



Firm Brochure
Form ADV, Part 2A

BLOCKTOWER CAPITAL ADVISORS LP

1221 Brickell Avenue, Suite 700
Miami, Florida 33131

March 29, 2024

This brochure ("Brochure") provides information about the qualifications and business practices of BlockTower Capital Advisors LP ("BlockTower"). If you have any questions about the contents of this Brochure, please contact us at compliance@blocktower.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.

BlockTower is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended ("Advisers Act"), however, such registration does not imply a certain level of skill or training.

More information about BlockTower is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2: Material Changes

BlockTower filed its last annual update on March 31, 2023. While BlockTower does not believe that there have been any material changes since its last annual update, BlockTower has made updates to this Brochure to reflect changes in the amount of assets under management and to provide additional information regarding investment-related risks, conflicts of interest and other similar disclosures.

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Item 4: Advisory Business

Item 4.A.

BlockTower Capital Advisors LP (“BlockTower”) is a Delaware limited partnership that commenced its operations as an investment manager on August 15, 2017. Matthew Goetz and Ari Paul are BlockTower’s principal owners.

Item 4.B.

BlockTower is an investment management firm that provides advisory services on a discretionary basis to privately offered pooled investment vehicles (“Funds”) and separately managed accounts (“SMAs”) (collectively, “Clients”) that are offered to certain qualified investors (“Investors”). An affiliate of BlockTower serves as the general partner or managing member of each Fund (collectively, “General Partners”).

BlockTower provides advisory services to SMA’s and the following Funds:

- the Flagship Fund;
- the Venture Fund;
- the Market Neutral Fund;
- the Credit Fund;
- the Ledger SPV; and
- the Blue Signum SPV.

BlockTower generally invests with a focus on various Digital Assets, cryptocurrencies, cryptocommodities, blockchain-based assets and networks, and decentralized platforms or protocols that are based on the blockchain, distributed ledger, directed acyclic graph or similar technologies, and derivatives related to such assets (collectively, “Digital Assets”) as well as non-Digital Asset markets such as public equities and marketable securities, private equity and venture capital, other traditional assets and derivatives, including credit underwriting, structuring and investing. BlockTower’s advisory services consist of investigating, identifying, and evaluating investment opportunities, structuring, negotiating, and making investments, managing and monitoring asset performance and seeking to monetize such investments. Investment advice is provided directly to the Clients subject to the discretion and control of BlockTower or the applicable general partner, and not individually to the Investors in a Fund or SMA (except for SMA’s which are directly owned and controlled by an SMA Client or Clients).

The Flagship Fund

BlockTower’s advisory services on behalf of the Flagship Fund consist of investments in Digital Assets and tokens, and also include broad discretion to invest, trade or otherwise participate in other securities or instruments, including any equity, debt, convertible security, commodity, derivative or other asset that may provide exposure to any goods, product, service or business in the Digital Asset or blockchain industry, to any segment of the Digital Asset or blockchain industry or to the Digital Asset or blockchain industry more broadly, or to other non-Digital Asset exposures as the Adviser may deem appropriate. The Flagship Fund has in the past acquired, and in the future may acquire, illiquid Digital Asset or equity positions, including through the use of side pockets.

The Venture Fund

BlockTower’s advisory services on behalf of the Venture Fund consist of identifying and making investments

into Digital Assets and tokens, securities or alternative instruments that are related to or derived from Digital Assets or that represent interests in pools of Digital Assets, and equity and equity-oriented securities of privately held companies that issue, or have businesses related to, Digital Assets, blockchain or distributed ledger technology, or other technological innovation, including protocols, infrastructure and middleware, decentralized finance (“DeFi”), non-fungible tokens (“NFTs”), gaming and social tokens, focusing primarily on early stage rounds and strategic financing rounds.

The Market Neutral Fund

BlockTower’s advisory services on behalf of the Market Neutral Fund consisted of multiple component strategies focused on risk-adjusted exposure to Digital Assets, such as arbitrage and yield opportunities, through investing, trading or otherwise participating in other securities or instruments, including any equity, debt, convertible security, commodity, derivative or other asset that may have provided exposure to any goods, product, service or business in the Digital Asset or blockchain industry, to any segment of the Digital Asset or blockchain industry or to the Digital Asset or blockchain industry more broadly. As of April 2023, BlockTower and the Market Neutral Fund resolved to commence an orderly wind down of the Market Neutral Fund and liquidate its assets.

The Credit Fund

BlockTower’s advisory services on behalf of the Credit Fund consist of investing in traditional (non-crypto-related) credit and debt assets (“Core Credit Portfolio”) by pursuing an asset-backed private credit strategy, which may incorporate a number of different credit asset classes including with respect to structured credit products, collateralized loan obligations, senior secured, asset-backed debt facilities and instruments, mezzanine asset-backed debt facilities and instruments, forward flow purchase agreements, and opportunistic credit instruments and securities (including secondary loan portfolio purchases in special situations or market dislocations). The Credit Fund also receives Digital Assets or tokens (“Token Portfolio”) through its leveraging of blockchain technology.

The Ledger SPV

BlockTower’s advisory services on behalf of the Ledger SPV consist of investing substantially all of its investable assets in preferred shares of a single issuer.

The Blue Signum SPV

BlockTower’s advisory services on behalf of the Blue Signum SPV consist of investing substantially all of its investable assets in Series B preferred shares of a single issuer.

SMAs

BlockTower’s advisory services on behalf SMA Clients will vary based on the SMA Agreement (“SMA Agreement”) and each Investors’ investment objective and strategy. SMA Clients are permitted to impose restrictions on their investments by, for instance, limiting exposure to certain securities or other assets, as provided in the SMA Agreement.

Item 4.C.

BlockTower’s advisory services are provided to its Clients pursuant to the specific investment objectives and strategies provided in each Clients’ relevant offering documents, including private placement memoranda, investment advisory agreements, limited partnership agreements, limited liability company agreements or other governing documents and agreements (“Offering Documents”). Clients may impose restrictions on investing in certain types of assets in accordance with Fund or SMA achieving their investment objectives and strategies.

BlockTower and/or the applicable General Partner has also entered into certain side letter arrangements with certain Investors pursuant to which they have agreed to vary certain of the terms applicable to any such Investor or grant to any such Investor specific rights, benefits or privileges that are not made available to every other Investor.

Item 4.D.

BlockTower does not participate in a wrap fee program.

Item 4.E.

As of December 31, 2023, BlockTower manages approximately \$1,690,683,066.00 in regulatory assets under management on a discretionary basis. As of December 31, 2023, BlockTower does not manage any of its Clients' assets on a non-discretionary basis.

Item 5: Fees and Compensation

Item 5.A.

In general, BlockTower charges a management fee to Clients based on a percentage of assets the Client has supervised by BlockTower (“Management Fee”). Management Fees are generally deducted from the assets managed by BlockTower on behalf of a Client on either a monthly or quarterly basis, in advance. BlockTower, in its discretion, can reduce, waive or calculate differently the Management Fee with respect to any Investor. While the standard Management Fees charged to Clients vary and are described in the applicable Offering Documents, below is a general summary of the Management Fee arrangements applicable to each of the Funds:

Management Fees of the Flagship Fund

Generally, the Flagship Fund pays BlockTower a Management Fee equal to: (i) 1/12 of three percent (3.0%) of the opening account balance of F1 Investors¹; (ii) 1/12 of two and a half percent (2.5%) of the opening account balance of F2 Investors²; and (iii) 1/12 of two percent (2.0%) of the opening account balance of F3 Investors³. For purposes of calculating the Management Fee payable to BlockTower, each Investor’s account balance will include the portion of such balance attributable to side pocket investments and will not be reduced by the Management Fee that is being calculated or the amount of any accrued Performance Allocation (defined below) not yet made.

The Flagship Fund calculates and pays Management Fees to BlockTower monthly in advance. Management Fees will be appropriately prorated to reflect any withdrawals/redemptions made on a day other than the last calendar day of a month and any capital contributions made on a day other than the first calendar day of a month.

BlockTower may, in its discretion, reduce, waive or calculate differently the Management Fee with respect to any Investor in the Flagship Fund without notice to, or the consent of, other Investors in the Flagship Fund. The Management Fee with respect to each Investor’s account balance will be paid to BlockTower by the Flagship Fund.

For purposes of determining the Management Fee, side pocket investments of the Flagship Fund are valued at the lower of cost and fair value.

Management Fees of the Venture Fund

The Venture Fund pays to BlockTower, and the VC Investors⁴ are charged their pro rata portions (based on capital commitments) of a Management Fee, which is payable quarterly in advance and is an operating expense of the Venture Fund.

Generally, the Management Fee with respect to each VC Investor is: (i) beginning at the initial closing of the Venture Fund and until the expiration or termination of the Venture Fund’s investment period, an amount equal to two percent (2.0%) on an annual basis and half a percent (0.50%) on a quarterly basis of aggregate capital commitments, and (ii) thereafter, until the final liquidation and termination of the Venture Fund, an amount equal to one and three quarters percent (1.75%) on an annual basis and 0.4375% on a quarterly basis of aggregate capital commitments.

¹ “F1 Investors” refers to holders of A1 Interests of BlockTower Capital Partners LP and/or holders of A1 Shares in BlockTower Capital Partners Offshore Ltd., each as defined in the applicable Offering Documents associated the Flagship Fund.

² “F2 Investors” refers to holders of A2 Interests of BlockTower Capital Partners LP and/or holders of A2 Shares in BlockTower Capital Partners Offshore Ltd., each as defined in the applicable Offering Documents associated the Flagship Fund.

³ “F3 Investors” refers to holders of A3 Interests of BlockTower Capital Partners LP and/or holders of A3 Shares in BlockTower Capital Partners Offshore Ltd., each as defined in the applicable Offering Documents associated the Flagship Fund.

⁴ As used in this Brochure, references to “VC Investors” refers to holders of limited partnership interests in BlockTower VC I, LP, a Delaware limited partnership and/or holders of limited partnership interests in BlockTower VC I (Offshore), LP, a Cayman Islands exempted limited partnership.

BlockTower may, in its discretion, reduce, waive, assign, participate, or otherwise share the Management Fee chargeable with respect to any VC Investor (including with respect to any affiliate of the Venture GP or BlockTower) without the consent of, or notice to, any other VC Investor. The Management Fee is subtracted from each VC Investor's capital commitment or capital contributions.

Management Fees of the Market Neutral Fund

Generally, the Market Neutral Fund paid BlockTower a Management Fee equal to: (i) 1/12 of two and half percent (2.5%) of the opening account balance of M1 Investors⁵; and 1/12 of two percent (2.0%) of the opening account balance of M2 Investors.⁶ For purposes of calculating the Management Fee payable to BlockTower, each Investor's account balance included the portion of such balance attributable to side pocket investments and was not reduced by the Management Fee that was being calculated or the amount of any accrued Performance Allocation (defined below) not yet made.

The Market Neutral Fund calculated and paid Management Fees to BlockTower monthly in advance. Management Fees were appropriately prorated to reflect any withdrawals/redemptions made on a day other than the last calendar day of a month and any capital contributions made on a day other than the first day of a month.

BlockTower may, in its discretion, reduce, waive or calculate differently the Management Fee with respect to any Investor in the Market Neutral Fund without notice to, or the consent of, other Investors in the Market Neutral Fund. The Management Fee with respect to each Investor's account balance was paid to BlockTower by the Market Neutral Fund.

For purposes of determining the Management Fee, side pocket investments of the Market Neutral Fund were valued at the lower of cost and fair value.

Management Fees of the Credit Fund

Generally, the Credit Fund pays BlockTower a Management Fee equal to two percent (2.0%) on an annual basis and 0.167% on a monthly basis of the account balance of each Investor, determined as of the beginning of each month. The Management Fee is not charged in respect of portions of an Investor's account balance attributable to the Credit Fund's Token Portfolio.

If an Investor is admitted at any other time other than the first day of a month, or an existing Investor makes an additional capital contribution at any time other than the first day of a month, the portion of the Management Fee payable with respect to such new Investor, or with respect to such existing Investor with respect to its additional capital contribution, for the partial month will be prorated based on the number of days then-remaining in such month.

With respect to any Investor (including any affiliates of BlockTower), BlockTower has the right to reduce, waive, assign, grant participation in or otherwise share the Management Fee, without the consent of, or notice to, any other Investor.

Management Fee of the Ledger SPV

The Ledger SPV does not pay a Management Fee to BlockTower.

⁵ "M1 Investors" refers to holders of A1 Interests of BlockTower Gamma Point Fund LP and/or holders of A1 Shares in BlockTower Gamma Point Offshore Fund Ltd., each as defined in the applicable Offering Documents associated with the Market Neutral Fund.

⁶ "M2 Investors" refers to holders of A2 Interests of BlockTower Gamma Point Fund LP and/or holders of A2 Shares in BlockTower Gamma Point Offshore Fund Ltd., each as defined in the applicable Offering Documents associated with the Market Neutral Fund.

Management Fee of the Blue Signum SPV

The Blue Signum SPV does not pay a Management Fee to BlockTower.

SMA Management Fee

Subject to a minimum amount, SMA Clients will generally pay BlockTower a Management Fee that is detailed in the SMA Agreement for each SMA Client. Generally, for any applicable calendar quarter, the Management Fee shall be calculated and paid on the last business day of such calendar quarter in arrears. The terms, expenses, offsets or waivers for SMA Clients will be negotiated on a case-by-case basis with each SMA Client.

Performance-Based Fees

BlockTower's affiliated General Partners are also entitled to receive Carried Interest (defined below) allocations in respect of each of the Funds. See Item 6 for additional information.

Item 5.B.

BlockTower deducts its fees and compensation from the Clients' accounts by instructing the Clients' administrators to facilitate such deductions. Fees and compensation from the Clients are collected at the frequency discussed above for the Management Fee in response to Item 5.A and at the frequency discussed below for Carried Interest in response to Item 6.A.

Item 5.C.

BlockTower Expenses

Except as disclosed in the Clients' Offering Documents, BlockTower and the General Partners bear their own separate expenses arising out of its services to the Client, including all of its general overhead expenses such as the rent of its offices, compensation and benefits of its staff, maintenance of its books and records, and its fixed expenses, telephones, and general-purpose office equipment, but are not responsible for any expenses of the Clients.

Client Expenses

Organizational Expenses

Generally, each Fund will bear the following organizational expenses: the offering and sale of Fund interests and partnership interests/shares in any parallel investment vehicle, including expenses incurred by any placement agent and placement agent fees; and the negotiation, execution and delivery of the Fund's governing agreement, any side letter, any investment management agreement and any related or similar documents, including, without limitation, any related legal and accounting fees and expenses, travel expenses and filing fees.

Expenses of the Flagship Fund and Market Neutral Fund

The Flagship Fund and Market Neutral Fund bear all expenses that are incidental to their operations and businesses, including:

- (i) expenses incurred in the buying, selling and holding of portfolio investments for their respective investment programs, such as all taxes, administrative expenses and investment expenses, as well as all expenses that BlockTower reasonably determines to be directly related to the evaluation, acquisition, holding or disposition of their assets (whether incurred by BlockTower or others), such as: (a) brokerage and commission expenses (including clearing and settlement charges); (b) margin, premium and interest

- expenses; (c) out-of-pocket expenses related to investments and potential investments, including travel expenses; (d) research (including related travel expenses and any expenses associated with participation at industry conferences), monitoring, data, software and related equipment expenses; (e) expenses, if any, incurred directly or indirectly through a service provider in connection with any Digital Asset mining or staking operations, including for the purchase and operation of mining or staking rigs, including the costs of hardware, software, energy consumption, internet connections, leasing of space and maintenance and other operating and replacement costs and fees or compensation paid to such service provider; (f) consultant expenses (including the remuneration of members of the advisory board of BlockTower); (g) fees, charges and disbursements of escrow agents; (h) fees, charges and disbursements of escrow agents; (i) fees and expenses relating to any special purpose investment vehicle or other subsidiary used to facilitate a transaction; (j) fees and expenses relating to investment transactions not consummated; and (k) fees and expenses relating to reorganizations, restructurings and workouts involving their respective investments;
- (ii) the cost of maintaining their registered offices;
 - (iii) governmental, regulatory, licensing, filing or registration fees and service provider fees incurred in connection with the Flagship Fund's, the Market Neutral Fund's, the Flagship GP's, the Market Neutral GP's or BlockTower's respective regulatory, legal or compliance obligations (such as costs and expenses, including fees and expenses of third-party compliance consultants, incurred in connection with the preparation or filing by BlockTower of various filings or registrations with, or licenses obtainable from, any U.S. federal, state or local, non-U.S. or multi-national governmental, regulatory, self-regulatory or other authority, including Form ADV), in each case to the extent relating to BlockTower's activities on behalf of the Flagship Fund and/or Market Neutral Fund;
 - (iv) insurance expenses;
 - (v) fees and expenses related to accounting, middle/back-office services, bookkeeping, reconciliation, data aggregation, trade processing reporting, monitoring, quality control or other services provided to the Flagship Fund, the Market Neutral Fund or to or by BlockTower relating to its activities on behalf of the Flagship Fund and/or Market Neutral Fund, including fees of the Flagship Fund's and/or Market Neutral Fund's service providers retained to provide any such services or of BlockTower incurred to shadow or monitor such services;
 - (vi) legal, accounting, auditing, banking, tax-preparation and valuation expenses; all expenses incurred by the "partnership representative" of the Flagship Fund and/or Market Neutral Fund;
 - (vii) all financing costs, including interest and fees on borrowings of (or commitments to lend) cash or securities;
 - (viii) any withholding or transfer taxes imposed on the Flagship Fund and/or Market Neutral Fund or any of their Investors;
 - (ix) expenses incurred in connection with the offering of limited partnership interests/shares and the provision of services to Investors, including (a) preparation, modification, duplication and distribution to Investors and prospective Investors of Offering Documents, annual reports and other financial information, and (b) travel expenses incurred in connection with conducting the ongoing offering of limited partnership interests/shares (including such expenses that may be incurred by the Flagship GP, the Market Neutral GP, BlockTower or their respective affiliates when visiting existing or prospective Investors, attending conferences providing opportunities to market the limited partnership interests/shares to prospective investors and negotiating side letters or similar arrangements with existing or prospective Investors);
 - (x) expenses incurred in connection with any distributions;
 - (xi) expenses incurred in connection with any indemnification obligation of the Flagship Fund and/or Market Neutral Fund;
 - (xii) extraordinary or non-recurring expenses, including expenses incurred in connection with any litigation, government investigation or dispute in connection with the business of the Flagship Fund and/or Market Neutral Fund and the amount of any judgment or settlement paid in connection therewith, or the enforcement of the Flagship Fund's and/or Market Neutral Fund's rights against any person;
 - (xiii) all expenses incurred in connection with the reorganization, dissolution, winding up or termination of

- the Flagship Fund and/or Market Neutral Fund;
- (xiv) the expenses of holding any meetings of the Investors in the Flagship Fund and/or Market Neutral Fund;
- (xv) the costs of and expenses of the Flagship Fund's and/or Market Neutral Fund's anti-money laundering compliance and reporting officers;
- (xvi) the fees and expenses payable to one or more unaffiliated sub-advisers in connection with managing the assets of the Flagship Fund and/or Market Neutral Fund; and
- (xvii) any other expenses that BlockTower shall reasonably determine to be necessary, appropriate, advisable or convenient to carry on the businesses of the Flagship Fund and/or the Market Neutral Fund and realize their objectives.

If the Flagship Fund and/or Market Neutral Fund utilizes any special purpose vehicle, such Fund will bear the organizational and operational expenses of such special purpose vehicle.

Expenses generally will be shared by all Investors of the Flagship Fund and/or Market Neutral Fund (including the Flagship GP and/or Market Neutral GP, as applicable), pro rata in accordance with account balance; provided, that the Flagship GP and/or Market Neutral GP, as applicable, will specially allocate expenses related to a side pocket investment to the participating Investor's accounts, pro rata based on their respective participation percentages in such side pocket investment.

Without limiting the generality of the foregoing, the Flagship GP and/or Market Neutral GP, as applicable, shall have the right to charge any Investor in the Flagship Fund and/or Market Neutral, and not treat as a Fund expense, any expense attributable to a single Investor or small group of Investors in the applicable Fund, including additional accounting expenses incurred in providing a calculation of unrelated business taxable income, if any, to particular Investors.

Expenses of the Venture Fund

The Venture Fund will bear all costs and expenses relating to its activities, operations, and maintenance (to the extent not reimbursed in connection with an investment) including, without limitation, all fees, costs, and expenses associated (directly or indirectly) with the sourcing, acquiring, holding, hedging, and disposing of its investments or proposed investments (including, without limitation, consulting services, due diligence, "broken" deal, and investment-related travel and entertainment expenses), as well as all fees and expenses due to any legal, financial, accounting, consulting, or other advisors, or any finders, placement agents, or investment banks, in connection with the sourcing, acquiring, holding, and disposing of investments (or proposed investments), all entity-level taxes, formation and initial and ongoing filing fees of the Venture Fund, or other governmental charges (including any entity-level taxes, fees, or other governmental charges levied against any alternative investment vehicle or special purpose vehicle) and any withholding on the Venture Fund not attributable to a particular VC Investor, the costs of any insurance (including, without limitation, general partner liability insurance and/or directors and officers insurance, as applicable and errors and omissions insurance, if any), expenses incurred in collection of funds owed to the Venture Fund, extraordinary expenses (including, without limitation, litigation-related and indemnification expenses), legal, auditing, consulting, research, and accounting fees and expenses, the costs of any third-party administrator, costs of third-party research, data, analytics, modeling, risk, structuring, pricing, execution and other third-party information systems, including, without limitation, installation and maintenance, software and service fees (including, without limitation, the expenses with respect to data, data feeds, subscriptions, expert networks, and political intelligence providers and reports), costs of software necessary, desirable, or appropriate for BlockTower to market interests in the Venture Fund, communicate and manage relationships with VC Investors, and/or operate the Venture Fund and manage its actual and potential investments, and the costs of any reporting to investors, expenses of the advisory board and its members, and meetings of investors and the advisory board.

In general, each VC Investor will bear its pro rata share of the expenses of the Venture Fund, based on relative capital commitments. The Venture GP may, however, allocate expenses on another basis, including by

allocating certain expenses to certain (but not all) VC Investors, if the Venture GP reasonably determines that such an allocation is more equitable.

From time to time, the Venture GP, BlockTower and/or their affiliates may elect to bear certain expenses on behalf of the Venture Fund that would otherwise be Venture Fund expenses. The Venture GP, BlockTower and/or their affiliates will not have any obligation to bear such expenses and may elect at any time (in whole or in part) to no longer bear such expenses on behalf of the Venture Fund.

Expenses of the Credit Fund

The Credit Fund will bear all of its operating expenses, which expenses will include, without limitation:

- (i) expenses associated with all investments and transactions considered, evaluated and/or consummated by the Credit Fund, including, without limitation, expenses associated with sourcing, negotiating, investigating, researching, financing, structuring, acquisition and due diligence of investments and potential investments, whether or not consummated (including third-party research, data, analytics, modeling, structuring, pricing, execution and other third-party information systems, software and service fees (including data feeds, subscriptions, reports and similar items));
- (ii) expenses associated with holding, financing, monitoring, hedging, management, maintaining and disposing of all investments of the Credit Fund and all transaction and other costs associated therewith;
- (iii) asset and property management expenses of third parties, local operators and BlockTower affiliates;
- (iv) travel and related expenses associated with investments and potential investments;
- (v) professional fees associated with investments and potential investments including, without limitation, consulting, investment banking, legal and other advisory fees and expenses;
- (vi) transaction fees, brokerage commissions, clearing and settlement charges and similar fees and expenses associated with the acquisition, disposition and settling of investments and potential investments;
- (vii) administrative, custodial, appraisal, valuation, legal, consulting, advisory and similar fees and expenses associated with the Credit Fund's operations, investments and transactions, including fees and expenses of the Credit Fund's administrator;
- (viii) fees and expenses of any BlockTower affiliates engaged to provide services by or on behalf of the Credit Fund as permitted in the Offering Documents;
- (ix) broken-deal, failed transaction, break-up and similar fees, costs and expenses;
- (x) costs and expenses of any credit facility (including any borrowings or credit arrangements of the Credit Fund), including interest charges and fees;
- (xi) auditing and accounting expenses of the Credit Fund, including expenses associated with the preparation of the Credit Fund's financial statements, tax returns and Schedules K-1;
- (xii) taxes, fees and other governmental charges imposed on or levied against the Credit Fund and all expenses incurred in connection with any tax audit, examination, investigation or other proceeding of the Credit Fund;
- (xiii) costs and expenses associated with Investor communications and reports and the delivery thereof to Investors;
- (xiv) costs and expenses associated with Investor meetings;
- (xv) insurance expenses, including, without limitation, those relating to property, title, directors' and officers' liability, errors and omissions and other insurance policies;
- (xvi) costs and expenses (including taxes, fees or other governmental charges) associated with the formation, organization and operation of any subsidiary, special purpose vehicle, alternative investment vehicle, holding company or similar entity formed with respect to investments, credit facilities or other transactions entered into for the benefit of the Credit Fund;
- (xvii) wind-up, liquidation, strike-off, termination and dissolution expenses;
- (xviii) costs, fees and expenses related to registration, qualification and/or exemption under any applicable federal, state, local or non-U.S. laws, rules or regulations, including blue sky fees and other securities and/or investment-related filing expenses;
- (xix) costs related to any withdrawals or transfers of Interests, unless otherwise charged to or borne by the

- applicable transferor and/or transferee;
- (xx) expenses related to the collection of any moneys owed to the Credit Fund;
- (xxi) any extraordinary expenses (including all litigation related and indemnification and contribution and including the amount of any judgment or settlement paid in connection with any of the foregoing);
- (xxii) expenses incurred in connection with the performance of mortgage, loan and asset servicing and settlement activities, collateral management, mortgage and loan administration, due diligence and property management services for the Credit Fund; and
- (xxiii) all other fees, costs, charges and expenses associated with the business, affairs and/or operations of the Credit Fund.

From time to time, the Credit GP, BlockTower and/or their affiliates may elect to bear certain expenses on behalf of the Credit Fund that would otherwise be Credit Fund expenses. The Credit GP, BlockTower and/or their affiliates will not have any obligation to bear such expenses and may elect at any time (in whole or in part) to no longer bear such expenses on behalf of the Credit Fund.

Expenses of the Ledger SPV

The Ledger SPV bears all of its operating expenses, which expenses includes, without limitation:

- (i) organizational and offering expenses;
- (ii) expenses associated with all investments and transactions considered, evaluated and/or consummated by the Ledger SPV, including, without limitation, those expenses incurred before the closing of the Ledger SPV, including, without limitation, expenses associated with sourcing, negotiating, investigating, researching, financing and structuring of investments and potential investments, whether or not consummated, including, without limitation, third-party research, data, analytics, modeling, risk, structuring, pricing, execution and other third-party information systems, including, without limitation, installation and maintenance, software and service fees (including, without limitation, the expenses with respect to data, data feeds, subscriptions, expert networks, political intelligence providers and reports);
- (iii) the costs of research-related computer hardware and software expenses;
- (iv) the costs of BlockTower's portfolio management system and any other software used for accounting and/or monitoring of the portfolio, including, without limitation, subscriptions relating to, among other things, trading and order management systems and services;
- (v) expenses associated with holding, financing, monitoring, hedging, maintaining and disposing of all investments of the Ledger SPV and all transaction and other costs associated therewith;
- (vi) travel and related expenses associated with investments and potential investments;
- (vii) professional fees associated with investments and potential investments, including, without limitation, consulting, due diligence, accounting, valuation, financial, legal, and other advisory fees and expenses;
- (viii) transaction fees, brokerage commissions, custodial fees, clearing and settlement charges and similar fees and expenses associated with the acquisition, disposition and settling of investments and potential investments;
- (ix) expenses associated with legal and regulatory filings of the Ledger SPV in the United States or in any other jurisdiction (including, without limitation, pursuant to Sections 13 and 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as well as the expenses associated with preparation and filing of BlockTower's Form 13F, Form 13H and Form PF, if applicable, and any other similar filing in any other U.S. or non-U.S. jurisdiction);
- (x) administrative, custodial, appraisal, valuation, legal, regulatory, compliance, consulting, advisory and similar fees and expenses associated with the Ledger SPV's operations, investments and transactions, including, without limitation, fees and expenses of the administrator;
- (xi) expenses incurred in connection with responding to requests or inquiries from any U.S. federal, state, local or non-U.S. governmental entity or authority, regulatory body or self-regulatory organization;
- (xii) broken-deal, failed transaction, break-up and similar fees, costs and expenses;
- (xiii) costs and expenses of leverage or any other borrowings of the Ledger SPV, including, without limitation, interest charges and fees;

- (xiv) expenses incurred in the collection of monies owed to the Ledger SPV;
- (xv) auditing and accounting expenses of the Ledger SPV, including, without limitation, expenses associated with the preparation of financial statements, tax returns and Schedules K-1 and the fees and expenses of the auditor;
- (xvi) any entity-level taxes, fees or other governmental charges on the Ledger SPV, including, without limitation, any withholding taxes not due to the status or noncompliance of a particular Investor;
- (xvii) costs and expenses associated with investor communications and reports and the delivery thereof to Investors;
- (xviii) the costs of service providers or software to measure or monitor risk metrics, to aggregate positions and/or to provide reporting with respect to risk metrics and/or positions;
- (xix) costs and expenses associated with meetings of the Investors;
- (xx) insurance expenses, including, without limitation, manager liability insurance and other policies, if any, as well as the Ledger SPV's share of expenses with respect to directors' and officers' liability insurance and errors and omissions insurance;
- (xxi) costs and expenses (including, without limitation, entity-level taxes, fees or other governmental charges) associated with the formation, organization and operation of any subsidiary, special purpose vehicle, alternative investment vehicle, holding company, or similar entity formed with respect to investments, credit facilities or other transactions entered into for the benefit of the Ledger SPV;
- (xxii) wind-up, liquidation, termination and dissolution expenses;
- (xxiii) costs, fees and expenses related to registration, qualification and/or exemption under any applicable U.S. federal, state, local or non-U.S. laws, rules or regulations, including, without limitation, blue sky fees, Form D, Form 8.3, CFTC filings and notices and other securities and/or investment-related filing expenses;
- (xxiv) costs related to any transfers of interests, unless otherwise charged to or borne by the applicable transferor and/or transferee;
- (xxv) expenses incurred in connection with the preparation of any amendment to the Offering Documents of the Ledger SPV, including the preparation or amendment of any side letter;
- (xxvi) expenses incurred in connection with pursuing, defending or participating in any litigation, arbitration, mediation or similar proceeding by the Ledger SPV;
- (xxvii) any extraordinary expenses (including, without limitation, all litigation-related and indemnification and contribution expenses, including, without limitation, the amount of any judgment or settlement paid in connection therewith); and
- (xxviii) all other fees, costs, charges and expenses associated with the business, affairs and/or operations of the Ledger SPV, including, without limitation, any other cost that may otherwise be paid by the Ledger SPV with soft dollars pursuant to Section 28(e) of the Exchange Act.

The SPV GP and BlockTower are each entitled to obtain reimbursement from the Ledger SPV for all costs and expenses borne on behalf of the Ledger SPV.

From time to time, the SPV GP, BlockTower and/or their affiliates may elect to bear certain expenses on behalf of the Ledger SPV that would otherwise be Ledger SPV expenses. The SPV GP, BlockTower and/or their affiliates do not have any obligation to bear such expenses and may elect at any time (in whole or in part) to no longer bear such expenses on behalf of the Ledger SPV.

Expenses of the Blue Signum SPV

The Blue Signum SPV bears all expenses that are incidental to its operations and business, including, without limitation:

- (i) expenses incurred in the buying, borrowing, selling and holding of portfolio investments, such as all taxes, administrative and legal expenses and investment expenses, as well as all expenses that BlockTower reasonably determines to be directly related to the evaluation, acquisition, borrowing, holding or disposition of the Blue Signum SPV's assets (whether incurred by BlockTower or others),

- such as: (a) fees, and expenses payable or otherwise borne by the Blue Signum SPV in connection with its investments and transactions in portfolio investments; (b) brokerage and commission expenses (including clearing and settlement charges); (c) out-of-pocket expenses related to investments and potential investments, including travel expenses; (d) research (including related travel expenses and any expenses associated with participation at industry conferences), monitoring, data, software and related equipment expenses; (e) consultant expenses (including the remuneration of members of the advisory board of BlockTower); (f) fees, charges and disbursements of custodians and sub-custodians; (g) fees, charges and disbursements of escrow agents; (h) fees and expenses relating to any special purpose investment vehicle or other subsidiary used to facilitate a transaction; (i) fees and expenses relating to investment transactions not consummated; and (j) fees and expenses relating to reorganizations, restructurings and workouts involving the Blue Signum SPV's investments;
- (ii) the cost of maintaining the Blue Signum SPV's registered office;
 - (iii) governmental, regulatory, licensing, filing or registration fees and service provider fees incurred in connection with the Blue Signum SPV's, the SPV GP's or BlockTower's respective regulatory, legal or compliance obligations (such as costs and expenses, including fees and expenses of third-party compliance consultants, incurred in connection with the preparation or filing by BlockTower of various filings or registrations with, or licenses obtainable from, any federal, state or local, non-U.S. or multi-national governmental, regulatory, self-regulatory or other authority, including Form ADV), in each case to the extent relating to BlockTower's activities on behalf of the Blue Signum SPV;
 - (iv) insurance expenses;
 - (v) fees and expenses related to accounting, middle/back-office services, bookkeeping, reconciliation, data aggregation, trade processing reporting, monitoring, quality control or other services provided to the Blue Signum SPV or to or by BlockTower relating to its activities on behalf of the Blue Signum SPV, including fees of the Blue Signum SPV's service providers retained to provide any such services or of BlockTower incurred to shadow or monitor such services;
 - (vi) legal, accounting, auditing, banking, tax-preparation and valuation expenses;
 - (vii) all financing costs, including interest and fees on borrowings of (or commitments to lend) cash, Digital Assets or securities;
 - (viii) any taxes imposed on the Blue Signum SPV as determined by the SPV GP (which shall not include any tax withholding amount attributable to an Investor);
 - (ix) expenses incurred in connection with the offering of the interests and the provision of services to existing Investors, including (a) preparation, modification, duplication and distribution to Investors and prospective Investors of the Offering Documents, annual reports and other financial information, and (b) travel expenses incurred in connection with conducting the ongoing offering of the interests (including such expenses that may be incurred by the SPV GP, BlockTower or their respective affiliates when visiting existing or prospective Investors, attending conferences providing opportunities to market the interests to prospective Investors and negotiating side letters or similar arrangements with existing or prospective Investors);
 - (x) expenses incurred in connection with any distributions;
 - (xi) expenses incurred in connection with any indemnification obligation of the Blue Signum SPV;
 - (xii) extraordinary or non-recurring expenses, including expenses incurred in connection with any litigation, government investigation or dispute in connection with the business of the Blue Signum SPV and the amount of any judgment or settlement paid in connection therewith, or the enforcement of the Blue Signum SPV's rights against any person;
 - (xiii) all expenses incurred in connection with the reorganization, dissolution, winding up or termination of the Blue Signum SPV;
 - (xiv) the expenses of holding any meetings of the Investors;
 - (xv) the costs and expenses of the Blue Signum SPV's anti-money laundering compliance and any other costs incurred in connection with the Blue Signum SPV's AML and KYC obligations; and
 - (xvi) any other expenses that BlockTower shall reasonably determine to be necessary, appropriate, advisable or convenient to carry on the business of the Blue Signum SPV and realize its objectives.

To the extent the Blue Signum SPV utilizes any special purpose vehicle, the Blue Signum SPV shall bear its pro rata share of the organizational and operational expenses of such special purpose vehicle.

Except as set forth in the Blue Signum SPV's Offering Documents, expenses of the Blue Signum SPV generally will be borne by all of the partners, including the SPV GP, pro rata in accordance with their capital account balances; provided, however, that the SPV GP shall have the right to charge any partner, and not treat as a general Blue Signum SPV expense, any expense attributable to a single partner or specific group of partners, including additional accounting expenses incurred in providing a calculation of unrelated business taxable income, if any, to particular partners.

The SPV GP shall be entitled to obtain reimbursement from the Blue Signum SPV for all costs and expenses borne by it on behalf of the Blue Signum SPV. BlockTower in BlockTower's discretion, may from time to time pay for any of the foregoing Blue Signum SPV expenses or waive its right to reimbursement for any such expenses, as well as terminate any such voluntary payment or waiver of reimbursement.

SMA Expenses

SMA expenses will vary among Clients and are detailed in each SMA's relevant separately managed account agreement ("SMA Agreement"). Generally, SMAs will bear all legal and other out-of-pocket expenses incurred by BlockTower, including fees charged by the custodian, paying agent and/or exchange agent. The SMAs generally also bear, directly or indirectly, all ordinary administrative and operating expenses associated with maintaining the account, including Management Fees, risk management expenses, ordinary and recurring investment expenses, including custodial costs, brokerage costs, interest charges, consulting fees, legal expenses (which, for the avoidance of doubt, shall be limited to legal expenses incurred in connection with the ordinary administration, management and operation of the account), accounting and auditing expenses incurred in preparing, printing, and delivering all reports and tax information, filing costs, fees, and any other expenses which are directly related to BlockTower's investment of the assets in the account or in connection with BlockTower exercising its authority pursuant to the SMA Agreement; *provided*, that BlockTower shall notify the Client prior to causing the account to incur, or incurring on the account's behalf, an expense, or a series of expenses that in the aggregate, exceed a certain threshold during the course of any single calendar quarter.

For certain SMA Clients, such Investors have agreed that if the SMA Agreement is terminated early then the SMA Client agrees to provide a make-whole amount for certain costs and expenses that BlockTower incurred in connection with entering the SMA Agreement, including: (i) legal fees incurred in connection with obtaining legal advice in connection with the arrangement contemplated by the SMA Agreement, drafting and reviewing the SMA Agreement (and any related agreements), and negotiating the terms with the Client; (ii) administrative costs, such as document preparation, filings and record-keeping; (iii) compliance costs incurred in connection with ensuring the SMA Agreement (and any related agreements) and the arrangements contemplated comply with applicable laws regulations and reporting requirements; (iv) due diligence costs incurred in connection with conducting due diligence on the Client and other parties, including reviewing investment objectives, risk profiles and other requirements; (v) investment planning costs, including setting up the appropriate strategies, portfolio allocations and risk management measures; (vi) costs associated with structuring the account to meet the Client's legal, tax and regulatory needs; (vii) consulting fees incurred in connection with engaging third-party service providers to provide their expertise and/or guidance during the negotiation and structuring process; (viii) travel expenses incurred in connection with BlockTower personnel traveling to meet the Client's representatives; and (ix) certain regulatory fees.

Brokerage and Transaction Costs

The Clients will incur brokerage and transaction costs, which are discussed in Item 12 below.

Item 5.D.

As discussed above in response to Item 5.A., the Management Fee of each of the applicable Clients is payable either monthly or quarterly in advance. Management Fees are typically non-refundable once paid, though BlockTower may negotiate with a Client or Investor to refund a *pro rata* portion of Management Fees paid in advance.

Item 5.E.

Neither BlockTower, nor any of its supervised persons, are compensated for the sale of securities or other investment products (including asset-based sales charges or service fees from the sale of mutual funds). Additionally, BlockTower does not charge advisory fees in addition to commissions or markup fees for the purchase and sale of securities for the Clients' portfolios.

Item 6: Performance-Based Fees and Side-by-Side Management

BlockTower accepts performance-based fees (i.e., fees based on a share of capital gain on or capital appreciation of the assets of its Clients) from the Funds it advises.

For BlockTower's open-ended Funds (i.e., the Flagship Fund, the Market Neutral Fund, and the Credit Fund), a portion of the profits are allocated to the capital account of the applicable General Partner as an "Incentive Allocation." Each General Partner is a related person of BlockTower. Incentive Allocations are paid by the Investors in such Funds.

For BlockTower's closed-ended Funds (i.e., the Venture Fund, the Ledger SPV, and the Blue Signum SPV), the General Partner of such Funds are entitled to receive "Incentive Distributions" (Incentive Distributions and Incentive Allocations collectively, "Carried Interest") with respect to each Investor equal to a percentage of such Investor's investment profits in respect of such Funds.

Certain Investors (including BlockTower employees and affiliates) do not pay Carried Interest.

BlockTower understands that the presence of performance-based fees such as Carried Interest presents a potential conflict of interest. Such a fee may create an incentive for BlockTower to cause the Clients to make investments that are riskier or more speculative than would be the case if there were no performance-based fee. Performance-based compensation may vary with respect to the Clients and any special purpose vehicles, which may create an incentive to favor Clients that pay higher performance-based compensation in the allocation of investment opportunities. BlockTower seeks to address the potential for conflicts of interest in these matters with allocation policies and procedures that provide that transactions and investment opportunities will be allocated to the Clients in accordance with each Client's investment guidelines and Offering Documents, as well as other factors that do not include the amount of performance-based compensation received by BlockTower.

Item 7: Types of Clients

As noted in Item 4.B., BlockTower's Clients are privately offered pooled investment vehicles that are subject to investment by certain qualified Investors and SMAs. Investors in the Funds are generally "accredited investors" within the meaning of Rule 501(a) under the Securities Act of 1933, as amended ("Securities Act"), "qualified clients" within the meaning of Rule 205-3 under the Advisers Act, and/or "qualified purchasers" within the meaning of Section 2(a)(5)(1) of the Investment Company Act of 1940, as amended. Investors may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of BlockTower and its affiliates and members of their families, operating partners or other service providers retained by BlockTower.

Each Client generally has a minimum investment amount for potential Investors as provided in the applicable Offering Documents. Such minimum investment amounts may be waived or amended by BlockTower or the applicable general partner in their sole discretion.

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

Item 8.A.

BlockTower invests in Digital Asset and non-Digital Asset markets utilizing various investment strategies across its Clients, including directional trading and investing, fundamental research and asset selection, technical analysis, thematic and market sentiment investing, application of behavioral finance and an understanding of market psychology, event driven strategies, statistical arbitrage, early stage venture investing, market neutral and non-directional strategies, quantitative and systematic strategies, and other such investment and trading strategies as deemed appropriate. BlockTower also invests in non-Digital Asset markets, such as public equity, derivatives, private equity, and other traditional assets including credit underwriting, structuring and investing. See Item 4.B for additional information.

The Clients are designed only for Investors who can bear the economic risk of the loss of their investments in the Clients. An investment in the Clients may be deemed to be highly speculative and are not intended as a complete investment program. There can be no assurance that the Clients will achieve their investment objectives or that substantial losses will not be incurred. Each prospective Investor should carefully review the applicable Client's Offering Documents prior to making any investment.

Items 8.B. and 8.C.

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Clients. Each Investor and prospective Investor in a Client should carefully review the applicable Offering Documents and consult with their advisors prior to making an investment in the Client.

General Risk of Loss

Risk of Loss. An Investor could incur substantial, or even total, losses on an investment. Investment in the Funds or SMAs are only suitable for persons willing to accept this high level of risk.

Management Risks

Business Continuity and Disaster Recovery. BlockTower's business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (e.g., tornadoes, floods, hurricanes and earthquakes), terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolonged power outages. Although BlockTower has implemented various measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. If such business operations are disrupted or suspended for extended periods of time, the Clients may be adversely affected.

Dependence on the General Partner; No Control by Investors. The General Partner has broad management discretion over the business of the Client. No Investor, in such person's capacity as an Investor, may participate in the conduct or control of the business of the Clients, except as otherwise provided in the applicable Offering Document. Any investment decision made on behalf of the Clients will be in the sole and absolute discretion of the General Partner and the Client. Accordingly, Investors will be entirely dependent upon the judgement of the General Partner and the Clients to appropriately deploy and manage the capital of the Clients. No assurance can be given that the Clients will be successful or that the objectives of the Clients will be achieved.

Dependence on Key Personnel. BlockTower is dependent on the services of its principals and key personnel. The success of the Clients will depend to a great extent on the investment skills of BlockTower's principals and key personnel. The Clients could be adversely affected if, because of illness, resignation or other factors, the services of the relevant people were not available for any significant period of time.

Effect of Carried Interest Allocation. For BlockTower's open-ended Funds, the applicable General Partner generally will receive a Carried Interest allocation from such Funds based on net realized and unrealized profits (other than those attributable to Side Pocket Investments). For BlockTower's closed-ended Funds, generally, to the extent such a Fund has distributed to its Investors cumulative distributions equal to the amount of capital contributions made by such Investors, the General Partner will be entitled to receive a percentage of the subsequent distributions as Carried Interest payments. The existence of these Carried Interest payments may create an incentive for the General Partner to make investments that are riskier or more speculative than would otherwise be in the case in the absence of such incentive compensation arrangements.

In addition to the above, Section 1061 of the Internal Revenue Code imposes a three-year holding period requirement for the General Partner's Carried Interest allocations to be eligible for long-term capital gains rates (rather than the one-year holding period applicable to Investors in the Funds). Accordingly, the mechanism of Carried Interest payments may also create an incentive for the General Partner to hold investments for longer periods of time than would otherwise be the case in the absence of such incentive compensation arrangements.

Lack of Liquidity and Transferability. The interests of the Funds and SMAs have not been registered under the Securities Act or any other applicable securities laws. There is no public market for the interests of the Funds and none are expected to develop. For closed-ended Funds, Investors may not withdraw capital from the Fund. Consequently, such Investors will not be able to liquidate their investments prior to the end of such Fund's term. For open-ended Funds, the Fund's redemption provisions place substantial restrictions on an Investor's right to redeem all or part of his, her or its interest in the Fund. Accordingly, it is unlikely that an Investor in such a Fund will be able to liquidate his, her or its interest in the Fund in the event of an unanticipated need for cash. In addition, the Offering Documents generally do not permit Investors to transfer, pledge or otherwise encumber their interests in the Funds without the consent of the General Partner, which generally may be withheld in its sole and absolute discretion. These limitations, taken together, significantly limit an Investor's ability to liquidate an investment in a Fund quickly. As a result, an investment in a Fund would not be suitable for an Investor who needs liquidity.

In addition, certain open-ended Funds invest a part of their assets in investments that the General Partner or BlockTower believes either lack a readily assessable market value or should be held until the resolution of a special event or circumstances (i.e., "Side Pocket Investments"). A Fund may not be able to readily dispose of Side Pocket Investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. For accounting purposes, Side Pocket Investments and other assets and liabilities for which no such market prices are available (including loans) will generally be carried on the books of a Fund at fair value as reasonably determined by the General Partner or BlockTower. There is no guarantee that fair value will represent the value that will be realized by a Fund on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. A withdrawing Investor with an interest in a Side Pocket Investment will not receive any amount with respect to such interest until the related Side Pocket Investment is realized or deemed realized.

Risk of Loss Due to Incapacitation of Key Personnel. In certain instances, the principals of BlockTower are the sole individuals in possession of the unique private keys required to access the Digital Assets held by the Clients. The incapacitation of a principal could likely result in the loss of private keys and, consequently, the loss of access to the Digital Assets held by the Clients. In the event of both incapacitation of the principals and failure of any disaster recovery plan, Investors could incur substantial, or even total, loss of capital.

General Investment, Strategy and Trading Risks

Borrowing Risks and Leverage Risks. Certain Clients borrow money for investment purposes. Borrowing for investment purposes creates leverage, which will exaggerate the effect of any change in the value of securities in the Clients' portfolio on the Clients' net asset value and, therefore, may increase the volatility of the Clients. Money borrowed will be subject to interest and other costs (including commitment fees and/or the cost of maintaining minimum average balances). Unless the income and capital appreciation, if any, on securities acquired with borrowed funds exceed the cost of borrowing, the use of leverage will diminish the investment performance of the Clients. The Clients may borrow money through a credit facility or other arrangements to satisfy compulsory withdrawals, and to provide the Clients with liquidity.

Changes in Investment Strategies. BlockTower has broad discretion to expand, revise or contract the Clients' business with or without the consent of Investors. The Clients' investment strategies may be altered, with or without prior approval by, or notice to, the Investors if BlockTower determines that such change is in the best interest of the Clients.

Credit Risk and Default in Repayment Obligations by Borrowers. Credit Risk is the risk that securities owned by the Clients will decline in value or the issuer of a security owned by the Clients will not be able to make interest or principal payments on the security when due because the issuer of the security experiences a decline in its financial circumstances. Certain investments may be exposed to the credit risk of the counterparties with whom the Clients deals. The Clients could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivatives contract or repurchase agreement, is unable or unwilling, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as unable or unwilling, to make timely principal and/or interest payments, or to otherwise honor its obligations. The downgrade of the credit of a security held by the Clients may decrease its value. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. Measures such as average credit quality may not accurately reflect the true risk of the Clients. This is especially the case if the Clients consists of securities with widely varying credit ratings. Therefore, if the Clients have an average credit rating that suggests a certain credit quality, the Clients may in fact be subject to greater credit risk than the average would suggest. This risk is greater to the extent the Clients use leverage or derivatives in connection with the management of the Clients.

In the event of a default by a borrower, there can be no assurance that the Clients will be able to secure repayment of the principal amount or interest accruing under the loan. If the Clients cannot realize on outstanding loans due to a default by their borrowers, its financial condition and operating results will be adversely impacted.

Derivatives Risks Generally. Certain of the Funds invest in a variety of derivatives, including put and call options, futures contracts, options on futures contracts, forward contracts, swaps, and other derivatives contracts, which may be volatile and speculative. Derivatives may be either traded over exchanges (e.g., futures) or through "interdealer" or "over-the-counter" ("OTC") markets (e.g., forwards). The use of derivatives involves risks that are in addition to, and potentially greater than, the risks of investing directly in securities and other more traditional assets. Derivatives are financial contracts the value of which depends on, or is derived from, an underlying reference instrument (the "Underlying Reference"). Derivatives involve the risk that changes in their value may not move as expected relative to changes in the value of the Underlying Reference they are designed to track. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Derivatives risk may be more significant when derivatives are used to enhance return or as a substitute for a cash investment option, rather than solely to hedge the risk of a position held by the Fund. A Fund's use of derivatives may not be effective or have the desired results.

Effect of Substantial Withdrawals. For open-ended Funds, substantial withdrawals by Investors within a short period of time could require such a Fund to liquidate its investments more rapidly than would otherwise be desirable, possibly reducing the value of such Fund's assets and/or disrupting such Fund's investment

strategies (but not generally those assets which are allocated to a Side Pocket Investment). Reduction in a Fund's size could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in such Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses. To mitigate these risks, certain open-ended Funds' Offering Documents provide that if the aggregate withdrawal requests received by such Funds on a withdrawal date exceed a certain percentage of such Funds' net assets (the "Gate"), the General Partner may, in its discretion: (i) cause such Fund to satisfy all such withdrawal requests, or (ii) cause such Fund to reduce such withdrawal requests *pro rata* in accordance with the withdrawal requests received for any such withdrawal date so that an amount equal to the Gate (or more, in the discretion of the General Partner) is withdrawn from the Fund.

Equity Investments Risks. Certain Funds make equity investments. Equity investments may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There are no absolute restrictions in regard to the size or operating experience of the companies in which the Funds may invest (and relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth and companies with new products or services could sustain significant losses if projected markets do not materialize).

Fixed-Income Instruments Risk. Changes in interest rates generally will cause the value of fixed-income instruments held by the Clients to vary inversely to such changes. Prices of longer-term fixed-income instruments generally fluctuate more than the prices of shorter-term fixed income instruments as interest rates change. In addition, a Client with a longer average portfolio duration will be more sensitive to changes in interest rates than a Client with a shorter average portfolio duration. Duration is a measure used to determine the sensitivity of a security's price to changes in interest rates that incorporates a security's yield, coupon, final maturity and call features, among other characteristics. For example, if a portfolio has a duration of three years, and interest rates increase (fall) by 1%, the portfolio would decline (increase) in value by approximately 3%. However, duration may not accurately reflect the true interest rate sensitivity of instruments held by the Clients and, therefore, the Clients' exposure to changes in interest rates. A Fund with a negative average portfolio duration may increase in value when interest rates rise, and generally incurs a loss when interest rates decline. If an issuer calls or redeems an instrument held by the Clients during a time of declining interest rates, the Clients might need to reinvest the proceeds in an investment offering a lower yield, and therefore may not benefit from any increase in value as a result of declining interest rate. Fixed-income instruments that are fixed-rate are generally more susceptible than floating rate instruments to price volatility related to changes in prevailing interest rates. The prices of floating rate fixed-income instruments tend to have less fluctuation in response to changes in interest rates, but will have some fluctuation, particularly when the next interest rate adjustment on such security is further away in time or adjustments are limited in amount over time. The Clients may invest in short-term securities that, when interest rates decline, affect the Clients' yield as these securities mature or are sold and the Clients purchase new short-term securities with lower yields. Subordinated debt securities that receive payments of interest and principal after other more senior security holders are paid carry the risk that the issuer will not be able to meet its obligations and that the subordinated investments may lose value. An obligor's willingness and ability to pay interest or to repay principal due in a timely manner may be affected by its cash flow.

Hedging Transactions. BlockTower on behalf of the Clients will not, in general, attempt to hedge all market or other risks inherent in a Client's portfolio positions, and will hedge certain risks, if at all, only partially. The Clients may choose not, or may determine that it is economically unattractive, to hedge certain risks – either with respect to particular positions or with respect to its overall portfolio. The Clients' portfolio composition will commonly result in various directional market risks remaining unhedged. Even if BlockTower is successful in reducing or controlling risk through hedging, the cost of hedging may have the effect of reducing returns. Furthermore, it is possible that BlockTower's hedging strategies will not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged, increasing rather than reducing both risk and losses.

In-Kind Distributions. The Clients expect to distribute cash to Investors upon a withdrawal. However, there can be no assurance that the Client will have sufficient cash to satisfy withdrawal requests, or that it will be able to liquidate investments at the time of such withdrawal request at favorable prices. Investors may receive in-kind distributions from a Client and any such investments so distributed may not be readily marketable or saleable and may have to be held by such Investor for an indefinite period of time. The risk of loss and delay in liquidating these distributed investments will be borne by the Investors.

Interest Rate Risk. Rising interest rates tend to extend the duration of securities, making them more sensitive to changes in interest rates. The value of longer-term securities generally changes more in response to changes in interest rates than shorter-term securities. Changing interest rates, including rates that fall below zero or rising rates following the COVID-19 pandemic global monetary responses, may have unpredictable effects on markets, including market volatility, and may adversely affect the Clients' performance. A change in interest rates may be sudden and significant, with unpredictable effects on the financial markets and the Clients' investments and, the Clients' investments in certain variable-rate and fixed-rate debt securities may be adversely affected, adversely affecting an investment in the Client.

Investments in Leveraged Companies. At times, certain Clients may invest in companies that are in an expansion stage and that have obtained debt capital to support their expansion and operation expenses. These companies may undergo significant change, which could give rise to operational, legal, or capital constraint difficulties that may not be adequately resolved.

Liquidity Risk. Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing the Clients from selling out of these illiquid investments at an advantageous price. The Clients may make investments that are subject to legal or other restrictions on transfer and for which no liquid market exists, such as private placements. There is no public market for such investments, and it may be impossible to sell such investments when desired or to realize their fair value in the event of a sale. Although these securities may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid. In addition, even where there is a public market for such investments, public liquidity often falls in periods of market turmoil, dramatically increasing transaction costs for investors seeking to acquire or liquidate positions. Numerous hedge funds have incurred significant or total losses when attempting to liquidate positions during periods of extreme illiquidity, often when seeking to raise cash to meet margin calls issued by counterparties. In the event BlockTower were to seek to liquidate a Fund's portfolio positions during a period of poor liquidity, the Fund could experience substantial losses.

Risks Inherent in Venture Capital Investments. The types of investments that the Venture Fund makes involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that the Venture Fund will be adequately compensated for risks taken. A loss of an investor's entire investment is possible and the timing of profit realization is highly uncertain. Losses may occur early in the Venture Fund's term, while successes often require a long maturation (if and when realized). Early-stage and development-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. The percentage of companies that survive and prosper can be small. Additionally, investments in more mature companies in the expansion or profitable stage involve substantial risks. Such companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire other businesses, or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities.

Risks Relating to Due Diligence of and Conduct at Portfolio Company. BlockTower's due diligence of a portfolio company may entail evaluation of important and complex business, financial, tax, accounting,

environmental and legal issues. When conducting due diligence and making an assessment regarding a portfolio investment, BlockTower will rely on the resources available to it, including information provided by the target of the investment. The due diligence investigation that BlockTower carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, no such investigation will guarantee that such portfolio investment will be successful or ensure a return of invested capital. There can be no assurance that BlockTower will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the portfolio investment on an ongoing basis. In the event of fraud by a portfolio company or any of its affiliates, a Fund may suffer a partial or total loss of capital invested in that portfolio company.

Suspension of Withdrawals and Deferment of Withdrawal Process. For certain open-ended Funds, the General Partner may suspend withdrawals or payments due to Investors in connection with withdrawals for the whole or part of any period during which the General Partner reasonably determines that: (i) effecting such withdrawals or making such payments would violate applicable law or have a material adverse effect on the Investors generally; (ii) it is not practicable to accurately ascertain the value of a material portion of the assets of the Fund (excluding Side Pocket Investments) due to factors such as the closure of or the suspension of trading on any exchange or other market on which such assets are usually traded or the breakdown in any means usually employed by the General Partner in ascertaining such value; or (iii) circumstances exist as a result of which it is not reasonably practicable for the Fund to realize on the value of a material portion of its assets (excluding Side Pocket Investments). For such open-ended Funds, the General Partner may also temporarily suspend withdrawals or payments due to Investors in connection with withdrawals in order for the Fund to affect the orderly liquidation of its assets necessary to effect withdrawals.

Start-Up Periods. The Clients may encounter start-up periods during which they will incur certain risks relating to the initial investment of newly contributed assets. The start-up periods represent a special risk in that the level of diversification of the Clients' portfolios may be lower than in a fully invested portfolio, among other risks associated with those periods.

Undisclosed Investing Strategy. Certain aspects of BlockTower's investment strategy and the techniques that will be employed to achieve the Clients' goals are proprietary and will not be disclosed to potential or existing Investors. As a result, potential Investors' decision to invest in the Clients must be made without the benefit of being able to fully review and analyze BlockTower's strategy and techniques.

Venture Fund Reserves Risk. As is customary in the industry, BlockTower may elect to establish reasonable reserves for follow-on investments in the Venture Fund's portfolio companies. Estimating the appropriate amount of such reserves is difficult, especially for follow-on investment opportunities, which directly tie to the success and capital needs of portfolio companies. If the Venture Fund does not have sufficient capital, the Venture Fund may be unable to take advantage of attractive follow-on or other investment opportunities or to protect its existing investments from dilutive or similar terms. If the Venture Fund or any other Client declines such follow-on investment opportunity then BlockTower may seek to provide reserve capital to such portfolio company.

General Digital Asset Risks

Banking Services to Digital Asset Funds Risk. While the Clients have established relationships with different banks in order to open accounts, a number of Digital Asset-related companies face challenges obtaining bank accounts and banking services. Similarly, a number of such entities have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to Digital Asset/blockchain-related companies for multiple reasons, such as perceived compliance risks or costs. Such actions by banks may harm public perception of Digital Assets, and therefore impact the price of the securities and/or Digital Assets in which the Clients invest, adversely affecting the Clients' performance.

Contractual Risk of Private Investments in Public Tokens. Certain Clients make private investments in public tokens (“PIPTs”). Unlike the purchase of freely tradable Digital Assets in the open market, a Fund’s PIPTs investments generally involve contractual obligations by the issuer of such Digital Assets requiring the issuer to take certain actions, including, sometimes, to transfer the Digital Assets to that Fund. In order for a Fund’s investment strategy to be effective that Fund’s counterparty must abide by its contractual obligations, and therefore, each Client intends to enforce its rights under its contractual relationships with issuers while taking into account the costs of such enforcement. If an issuer fails to meet its contractual obligations, in addition to the possibility of being involved in costly litigation, a Fund may be unable to dispose of the Digital Assets at appropriate prices if at all, or may experience substantial delays in doing so, and thus that Fund may not be able to realize the anticipated profit with respect to such investment for a substantial period of time, if ever.

Counterparty Risk. Some of the markets in which BlockTower may affect transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to the same credit evaluation and regulatory oversight as are members of “exchange-based” markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such OTC transactions. This exposes the Clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Clients to suffer a loss. BlockTower is not restricted from dealing with any particular counterparty or from concentrating any or all of a Client’s transactions with one counterparty. The ability of the Clients to transact business with any one or number of counterparties, the inability of any such counterparty to obtain a meaningful and independent third-party evaluation of such counterparties’ financial capabilities, and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Clients.

Custody of the Clients’ Digital Assets. BlockTower seeks to maintain Client “funds and securities” (within the meaning of Rule 206(4)-2 under the Advisers Act, also known as the “Custody Rule”) with a qualified custodian in an account in the name of the respective Client or in accounts that contain only assets owned by the Client, under BlockTower’s name as agent or trustee for the Client. With respect to Digital Assets, BlockTower will use qualified custodians, third-party wallet providers, self-custody methods and devices, software wallets and/or offline key generation methods and devices to maintain assets held by Clients. Additionally, BlockTower may use multi-party computation or other key sharding methods for custody of certain assets and/or hold them on hardware wallets where appropriate.

The financial institutions or other third parties selected by BlockTower to act as custodians may become insolvent, causing BlockTower to lose all or a portion of the Digital Assets held by those custodians.

To the extent the Clients hold their Digital Assets directly, BlockTower maintains custody of some or all of the Clients’ Digital Assets, by generating the private keys that control movement of the various Digital Assets. In addition to maintaining custody of the Clients’ Digital Assets in a “cold wallet” where possible, BlockTower may store the Clients’ Digital Assets on various Digital Asset exchanges or software wallets or hardware wallets or other self-custody solutions and service providers. These exchanges, wallets and other self-custody solutions entail risk including risk of loss of assets and risk of hack or other attack. Custody of Digital Assets delegated or staked on behalf of the Client may at times be maintained in the digital wallets of service providers that the Client has retained to delegate or stake such assets on behalf of the Client, such that BlockTower will not control the private keys of such service providers and accordingly the Client may be exposed to counterparty risk. BlockTower does not control the private keys of Digital Assets placed on a centralized exchange when the exchange is utilized by BlockTower. Nonetheless, as a fiduciary, BlockTower is obligated to ensure that all Client assets (regardless of whether such assets are “client funds or securities”) are appropriately safeguarded and takes steps to ensure that centralized exchanges have policies and procedures that are reasonably designed to limit access to these keys, as applicable, and mitigate the risk of loss or misappropriation as a result of hacking, malware, and general security threats. BlockTower is not liable to the Client or the Investors for the

failure or penetration of a centralized exchange's security system absent BlockTower's willful misfeasance or bad faith.

DeFi Generally. Certain Clients' investment strategies include making investments within DeFi, including projects and protocols that seek to re-create traditional financial products and services in decentralized form and may trade on decentralized exchanges ("DEXs") and bridges. There are currently very few decentralized, noncustodial decentralized exchanges and bridges through which the Clients may invest, trade, and exchange or bridge Digital Assets. If platforms representing any significant portion of the decentralized liquidity market were to become insolvent, liquidate, become exploited, or otherwise cease operations, change their business, and cease originating transactions, a Client utilizing that DEX or bridge would be adversely affected. Furthermore, DEXs and bridges are fairly new, and their compliance with various aspects of regulatory regimes is untested. A federal or state regulator could take a position that a DEX's activities (and perhaps the activities of the lenders/borrowers/members of those platforms, such as a Client) do not comply with applicable law. Further, there is a risk that DEXs are mandated to comply with Anti-Money Laundering (AML) and Know Your Customer (KYC) regulations applicable to traditional lenders as well as jurisdiction-specific lending laws. Any such regulatory action could adversely affect a Client and its Investors.

DeFi Staking. Certain Clients engage in DeFi staking from time to time in an attempt to maximize investor returns. Staking will expose the Client's assets to smart contracts on Digital Asset blockchains. Smart contracts are high risk and may result in losses stemming from errors, bugs or other failures. Additionally, DeFi staking provides no guarantee of return nor are there efficient ways to insure against such risks. Smart contract insurance does exist and is provided by platforms, but may not cover the assets or opportunities utilized by the Clients. Additionally, these insurance markets are built on smart contracts as well which poses their own set of unique risks. The Clients may engage in these activities but in no way promises they act as an efficient hedge or mitigant of the relevant risks.

Digital Assets. With certain Digital Assets, there may be no central marketplace for currency exchange. Prices have historically been volatile. Digital Asset exchanges have been closed due to fraud, failure or security breaches. Any of the Clients' assets that reside on an exchange that shuts down may be lost.

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

Digital Assets Miners Risk. If the award of new digital currency and Digital Assets, including bitcoin or other altcoins, as applicable, for solving blocks declines and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Further, if certain governments place regulations on mining in such a way that harms operations, institute bans on mining, or place limitations or regulations on electricity usage that causes mining to become unprofitable, miners in such countries may cease operations. Miners ceasing operations would reduce the collective processing power on such digital currency and Digital Assets network, as applicable, which would adversely affect the confirmation process for transactions (e.g., decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions) and make such network more vulnerable to a malicious actor or botnet obtaining control in excess of fifty percent (50%) of the processing power on such network. Any reduction in confidence in the confirmation process or processing power of such network may adversely impact an investment in the Funds.

Digital Asset Trading is Volatile and Speculative. Certain Digital Assets represent a speculative investment and involve a high degree of risk. As relatively new products and technologies, Digital Assets have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of the demand for Digital Assets is generated by speculators and investors seeking to profit from the short or long-term holding of Digital Assets. A lack of expansion by Digital Assets into retail and commercial markets or other use cases, or a contraction of such use, may result in increased volatility.

Distributed Governance and Lack of Infrastructure in DAOs. Decentralized Autonomous Organizations (“DAOs”) rely on blockchain technology and smart contracts for governance instead of traditional corporate structures with clear fiduciaries and decision-makers (e.g., a board of directors for a corporation). Most early DAOs are managed by distributed consensus, while other methods for governance such as delegated authority are currently being tested. These wide-ranging and experimental approaches to governance may result in inefficient coordination mechanisms, voter apathy, collusion amongst participants and chaotic consensus efforts. DAOs will likely face internal disputes which could result in dissolution or “forks” of the DAO. Moreover, DAOs are attempting to discover more efficient proposal and execution processes to conserve assets (e.g., moving proposal and voting processes off-chain while continuing to execute decisions on-chain). Thus, DAO infrastructure is currently extremely kinetic and unsettled while DAO tooling is still in its infancy. Furthermore, DAO treasuries and other assets remain subject to smart contract risk and hack. See “Risks Associated with Investing through Smart Contracts” below. Due to the emerging nature of DAOs, DAO governance and infrastructure remains fluid and untested. The CFTC, in a recent civil action, has alleged that merely voting for a single governance proposal makes that person liable for the bad acts of the DAO. A lawsuit against a Fund for its votes on governance proposals could have a material, adverse effect on that Fund’s performance.

Exchanges Operating Outside of the U.S. Certain of the Funds’ Digital Asset exchanges may operate outside of the U.S. A Fund 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 a Fund in another country. Further, should an exchange cease operation due to criminal actions or for financial or regulatory reasons, a Fund may suffer losses and will likely be subject to the laws of the exchange’s home country when pursuing remedies. In general, certain less developed countries lack fully developed legal systems and bodies of commercial law and practices normally found in countries with more developed market economies. Digital asset exchanges operating outside the U.S. typically limit or prohibit, or may in the future without notice, limit or prohibit, investment by entities with U.S. beneficial owners in order to avoid U.S. regulations. Should an exchange on which a Fund trades prohibit U.S. beneficial owners or limit that Fund’s trading, that Fund may be forced to liquidate its positions at an inopportune time and be further limited or prevented from making investments in accordance with its investment strategy. It is possible in such an event that the exchange could “freeze” that Fund’s account thereby preventing that Fund from accessing its account completely, and that Fund would be unable to trade or withdraw funds from the exchange. Furthermore, any trading profits that a Fund would have made as a result of early liquidation will not be available to that Fund and that Fund, in certain cases, may be obligated to indemnify the exchange for losses incurred due to the liquidation and to participate in an investigation conducted by the exchange and/or relevant authorities. If a Fund, either directly or through a trading subsidiary, holds assets on an exchange where it is technically not an eligible counterparty, the exchange may have a claim for breach of contract against that Fund or such trading subsidiary. These legal and regulatory risks may adversely affect a Fund and its operations and investments. A Fund may transact with private buyers or sellers or virtual currency exchanges. A Fund will take on credit risk every time it purchases or sells Digital Assets, and its contractual rights with respect to such transactions may be limited. Although a Fund’s transfers of Digital Assets or cash will be made to or from a counterparty which BlockTower believes is trustworthy, it is possible that, through

computer or human error, or through theft or criminal action, a Fund's Digital Assets or cash could be transferred in incorrect amounts or to unauthorized third parties. To the extent that a Fund is unable to seek a corrective transaction with such third party or is incapable of identifying the third party that has received that Fund's Digital Assets or cash (through error or theft), that Fund will be unable to recover incorrectly transferred Digital Assets or cash, and such losses will negatively impact that Fund.

Financial Institution Risk. An investment in a Fund is subject to the risk that one of the Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Fund's assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank, Signature Bank and Silvergate Bank in March 2023 (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, BlockTower, the Funds and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, or the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of BlockTower to manage the Funds and their investments, and on the ability of BlockTower, any Fund and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to cause a Fund to pay fees and expenses in the event the Fund is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a Fund to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of portfolio companies to make payroll, fulfill obligations and maintain operations. Although BlockTower expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that BlockTower and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with such Financial Institution or its affiliate(s), which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although BlockTower seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, BlockTower is under no obligation to use a minimum number of Financial Institutions with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

Foreign Government Regulations on Cryptocurrencies. Various foreign jurisdictions are considering or have considered how to manage the use and exchange of Digital Assets. It is possible that any jurisdiction may, in the near or distant future, adopt laws, regulations, or policies directly or indirectly affecting Digital Assets generally, or restricting the right to acquire, own, hold, sell, convert, trade, or use Digital Assets, or to exchange Digital Assets for either fiat currency or other virtual currency. It is also possible that government authorities may claim ownership over various Digital Assets, including their source codes and protocols. Law enforcement

agencies may take direct, or indirect investigative or prosecutorial action related to, among other things, the use, ownership or transfer of Digital Assets.

Future CFTC and SEC Regulation. Current and future legislation, the Commodity Futures Trading Commission (“CFTC”) and SEC rulemaking and other regulatory developments may impact the manner in which Digital Assets are treated for classification and clearing purposes. In particular, various Digital Assets may not be excluded from the definition of a “commodity future” or “security” by such future CFTC and SEC rulemaking, respectively. The General Partner and BlockTower cannot be certain as to how future regulatory developments will impact the treatment of Digital Assets under the law.

To the extent that Digital Assets are deemed to fall further within the definition of a commodity future or further within the scope of CFTC jurisdiction pursuant to subsequent rulemaking by the CFTC, the Client, the General Partner, and BlockTower may be required to register and comply with additional regulation under the Commodity Exchange Act. Moreover, the General Partner and BlockTower may be subject to further requirements with the CFTC through the National Futures Association. Such additional registrations or disclosures may result in extraordinary, non-recurring expenses of the Client. If the General Partner or BlockTower determine not to comply with such additional regulatory and registration requirements, the Client will terminate and liquidate at a time that may be disadvantageous to the Investors.

To the extent that Digital Assets are deemed to fall further within the definition of a security pursuant to subsequent rulemaking by the SEC, the Client, the General Partner, or BlockTower may be required to register and comply with additional regulation under the Investment Company Act or similar state investment advisory statutes.

Initial Coin Offerings Risk. Certain Clients are permitted to invest some of its Digital Assets in initial coin offerings (“ICOs”). ICOs allow for investors to purchase certain Digital Assets offered or created by blockchain based companies on various platforms in exchange for dollars or already established Digital Assets which can then be converted to dollars on a Digital Asset exchange. Prior to an ICO, many blockchain based companies offer presale tokens or Digital Assets. Presale tokens or currencies may be sold or used to buy additional tokens or currencies at a later point in time for a potentially higher value than originally purchased for. The Clients may invest in all stages, including presale rounds of ICOs. ICOs and various token presales are currently unregulated and are subject to fraud, security breaches, regulatory developments, enforcement actions, and technological developments. There is no guarantee that the token or currency purchased will have any value or worth. ICOs can at any point become subject to federal and state securities laws, federal commodity laws, and various international regulations, among other restrictions. The SEC has issued a release stating that, depending on the specific facts and circumstances of the Digital Asset in question, some ICOs may fall under securities regulation. Such future restrictions may have an adverse impact on a Client’s assets or on such Client’s ability to sell its assets. As investors can purchase new tokens with already existing Digital Assets, investments in ICOs and presales subject the Clients to all risks associated with Digital Assets in general.

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

Lack of Liquidity of PIPTs. The Digital Assets that a Fund receives from a PIPT transaction will generally be subject to resale restrictions. Even if such Digital Assets are tradeable, they may be thinly-traded, making purchase or sale of such Digital Assets at desired prices or in desired quantities difficult or impossible and unlikely to provide current income. Unless and until widespread, public adoption occurs, there may be no market for the restricted Digital Assets, the sale of any such Digital Assets may be possible only at substantial discounts, and it may be extremely difficult at times to value any such Digital Assets accurately.

Network Risk. Most smart contracts run directly on smart contract compatible networks, such as Ethereum, among others. To the extent a Client uses smart contracts stored on other networks that currently exist or may exist in the future, the Client will be subject to certain risks associated with such network. The development of the smart contract platforms could be impacted by one or more regulatory inquiries or regulatory actions. Other networks may face similar security issues related to the centralization of their governance. A destabilization of the platform could dampen interest in the platform and the underlying token, making it more difficult for platform-based businesses to operate, which could negatively impact the Fund and other users of such businesses.

Proof of Stake Risk. Certain Funds will invest some of its assets through protocols that verify transactions through a concept known as Proof of Stake (“PoS”). PoS generally allows holders of a Digital Asset to verify future transactions in a protocol based on various factors, depending on the rules of the protocol. Some protocols allow holders with a larger amount of the Digital Asset (i.e., stakes) deposited in the protocol to be awarded with additional Digital Assets through the verification of future transactions. Those with stakes in some protocols may also have the ability to govern and vote on how the protocol is controlled in the future. PoS typically requires storing a large amount of the relevant Digital Asset in order to verify future transactions on the protocol. As such, PoS protocols tend to be more centralized than proof of work protocols, and are seen as more subject to intervention by governmental authorities. Further, PoS is subject to the same risks associated with Digital Assets in general including equipment failure, regulatory control, and a failure of the network which the stake is deposited on.

Regulatory Framework of Certain PIPTs. If a particular Digital Asset is a security (or is deemed a security by the SEC), a Fund will be subject to regulatory requirements related to the purchase, sale, and distribution of securities related to Regulation D of the Securities Act, pursuant to which PIPTs of securities purchased by the Fund may be exempt from registration. Section 2(a)(11) of the Securities Act defines an “underwriter” as any person who has purchased securities from an issuer with a view towards distribution. In connection with its sales of securities purchased pursuant to Regulation D or otherwise exempt from registration, a Fund could be deemed to be a “statutory underwriter” based on the method and timing of such sales. If a Fund were deemed to be a “statutory underwriter”, it could have an adverse effect on the transaction(s) in respect of which such determination is made and, possibly, on that Fund’s ability to continue to effectively pursue its investment strategy. If a Fund is deemed to be an “underwriter” in the case of securities offered or sold by that Fund after exercise of registration rights with respect to those securities, that Fund could be face joint and several liability with the issuer to the persons purchasing such securities from it for damages based upon misstatements or omissions of material facts in a prospectus or oral communication delivered or made in connection with such offer or sale. If the securities held by a Fund are not registered, that Fund will be able to resell those securities only (i) publicly pursuant to Rule 144 of the Securities Act; or (ii) privately in a manner in which that Fund will not be deemed to be engaged in a distribution of such securities and therefore not to be an “underwriter” with respect to such securities.

Regulatory Regime. Regulation of Digital Assets, Digital Asset offerings, cryptocurrencies, blockchain technologies and Digital Asset exchanges currently is underdeveloped and likely to rapidly evolve, varies significantly among international, federal, state and local jurisdictions and is subject to significant uncertainty.

For example, various legislative and executive bodies in the United States and in other countries may, in the future, adopt laws, regulations, guidance, or other actions, which may adversely impact the development and growth of the Clients' investments.

The regulatory status of Digital Assets remains unclear or unsettled in many jurisdictions. Legislative and regulatory changes or actions at the local, state, federal, foreign, or international level may adversely affect the use, transfer, exchange, and value of Digital Assets. These legislative and regulatory changes or actions are difficult to predict and may adversely impact the Digital Assets owned by the Clients and the technology underlying such Digital Assets.

Because there is not yet widespread understanding or adoption of blockchain technology, current regulations are, and future regulations may be, inexact and vague, or overly broad or burdensome, which may have a chilling effect on the further development of the industry. It may take significant resources to educate legislators and regulators, and even the lobbyists, regarding appropriate regulation of the blockchain industry. While the blockchain industry is growing, it does not have the lobbying power of more established industries, which may put it at a disadvantage when attempting to influence legislation and regulation.

Risks Associated with Centralized Exchanges. In general, many centralized digital currency and Digital Asset exchanges are start-up businesses with no institutional backing, limited operating history, and no publicly available financial information. Centralized exchanges generally require cash to be deposited in advance in order to purchase digital currency and Digital Assets, and no assurance can be given that those deposits can be recovered. Additionally, upon sale of digital currency and Digital Assets, cash proceeds may not be received from the centralized exchange for several business days. The participation in centralized exchanges requires users to take on credit risk by transferring digital currency and Digital Assets from a personal account to a third-party's account. A Client takes the credit risk of a centralized exchange every time it transacts. In addition, because centralized Digital Asset exchanges are generally not regulated entities (i.e., they are generally not a "securities exchange" for purposes of U.S. securities laws), in the event of a failure of a centralized exchange, a bankruptcy court may not segregate client assets (including a Client's assets) from the exchange's assets, allowing creditors of the exchange to be paid with assets that are putatively that Client's.

Risks Associated with DeFi Platforms. A backbone of decentralized finance involves liquidity providers contributing assets to a liquidity pool for use by that blockchain-based Network, protocol, or platform ("DeFi Platform"). Liquidity providers, which may be certain Funds from time to time, contribute Digital Assets to a liquidity pool and receive interest on such Digital Assets. Liquidity pools are smart contracts that provide either the ability of third parties to borrow a Digital Asset from the liquidity pool (via a smart contract) or to exchange one token-pair for the other token in that pair. The primary risk that a Fund has in being a liquidity provider is smart contract risk, discussed in more detail below under "Risks Associated with Investing through Smart Contracts". At a high level, both the blockchain and the smart contracts may be subject to slow transaction speeds, denial of service attacks, and other vulnerabilities, flaws, bugs or loopholes which could be the subject of malicious hacks or result in accidental or unintended outcomes which can result in losses for some or all participants on such DeFi Platforms, including as a result of a rug pull scam whereby a liquidity provider lists a token on a DEX (as defined below) for the sole purpose of gaining investment for such token and then pulls all of its liquidity from the project, resulting in a rapid price crash that prevents other investors from retrieving their funds in time. Recovery from such outcomes may not be possible, and in decentralized DeFi Platforms, may require the agreement or all or the majority of participants on such DeFi Platforms to amend or otherwise vary on the operations of the DeFi Platform.

Where the DeFi Platform lends Digital Assets, it most often does so on an over-collateralized basis (i.e., requires borrowers to post collateral valued greater than the value of the loan). Pursuant to the terms of the smart

contract, the collateral can be automatically liquidated (to protect the liquidity providers) if the value of the collateral decreases below a certain threshold. However, there is a risk that, notwithstanding any margin calls or other collateral protection and maintenance mechanisms as may be built into the DeFi Platform, the value of such collateral may not be sufficient to satisfy the principal (or interest) owed on any Digital Assets lent. 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. For example, 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. If the value of the collateral decreases and in the event the DeFi Platform's smart contract forced the liquidation of the collateral upon a borrower's default, there is no assurance that liquidation of any collateralized Digital Assets would satisfy a borrower's obligations under the applicable loan. Certain DeFi Platforms have mechanisms designed to address liquidated loans that were under-collateralized but the Fund may be a liquidity provider to a DeFi Platform that does not have such mechanisms or such mechanisms may still fail to fully compensate liquidity providers for defaulted loans.

Furthermore, DeFi lending is a new and relatively untested market, subject to further developments in the area. While it is intended that potential risks will be identified and resolved or otherwise mitigated, there may be risks or categories of risks for which it is not possible to identify or have prior knowledge of, given their novel nature and the failure to adapt to and resolve such novel risks may have an adverse effect on the relevant Fund.

As DeFi lending may not be ringfenced on a geographic basis, it is also possible for lending to occur across different jurisdictions, which may cause a Fund and/or the DeFi Platform to potentially be in breach of laws or subject to regulatory oversight in such jurisdictions, including as a result of laws or regulations governing the dealing in Digital Assets, usury laws, money lending laws, securities and commodities law, and may also give rise to the risk of the Fund being deemed to have a business in such jurisdictions.

When individuals wish to involve courts with disputes involving acts or omissions that involved a DeFi Platform, because a DeFi Platform is simply computer code, such individuals often target the main developer behind the DeFi Platform as well as, sometimes, certain key liquidity providers. Because of the novel issues raised by these lawsuits, there is no way to predict how the law will develop in this area. Nevertheless, if a Fund were to be sued because of its involvement with a DeFi Platform, it would still need to expend resources to litigate and/or settle such a lawsuit, which could have a material adverse effect on a Fund.

Finally, DeFi has uncertain tax status, and adverse tax developments could have a material adverse effect on the Funds.

Risks Associated with Impermanent Loss. DEXs and other yield-bearing capital pools are a new and novel technology which allow a Fund to earn trading fees by providing liquidity to such pools. These systems may have risks that are not yet fully understood when there is volatility in the underlying Digital Assets which comprise the capital pool. Volatility within such yield-bearing capital pools could lead to loss of committed Digital Assets (such loss, "Impermanent Loss") or other unexpected adverse behaviors, thereby lowering the value of a Fund's returns of Digital Assets from such yield-bearing capital pools. Additionally, such capital pools are open market systems that may be subject to a variety of economic/volatility attacks by other market participants. Such adverse action by other market participants may further increase the volatility of the underlying Digital Assets in the capital pools thereby compounding any Impermanent Loss.

Risks Associated with Investing through Smart Contracts. Certain Funds make investments utilizing a specific decentralized protocol called a smart contract. Smart contracts are computer codes that can be created and run by a blockchain network on which such smart contract is based. A smart contract can take information

as an input, process that information through the rules defined in the computer code and execute certain actions, such as Digital Asset transactions, that have been programmed into the smart contract. A Fund's Digital Assets may at times be locked in a smart contract resulting in limited liquidity. The use of smart contracts creates risk exposure because smart contracts rely on new code, new logic, and often untested methods for code execution. The occurrence of code errors, software bugs or other flaws, including smart contract exploits, cannot be ruled out and could potentially result in the theft or destruction of funds or for the smart contract to execute differently than as expected. Smart contracts also rely on new cryptographic methods that may be subject to bugs or other flaws, leading to potential theft or destruction of funds. A Fund may have no recourse if a smart contract does not work as intended or is hacked.

Risk of Loss Due to Failure of Custodial Systems. BlockTower seeks to manage the custody of each Fund's Digital Assets in a manner that seeks to mitigate risk from any single malicious individual or security threat. However, there are a variety of risks that could lead to a system failure, resulting in the loss of a Fund's Digital Assets. Any hardware, including physical backups, used by BlockTower to store a Fund's Digital Assets could fail or become unusable. As noted above, risk of loss, theft, or destruction of private keys could result in a substantial loss of capital. BlockTower's custody system as well as third-party wallet providers and platforms on which they are based are also vulnerable to a malicious insider sabotaging the system or sophisticated malware and cryptographic errors or attacks, which could lead to a loss of funds. Additionally, while funds are being transferred from the applicable custody system, protocol, application, smart contract or user errors could lead to incorrect sends that cause funds to be irrecoverably lost. In any of the events described above, an Investor could incur substantial, or even total, loss of capital.

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

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

Risks of Wrapped Tokens. A wrapped token – a token operating on one blockchain that has an Underlying Reference (as defined in "Derivatives Risk Generally") of another asset, which, frequently is a different token on a different blockchain, but could be any asset (digital or traditional) – shares many of the same risks of derivatives in that changes in the value of a wrapped token may not move as expected relative to changes in the value of the Underlying Reference they are designed to track. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Wrapped tokens are also subject to other risks. Wrapped tokens are "minted" when the Underlying Reference is deposited with the relevant counterparty or trading venue, which exposes a Fund to counterparty risk and/or smart contract

risk, depending on where the tokens are deposited. In exchange, a Fund receives the new token; *however*, the new token only has value so long as the Underlying Reference has value. If, for example, a Fund deposits tokens on a bridge and receives a wrapped token in return and the bridge is hacked and the Underlying Reference tokens are stolen, the wrapped token is now worthless. Certain wrapped tokens may require a centralized party to intermediate certain aspects of the token, which for a decentralized issuance, exposes a Fund to counterparty risk of the centralized party, smart contract risk of the decentralized protocol, and centralization risk that the centralized party acts nefariously or is subject to a security breach that allows a nefarious third-party access to the smart contracts. For example, a bond token may still require an administrator. Wrapped tokens may be subject to a lock-up or may be thinly traded, which may cause a Fund to incur slippage or to be unable to trade the wrapped token entirely. Wrapping and unwrapping may also cause a Fund to incur transaction costs, which may be substantial (especially if trying to unwrap the wrapped token on a decentralized protocol during times of high demand).

Smart Contract Immutability; Upgradeability. Smart contracts can either be immutable (unable to be changed after being entered into) or upgradeable (able to be changed). Both have advantages and disadvantages. Immutable smart contracts are less prone to hacking and can't have bugs introduced through future changes (although if a bug exists from the outset, it is impossible to correct). Immutable smart contracts also, generally, eliminate non-performance risk. Upgradeable smart contracts permit terms to change and errors to be corrected in the future but exposes the smart contract participants to nefarious actions by the person who is permitted to make changes (which could be the original coder or a malicious third party that hacks the smart contract, gains controls, and changes the terms). Additionally, upgrades may introduce their own bugs and other vulnerabilities.

Stablecoin Risks. Stablecoins are distinct from other digital currencies and Digital Assets in that their value is intended to be “pegged” to a referenced asset, normally a fiat currency like USD, but also, potentially, commodities or other Digital Assets. For example, a stablecoin that is intended to be pegged 1:1 to USD should generally always be worth 1 USD. Stablecoins are subject to the same risks as other digital currencies and Digital Assets but are also subject to unique risks. Certain stablecoins are backed by other assets. Often, a centralized group is responsible for the reserve fund supporting that stablecoin, which exposes the holder of such stablecoins to risks associated with that centralized group. For example, the centralized group could mismanage the reserve (including stealing some or all of the reserve) or make poor decisions in selling assets to defend the “peg.” “Backed” stablecoins require the holder of such stablecoins to rely on the stablecoin issuer to have sufficient reserve to back up all of the issued stablecoins. For example, USDT issued by Tether was subject to controversy due to the lack of transparency and claims that Tether did not hold sufficient USD reserves to back all of the issued USDT tokens, which resulted in a significant drop in value of USDT in October 2018. Further, backed stablecoins are subject to greater oversight and regulation, and will be further dependent on the banking industry and other geopolitical factors, all of which could affect the value of such stablecoins. To avoid both the capital requirements associated with a backed stablecoin as well as the risks associated with a centralized group responsible for the reserve fund (and the focused regulatory attention), certain developers have launched algorithmic stablecoins that are intended to not be backed by any assets. Certain algorithmic stablecoins attempt to “solve” the peg problem by launching two tokens: the stablecoin and a complementary token, generally a governance, utility, or native gas token (the “Protocol Token”), each of which are always convertible into the other at the “peg” price. A person wishing to purchase the algorithmic stablecoin must “mint” (i.e., create) it by “burning” (i.e., permanently destroying) the corresponding amount of the Protocol Token, restricting supply and, in theory, causing the price of the Protocol Token to go up. The process also works in reverse. Theoretically, if the price of the algorithmic stablecoin drops below its “peg,” holders are incentivized to convert it into the Protocol Token, removing some of the stablecoin from existence and, in theory, causing its price to rise (ideally, back to the peg). Likewise, if the algorithmic stablecoin rises above its

“peg,” holders are incentivized to convert some of their Protocol Token into the algorithmic stablecoin, increasing supply, and in theory causing the price to fall (ideally, back to the peg). So long as both tokens have value (i.e., so long as people have faith in both tokens), this process works. However, in certain market conditions, algorithmic stablecoins can experience a “death spiral” in that conversion of the stablecoin into the Protocol Token by holders of the stablecoin via the protocol smart contracts causes the protocol to mint exponentially increasing quantities of the Protocol Token until the Protocol Token is worthless due to hyperinflated supply and the stablecoin itself becomes worthless due to mass selling in the wake of the collapsing system. Thus, the primary risk of algorithmic stablecoins is a loss of faith – a “run on the bank” – in which the arbitrage incentives are overridden by everyone trying to permanently sell their positions. In times of crisis, algorithmic stablecoin have historically been prone to losing value based on traders acting on unclear information and uncertainty, causing a herd mentality resulting in a broad selloff and death spiral. Thus, while stablecoins are intended to be less volatile than digital currencies, they are subject to risks, especially in times of crisis. A Fund may utilize stablecoins as part of its trading strategies and may be exposed to some or all of the risks described above, and may have a financial incentive in the event that a stablecoin de-pegs that has an adverse impact on another Client.

Technology and Security. The Clients must adapt to technological change in order to secure and safeguard Client accounts. While BlockTower believes it has developed an appropriate security system reasonably designed to safeguard the Clients’ Digital Assets from theft, loss, destruction or other issues relating to hackers and technological attack, such assessment is based upon known technology and threats. As technological change occurs, the security threats to the Clients’ Digital Assets will likely adapt and previously unknown threats may emerge. To the extent that a Client is unable to identify and mitigate or stop new security threats, such Client’s Digital Assets may be subject to theft, loss, destruction or other attack, which could have a negative impact on the performance of such Client or result in loss of such Client’s assets.

Trading on Digital Asset Networks. The Clients will convert U.S. dollar contributions made by Investors to Digital Assets over specific networks, as applicable. Each may use certain Digital Assets to purchase other Digital Assets. Many Digital Asset networks are online end-user-to-end-user networks that host a public transaction ledger, known as the blockchain, and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. In many Digital Asset transactions, the recipient of the Digital Asset must provide its public key, which serves as an address for a digital wallet, to the party initiating the transfer. In the data packets distributed from Digital Asset software programs to confirm transaction activity, each Digital Asset user must “sign” transactions with a data code derived from entering the private key into a “hashing algorithm,” whose signature serves as validation that the transaction has been authorized by the owner of such Digital Asset. This process is vulnerable to hacking and malware, and could lead to theft of a Client’s digital wallets and the loss of such Client’s Digital Assets. Many Digital Asset exchanges have been closed due to fraud, failure or security breaches.

Uncertain Legal Status of DAOs. DAOs are organizations that rely on smart contracts to grant members the ability to control or direct the DAO’s assets. Smart contracts and an underlying blockchain keep track of members, and membership can be purchased or allocated as a reward (such as in the form of a token) in exchange for capital, services, use, or resources. Membership in a DAO gives participants specific rights as enumerated in such DAO’s smart contracts and other applicable constituent documents, which may include a portion of such DAO’s profits or losses, the right to access, manage, or transfer the assets or services of the DAO, or specific privileges, such as the ability to engage in the DAO’s decision-making processes. The legal status of, and laws and regulations applicable to, DAOs is generally unclear and may vary based on jurisdiction, organizational structure (or lack thereof) and other factors such as the DAO’s purpose or level of decentralization. Some previous approaches to DAOs have been regarded by the SEC as illegal offers of unregistered securities. Moreover, there is a substantial risk that DAOs formed for the purpose of making a profit would be deemed general partnerships, thus exposing their participants to liability for the DAO’s debts

and obligations. If characterized as general partnerships, DAOs may struggle to attract members or meet their intended objectives. Large businesses, institutional investors, and other regulated commercial entities may be reluctant to invest in, participate in or otherwise support a DAO for fear that membership would put their assets at risk. Due to the untested nature of DAOs and the risks inherent in Digital Assets in general, a Fund's investment or participation in DAOs is subject to loss. On July 1, 2021, Wyoming became the first state in the United States to allow DAOs to file for legal status as a specific form limited liability company. Some DAOs have attempted to obtain recognized legal status and/or shield members from personal liability by incorporating as a corporation, limited liability company or other currently recognized legal entity (a "wrapped" DAO), while other DAOs have either dissolved such legal entity after achieving a certain level of decentralization or sustainability or forgone such corporate formation altogether (an "unwrapped" or "DAO first" DAO).

Conflicts of Interest

Conflicts of Interest Generally. The General Partners, BlockTower, their respective affiliates, and their respective members, partners, shareholders, directors, officers, employees and other personnel (collectively, the "BlockTower Parties") at times will have potential and actual conflicts of interest with respect to the Funds and the Funds' investments. These conflicts of interest may be between the Funds and Other Accounts (as defined below), or between the Funds and the BlockTower Parties. Generally, the BlockTower Parties resolve these conflicts of interest without input from disinterested third parties. The conflicts of interest set out below do not purport to be exhaustive. Additional conflicts of interest that are currently unknown or currently deemed immaterial may become material conflicts of interest that affect the Funds. Prospective Investors should carefully consider the conflicts of interest discussed below. Prospective Investors should consult their own legal, tax and financial advisers as to all these conflicts of interest and as to an investment in the Funds generally.

Conflicts of Interest with Management of Other Client Accounts. The BlockTower Parties act as general partner, managing member, sponsor, investment manager and/or in other similar capacities for persons, funds and/or accounts, including each of the Funds ("Other Clients") and the personal or proprietary accounts of any of the BlockTower Parties (a "BlockTower Account" and, together with the Other Clients, the "Other Accounts"). The BlockTower Parties give advice or take action with respect to such Other Accounts that differs from, or is similar to, the advice given with respect to any particular Fund. The BlockTower Parties invest capital in each Fund as well as Other Accounts and their capital interest in each is disproportionate. The investment methods and strategies the BlockTower Parties utilize in managing and advising one Fund may be utilized by the BlockTower Parties in managing Other Accounts; *however*, investment decisions and allocations will not necessarily be the same among a Fund and Other Accounts. Investments made by a Fund may not, and are not intended in all cases to, replicate the investments or the investment methods and strategies of Other Accounts, and in some cases the BlockTower Parties takes positions for Other Accounts that are different or opposite those of a Fund. In such cases, the BlockTower Parties have disparate interests in managing such investments for a Fund and Other Accounts. Other Accounts may produce results that are materially different from those experienced by one Fund. BlockTower Parties has a conflict of interest in managing and advising the Other Accounts because, among other things, the financial benefit derived from certain Other Accounts may be greater than that derived from a Fund, which could provide an incentive to favor such Other Accounts (i.e., BlockTower Parties are incentivized to spend more time on one Fund rather than a different Fund). The records of any investment management or advisory activities that the BlockTower Parties may engage in on behalf of Other Accounts will not be available for inspection by the Investors. Further, trading activities, including as a result of withdrawals from and subscriptions to such Other Accounts, could disadvantage a Fund (i.e., capital flows from one Fund could hurt another Fund). Investors may not be offered the opportunity to invest in Other Accounts.

Fees to Third Parties. BlockTower or General Partners or their affiliates may pay a fee representing a portion of the management fee or incentive allocation earned to third parties that provide certain services. Such fees will be paid out of the General Partners' or BlockTower's revenues from the Funds, and will not result in an increase in expenses paid by the Funds over the amount that would be paid to the General Partners or BlockTower in the absence of such fees.

General Partners and BlockTower. The General Partner and BlockTower organized each Fund and have an economic interest in acting as each Fund's general partner and investment manager, respectively. The terms upon which each General Partner and BlockTower render services to a Fund were not negotiated at arm's length. The performance of BlockTower is not subject to review and oversight by an independent party. There is a conflict between a General Partner's interest in having BlockTower direct investment and trading for a Fund and its duty to that Fund to oversee such activity.

Material Relationships or Arrangements with Industry Participants. BlockTower or its affiliates, may manage funds for individuals or other entities, either directly in managed accounts or indirectly through pooled investment vehicles. These accounts or other entities may utilize investment and/or trading strategies similar to or different from the Clients, may pay different fees than the Clients, and may contain terms and conditions different from those of the Clients. BlockTower is not required to share with the Clients or any Investor any portion of any profits or proceeds realized from such other activities.

BlockTower or its affiliates provide services to one or more blockchain protocols or associated entities related to one or more portfolio investments of a Client, on a limited and/or regular basis, and may continue to make use of or discontinue use of, BlockTower's or its affiliates' resources in connection with the provision of such services (including, but not limited to, its office space and communications systems) ("Affiliated Service Provider"). In certain circumstances, BlockTower or its affiliates have the opportunity to participate in such an arrangement because of BlockTower's relationship with the applicable Client. BlockTower or its affiliates will generally receive compensation or benefits for such services from the applicable protocol or from the portfolio investment of the applicable Client as an Affiliated Service Provider, which may take the form of Digital Assets, cash fees, options, grants, incentive equity and stock awards, securities of the relevant portfolio investment of the applicable Client, a share of proceeds upon the sale of the applicable portfolio investment of the applicable Client (which may reduce the relevant Client's share in such portfolio investment), and other benefits (including the opportunity to receive tangible and/or intangible benefits for participating in transactions between and among other members of the user community of the blockchain protocol to which BlockTower or its affiliates provide such services and in which BlockTower or its affiliates would not have otherwise had the opportunity to participate but for BlockTower's relationship with the applicable Client). See "Selection of Exchanges and Counterparties; Affiliated Digital Asset Service Providers" below.

The above results in conflicts of interest in allocating time and resources among the Clients and such other business activities, although the Clients will have access to the managers of BlockTower on an as-needed basis. Additional conflicts of interest between the Clients and these entities could exist, including with respect to the allocation of investment opportunities among the Clients and such other entities.

Other Activities of the BlockTower Parties. Each of the BlockTower Parties will devote as much of its time and effort to the affairs of a Client as it deems, in its judgement, necessary and appropriate to accomplish the purposes of that Client and reserves the right and is free to devote significant time and attention to other business activities, including those related to securities and investments. Without limiting the generality of the foregoing, and as further discussed below, prospective investors should be aware that the BlockTower Parties (i) advise Other Accounts; (ii) advise and otherwise assist portfolio companies, including with respect to the development of certain decentralized protocols; and (iii) engage in other Proprietary Activities (defined below) and trading.

Performance Compensation to the General Partner. Generally, each General Partner receives Carried Interest from the Fund it manages. Performance compensation creates an incentive for BlockTower to cause a

Fund to make investments that are riskier or more speculative than would be the case if the General Partner, BlockTower's affiliate, were paid only a fixed amount.

Personal Interests in Funds and Businesses. Certain BlockTower employees have ownership interests in the Clients, third-party managed funds or businesses, and therefore, have an incentive to favor those funds or businesses, including businesses in the financial industry, (and therefore themselves) over certain of the Clients. Such BlockTower employees generally do not pay Management Fees or other fees for investments in Clients and may receive financial benefits or discounts for interests in third-party managed funds or businesses. BlockTower has implemented policies and procedures designed to mitigate potential conflicts of interests and that seek to ensure that the Clients are treated fairly and ensure that investment professionals act in the best interests of a Client, including with respect to the policies and procedures discussed in Item 11 below

Portfolio Companies and Development of Decentralized or Digital Asset Protocols. The BlockTower Parties serve as an officer, director, consultant, advisor, partner, or stockholder of one or more investment funds, investment advisors, and/or operating companies, which include portfolio companies of certain Funds. The BlockTower Parties' services to such entities may be detrimental to one or more different Funds and create conflicts of interest with those Fund(s). This risk is heightened if the BlockTower Party receives compensation for its services. Additionally, the BlockTower Parties assist in the development of certain decentralized or digital asset protocols for one or more Funds (but not all the Funds). Such activities may be detrimental to one or more different Funds and such activities create a conflict of interest with those Fund(s).

Proprietary Activities. Certain BlockTower Parties (i) develop internal technology platforms, (ii) invest and trade for their own accounts, including in Digital Assets, digital currencies, and other financial instruments with the same or a different investment objective, philosophy, and strategy as those used for the Fund, and (iii) participate in other business ventures which may compete (directly or indirectly) with BlockTower, the General Partners and/or the Clients ("Proprietary Activities"). The results of a Funds' activities may differ significantly from the results achieved by any of the BlockTower Parties in connection with trading related Proprietary Activities. The BlockTower Parties from time to time have incentives to favor one or more of Proprietary Activities over the Funds (including, for example, in any principal transaction between a Fund and any BlockTower Account, in determining whether a trading strategy should be employed for the benefit of a BlockTower Account and/or a Fund or in the allocation of limited investment opportunities among a Fund and one or more BlockTower Accounts). The BlockTower Parties have established policies and procedures governing (i) the personal trading of "access persons" and (ii) the allocation of investment opportunities between each Fund and between the Funds and Other Accounts (which may include the BlockTower Accounts). The records of trading by the BlockTower Parties will not be made available to the Investors.

Selection of Exchanges and Counterparties; Affiliated Digital Asset Service Providers. BlockTower is subject to conflicts relating to its selection of digital currency/Digital Assets intermediaries, exchanges, and counterparties on behalf of the Funds. Portfolio transactions for the Funds will be allocated to intermediaries, exchanges, and counterparties on the basis of numerous factors and not necessarily lowest pricing. Intermediaries, exchanges, and counterparties may provide other services that are beneficial to BlockTower, but not necessarily beneficial to the Funds.

Additionally, BlockTower engages Affiliated Service Providers, and may continue to do so or end such engagements, that provide services to a Fund. For example, Clients have in the past and may in the future engage a company to provide tokenized services to execute their investment strategies at a time when other Clients hold investments in the company. Specifically, certain Funds have in the past entered into, and are expected in the future to enter into, agreements or arrangements with decentralized finance platforms pursuant to which the Funds can earn tokens or other assets by utilizing the platforms. In addition, such platforms have in the past been, and are expected in the future to be, sources of investment opportunities to the Funds. Such agreements or arrangements create a conflict of interest because a Fund's utilization of a platform not only benefits that Fund to the extent the Fund earns tokens or other assets as a result of its utilization of the platform, but also

benefits the platform – and, by extension, the Funds that have invested in the platform – by supporting the platform’s business operations and thereby positively impacting its valuation. Such agreements or arrangements pose conflicts of interest in particular where a protocol’s business is integral to a particular Fund’s strategy. BlockTower seeks to eliminate or expose this conflict of interest through disclosure in its offering memoranda and in this Brochure and by causing each Fund to enter into arrangements and make investments that are in the Fund’s best interests.

Affiliated Service Providers are typically compensated for their services, which creates a conflict of interest as BlockTower has an incentive to select an Affiliated Service Provider over unaffiliated entities. Additionally, the engagement of an Affiliated Service Provider could cause the value of the protocol or provider to increase or decrease depending on the terms of such engagement by one Client, which could impact the price or value of such Affiliated Service Provider held by the other Client. Any engagement involving an Affiliated Service Provider will be in accordance with BlockTower’s policies and procedures and consistent with its fiduciary obligations to its Clients.

Specific Conflicts Between the Fund and Other Accounts. Each Fund and/or BlockTower Parties may invest, and have in the past invested, in the same, different, or related investments. For example, part of one Fund’s investment strategy is to invest in tokens, which may be on a protocol heavily developed by a single developer where such developer is the portfolio company of another Fund and a different Fund may provide liquidity to the liquidity pools supporting such protocol. BlockTower and the Funds generally try to be active participants in each of these different niche instances where BlockTower believes it’s in the best interests of its Clients to do so. Additionally, one or more Funds and/or the BlockTower Parties may incur joint costs and expenses. Accordingly, BlockTower maintains policies and procedures for allocating its investments and their expenses (i) as between the BlockTower Parties, on the one hand, and the Funds, on the other hand, and (ii) amongst each of the Funds. These policies and procedures require BlockTower to endeavor to allocate such investments and their expenses in a fair and equitable manner. However, the allocation of certain expenses involves subjective determinations by the BlockTower Parties, and the BlockTower Parties face conflicts of interests in making such determinations.

Specific Conflicts Associated with Allocation of Investment Opportunities and Trade Aggregation. To the extent a particular investment is suitable for multiple Funds, such investments may be allocated between such Funds in a manner that is fair and equitable over time and under the circumstances, and may be based on, among other things, BlockTower’s perception of the appropriate risk and reward ratio for each account, the intended sector strategy of each account, the liquidity of the account at the time of the investment and on a going-forward basis, and the overall portfolio composition and performance of the account.

No assurance can be given, however, that a Fund will participate in all investment opportunities in which Other Accounts participate, that particular investment opportunities allocated to Other Accounts will not outperform investment opportunities allocated to a Fund, or that a Fund, on the one hand, and Other Accounts, on the other hand, will receive equal treatment with respect to participation in investment opportunities. Any of the BlockTower Parties may make particular investment opportunities available to a Fund and may, at the same time, concurrently invest in the same opportunity for Other Accounts.

As such, conflicts of interest arise in that Other Accounts may make similar investments as a Fund. Subsequently, conflicts of interest arise when Other Accounts are indirectly benefited by a Fund’s investments and/or other activities conducted by the Fund in connection with its investments. As such, conflicts of interest arise in that Other Accounts and the BlockTower Parties will compete with a Fund for investments.

When BlockTower determines, in its discretion, that it would be appropriate for a Fund and one or more Other Accounts to participate in an investment opportunity, BlockTower will seek to execute orders for all of the participating parties, including the Fund, on a fair and equitable basis, applying such considerations as BlockTower deems appropriate, including relative account size of such entities and clients, amount of available

capital, size of existing positions in the same or similar securities, relative exposure to short-term market trends, the investment programs and portfolio positions of such parties for which participation is appropriate, the impact of leverage, tax considerations and other factors. Orders may be combined for all such accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an order on behalf of more than one party cannot be fully executed under prevailing market conditions, Digital Assets and/or securities may be allocated among the different accounts on a basis which BlockTower considers fair and equitable in accordance with applicable policies and procedures.

Valuation. BlockTower is responsible for the valuation of each Fund's assets and liabilities and has an inherent conflict of interest in performing this function. It is in BlockTower's interest to value the assets of each Fund at as high a level as possible, as both its management fee and a General Partner's performance compensation are generally calculated based on the value of a Fund's assets.

Item 9: Disciplinary Information

There are no material legal or disciplinary events related to BlockTower.

Item 10: Other Financial Industry Activities and Affiliations

Item 10.A.

BlockTower and its management persons are not registered, and do not have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Item 10.B.

BlockTower and its management persons are not registered, and do not have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, futures commission merchant, or an associated person of any of the foregoing entities.

Item 10.C.

BlockTower and its management persons do not have relationships or arrangements with related persons that are material to BlockTower's advisory business or its Clients.

Item 10.D.

BlockTower does not recommend or select other investment advisers for its Clients.

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

Item 11.A.

BlockTower has adopted a Code of Ethics (the “Code”) under Rule 204A-1 under Advisers Act designed to provide that BlockTower employees comply with applicable federal securities laws. The Code addresses, among other things, BlockTower’s standard of business conduct, requirements and restrictions relating to personal securities trading, policy regarding political contributions, policy regarding gifts and entertainment and confidentiality. BlockTower employees must acknowledge in writing, both initially upon employment and annually thereafter, that they have received, read and will comply with the Code. The Code requires all employees to report personal securities holdings (initially and annually) and certify quarterly personal trading activity. The Code places certain restrictions on employees when transacting in the same investments as the Clients. The Code is monitored by BlockTower’s Chief Compliance Officer (“CCO”) and any exceptions to the Code need prior approval by the CCO.

Items 11.B., 11.C., and 11.D.

BlockTower, as a fiduciary, endeavors to always make decisions in the best interest of its Clients if a conflict of interest arises between BlockTower’s transactions on behalf of its Clients and those of BlockTower’s personnel and related persons. In order to monitor any conflict of interest, BlockTower employees are required to pre-clear certain contemplated transactions in their personal accounts which may present the appearance of impropriety, and must disclose on an initial and annual basis the holdings of all personal accounts, as well as all transactions on a quarterly basis.

From time to time, BlockTower recommends to its Clients securities and/or Digital Assets that a related person, such as a person with ownership interest in BlockTower, has a financial interest in, or to which a related person serves in a business advisory role which may provide them with compensation or other benefit. Additionally, an employee or related person may invest in a security and/or Digital Asset at or about the same time that BlockTower recommends the investment to a Client. These recommendations present a conflict of interest resulting from the possibility that related persons or employees might benefit from market activity by a Client in a security and/or Digital Asset held by a related person or employee.

When making recommendations of such securities and/or Digital Assets to Client accounts, BlockTower will consider all relevant factors including without limitation Clients’ investment objectives, the availability of the securities and/or Digital Assets in the marketplace, and the potential effect on the Clients of executing purchase and sale transactions in the underlying securities and/or Digital Assets in the marketplace.

BlockTower employees are permitted to maintain ownership interests in the Clients. While BlockTower believes that such ownership activity provides for common rather than conflicted investment interests, Investors should be aware of the potential for ownership and transactions in Clients by BlockTower employees, which creates the risk that employees may seek to favor certain Clients or certain transactions in which they have ownership interest. Transactions in Clients by BlockTower employees are subject to the pre-clearance requirements of the Code.

The CCO reviews employee trading under the Code to reasonably detect and mitigate conflicts of interest between BlockTower and its Clients. Also, for this purpose, the CCO monitors transactions that BlockTower makes of securities and/or Digital Assets in which a related person has financial interest in, to which they serve in an advisory role, or from which they obtain compensation or other benefit.

Additionally, BlockTower may engage mission critical third-party service providers, including legal, accounting and operations vendors, as service providers or for other business purposes, including, but not

limited to, partnerships and/or proposed business ventures, which may pose a conflict. Should any such conflict be deemed material, pursuant to review by BlockTower's Conflicts Committee and/or the CCO, appropriate remedial reactions would be implemented, potentially including (i) termination of the third-party vendor relationship, (ii) termination of the business venture / partnership, or (iii) if appropriate, termination of both relationships.

Item 12: Brokerage Practices

Item 12.A.1.

BlockTower is responsible for the placement of the portfolio transactions of Clients and the negotiation of any commissions or spreads paid on such transactions. Portfolio investments are generally purchased through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the investments. Purchases of portfolio investments through brokers will typically involve a commission to the broker. Purchases of portfolio investments from dealers serving as market makers include the spread between the bid and the ask price.

In placing portfolio transactions and negotiating commission rates, BlockTower will seek to obtain the best execution for its Clients where possible; *provided, however*, that many of BlockTower's portfolio transactions occur in the OTC marketplace, where BlockTower may not have the ability to compare or evaluate different broker-dealers in respect of a particular portfolio transaction. In reviewing best execution, BlockTower may take into account the following factors: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker; (iv) the reputation of the broker; (v) the BlockTower's risk in positioning a block of securities; (vi) efficiency of execution and error resolution; (vii) the quality, comprehensiveness and frequency of available research services considered to be of value; and (viii) the competitiveness of commission rates in comparison with other brokers satisfying BlockTower's other selection criteria. In addition, certain of BlockTower's clients intend to make portfolio investments that will be privately placed, on digital asset exchanges without the use of a broker-dealer. To inform decisions in placing transactions with digital asset exchanges or in assessing the quality of a digital asset exchange as a counterparty, BlockTower may consider the following factors: speed, ability to handle various trades and orders, liquidity, reliability, transaction fees, pricing, customer services, security and geography, among other criteria.

BlockTower is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if BlockTower determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. BlockTower is not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by BlockTower, and BlockTower's fees charged to Clients are not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker/dealers used by BlockTower Clients may be utilized by BlockTower in connection with its other investment activities. Since commission rates in the United States are negotiable, BlockTower's selection of brokers on the basis of considerations which are not limited to applicable commission rates may at times result in BlockTower's Clients being charged higher transaction costs than they could otherwise obtain.

Use of "Soft Dollars"

BlockTower does not currently, and does not in the future intend to, engage in any soft dollar transactions. In the event that BlockTower does engage in any soft dollar transactions, it will not engage in any such transactions other than with respect to products and services which fall within the Section 28(e) safe harbor or where such products or services would otherwise be chargeable to its Clients pursuant to the relevant Offering Documents or separate account advisory contract.

Item 12.A.2.

Not applicable. BlockTower does not participate in selecting or recommending broker-dealers in exchange for Client referrals.

Item 12.A.3.

Not applicable. BlockTower does not engage in directed brokerage by its Clients.

Item 12.B.

BlockTower may face actual or potential conflicts of interest when allocating investment opportunities among the Clients. The general policy of BlockTower is to allocate investment opportunities among the applicable Clients in a fair and equitable manner and in accordance with the terms of its policies and the applicable Offering Documents for such Clients. In the event that multiple Clients have the rights to a specific investment, as provided in such Client's Offering Documents, BlockTower shall allocate such investment in accordance with BlockTower's investment allocation policy.

Item 13: Review of Accounts

Items 13.A. and 13.B.

Client holdings are reviewed on a regular basis by BlockTower's investment personnel to determine their conformity with their risk parameters, investment objectives, and guidelines. BlockTower regularly monitors the portfolio investments of the Clients. BlockTower's investment personnel periodically convene to evaluate each position's conformance with the relevant Client's offering memorandum and any investment limitations, restrictions or risk parameters.

Item 13.C.

BlockTower will generally provide to each Investor in the Clients a written unaudited report of the performance of each Client in which they are an Investor on either a monthly or quarterly basis. Additionally, Investors in the Clients will receive written audited year-end financial statements prepared by independent accountants using U.S. generally accepted accounting principles on an annual basis within one hundred twenty (120) days after the fiscal year end of such Client.

Item 14: Client Referrals and Other Compensation

Item 14.A.

Not applicable. BlockTower does not receive a direct economic benefit from any third party for providing investment advice or other advisory services to any of the Clients.

Item 14.B.

Not applicable. Neither BlockTower nor any related person directly or indirectly compensate any person who is not a supervised person for Client referrals.

Item 15: Custody

BlockTower seeks to maintain Client “funds and securities” (within the meaning of Rule 206(4)-2 under the Advisers Act, also known as the “custody rule”) with a qualified custodian in an account in the name of the respective Client or in accounts that contain only assets owned by the Client, under BlockTower’s name as agent or trustee for the Client. With respect to Digital Assets, BlockTower will use qualified custodians, third-party wallet providers, self-custody methods and devices, software wallets and/or offline key generation and other methods and devices to maintain assets held by Clients. Additionally, BlockTower may use multi-party computation or other key sharding methods for custody of certain assets and/or hold on hardware wallets where appropriate. Although BlockTower is not a qualified custodian within the meaning of Rule 206(4)-2 under the Advisers Act, BlockTower has developed policies and procedures for safeguarding Digital Assets that it self-custodies. BlockTower believes that such policies and procedures are consistent with the fiduciary duties that BlockTower owes to Clients under the Advisers Act. Where assets are held in self-custody, BlockTower currently safeguards Client assets using wallet technologies noted above. In addition, a portion of Digital Assets are held at exchanges. As a fiduciary, BlockTower is obligated to ensure that all Client assets (regardless of whether such assets are “client funds or securities”) are appropriately safeguarded. Accordingly, BlockTower seeks to conduct due diligence on custodial service providers, exchanges and qualified custodians prior to utilizing their services to ensure that they have policies and procedures that are reasonably designed to limit access to private keys, as applicable, and mitigate the risk of loss or misappropriation as a result of hacking, malware, and general security threats. The nature of custodial arrangements, and associated risks, are also described in Item 8 and in the Offering Documents for the relevant Clients.

Where BlockTower seeks to stake a Client’s assets, it will generally delegate assets to be staked to the provider of the staking services. Depending on the features of the underlying digital asset network, the staking services provider may or may not be deemed to have custody over Client assets that are staked (or preparing to be staked). In general, if BlockTower determines that no available qualified custodians can provide appropriately secure custody arrangements with robust functionality for exercising governance rights for one or more Client assets that are staked or if staking services are not provided by a qualified custodian for the relevant Client asset, BlockTower may custody the relevant Client assets itself using wallet or other technologies and implement staking services accordingly (E.g., directly or through third-party staking service provider). In the future, BlockTower may engage a third-party service provider to provide staking services and that entity could be deemed to have custody of Client assets. In these circumstances, BlockTower seeks to mitigate any conflicts of interest by making a determination that the use of any staking service provider is in the best interest of the Client.

In accordance with Rule 206(4)-2 under the Advisers Act, the Funds will be subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board and audited financial statements of each Fund will be prepared in accordance with the U.S. generally accepted accounting principles and distributed to Investors within one hundred twenty (120) days of the end of each Fund’s fiscal year. Investors should carefully review the audited financial statements of the Funds upon receipt, and should compare these statements to any account information provided by BlockTower.

Certain assets of the Clients may be exempt from the requirement to be held by a qualified custodian where: (1) the assets are acquired from the issuer in a transaction or chain of transactions not involving any public offering; (2) the assets are uncertificated, and ownership thereof is recorded only on the books of the issuer in the name of the client; and (3) the assets are transferrable only with the prior consent of the issuer or holders of the outstanding securities of the issuer.

Item 16: Investment Discretion

BlockTower accepts discretionary authority to manage securities accounts on behalf of Clients and therefore, determine which securities and the amounts of securities it buys and sells for the Clients. This authority has been granted to BlockTower by means of the execution of the relevant Offering Documents and/or advisory agreements that set forth the scope of BlockTower's discretion with respect to each of the Clients.

Item 17: Voting Client Securities

Item 17.A.

BlockTower generally has proxy voting authority with respect to securities held by the Clients due to the fact that it has discretionary authority over the securities held by the Clients. Although it is unlikely that BlockTower will receive proxies based on its current and anticipated investments, BlockTower understands its fiduciary responsibility to its Clients to vote the proxies of any securities BlockTower may manage in Client accounts. Accordingly, BlockTower has adopted proxy voting policies and procedures to vote proxy proposals, amendments, consents or resolutions (collectively, “proxies”) relating to the Clients’ investments. The Clients, Investors, or other clients generally cannot direct the proxy voting of BlockTower. BlockTower understands its fiduciary responsibility to monitor corporate events and to vote or not proxies and cast votes in the best economic interests of its Clients and their Investors, and not to put these interests second to its own economic interests. Conflicts may arise between the interests of the Clients and their Investors versus the interests of BlockTower and its affiliates. In such cases, BlockTower will address each such conflict, and endeavor to resolve it in a fair and equitable basis.

BlockTower’s Clients may request a copy of the proxy voting policies and procedures and the proxy voting records by contacting BlockTower at the address, email or telephone number listed on the cover page of this Brochure.

Item 17.B.

BlockTower has authority to vote Client securities.

Item 18: Financial Information

Item 18.A.

Not applicable. BlockTower does not require nor solicit pre-payment of more than \$1,200 in fees per Client, six months or more in advance.

Item 18.B.

BlockTower is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitments to the Clients.

Item 18.C.

Not applicable. BlockTower has not been the subject of a bankruptcy petition at any time during the past ten years.