviser and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants

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

It is anticipated that the Investment Adviser's investment teams will develop numerous quantitative models and software for use by one or more investment teams for the benefit of one or more clients. Similarly, trading and other systems (e.g., order management) developed by employees of the Investment Adviser are expected to be used by the Investment Adviser's investment teams, including investment teams that do not manage the same client's assets. The determination of how models and systems will be allocated among the applicable clients and other pooled investment vehicles will be made on a fair and equitable basis, to the extent practical and in accordance with, among other factors, the applicable client's investment strategies, over a period of time.

From time to time, the Investment Adviser may license the software developed by the Investment Adviser or its personnel to third parties or use such software for proprietary trading purposes, which may increase competition by limiting the investment opportunities available to certain clients. Additionally, investment teams that do not manage a specific client's assets and/or third parties with license to utilize an investment team's proprietary models and software, may develop implementation methods for such models and software that provide a competitive advantage over one or more clients, thereby reducing and/or eliminating the effectiveness of such model or software with respect to one or more clients.

The Investment Adviser may be subject to conflicts relating to its selection of Digital Asset intermediaries, exchanges and counterparties on behalf of clients. Client portfolio transactions will be allocated to intermediaries, exchanges and counterparties on the basis of numerous factors and not

necessarily lowest pricing. Intermediaries, exchanges and counterparties have at times provided other services that are beneficial to the Investment Adviser, other clients, or other vehicles managed by the Investment Adviser, but not necessarily beneficial to the Funds.

The Investment Adviser, its affiliates, and certain clients have invested in or established Digital Asset exchanges or other Digital Asset service providers, including businesses that focus on storage, security and custody of Digital Assets. The Investment Adviser has caused and expects in the future to cause one or more clients to transact with such affiliated service providers. Such affiliated service providers receive compensation when effecting Digital Asset transactions on behalf of certain clients.

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

It is customary for a Service Provider to charge different rates or have different terms for different types of services. Based on the types of services used by the Investment Adviser and its affiliates as compared to the types of services used by clients and the terms of such services, a Service Provider has entered into an arrangement with the Investment Adviser or its affiliates that provides for more favorable rates or terms than an arrangement with a client. Similar arrangements may also be entered into in the future.

D. Material Conflicts of Interest Relating to Other Investment Advisers

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

ITEM 11

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

A. Code of Ethics

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

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

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

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

1. Cross Trades

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

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

2. Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions (as such term is used under the Advisers Act) due to the ownership interest in a client by the Investment Adviser, its affiliates, or its

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

Cross trades between clients may occur, and will not be presumptively treated as principal transactions absent a determination by the Investment Adviser otherwise.

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

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

The Investment Adviser, its affiliates and its employees also engage, and in the future may engage, in a broad spectrum of activities, including direct investment activities (including trading in Digital Assets and alternative currencies outside of client portfolios) and investment advisory activities, and have extensive investment activities (including investments for their own account), on behalf of both persons or entities to which they provide investment advice on a principal basis, that are independent from, and may from time to time conflict with or be adverse to advice given or action taken for clients, including by buying or selling Digital Assets at different times than clients, or when a client is doing the opposite. These activities have the potential to adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients. Additionally, the Investment Adviser and its affiliates may invest in or establish Digital Asset exchanges or other Digital Asset service providers, including service providers utilized by clients.

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

Certain employees of the Investment Adviser have provided, and may in the future continue to provide, advisory services to Early-Stage Token Offering issuers in connection with their offerings and development of their protocols. Clients and investors in the Funds should be aware that any compensation received in connection with such activities benefits the Investment Adviser (or its employees) and not clients. Compensation may take the form of Early-Stage Token Offering tokens. Such activities pose a potential conflict of interest because the Investment Adviser may be incentivized

to cause clients to engage in investment activities with respect to such Early-Stage Token Offering issuers, including but not limited to: (i) investing in such Early-Stage Token Offering issuers, (ii) participating in the Early-Stage Token Offerings of such issuers, or (iii) purchasing Digital Assets that were previously offered through Early-Stage Token Offerings of such issuers.

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

D. Conflicts of Interest Created by Contemporaneous Trading

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

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

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

ITEM 12

BROKERAGE PRACTICES

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

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

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

1. Research and Other Soft Dollar Benefits

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

2. Brokerage for Client Referrals

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

3. Directed Brokerage

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

B. Order Aggregation

If the Investment Adviser determines that the purchase or sale of Digital Assets is appropriate with regard to multiple clients, the Investment Adviser may, but is not obligated to, purchase or sell Digital Assets on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client will receive the average price, with transaction costs generally allocated *pro rata* based on the size of each client's participation in the order (or allocation in the event of a partial fill) as determined by the Investment Adviser. In the event of a partial fill, allocations may be modified on a basis that the Investment Adviser deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the Digital Asset counterparty selected by the Investment Adviser. As a result, certain Digital Asset trades for one client (including a client in which the Investment Adviser and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved. When in the best interests of clients and other pooled investment vehicles, the Investment Adviser causes a client or other pooled investment vehicle to purchase assets in an aggregated single

order for such client and subsequently allocate positions in that purchase to other clients through the use of cross trades.

ITEM 13

REVIEW OF ACCOUNTS

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

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

B. Factors Prompting Review of Client Accounts Other than a Periodic Review

A review of a client account may be triggered by any unusual activity or special circumstances.

C. Content and Frequency of Account Reports to Clients

We generally provide annual audited financial statements to our clients within 120 days of the applicable client's fiscal year end (or as soon as reasonably practical). These reports are made available electronically via e-mail or through the Investment Adviser's password-protected website.

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

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients

We do not receive economic benefits from non-clients for providing investment advice with respect to securities.

B. Compensation to Non-Supervised Persons for Client Referrals

Neither we nor any of our related persons directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals.

ITEM 15

CUSTODY

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

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

The Investment Adviser maintains clients' Digital Assets with qualified custodians where the custodian supports the maintenance of such assets. Certain Digital Assets cannot be maintained with qualified custodians because they are not supported by the Investment Adviser's qualified custodians; such assets are maintained with third-party custodians that, although they are not classified as qualified custodians, have implemented systems to safeguard such assets that the Investment Adviser has reviewed and diligence. At times, Digital Assets are moved to trading platforms in order to effectuate transactions and other portfolio management activities. Certain Digital Assets are stored internally, and the Investment Adviser has developed an internal custody platform that incorporates dedicated hardware, encryption and redundancy into its architecture. Digital Asset storage is managed through a combination of secured offsite servers and onsite secured hardware.

ITEM 16
INVESTMENT DISCRETION

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

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

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

ITEM 17

VOTING CLIENT SECURITIES

A. Policies and Procedures Relating to Voting Client Securities

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

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

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

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

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

ITEM 18
FINANCIAL INFORMATION

The Investment Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.