

**PART 2A OF FORM ADV: FIRM BROCHURE**

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March 28, 2024

**This brochure provides information about the qualifications and business practices of CMT Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at [compliance@cmtam.com](mailto:compliance@cmtam.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**References to “we,” “us,” and “our” in this brochure are to CMT Asset Management LLC (“CMTAM”).**

**CMTAM is registered with the United States Securities and Exchange Commission (“SEC”) as an investment adviser. Registration with the SEC does not imply a certain level of skill or training, nor has the SEC approved or disapproved of our qualifications.**

**Additional information about CMTAM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2 – Material Changes**

There were material enhancements made to Item 8 of this Part 2A of Form ADV (this “Brochure”) since the last version was filed, regarding the risks relating to our investment strategy. Certain non-material changes were also made to this Brochure. Consequently, we encourage you to read the Brochure in its entirety.

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## **ITEM 4 – Advisory Business**

### **Item 4.A.**

CMT Asset Management LLC is a Delaware limited liability company that became registered with the SEC as an investment adviser on December 14, 2017. Our principal place of business is 156 N. Jefferson Street, Suite 102, Chicago, Illinois 60661.

We were formed in September 2017 as part of a trading and investments complex founded in 1997 by Scott A. Casto and Jan-Dirk Lueders (the “Principals”). We are wholly owned by our managing member, CMT Digital Holdings LLC, a Delaware limited liability company (“CMT DH”). CMT DH is, in turn, wholly owned by GTO LLC, a Delaware limited liability company. The principal owners of GTO LLC are the Principals. In connection with managing assets for our clients, we use the investment personnel, infrastructure, and support provided by our affiliates (collectively, the “CMT Group” and together with CMT Asset Management LLC, “CMT”).

### **Item 4.B.**

CMTAM is an investment management firm that provides advisory services to privately offered pooled investment vehicles (“Funds”). CMTAM also provides advisory services to high net worth individuals and institutional investors (together with Funds, “Clients”) through separately managed accounts (“Accounts”). We generally have broad and flexible investment discretion with respect to the investment decisions we make for our Clients.

We provide investment management services to each Client based on the particular investment objectives and strategies of that Client. The investment objectives and strategies of a Fund are described in the Fund’s organizational and offering documents (collectively, “Offering Documents”). The investment objectives and strategies of an Account are set forth in an investment management or similar agreement (“Account Agreement”) between us and the relevant Client. Please see Item 8 for additional details.

### **Item 4.C.**

As a general matter, CMTAM neither tailors its advisory services to the individual needs of underlying investors in a Fund (“Investors”), nor accepts Investor-imposed investment restrictions. When deemed appropriate, CMTAM has in the past and may in the future establish one or more customized investment funds or Accounts, which (i) tailor their investment objectives and/or (ii) are subject to different terms (including fees and liquidity) than those of the Funds. Such investment objectives and terms will be individually negotiated, and it should be noted that any such future separately managed account relationships would generally be expected to be subject to significant account minimums.

### **Item 4.D.**

CMTAM does not participate in wrap fee programs.

**Item 4.E.**

As of December 31, 2023, our regulatory assets under management were approximately \$397,115,287. This represents the amount of client assets that we manage on a discretionary basis, calculated in accordance with the method for calculating regulatory assets under management set forth in the instructions to Part 1A of SEC Form ADV. For a description of the manner in which we characterize accounts as “discretionary,” see Item 16 below. We do not currently manage any client assets on a non-discretionary basis. For the avoidance of doubt, we do not include the proprietary assets of our affiliates in the calculation of our regulatory assets under management pursuant to previous guidance we received from the SEC’s staff.

## **ITEM 5 – Fees and Compensation**

### **Item 5.A.**

CMTAM's fee schedule is omitted because this Brochure is only being delivered to "qualified purchasers" as defined in the Investment Company Act of 1940, as amended ("Company Act"). The fees and expenses that we charge to Clients vary. In the case of a Client that is a Fund, we typically will determine, in connection with launching the Fund, the management fee, carried interest, performance allocation or performance fee (discussed in Item 6), and expenses payable by the Fund and/or its Investors, but will reserve the right, in our sole discretion, to reduce or waive the management fee and/or carried interest, performance allocation, or performance fee payable by the Fund or by any Investor. Each Fund's management fee, carried interest, performance allocation or performance fee, and expenses, and the timing of our receipt of the same, are set forth in detail in the Fund's Offering Documents.

For certain Funds, CMTAM will receive a management fee calculated and payable quarterly in advance based on net asset value, capital commitments, or net capital contributions, as applicable. For certain Funds that are co-investment vehicles – in which Investors and third-party investors invest alongside another Fund – the management fee is calculated and payable on each date on which the Fund either receives any proceeds from distributions, dividends, interest, dispositions, or other similar amounts or makes an in-kind distribution in connection with its winding up.

In the case of a Client that is not a Fund, the management fee, performance fee, and expenses payable to CMTAM by the Client are typically negotiated between us and the Client and are set forth in detail in the Account Agreement.

To the extent a Client invests in other investment vehicles, that Client will not only be subject to the management fee, carried interest, performance allocation or performance fee, and expenses charged by us, but will also be subject to similar asset-based fees, carried interests, performance allocations or performance fees, and expenses charged by those investment vehicles. Fund Investors should refer to the Offering Documents for that Fund for additional information regarding investment vehicles of this type.

We may, in our discretion, manage other Client accounts with higher or lower fees, different fee structures, and/or different expense payment arrangements than those applicable to our existing Clients for whom we currently serve as investment adviser.

We may pay a portion of the fees, carried interest, and/or performance allocations or performance fees we receive from Clients to selling agents, consultants, or other advisers.

**It is critical that Investors refer to their respective Fund's Offering Documents for a complete understanding of how CMTAM is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by the relevant Offering Documents.**

### **Item 5.B.**

CMTAM (or an affiliate) deducts fees from Investors' assets invested in the Funds. Investors do not have the ability to choose to be billed directly for fees incurred.

### **Item 5.C.**

The Funds generally pay the following expenses:

- organizational expenses,
- all costs and expenses incurred in connection with evaluating, acquiring, holding, managing, and disposing its investments (whether consummated or not),
- due diligence expenses (*e.g.*, consulting, legal, appraisal, third-party research, travel, and other costs),
- costs of participating in sales and pre-sales of digital protocols and/or tokens,
- interest expenses,
- broken deal expenses,
- taxes imposed on the Fund as determined by CMTAM,
- custodial fees,
- valuation costs,
- regulatory reporting costs,
- legal and enforcement expenses, including any expenses of the Fund's "partnership representative,"
- insurance expenses,
- expenses and fees incurred in connection with investments in portfolio funds and other investment entities (including management and/or performance compensation paid to the managers of portfolio funds),
- all other costs and expenses relating to the Fund's investments,
- operating and offering costs and expenses, including, but not limited to, routine legal, accounting, audit, tax preparation, administrative (including fees to the administrator), printing, filing, technology, risk management systems, software/hardware, custody/storage (including physical vaults for storage of private keys), and other operating expenses, and
- extraordinary expenses (*e.g.*, indemnification and non-routine legal expenses)

For the avoidance of doubt, the aforementioned expenses include brokerage and other transaction costs. For more information on brokerage practices, please see Item 12.

CMTAM, as the investment manager of an Account, will generally bear onboarding expenses and expenses related to the operation of the Account. The fees and expenses that will be borne by each Client with respect to an Account (if any) are described in the relevant Account Agreement.

**It is critical that Investors refer to the relevant Offering Documents for a complete understanding of fees and expenses they may pay. The information contained herein is a summary only and is qualified in its entirety by such documents.**

**Item 5.D.**

As noted in Item 5.A, above, asset-based fees are generally charged quarterly in advance based on the value of the relevant assets as of the first day of the quarter.

Investors in the Funds do not have the right to withdraw or redeem. The investment management agreements for each Fund terminates at the expiration of the term of the Fund. Account Agreements are subject to their own termination provisions.

It is critical that Investors refer to the relevant Offering Documents for a complete understanding of how they can obtain a refund and withdraw or redeem. The information contained herein is a summary only and is qualified in its entirety by such documents.

**Item 5.E.**

Not applicable to CMTAM.



## **ITEM 6 – Performance-Based Fees and Side-by-Side Management**

In the case of a Client that is a Fund, CMTAM ordinarily will receive a portion of realized profits of the Fund as “carried interest.” In the case of a Client that is not a Fund, we may similarly receive “carried interest” or a performance allocation or performance fee based on net capital appreciation.

Our receipt of carried interest or performance allocations/performance fees from our Clients (and, with respect to Clients that are Funds, from the Investors in such Funds) rewards us for continuing increases in the value of the assets managed by us on behalf of such Client, without directly penalizing us for losses, creating an incentive for us to invest and reinvest the assets of such Client in a manner that is riskier or more speculative than would otherwise be the case. These arrangements also create an incentive for us to favor Clients that pay us greater carried interests or higher performance allocations/performance fees over other Clients that pay us such forms of compensation at lower rates or do not pay us such forms of compensation at all. However, we have a fiduciary duty to act in the best interests of the Funds and the Investors. Further, we will seek to allocate investment opportunities in a manner that we believe treats all Clients fairly over time.

## **ITEM 7 – Types of Clients**

As discussed above under “Advisory Business,” we currently serve as the investment manager for various Funds and Accounts. We may serve as investment manager for other Funds and Accounts in the future and we may serve as investment manager for Clients of all types, including institutional investors (*e.g.*, corporations, partnerships, insurance companies, banking or thrift institutions, charitable organizations, governmental entities, pension and profit-sharing plans, sovereign wealth funds, trusts and estates) and high net worth individuals. Similarly, subject to the considerations set forth in the following paragraph, a Client that is a Fund may offer its interests to institutional investors and high net worth individuals.

Investors in a Fund generally will be required to complete and submit a subscription or commitment agreement binding them to the terms of the Fund’s Offering Documents. A Fund generally will admit only: (A) sophisticated U.S. taxable investors that are both (i) “accredited investors,” as defined in Rule 501(a) of Regulation D under the U.S. Securities Act of 1933, as amended, and (ii) as applicable, “qualified purchasers” (or “knowledgeable employees”), as defined in the U.S. Investment Company Act of 1940, as amended (the “Company Act”), and the rules thereunder, or “qualified clients” as defined in Rule 205-3 under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”), (B) sophisticated non-U.S. investors, or (C) sophisticated U.S. tax-exempt investors that are “accredited investors” and either “qualified purchasers” or “qualified clients,” as applicable.

CMTAM does not currently have a minimum size for a Fund or Account.

## **ITEM 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **Item 8.A.**

We generally employ investment strategies designed to achieve capital appreciation and maximize absolute returns by investing in all types of investment instruments (subject to our compliance with applicable regulatory requirements), including but not limited to: equities and equity-linked securities (including options and warrants for such securities); debt securities (including convertible debt); various types of derivatives, including credit derivatives; swaps, including total return, debt, credit default and equity swaps; options; warrants; forwards; futures; currencies; sovereign debt issued or guaranteed by national, state or provincial governments of various countries; interest rate derivatives; distressed and high yield investment instruments; commodities products and derivatives; and cryptocurrencies (including digital currencies), decentralized application tokens, protocol tokens, other cryptographic tokens or coins, smart contracts, and other “digital” or “crypto” assets or instruments based on blockchain technology, distributed ledger technology, or other similar technologies (“Digital Assets”).

The Funds often invest in early stage privately held companies. CMTAM endeavors to complete a thorough and robust review of each company in which the Funds or any other Client invests. Screening generally starts with a high-level review of the target company, including a review of the company’s marketing materials and a call with management. The target company will then be vetted for certain attributes, as applicable, which may include: (i) total addressable market; (ii) management; (iii) uniqueness; (iv) competitive landscape; (v) quality of investor base; (vi) revenue and growth models; (vii) technology; and (viii) valuation. Further diligence generally includes review of historical and projected financials, a detailed cap table, and, if applicable, a term sheet.

This analysis will typically include calls and meetings with management, current and former employees, customers, suppliers, and competitors, as well as industry analysis and a financial and technology review.

The investment process ultimately concludes with an investment decision made by unanimous vote of the CMTAM Investment Committee, which includes a decision on the amount of capital allocated.

Post-investment, we will typically have multiple opportunities to invest capital into the same company. We continue to closely monitor the Portfolio Companies and are in regular contact with management, with an eye toward adding to investments in target companies that are performing well and cessation of continued investments in those investments performing poorly.

Investing in securities, Digital Assets, and other assets involves risk of loss that investors must be prepared to bear. Prospective investors should speak with their legal, tax, and financial advisors prior to making an investment with CMTAM.

**It is critical that Investors refer to the relevant Offering Documents for a complete understanding of CMTAM’s methods of analysis and investment strategies. The information contained herein is a summary only and is qualified in its entirety by such documents.**

## **Items 8.B. and 8.C.**

### *Risk of Loss*

Investing in securities, Digital Assets, and other assets involves the risk of loss of some or all of an investment. There can be no assurance that we will achieve a Client's investment objective or that a Client will not incur losses. Clients, and Investors in Funds, must be prepared to lose all or substantially all of their investments.

The following is a summary of some of the material risks associated with our strategies. This summary does not attempt to describe all of the risks associated with an investment selected by us.

### *General Risks*

*Venture Capital Investments.* The Funds focus (and other Clients may focus) on early-stage venture capital investments, which is the segment of venture capital with the highest degree of investment risk. Early-stage companies often have limited to no operating history, unproven technology, untested management, and unknown future capital requirements. These companies often face intense competition from other start-up ventures and also from established and more experienced companies with much greater financial and technical resources, marketing and service capabilities, and a greater number of qualified personnel.

*Investing in Private Companies.* The Funds invest (and other Clients may invest) in the equity and equity-related securities (including options and warrants for such securities) of privately held companies. As a result, there generally will be limited or no marketability of those investments, and such investments may decline in value while a Client is seeking to dispose of them. Furthermore, a Client may find it necessary to sell investments at a discount or to sell over extended periods of time when disposing of its portfolio securities. Consequently, these investments generally will not be sold for a number of years and will remain relatively illiquid and difficult to value. The marketability and value of any such investments will depend upon many factors beyond our control.

All investments in private companies involve substantial risks, including, without limitation: (i) adverse or ineffective, as well as inconsistent, alignment of interests among management (including as a result of personal/family rather than business issues); (ii) technological obsolescence; (iii) financial planning misjudgment; (iv) employee or management misconduct; (v) lack of reliable financial information; and (vi) any number of general economic conditions that are beyond our control, such as: changing market sentiment; changes in economic conditions, competition and technology; changes in interest rates; changing economic or political conditions or events; and changes in tax laws and governmental regulation.

*General Start-Up Company Risk.* Certain companies in which the Funds invest (or in which another Client may invest) will involve a high degree of business and financial risk. These companies, in certain cases, may have volatile operating results, operate in rapidly changing business environments, offer products subject to a substantial risk of lack of market acceptance and/or obsolescence, require significant additional capital to support their operations, or otherwise have a weak or unstable financial condition.

Certain of these companies may have highly leveraged capital structures. Investments in such leveraged companies, when compared with investments in similar companies that are not highly leveraged, are at much greater risk in the event of any deterioration in their operating results as well as adverse changes in general economic factors such as increases in interest rates or a downturn in the economy or in the industry sector in which such company operates. If these companies are not able to generate sufficient cash flow to meet principal and interest payments on their indebtedness, the value of an investment in such companies could be significantly reduced or even eliminated.

*Early-Stage Investments; Venture-Stage Investments.* The Funds and other Clients may make seed- and early-stage venture capital investments in companies that are developing and/or utilizing blockchain-enabled technology. Most of these types of investments are made at an early point in a company's life cycle, when a company is newly formed, and may not have any revenue. These "early-stage" or "seed" investments can create value inherent in particular companies or situations that can be realized only with substantial effort or expense. Often the success of the investment will depend not only on the efforts of its management team, but also upon actions of other key individuals, or extraneous factors including political or economic developments over which we have little or no control. Many early-stage companies face significant competition from other firms, both established and start-up, with greater financial resources, more extensive development, manufacturing, marketing, and service capabilities, and a larger number of qualified managerial and technical personnel. In all such cases, the Funds and other Clients will be subject to the risks associated with the underlying businesses engaged in by investments.

Early-stage investments are typically made in companies that are seeking to develop and bring to market new, unproven ideas, business models, and/or technologies. The success of these companies is subject to a number of risks, including, but not limited to: failure to develop or implement the idea, business model or technology as planned; obsolescence; patent infringement and similar claims that prevent the idea, business model or technology from being used or licensed; lack of market acceptance; and loss of key personnel. These companies are typically dependent on the abilities of key individuals, including, but not limited to, founding entrepreneurs, owners or employees with critical technological skills, deep subject-matter expertise, and/or ownership of important patents or other intellectual property, and marketing and financial professionals. The growth and development of early-stage companies may depend on the regular injection of additional capital and financing beyond that which the Funds or another Client is prepared or able to invest. Such financing may not be available from other sources, and if an early-stage company is unable to raise the capital it needs to execute, the value of Clients' investments in such company could be significantly impaired.

Venture stage companies are typically thinly staffed and may lack the internal resources or procedures and controls to detect and prevent accounting errors, or more serious losses caused by the misconduct or negligence of officers, employees or agents. The very significant returns that have been earned in a small portion of venture capital investments have in large part resulted from the completion of highly successful initial public offerings ("IPOs") or acquisitions that have permitted the venture investors to sell their equity interests at multiples of original cost. There can be no assurance that the public securities markets will support an IPO of a venture stage company, that there will be acquisition interest from other companies in the market, or that the venture stage company's fundamentals will warrant an exit on terms that will be attractive for a Client.

*Investment in Publicly Traded Securities.* The Funds or another Client may invest in publicly traded securities and may hold publicly traded securities as a result of a public offering of securities of one or more companies (or as a result of an IPO or other transaction that converts such company's securities into publicly traded securities). Investments in public securities can entail certain risks. For example, CMTAM and its Clients may obtain less information and disclosure about a company whose securities are publicly traded than from a privately held company. Further, the market for publicly traded securities is extremely volatile due to economic conditions, political events, and for many other reasons. Such volatility may adversely affect the ability of the Funds or another Client to dispose of investments or affect the value of investment securities on the date of sale by the Funds or such other Client. Furthermore, notwithstanding the existence of a public market for the securities of a particular company held by the Funds or another Client, publicly traded securities held by the Funds or another Client may be thinly traded or may cease to be traded after the Funds or such other Client invests in them. Any securities that the Funds or another Client holds that are thinly traded may be subject to wider price fluctuations than other companies whose securities are more actively traded, and the spreads between the bid and ask prices of thinly traded securities of these companies may be larger than the spreads for more actively traded securities. There can be no assurance that the Funds' or another Client's investments in publicly traded securities will be profitable, and there is a material risk that they could incur losses from their investments in publicly traded securities.

*Foreign Investments.* The Funds or another Client may invest in companies that are based outside of the United States or the operations of which are primarily outside of the United States. Any investment in a foreign country involves risks not found in the domestic securities market, including, but not limited to, the following: (i) the risk of economic and financial instability in the foreign country, which in some cases may include a collapse in credit markets, stock prices, currencies, and/or consumer spending; (ii) the risk of adverse social and political developments, including, but not limited to, nationalization, confiscation without fair compensation, political, and social instability, and war; (iii) the risk that the foreign country may impose restrictions on the repatriation of investment income or capital or on the ability of foreign persons to invest in certain types of companies, assets, or securities; (iv) risks related to the possible lack of availability of sufficient financial information as a result of accounting, auditing, and financial disclosure standards that differ, in some cases significantly, from those in the United States; (v) risks related to foreign laws and legal systems, which are likely to differ from those of the United States, including, but not limited to, the laws with respect to the rights of investors which may not be as comprehensive or well developed as those in the United States and the procedures for the judicial or other enforcement of such rights which may not be as effective as in the United States; (vi) risks related to the fact that some investments or company operations may be denominated in foreign currencies and, therefore, will be subject to fluctuations in exchange rates; and (vii) risks related to applicable tax laws and regulations and tax treaties, which are likely to vary from country to country and may be less well developed than those in the United States, possibly resulting in retroactive taxation so that a Client could become subject to an unanticipated local tax liability. The profits or losses of the Funds and other Clients from any investment, as measured in U.S. dollars, will be affected by fluctuations in currency exchange rates and exchange control regulations as well as by the success of the investment itself. In addition, the Funds and other Clients may incur costs in connection with conversions between various currencies.

*Regulated Industry Investments.* Investments in companies with technology-enabled business models may conduct operations, directly or indirectly, in industries that may become subject to extensive United States federal, state, and local legal and regulatory requirements, as well as non-U.S. legal and regulatory requirements. Certain regulations may prevent the Funds or another Client from making certain investments that they would otherwise make. Other regulations may cause the Funds or another Client to incur substantial additional costs or lengthy delays in connection with the completion or disposition of an investment.

*Restrictions Imposed on Exit Strategies.* Even if an exit strategy — for example, an IPO — is able to be implemented with respect to an investment in a private company, the Funds or any other Client — as an early-stage investor — may be subject to material “holdback” restrictions which would limit the Funds’ or such other Client’s ability to sell such investment in the public markets and may result in a decrease in the price of the company’s securities below the price at which the Funds or such other Client would initially have been able to sell if they had not been subject to such holdback.

*Dilution.* Investing in private companies is subject to the risk of material dilution. This dilution can result from the company’s unanticipated need for additional financing, foreclosure by creditors, adverse litigation outcomes draining the company’s resources, and numerous other factors. Because private companies often have limited financial resources and access to additional capital, events which could be more easily absorbed by larger capitalization public companies can force private companies to take steps which result in the positions of existing investors being severely comprised, and often without existing investors having the opportunity to maintain their investments by making an additional investment. The Funds or another Client implementing a venture capital strategy may correctly identify and successfully invest in a company with significant profit potential but then may find its position significantly diluted by subsequent financing activity.

*Market Risk.* Overall market or economic conditions — which we cannot predict or control — may have a material effect on the performance of the Funds’ or another Client’s investment program. The market value of the companies invested in by the Funds or other Clients (“portfolio companies”) and their ability to succeed may be affected by, among other things: changing supply and demand; changes in interest rates; governmental laws, regulations, and enforcement activities; trade, fiscal, and monetary programs and policies; and national and international political and economic developments. None of these conditions is within our control and no assurances can be given that we will anticipate these developments. These factors may affect the price, level, volatility, and liquidity of investments held by the Funds and other Clients. There can be no assurance that what is perceived as an investment opportunity will not, in fact, result in substantial or total losses due to one or more of a wide variety of factors.

*Risks Related to Natural Disasters, Epidemics, Terrorist Attacks and Conflicts Generally.* Countries and regions in which the Funds invests, where CMTAM has its offices or where CMTAM or its clients otherwise do business are susceptible to natural disasters (e.g., fire, flood, earthquake, storm and hurricane) and epidemics, pandemics (including the current COVID-19 pandemic) or other outbreaks of serious contagious diseases. COVID-19 is likely to have a materially adverse impact on global, national and local economies in the immediate future and such negative impact is likely to persist for some time. The occurrence of a natural disaster or an

epidemic could adversely affect and severely disrupt the business operations, economies and financial markets of many countries (even beyond the site of the natural disaster or epidemic) and could adversely affect CMTAM's, a Fund's or a portfolio company's ability to conduct its routine business. In addition, terrorist attacks, civil unrest or the fear of or the precautions taken in anticipation of such attacks or unrest, could, directly or indirectly, materially and adversely affect specific businesses and certain industries in which the Funds invest or could affect the countries and regions in which the Funds are invested, where CMTAM has its office or where CMTAM or the Funds otherwise do business. Other acts of war (e.g., war, invasion, acts of foreign enemies, hostilities and insurrection, regardless of whether war is declared) and any geopolitical response (e.g., sanctions) could also have a material adverse impact on the financial condition of businesses, industries or countries in which CMTAM invests Fund assets. Furthermore, natural disasters, epidemics, terrorists attacks, civil unrest or acts of war can each have the effect of compounding or exaggerating the impact of any of the specific investment risks noted above on CMTAM's operations and Fund investments.

*Dependence on Portfolio Company Management.* The successful operation of a portfolio company will generally depend heavily on the skills and performance of a small management team, the members of whom will often have limited or no prior experience managing an enterprise. There can be no assurance that the Funds' or any other Client's involvement with a portfolio company will be sufficient or effective enough to protect the Funds' or other Client's investment in such portfolio company. There can be no assurance that the management of a portfolio company will perform satisfactorily, and any failure to perform could materially and adversely affect a Client's investment in such portfolio company. There also can be no assurance that a portfolio company will be successful in retaining key members of its management team, the loss of whom could have a material adverse effect on the Funds' or other Client's investment in such portfolio company. Although we will monitor the performance of each investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although CMTAM generally intends to select companies with strong management, there can be no assurance that the existing management of such companies will continue to operate a company successfully.

*No Assurance of CMTAM's Success in Identifying Investments.* There can be no assurance that CMTAM will be able to locate suitable investments for its Clients. CMTAM's success in locating suitable investments will depend in part on the reputation and relationships of CMTAM's investment team. If the reputation or relationships of any of these parties is negatively affected, this may adversely impact the ability of CMTAM to locate suitable investments. Apart from Warehoused Investments (as defined below), CMTAM may not have identified the specific investments to be made on behalf of a Client, and, as a result, Fund Investors in or Account holders will not have the opportunity to personally evaluate the relevant economic, business, financial, and other information which will be used by CMTAM in making investment decisions. Although CMTAM will attempt to make investments on behalf of its Clients, there is no assurance that such investments can be identified. Market and other conditions may CMTAM's Clients to make investments that offer a lower rate of return or involve a higher degree of risk than described herein. Furthermore, other venture capital fund and market participants may have access to more and better investment opportunities than CMTAM. If CMTAM does not obtain sufficient deal flow of high-quality investment opportunities for its Clients, the investment returns for such Clients may be negatively impacted.



*No Assurance of Returns.* There can be no assurance that Investors in the Funds or non-Fund Clients will receive distributions from such Funds or Accounts in amounts equal to their investment in such Funds or Accounts. The timing of profit realization, if any, is highly uncertain. A Client's operating costs, including any management fees payable to CMTAM, may exceed the Client's income, thereby requiring the difference to be paid out of the Client's capital. In the case of the Funds, most of the capitalization of such Funds, except for operating cash reserves and funds set aside for follow-on investments in portfolio companies and investments then in process, are expected to be invested or committed during the applicable investment period. The respective expenses of the Funds, in their early years, will likely exceed their respective incomes. Such losses will reduce each such Fund's capital. It is possible these losses may never be recovered.

*Leverage.* Private companies in which the Funds or another Client may invest may use leverage (*i.e.*, taking on debt) to fund operations. The Funds or another Client may not have consent rights regarding the debt obtained by these companies and may not be able to control, or even be consulted regarding, the use of additional leverage (that is, additional borrowing) by a private company in which the Funds or another Client may invest. The greater the leverage used by a portfolio company, the greater such portfolio company's debt service obligations as well as exposure to changes in interest rates. Furthermore, the debt issued by start-up companies is often secured by some or all of the companies' underlying assets, so that if there is a default on such debt by a company, the creditors may take possession of some or all of the company's assets, potentially resulting in a complete loss for equity holders such as the Funds or another Client.

*Bridge Financing.* From time to time, the Funds or another Client may make loans to portfolio funds on a short-term, unsecured basis in anticipation of the closing of a contemplated permanent investment transaction. It is possible, for reasons not always in a Client's control, that the subsequent permanent investment transaction never occurs, and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured loan.

*Non-controlling Investments.* The Funds or another Client may hold a non-controlling interest in its portfolio companies and, therefore, may have limited influence and/or access to financial or operating information. Such a portfolio company may have economic or business interests or goals that are inconsistent with those of the Funds or another Client, and the Funds or such other Client may not be in a position to limit or otherwise protect the value of its investment in such portfolio company (although, as a condition of making such investments, the Funds or such other Client may attempt to negotiate appropriate shareholder rights to protect their investments). In these cases, the Funds or such other Client will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the Funds or such other Client are not affiliated and whose interests may conflict with the interests of the Funds or such other Client.

*Concentration Risk; Lack of Diversification.* The Funds will, and other Clients may, invest in a limited number of portfolio companies that are developing and/or utilizing blockchain-enabled technology, including, but not limited to, portfolio companies engaged in or planning to engage in businesses focused on or related to Digital Assets and related technologies. As a result, the investments of the Funds will, and those of other Clients may, be concentrated, which increases the risk of loss. The failure of one or more portfolio companies in which the Funds are, or another

Client is, invested could make it very difficult for them to achieve their investment objective or avoid incurring substantial or total losses. Because the Funds will, and other Clients may, be further concentrated in certain direct or indirect Digital Assets, directly or indirectly, their overall risk level will be highly correlated to the markets related to Digital Assets. We do not intend to follow any formal diversification policies in our trading on behalf of the Funds. The Funds and other Clients may overweight or underweight direct or indirect exposures to certain Digital Assets, which may cause their performance to be more or less sensitive to developments affecting certain Digital Assets. The market value of the Funds' and other Clients' investments may be highly correlated in certain market conditions. In certain conditions, such investments could experience substantial or total losses due to market, regulatory, or other events that broadly impact the markets related to Digital Assets. This could lead to substantial or total losses for the Funds and other Clients.

*Pre-Closing or "Warehoused" Investments.* Certain of the Funds' or other Clients' investments may be investments which were initially made by CMT, the Principals, and/or another investment entity managed or advised by them and were subsequently transferred to the Funds or other Clients on or shortly after the applicable Fund's or other Client's initial closing date (such investments, "Warehoused Investments"). It is intended that any such Warehoused Investments be transferred to the Funds or other Clients for an amount equal to their acquisition cost (including any fees, expenses, and costs incurred in connection therewith). Given the illiquid nature of Warehoused Investments, it is impossible to know their true fair market value at the time they are purchased by a Client, which value may be substantially less (or more) than the price at which the Client is purchasing such asset. As such, the Funds and other Clients will be assuming the risk of fluctuations in fair market value of Warehoused Investments from the date such assets were initially acquired by them.

*Principal Transactions; Cross Trades; Other Related-Party Transactions.* CMTAM or its affiliates may enter into "principal transactions" (including swaps) with a Fund within the meaning of Section 206(3) of the Advisers Act in which CMTAM or such affiliate acts as principal for its own account with respect to the sale of a security to or purchase of a security from the Fund. In analyzing such principal transactions, CMTAM will have a conflict between acting in the best interests of the Client and assisting itself or its affiliates by selling or purchasing a particular security. Such principal transactions will only be made in compliance with applicable law and, if required or appropriate in the case of a Fund, the making of appropriate disclosure to and receipt of consent from either (i) a majority-in-interest or (ii) advisory board (if any). Any principal transactions will be effected at fair market value.

CMTAM may also cause a Fund to purchase securities or other assets from or sell securities or other assets to, or engage in other transactions with, other CMT accounts when CMTAM believes such transactions are appropriate and in the best interests of the Fund. In the event CMTAM wishes to reduce the investment of one or more of such funds in a security or other asset and increase the investment of other funds in such security or other asset, it may effect such transactions by directing the transfer of the securities or other assets (or the economics thereof) between funds. CMTAM may also cause a Fund to purchase or sell an investment that is being sold or purchased, respectively, at the same time by CMTAM, its principals, their respective affiliates, and/or another CMT account.

In addition, a Fund may invest in subsequent rounds of financing for portfolio companies in which CMTAM, the Principals, their respective affiliates, and/or another CMT account have made a prior investment. With respect to recommending any such investment for a Fund, CMTAM will be conflicted between acting in the best interest of CMTAM, the Principals, their respective affiliates, and/or another CMT account (as applicable), on the one hand, and the Fund and Investors, on the other hand.

*Cybersecurity.* CMTAM and its service providers, counterparties and other market participants on whom they rely increasingly depend on complex information technology and communications systems to conduct business functions. A number of different threats or risks to these systems exist and could adversely affect the Clients, despite the efforts of CMTAM or its service providers, counterparties and other market participants to adopt technologies, processes and practices intended to mitigate these risks and protect the security of its computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Clients. For example, unauthorized third parties may attempt to improperly access, modify or disrupt the operations of or prevent access to these systems of CMTAM or its service providers, counterparties and other market participants within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of systems to disclose sensitive information in order to gain access to CMTAM's data or that of its investors. A successful penetration or circumvention of the security of CMTAM's systems or the systems of its service providers, counterparties or other market participants could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, CMTAM, their service providers, their counterparties and other market participants on whom CMTAM relies to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

#### *General Risks Relating to Digital Assets*

*Digital Assets Generally.* The Funds and other Clients may invest, directly or indirectly, in or through certain decentralized applications, digital protocols and/or Digital Assets, which may include, but are not limited to, sales and pre-sales of certain Digital Assets, whether by simple agreement for future tokens ("SAFTs"), token issuance agreements, or other methods, including, but not limited to, initial coin offerings ("ICOs"), security token offerings ("STOs"), and initial exchange offerings ("IEOs"). Digital Assets are a new and evolving asset class. The characteristics of particular Digital Assets within the "class" may differ significantly, and the investment characteristics of Digital Assets as an asset class differ from those of traditional currencies, commodities, or securities. Digital Assets present a constantly changing environment in which the associated risks are also constantly changing. Accordingly, the discussion of risks herein, which may become outdated shortly after the date hereof, is only a summary of certain aspects of the risks associated with investing in Digital Assets and does not purport to be exhaustive. Some of the risk factors discussed herein related to ICOs may also apply to STOs and IEOs. Digital Assets were only introduced within the past few decades, and an investment in a Fund or other Client is subject to a number of factors relating to the capabilities and development of blockchain technologies, such as the infancy of their development, their dependence on the internet and other

technologies, their dependence on the role played by miners and developers, and the potential for malicious activity, among other factors.

Digital Assets can be distinguished from “fiat” currency, which is issued and backed by a sovereign government. Digital Assets are generally not backed by a central bank or a national, supra-national, or quasi-national organization, any hard assets, human capital, or other form of credit, and may bear no resemblance to currency at all. Supply and the validity of transactions are determined by a computer code, not by a central bank or other trusted intermediary, and prices have been extremely volatile. Digital Assets may have no inherent value. Rather, Digital Assets exist on online, distributed networks (“Digital Networks”) that endeavor to act as a tamper-resistant and tamper-evident record of all transactions in the underlying Digital Asset. Digital Assets and the underlying Digital Networks are intrinsically linked and inseparable; Digital Networks facilitate the creation of, and records of ownership of, the underlying Digital Assets. The records created by Digital Networks are generally referred to as “blockchains” because each set of verified transactions is added as a new “block” to an existing chain of blocks that comprises the entire record of transactions from the inception of the particular Digital Network. The lack of any central authority, which is a central feature of most Digital Assets and Digital Networks, may become a serious issue in the event that problems arise with respect to the Digital Asset, as there will be no trusted central authority to resolve such problems. Because Digital Networks and Digital Assets (and related instruments) are inherently digital, the risk of hacking, cyber-attacks and other cybersecurity threats are amplified and omnipresent.

Digital Assets are generated and traded according to the Digital Network protocols established with respect to such Digital Assets. There can be no assurance that such protocols do not have undiscovered flaws that may allow for such Digital Assets to be compromised, resulting in the loss of some or all of the Funds’ or other Clients’ direct or indirect investments in such Digital Assets. In addition, Digital Assets often rely on cryptographic and other computational security measures that may become obsolete, including because of advances in computing technology. Such Digital Assets may experience periods of disruption or become subject to manipulation as new technologies become available or during periods of disparate adoption of new hardware, software, or protocols.

*Risks of Staking.* The Funds or other Clients may at times seek to generate returns by “staking” various Digital Assets that rely in total or in part on a “proof of stake” method of achieving a distributed consensus or by participating in a decentralized application that involves staking (such as a liquidity pool or decentralized autonomous organization). Proof of stake consensus mechanisms do not rely on resource intensive calculations to validate transactions and create new blocks in a blockchain; instead, the creator of the next block is determined by reference to the amount of tokens a user has “staked” and the amount of time it has been “staked,” which generates payments to such user in the form of additional Digital Assets. In order to maximize returns, staking typically requires an investor to obtain a sizable position in the Digital Asset and may prevent that position from being liquidated at advantageous times. While one purported advantage of a “proof of stake” system is that it is far less energy intensive than a “proof of work” system, some believe this may result in lower barriers for entry, which may allow for increased participation by malicious actors with small stakes that attempt to manipulate the blockchain or increase the risk that the Digital Asset will experience one or more forks, which could impact its value. Others believe that power in “proof of stake” systems will coalesce over time into the hands

of large centralized custodians and exchanges, jeopardizing a Digital Network's decentralized properties and negatively impacting the value of related Digital Assets.

In certain proof of stake Digital Networks, as well as in decentralized applications involving staking, network or application founders and related persons may retain large amounts of the native Digital Asset used for staking, which large positions may result in such persons having an effective veto or ability to control the Digital Asset or its associated Digital Network or decentralized application. As returns associated with staking are connected to the amount of the wealth staked, "proof of stake" systems may encourage hoarding of the Digital Asset. However, as is true with blockchain technologies generally, "proof of stake" networks are a novel technology and have limited history of being implemented and tested at large scale. Accordingly, assumptions about the relative strengths and weaknesses of proof of network systems may prove to be inaccurate or incorrect, and "proof of stake" networks may also be subject to unanticipated user behaviors and risks.

Certain "proof of stake" networks and decentralized applications involving staking require staked Digital Assets to be "locked," resulting in a loss of liquidity while staked. There may be no guarantee that staking rewards will be paid, and/or the amount of staking rewards may change without notice. While Digital Assets are staked, the Funds or other Clients may not be able to liquidate such Digital Assets or otherwise take advantage of favorable trading opportunities. Digital Assets used in staking on decentralized applications are often subject to significant volatility and their market price may be artificially inflated by bad actors, leading to potential losses for stakers. Certain "proof of stake" networks also impose penalties, often referred to as "slashing," in the event network validators do not act appropriately, that may result in the loss of staked Digital Assets.

A network's or application's slashing penalty can range anywhere from 0.1% of staked assets (or less) for a minor offence, to 100% of staked assets in the event of a gross act of misconduct that threatens the security of the network or application. If a Fund or other Client leverages third-party infrastructure and services to participate in the validation process or to stake in a decentralized application, there is a reasonable degree of risk that the chosen third parties will be subjected to slashing penalties, which will result in the unrecoverable loss of a Fund's or other Client's staked assets. Additionally, the act of delegation or liquidity provision across various decentralized finance protocols using third-party integration services is subject to the risk of loss through infrastructural vulnerabilities of the underlying Digital Network, whether through normal or erroneous function, primary and secondary smart contract vulnerabilities or the actions of a malicious third party. The loss of Digital Assets through any of the aforementioned mechanisms could result in a reduction in the value of a Fund's or other Client's Digital Asset investments.

*Digital Asset Exchanges and Trading Venues.* While certain Digital Assets may be traded through one or more trading platforms or "exchanges" of varying quality, Digital Assets as a class do not have a central marketplace for exchange. Digital Asset exchanges on which Digital Assets may trade pose special risks, as these exchanges are generally new and the rules governing their activities are unsettled and their activities may be largely unregulated or under-regulated, and may therefore be more exposed to theft, fraud, and failure than established, regulated exchanges for other products. Digital Asset exchanges may be start-up businesses with limited institutional backing, limited operating history, and no publicly available financial information. Digital Assets

traded on a blockchain do not rely on a trusted intermediary or depository institution. The participation in exchanges requires users to take on credit risk by transferring Digital Assets from a personal account to a third-party's account. Accordingly, a user like the Funds or another Client is exposed to credit risk with respect to its counterparties in each transaction, including transactions directly with a counterparty sourced through an exchange, as well as transactions directly with such an exchange.

Digital Asset exchanges may impose daily, weekly, monthly, or other periodic or customer-specific transaction or distribution limits or suspend withdrawals/redemptions entirely, which may render the exchange of Digital Assets for fiat currency difficult or impossible. Further, certain exchanges may create delays in paying out proceeds of sales of Digital Assets or may experience substantial delays in confirming settlement of Digital Asset transactions. Any such limitations may prevent the Funds or another Client from entering into transactions that it would have otherwise entered into, which may have an adverse impact on an investment in the Funds or another Client.

Additionally, Digital Asset prices and valuations on exchanges have been volatile and subject to influence by many factors, including, among others, the levels of liquidity on exchanges and operational interruptions and disruptions. It is possible that Digital Asset exchanges utilized by the Funds or another Client could at any time and without notice voluntarily or involuntarily cease or suspend operations in response due to theft, fraud, security breaches, liquidity issues, or government investigations, potentially without any recourse to investors. In addition, banks may refuse to process wire transfers to or from exchanges. Prices and valuations of Digital Assets may be impacted by volatility experienced by exchanges, and any such volatility can adversely affect the Funds' or another Client's investments.

Digital Asset exchanges are appealing targets for cybercrime, hackers, and malware and have been shut down or experienced losses of assets placed on the exchange as a result of cybercrime, and any such event is likely to result in the complete loss of assets placed on such an exchange. Any governmental or regulatory action against such an exchange may cause assets on such exchange to become frozen for a substantial period of time or forfeited and could result in material opportunity costs or even in the total loss of such assets. In addition, banks may refuse to process or support wire transfers to or from exchanges.

While we intend to perform diligence on the Funds' and another Client's counterparties and any Digital Asset exchanges that they may use, it may be difficult, or even impossible, to sufficiently verify the ultimate ownership and control of a Digital Asset exchange and other information for evaluating the risks associated with such counterparty or exchange. Any of the Funds' or another Client's assets that reside on an exchange that shuts down may be permanently unrecoverable, misapplied or otherwise lost. Any financial, security, or operational difficulties experienced by Digital Asset exchanges may result in an inability of the Funds or another Client to recover money or Digital Assets being held by the exchange, or to pay investors upon withdrawal/redemption. Further, the Funds or another Client may be unable to recover Digital Assets awaiting transmission into or out of its account, all of which could adversely affect an investment in the Funds or other Funds or non-Fund Client accounts. Additionally, to the extent that the Digital Asset exchanges representing a substantial portion of the volume in Digital Asset trading are involved in fraud or experience security failures or other operational issues, such Digital Asset exchanges' failures may

result in loss or less favorable prices of Digital Assets or may adversely affect the Funds or another Client and its operations and investments.

Traditional securities and derivatives exchanges have listing requirements and vet issuers, requiring them to be subjected to rigorous listing standards and rules, and monitor investors transacting on such platform for fraud and other improprieties. These conditions may not be replicated on a Digital Asset exchange with less regulatory oversight than a traditional exchange's controls and other policies. Digital Asset exchanges that do not maintain high standards and controls for vetting users that transact on the platform may be exposed to higher risk of fraud or manipulation. These factors may decrease liquidity or volume, or increase volatility of Digital Assets, which may adversely affect the performance of the Funds or another Client.

*Decentralized Digital Asset Trading Platforms.* The Funds or other Clients may also use decentralized exchanges, a type of DeFi application, to effect some portion of its transactions in Digital Assets. Decentralized exchanges may be implemented in a variety of manners, including some that are purely technical (e.g., based on smart contracts) or others that require substantial intervention by one or several parties (to perform verifications of parts of the transaction) and they generally facilitate direct trades between participants using software protocol without the use of a third party to provide a custodian for some or all of the assets involved in the transaction. Decentralized exchanges present risks that are different than those associated with using a centralized exchange. As with any Digital Asset exchanges, decentralized exchanges may include bugs that expose a Client's Digital Assets to the risk of being lost or stolen. Flaws in the protocols or structure of such exchanges may expose trading information in a manner that allows other entities or individuals to front-run orders or transactions or otherwise cause harm to, or profit at the expense of, a Client.

Decentralized exchanges may be created in part to avoid potential regulation and to mask the identity of participants. As such, decentralized exchanges may attract bad actors. Accordingly, compared to centralized Digital Asset exchanges, there may be an increased counterparty risk and increased risk of theft, fraud or loss when using such an exchange, and compliance with laws and regulations relating to AML/CFT, sanctions and export controls may be difficult or in some cases, impossible. Due diligence on decentralized exchanges may be limited insofar as there may be no intermediary organization to subject to such diligence—only the exchange itself, its protocols and, to the extent such information is available, the persons responsible for developing the exchange. The decentralization of an exchange and the lack of regulation means that there is no intermediary or regulator from which one might seek recourse or remedy in the event of any disruptions in the expected performance of such exchanges.

Decentralized exchanges and the lack of a central custodian responsible for security and maintaining the protocols on which the exchange operates may make them easier targets and potentially increase the risk of cyberattacks and manipulation.

Currently, decentralized exchanges generally offer limited functionality as compared to centralized exchanges, often including an inability to accommodate certain order types (e.g., limit orders) or transaction types (e.g., inter-chain trading or converting Digital Assets to fiat currency). Decentralized exchanges also currently suffer from limited trade volume, which can be expected

to reduce the liquidity of the assets traded on the exchange and the ability of a Client to exchange assets thereon.

*Custody Risk.* To the extent that a Fund or another Client invests directly in Digital Assets, the Fund or other Client will hold such interests in a manner intended to satisfy applicable regulatory requirements. CMTAM may maintain custody of any directly held Digital Assets, by generating the private keys that control movement of the specific Digital Assets. Digital Asset exchanges may also require CMTAM to provide control of the private keys when the exchange is utilized by a Fund or another Client. CMTAM is responsible for taking such steps as it determines, in its sole judgment, to be required to maintain access to these keys and prevent their exposure from hacking, malware, and general security threats. See “*Lack of Access Due to Loss of Private Keys*” below. To the extent that a custodial security system is penetrated, any loss of a Fund’s or another Client’s interests in Digital Assets may result in a loss of capital. In addition, traditional counterparty risk, including financial difficulty, fraud, or misrepresentation at one of these institutions, could impair the operational capabilities or capital position of a Fund or another Client. Due to the unique characteristics of Digital Assets and the lack of legal precedent, there are significant legal questions surrounding how custodial and other arrangements to safeguard Digital Assets would be treated in a court proceeding arising from an adverse event (e.g., fraud, loss, theft, or bankruptcy). Furthermore, as compared to many common arrangements to safeguard assets for third parties, there are significantly fewer regulatory requirements for holding Digital Assets or entities may not be complying with regulatory requirements that do apply, which results in increased risks to Clients.

*Smart Contract Risk.* Smart contracts are programs that run on certain Digital Networks, such as Ethereum, that execute automatically when certain conditions are met. Like all software code, smart contracts are exposed to risk that the code contains a bug or other security vulnerability, which can lead to loss of assets that are held in or transacted through the contract. Since smart contracts typically cannot be stopped or reversed, vulnerabilities in their programming can have damaging effects.

Smart contracts are integral to many decentralized finance activities, and therefore such decentralized finance activities are subject to risks related to errors, bugs, or other vulnerabilities and problems with the development and deployment of smart contracts. See “*Decentralized Finance (“DeFi”) Risks*” below. For example, in August 2020, Yam Finance, a decentralized finance application that allowed users to stake various Digital Assets in exchange for YAM tokens announced that the protocol had a critical bug. Following the announcement, the value of YAM dropped by over 99%. Errors or problems with the smart contracts related to a Client’s investment activities could result in losses.

*Decentralized Finance (“DeFi”) Risks.* Decentralized Finance (or “DeFi”) refers to a variety of blockchain-based applications or protocols that provide for peer-to-peer financial services using smart contracts and other technology rather than such services being offered by central intermediaries. Common DeFi applications include borrowing/lending Digital Assets and providing liquidity or market making in Digital Assets. Because DeFi applications rely on smart contracts, any errors, bugs, or vulnerabilities in smart contracts used in connection with DeFi activities may adversely affect such activities. See “*Smart Contract Risk*” above. Further, DeFi lending is subject to counterparty risk and credit risk, but because lending is often automated



through the DeFi protocol, such risks may be exacerbated, particularly if there are flaws in DeFi protocol's code or operation.

DeFi applications may involve regulated financial products or regulated activities. However, because of their decentralized nature, there is generally no entity subject to regulatory supervision. Accordingly, a Fund's or other Client's use of DeFi applications may be subject to more risks than engaging in similar activities through regulated financial intermediaries. In addition, in certain decentralized protocols, it may be difficult or impossible to verify the identity of a transaction counterparty necessary to comply with any applicable anti-money laundering, countering the financing of terrorism, or sanctions regulations or controls.

In parallel with the use of Digital Assets, DeFi applications and protocols are subject to an uncertain regulatory environment. In part due to its early-stage nature, DeFi is subjected to intense scrutiny from financial regulators and governments, who, for the most part, find the complexities in the technology and the idea of a lack of identifiable regulated intermediaries, extremely challenging. Accordingly, the use of DeFi applications may be subject to more risks than engaging in similar activities through regulated financial intermediaries. As DeFi applications and protocols become more popular and gain adoption, the response of regulators to DeFi products will become an increasing risk. *Attacks on Decentralized Applications.* The complexity and interconnectedness of Digital Asset networks, applications, and economic systems enables new forms of malicious attacks that leverage a feature or vulnerability of one system to attack another. Such an attack may take the form of a temporary manipulation of the price of certain Digital Assets that trigger second order behaviors, such as automatic collateral liquidations on decentralized applications or Digital Asset trading platforms. Such an attack could adversely affect a Client.

A malicious actor can exploit the structure of one or a series of smart contracts or applications in ways that do not technically constitute exploitation of a "bug" or flaw in the smart contract or application. For example, such an exploit has occurred repeatedly in the Ethereum DeFi ecosystem, whereby a decentralized exchange or lending application is designed to reference an external pricing source of a particular Digital Asset to determine when to liquidate collateral. By manipulating the price of the particular Digital Asset on a third-party platform (such as a Digital Asset trading platform), the pricing source used by the decentralized trading platform or application is consequently manipulated, which then leads to uneconomic collateral liquidations on the decentralized trading platform or application. Such liquidations may be processed automatically and could result in losses.

#### *Risks Relating to Digital Assets: Trading*

*Digital Asset Exchanges with Non-U.S. Operations.* There are a limited number of Digital Asset exchanges in operation, and many operate in jurisdictions outside of the United States. Trading on Digital Asset exchanges outside of the United States may involve certain risks not applicable to trading on Digital Asset exchanges that operate in the United States. Foreign markets may be subject to instability, temporary closures due to fraud, business failure, local capital requirements or government-mandated regulations. Digital Asset exchanges located outside the United States may not be subject to regulatory, investigative, or prosecutorial authority through which an action or complaint regarding missing or stolen Digital Assets may be brought. Additionally, due to lack of globally consistent treatment and regulation of Digital Assets, certain exchanges located outside

the United States may not be currently available to or may in the future become unavailable to certain persons or entities based on their country of domicile, including the United States. The Funds or another Client may have access to fewer Digital Asset exchanges than it otherwise would have had it pursued a different investment strategy. The Funds or another Client may also have difficulty in successfully pursuing claims in the courts of such countries or enforcing in the courts of such countries a judgment obtained by it in another country. In general, certain less developed countries lack fully developed legal systems and bodies of commercial law and practices normally found in countries with more developed market economies. These legal and regulatory risks may adversely affect the Funds or another Client and their respective operations and investments.

*Risks of Buying or Selling on Digital Assets.* The Funds or another Client may use fiat currency or Digital Assets to purchase other Digital Assets. Many Digital 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,” which signature serves as validation that the transaction has been authorized by the owner of such Digital Asset. It is possible that, through computer or human error, or through theft or criminal action, such Digital Assets or cash could be transferred in incorrect amounts or to unauthorized third parties. To the extent that the Funds or another Client is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received such Digital Assets or cash (through error or theft), it will be unable to recover incorrectly transferred Digital Assets or cash, and such losses will negatively impact it. Certain Digital Asset exchanges may place limits on the Funds’ or another Client’s transactions, or the Funds or another Client may be unable to find a willing buyer or seller of Digital Assets. To the extent the Funds or another Client experiences difficulty in buying or selling Digital Assets, there may be delays in liquidation of its Digital Assets—adversely affecting its net asset value.

*Uncertainty of Digital Asset Valuations.* Due to the nature of the Funds’ or another Client’s direct or indirect investments in Digital Assets, the valuation of the Funds’ or another Client’s assets and liabilities may be subject to considerable uncertainty. Such uncertainties could have an impact on the valuation of an investment in the Funds or on the valuation of non-Fund Clients’ accounts, should judgments by CMTAM as to proper valuations prove incorrect, resulting in revaluations of the Funds’ assets.

*Legal and Regulatory Uncertainty.* The value and liquidity of Digital Asset markets will be influenced by new laws, regulations, policies and guidance which may vary significantly among international, federal, state and local jurisdictions and are subject to significant uncertainty. The regulatory environment for Digital Assets is constantly evolving, and new regulations or policies may materially adversely affect the Funds’ or another Client’s ability to invest in Digital Assets. Regulation of Digital Assets may also vary significantly among international, federal, state, and local jurisdictions and is subject to a level of uncertainty. Various legislative and executive bodies in the United States and in other countries may in the future adopt laws, regulations, or guidance, or take other actions, which may severely impact the use of Digital Assets generally and the technology behind them or the means of transacting in or transferring them. Our failure, or failure

by the Funds or another Client, to comply with any current or future laws, rules, and regulations, some of which may be subject to change, could result in a variety of adverse consequences.

Digital Assets currently face an uncertain regulatory landscape in not only the United States but also in many foreign jurisdictions such as the European Union (“EU”) and China. Various foreign jurisdictions may, in the near future, adopt laws, regulations, or directives that affect Digital Networks and their users, particularly Digital Asset exchanges and service providers that fall within such jurisdictions’ regulatory scope. Such laws, regulations, or directives may conflict with those of the United States and may negatively impact the acceptance of Digital Assets by users, merchants, and service providers outside of the United States and may therefore impede the growth of the Digital Asset economy.

The characterization of the Funds’ or another Client’s Digital Assets as regulated financial products may require a Client or CMTAM to register with various government regulators and comply with additional regulations. Such additional registrations and compliance may result in extraordinary, non-recurring expenses and it may not be feasible or possible to comply with the additional regulatory requirements for this and/or other factors. Failure by a Client to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in adverse consequences, including civil penalties and fines. Classification of a Digital Asset as a regulated financial product, such as a security or derivative, could severely limit its liquidity, usability and transactability. Further, it could draw negative publicity and a decline in the general acceptance of the Digital Asset and a corresponding decline in the value of the Digital Asset. In addition, such a classification may make it more difficult for such Digital Asset to be traded, cleared and custodied as compared to other Digital Assets that are not regulated as securities or derivatives.

The effect of any future regulatory change on the Funds or other Clients is impossible to predict, but such change could be substantial and adverse. Due to the global and borderless nature of Digital Asset transactions, there is also considerable uncertainty about which jurisdictions laws and regulations may apply to a particular asset or transaction related to the Funds or other Clients. These and other regulatory uncertainties described herein could have an adverse impact on the Funds or other Clients and on the value of their respective investments.

*Future CFTC or SEC Regulation.* Current and future legislation, CFTC and SEC rulemaking, and other regulatory developments may impact the way Digital Assets are treated for classification and clearing purposes, as well as how they may be held and traded. In particular, various Digital Assets may not be excluded from the definition of a “commodity” or “security” by such future CFTC and SEC rulemaking, respectively. For example, in the United States, the CFTC has stated, and federal district courts have agreed, that virtual currency (*i.e.*, a Digital Asset) is a commodity subject to the CFTC’s fraud and anti-manipulation enforcement authority. In addition, several U.S. federal district courts have held that Bitcoin is a currency or a form of money for certain purposes. Also in the United States, the SEC and its staff have taken the position that certain Digital Assets fall within the definition of a “security” under the US federal securities laws, and current SEC Chair Gary Gensler has stated, and continues to reaffirm, his belief that the “vast majority” of crypto tokens are securities. The legal test for determining whether any given Digital Asset is a security is a highly complex, fact-driven analysis that may evolve over time, and the outcome is difficult to predict. The SEC generally does not provide advanced guidance or confirmation on the status

of any particular Digital Asset as a security. Furthermore, the SEC's views in this area have evolved over time and it is difficult to predict the direction or timing of any continuing evolution. It is also possible that a change in the governing administration or the appointment of new SEC Commissioners could substantially impact the views of the SEC and its staff. These rulings and statements are not definitive or final and CMTAM cannot be certain as to how future regulatory developments will impact the treatment of Digital Assets under the law. As of the date of this Brochure, CMTAM is not aware of any rules that have been proposed to further regulate Digital Assets as commodities or securities.

To the extent that Digital Assets (including certain derivative instruments based upon Digital Assets) or transactions are deemed to fall within the definition of a "commodity interest" under the Commodity Exchange Act, as amended (the "CEA"), or further within the scope of CFTC jurisdiction pursuant to subsequent rulemaking by the CFTC, a Client and/or CMTAM may be required to register and comply with additional regulation under the CEA. Moreover, CMTAM may be subject to further requirements with the CFTC through the National Futures Association. To the extent that Digital Assets are deemed to fall within the definition of a security pursuant to subsequent rulemaking by the SEC, a Client and/or CMTAM may be required to register and comply with additional regulation under the Company Act or similar state investment advisory statutes. For example, the "Custody Rule" under the Advisers Act requires registered investment advisers such as CMTAM to maintain client funds and securities with a qualified custodian.

As of the date of this Brochure there are limited qualified custodians with the ability to provide custody of Digital Assets. In addition, there remains an unsettled interpretative question whether state-chartered trust companies meet the definition of "bank" for purposes of the definition of a qualified custodian under the Advisers Act. In November 2020, SEC staff issued a statement encouraging interested parties to engage with the SEC staff directly on the application of the Custody Rule to Digital Assets, including with respect to the definition of "qualified custodian" under the Custody Rule. To the extent CMTAM is unable to identify a qualified custodian to custody any Digital Asset securities, it may be subject to enforcement by the SEC for violating the Custody Rule. Such additional registrations and compliance, or any enforcement action, may result in extraordinary, non-recurring expenses. If CMTAM is determined not to comply with such additional regulatory and registration requirements, it may be forced to terminate and liquidate a Fund at a time that may be disadvantageous to investors.

*AML/CFT Obligations of Certain Digital Asset Service Providers.* On March 6, 2018, the U.S. Treasury Department's Financial Crime Enforcement Network ("FinCEN") released a letter to U.S. Senator Ron Wyden dated February 13, 2018 (the "Wyden Letter") summarizing FinCEN's interpretation of its oversight and enforcement authority with respect to certain financial activities related to Digital Assets. FinCEN expressed the view that, under existing regulations and interpretations, certain issuers of Digital Assets may meet the definition of a money services business ("MSB") for purposes of the Bank Secrecy Act of 1970, as amended (the "BSA"), and its implementing regulations. As a "money transmitter" under the BSA, such issuers would be subject to certain anti-money laundering/combating the financing of terrorism ("AML/CFT") rules.

While FinCEN explained in the Wyden Letter that an ICO could be structured in a way that involves an offering or sale of securities or commodity derivatives, in which case certain

participants in the ICO would fall within the authority of the SEC or CFTC, respectively, and the AML/CFT requirements of those agencies, rather than the FinCEN MSB requirements, FinCEN also emphasized the fact that the facts and circumstances of ICO arrangements vary and that the application of AML/CFT obligations to participants in ICOs will depend on those facts and circumstances. FinCEN stated that it is working closely with the SEC and CFTC to clarify and enforce the AML/CFT obligations of businesses engaged in ICO activities that implicate the regulatory authorities of these agencies. On May 9, 2019, FinCEN issued guidance clarifying the BSA obligations of businesses involving Digital Assets that are characterized as “convertible virtual currency” subject to regulations under the BSA, including when related services and other business models involving Digital Assets may be subject to the BSA and businesses providing hosted wallets for Digital Assets and Digital Asset trading platforms. Developers of games that offer the ability to purchase Digital Assets, including in-game currencies, digital goods, electronic gift cards, and similar products may be regulated as money services business under the BSA.

On June 21, 2019, the Financial Action Task Force (“FATF”) published several documents that, according to U.S. Treasury Secretary Steve Mnuchin, will require Digital Asset service providers, including businesses involved in ICOs, to implement the same AML/CFT requirements as traditional financial institutions. Much of the substance of these FATF documents is similar to the May 2019 FinCEN guidance mentioned above.

On December 18, 2020, FinCEN issued a notice of proposed rulemaking regarding a proposal to impose on banks and MSBs new recordkeeping, reporting, and identity verification requirements in relation to certain transactions involving convertible virtual currency or Digital Assets with legal tender status. If adopted, the proposed rule will impose significant new burdens on banks and MSBs involved in Digital Asset businesses and undercut the role of U.S. institutions in Digital Asset economies, including in the growing area of “decentralized finance.”

The Funds or other Clients may invest in companies that are or may become issuers of Digital Assets that may be subject to the AML/CFT rules. In addition, the Funds or other Clients may participate directly or indirectly in Digital Asset investments that may be subject to the AML/CFT rules according to the view expressed by FinCEN in the Wyden Letter. It is difficult to predict how FinCEN, together with the SEC and the CFTC, may respond with respect to future ICOs. The Funds or other Clients may also invest in companies that otherwise engage as activities with respect to Digital Assets that are regulated by FinCEN as MSBs, such as providing hosted wallet services. It is uncertain how a determination that an ICO in which a Fund or another Client has participated or other investment was in violation of the AML/CFT rules would affect such Fund or such Client and/or such investment, but it is possible that such a determination may have a material adverse impact on the value of the Digital Asset issued in the ICO and thus have an adverse effect on the overall value of the Funds’ or another Client’s assets or could create litigation and other legal expenses for a Fund or another Client and/or such investment, which in either case could have an adverse impact on the value of an investment in a Fund or another Client.

#### *Risks Relating to Digital Assets: Market Disruption and Access*

*Digital Asset Price Volatility.* A central risk of investing in and trading Digital Assets is the rapid fluctuation in their market prices. Digital Asset prices have been subject to periods of extreme volatility, and such periods can be expected to recur. These market prices (or implied prices) may

be used as a reference rate for certain derivatives on Digital Assets and similar price volatility has occurred, and will likely continue, in the markets for derivatives on Digital Assets. A significant amount of the current demand for Digital Assets is driven by speculative trading activity and not by purchasers seeking to acquire the Digital Assets for their primary uses, such as making online payments. Much of the participation and investment in Digital Assets are speculative activities, as these are relatively new sectors involving a high degree of financial risk. High price volatility undermines the use of certain Digital Assets, such as bitcoin (BTC) and other digital currencies, as a medium of exchange and store of value. Furthermore, Digital Assets may also be subject to momentum pricing due to speculation regarding future appreciation in value, leading to greater volatility. Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for future appreciation in value, if any. It is possible that momentum pricing of Digital Assets has resulted, and may continue to result, in speculation regarding future appreciation in the value of Digital Assets, making Digital Asset prices more volatile. As a result, Digital Assets may be more likely to fluctuate in value due to changing investor confidence, which could impact future appreciation or depreciation in Digital Asset prices.

The price volatility of Digital Assets is influenced by many unpredictable factors, including, but not limited to: market sentiment; inflation rates; investor tastes; perceptions of value (whether accurate or not); use of Digital Assets in the retail and commercial marketplace; speculative trading; widespread participation by unsophisticated investors; the availability of third-party service providers, such as exchanges and wallet providers, capable of providing services with respect to the assets; interest rate movements; ability to convert Digital Assets into fiat currencies, and associated currency exchange rates; regulation of Digital Assets, Digital Networks, platforms and exchanges and restrictions on the right to acquire, own, hold, sell, use or exchange Digital Assets; manipulative trading on Digital Asset exchanges, which may be largely unregulated or less regulated than traditional financial instrument markets; liquidity of Digital Asset markets; fraud, security breaches or malicious attacks affecting, or the failure of, Digital Networks, platforms and exchanges; the interaction of the forces of supply and demand; trade restrictions; currency devaluations and revaluations; fiscal and monetary policies of governments; and general economic and political conditions. While volatility can create profit opportunities, it can also create the risk that historical or theoretical pricing relationships and predicted valuation fluctuations will be disrupted, which may cause significant losses. On the other hand, a lack of volatility could also result in losses for certain of a Fund's or other Client's investments that involve positions that profit from large price movements.

There is no assurance that Digital Assets will maintain their long-term value or become more widely adopted. On the contrary, they may cease to be used altogether. In the event that the prices of Digital Assets decline, the value of a Fund's or another Client's Digital Asset investments may also decline, which, in turn, may impact the value of an investment in a Fund or another Client.

*Disruption Risks.* The markets for Digital Assets have experienced frequent disruptions, thefts by state and non-state actors, "forks," and other issues that have resulted in participant losses. We expect this to continue to occur in the future. The ability of Digital Asset markets to be used as a means of avoiding significant government and tax oversight and the high level of anonymity inherent in these markets make them possible targets for technologically sophisticated criminals.

Digital Networks are dependent upon the internet. A broadly accepted and widely adopted decentralized network is necessary for most Digital Networks to function as intended. Features of Digital Networks, such as decentralization, open-source protocol, and reliance on peer-to-peer connectivity, are essential to preserve the stability of the network and decrease the risk of fraud or cyber-attacks. A disruption of the internet or a Digital Network would affect the ability to transfer Digital Assets, and consequently, their value. A significant disruption of internet connectivity (*e.g.*, affecting large numbers of users or geographic regions) could prevent a Digital Network's functionality and operations until the internet disruption is resolved. The internet has experienced, and is likely to continue to experience, significant growth in the numbers of users and amount of traffic. The internet infrastructure may be unable to support such demands. In addition, increasing numbers of users, increasing bandwidth requirements or problems caused by "viruses", "worms" and similar programs may harm the performance of the internet. The backbone computers of the internet have been the targets of such programs. The internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure, and it could face outages and delays in the future. These outages and delays could reduce the level of internet usage generally as well as the level of usage of company services and reduce the Fund's or another Client's revenues.

There can be no guarantee that safeguards including the use of redundant systems, replication, regular back-ups, emergency power, internet connections and alternative data feeds, designed to protect the interests of Digital Assets, will be effective against all situations or could be implemented in time and a Client may be adversely affected.

*Risks of Flaws or Bugs in Digital Networks.* Digital Assets and Digital Networks typically involve cryptographic and other algorithmic protocols governing the issuance of Digital Assets that represent a new and rapidly evolving industry that is subject to a variety of factors that are difficult to evaluate. As Digital Networks continue to develop and grow, certain technical issues might be uncovered, and the troubleshooting and resolution of such issues likely will require the attention and efforts of decentralized development communities. Moreover, in the past, flaws in the source code for Digital Networks have been exposed and exploited, including flaws that disabled some functionality for users, exposed users' personal information and/or resulted in the theft of users' Digital Assets. The cryptography underlying Digital Assets could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry, and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to misappropriate the Digital Assets of the Funds, another Client or an investment made by a Fund or another Client, which would adversely affect an investment in such Fund or another Client. Moreover, functionality of Digital Networks may be negatively affected such that it is no longer attractive to users, thereby dampening demand for the relevant Digital Asset. Even if only a particular Digital Asset was affected by such circumstances, any reduction in confidence in the source code or cryptography underlying Digital Assets generally could negatively affect the demand for Digital Assets and therefore adversely affect an investment in the Funds or another Client.

*Lack of Access Due to Loss of Private Keys.* Digital Assets generally may be controllable only by the possessor of both the unique public key and unique private key relating to the offline or online digital wallet in which the Digital Asset is held. While each Digital Network may require a public key relating to a private key (with respect to a digital wallet) to be published when used in a

transaction, private keys must be safeguarded and kept private in order to prevent a third party from accessing the Digital Asset held in such wallet. To the extent a private key is lost, destroyed, or otherwise compromised and no backup of the private key is accessible, the Digital Assets held in the related wallet will not be accessible. The loss or destruction of a private key required to access a Digital Asset may be irreversible. Any loss of private keys relating to digital wallets used to store a Client's Digital Assets could lead to substantial losses. The risk of loss due to losses of private keys or similar methodologies of secure access is generally greater for Digital Assets than that of other asset classes, given the variations in the sophistication of access methodologies and the inherent technological designs of Digital Assets.

### *Risks Relating to Digital Assets: Token Sales or Initial Coin Offerings*

*Digital Asset Offerings.* Certain Digital Assets have emerged as a new alternative channel for raising funds and for distributing so-called "functional tokens." Digital Assets may be offered pursuant to token warrants, token issuance agreements, or other methods, now existing or which may be adopted in the future (collectively, "Token Offerings"). Regardless of the label applied, such transactions may, in some instances, be the digital equivalent of a securities transaction. The Funds or another Client may participate in Token Offerings that may be deemed securities transactions. The legality of Token Offerings is currently in question in certain jurisdictions. Token Offerings and other token sales are highly speculative, and because of the rapid proliferation of Token Offerings, many such offerings may take place via systems that have not been as heavily scrutinized as those through which transactions in broadly traded Digital Assets take place. As such, Token Offerings may be susceptible to hacking and other wrongdoing that could lead to a loss of funds invested in the Token Offering. Token Offerings are subject to risks of fraud, security breaches, regulatory developments, enforcement actions and changing technological and business developments. There is no guarantee that the Digital Asset purchased or received will have any value or worth. Token Offerings may be subject to federal and state securities laws, federal commodity laws, and various international regulations, among other restrictions. Any particular Token Offering in which a Client participates could lead to a substantial or complete loss of such Client's investment and have an adverse impact on the value of an investment in the Funds or another Client.

Many of the Token Offerings that have taken place have not been registered under the U.S. or other national, state, or local securities laws. Since 2017, the SEC issued a number of public statements reiterating that the offer or sale of Digital Assets may be securities offerings that should be conducted in accordance with the U.S. federal securities laws. The SEC has also taken an active enforcement approach in connection with Token Offerings, including entering into settlements with and filing suit in federal courts against token issuers.

The Funds or other Clients may trade Digital Assets issued in a Token Offering, including, equity-like Digital Assets that are not registered or exempt under U.S. or other securities laws. Whether any particular Token Offering in which the Funds or another Client participates constitutes a securities transaction remains dependent on the specific facts and circumstances of each transaction, regardless of the terminology and technology used. As the law regarding Digital Assets and Token Offerings is still evolving, the Funds or another Client may participate in a Token Offering that is later deemed to be an unlawful securities offering. It is uncertain how a determination that a Token Offering in which the Funds or another Client has participated was in



violation of securities laws would effect on the overall value of its assets or could create litigation and other legal expenses for it. Further, the ability of the Funds or another Client to recover funds invested in such a Token Offering is likely to be extremely limited, if it is able to recover any funds at all.

*No Existing Market for New ICOs and Other Token Offerings.* Newly issued Digital Assets offered pursuant to Token Offerings, and similar transactions have no or limited established public markets. Although the Digital Assets may be listed on certain exchanges, there can be no assurance that such exchanges will maintain a listing or that they will allow access by the Funds or another Client. Exchanges in the United States trading Digital Assets that are securities must register as a national securities exchange with the SEC or rely on an available exemption from registration. While a regulated trading market is expected to develop, it is uncertain which Digital Assets such a market will support, and there can be no guarantees that a regulated market will support a particular Digital Asset. Further, there can be no assurance that a secondary market in a Digital Asset will develop or, if a secondary market does develop, that it will provide the Digital Asset holders with sufficient liquidity or that the market will continue for the life of the Digital Asset. The Funds or another Client may not be able to liquidate a Digital Asset or may only be able to do so at a substantial loss. Further, there can be no assurance that the Funds or another Client will be eligible to invest in certain Digital Assets, which could limit their investment opportunities. The uncertainty surrounding the markets for newly issued Digital Assets may lead to substantial losses for the Funds or other Clients and may have an adverse impact on the value of a Client's investments.

*Non-Fungible Tokens.* A Fund or another Client may invest in or hold non-fungible tokens ("NFTs"). NFTs are unique, one-of-a-kind Digital Assets made possible by certain digital network protocols. Because of their non-fungible nature, NFTs are able to introduce digital scarcity and have become popular as online "collectibles," similar to physical rare collectible items, such as trading cards or art. Like real world collectibles, the value of NFTs may be prone to "boom and bust" cycles as popularity increases and subsequently subsides. Certain metadata pertaining to NFTs may be stored "off-chain," i.e., not on a decentralized digital network. If an entity controlling an NFT project's external references ceases hosting relevant metadata relating to the NFTs, such NFTs may become worthless. If any of these events were to occur, it could adversely affect our NFT investments.

*Digital Asset Derivatives.* A Fund or another Client may invest in Digital Asset derivatives to gain synthetic exposure to Digital Assets, including "crypto-native" derivative instruments based on Digital Assets, such as perpetual derivatives contracts, that have characteristics similar to, but also distinct from, other types of derivative instruments deployed in traditional asset classes. These derivatives can be traded OTC or on exchanges – both centralized and decentralized – which may be unregulated. Digital Asset derivatives are a new type of financial product and their regulatory status is still uncertain. In the future, regulatory authorities may impose new restrictions or bans on Digital Asset derivatives products or Digital Assets and related products generally. Such actions could lead Digital Asset derivatives trading platforms to limit the availability of certain Digital Asset derivatives or disallow certain market participants based on their citizenship, residence or location if doing so becomes commercially unsustainable or legally prohibited. In the event of new regulatory actions relating to Digital Asset derivatives, the price and liquidity of any Digital Asset derivatives contracts held by the Funds or other Clients could be materially affected.

*Stablecoin Risks.* A Fund or another Client may make investments in “Stablecoins.” Stablecoins are Digital Assets that seek to minimize volatility and maintain a stable value, including by being backed by an asset or portfolio of assets, such as fiat currency, or other methods, such as algorithmically controlled supply. There is a risk that the sponsor or issuer (including a smart contract) of a Stablecoin does not hold the corresponding asset underlying each Stablecoin in circulation and is therefore unable to fulfill one-for-one or other forms of redemptions. Alternatively, software designed to maintain the value of a Stablecoin may be subject to errors, flaws, bugs or be subject to hacking or manipulation. Such risks were illustrated recently by the TerraUSD stablecoin (“UST”) issued on the Terra network. After trading close to \$1 for over a year, the UST stablecoin lost its peg to the U.S. dollar on May 10, 2022 and the software designed to algorithmically reestablish the peg failed. In the following days, UST lost over 90% of its value, creating significant losses for investors and creating a waterfall affect, leading to losses in other parts of the Digital Asset Market. In addition to these risks, Stablecoin issuers or sponsors (including smart contracts and their programmers) may be unregulated and may not provide transparent disclosure regarding their compliance with applicable licensing and regulatory requirements or the financial institutions that hold the underlying assets.

**It is critical that Investors refer to the relevant Offering Documents for a more complete understanding of the material risks involved in a particular investment strategy. The information contained herein is a summary only and is qualified in its entirety by such documents.**

## **ITEM 9 – Disciplinary Information**

Not applicable to CMTAM.

## **ITEM 10 – Other Financial Industry Activities and Affiliations**

### **Items 10.A. and 10.B.**

Not applicable to CMTAM.

### **Item 10.C.**

Not applicable to CMTAM.

### **Item 10.D.**

Not applicable to CMTAM.

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

### **Item 11.A.**

CMTAM has adopted a Code of Ethics that is designed to meet the requirements of Rule 204A-1 promulgated by the SEC under the Advisers Act. The Code of Ethics is required to be attested to annually by all access persons and supervised persons (“CMT Associates”) and covers topics such as personal trading, fiduciary responsibility, gifts and entertainment, political contributions, and conflicts of interest. A copy of our Code of Ethics is available to any Client or Investor or prospective Client or Investor on request by contacting our Chief Compliance Officer (the “CCO”) at [compliance@cmtam.com](mailto:compliance@cmtam.com).

Generally, conflicts of interest are addressed on a case-by-case basis, typically through disclosure to Clients or Investors, or a decision to change, cease, or not move forward with the proposed activity, as the case may be. All CMT Associates are required to report conflicts and potential conflicts of interest to the CCO.

### **Item 11.B., 11.C., and 11.D**

CMTAM, the Principals and their respective affiliates may make investments for their own accounts, and CMTAM, the Principals and their respective affiliates currently manage or in the future may manage certain funds and accounts other than the Funds that utilize strategies and programs which may be the same as or different from those of the Fund. In addition, in proprietary investing, CMTAM, the Principals and their respective affiliates may make investments that are the same as, different than, or opposite to those of a Fund.

The origins of CMTAM stem from the CMT Group, a proprietary trading group which commenced operations in 1997. The CMT Group continues to operate a proprietary trading operation, which consists of an equity options trading group, an energy derivatives trading group and a digital asset trading group (the “Digital Asset Trading Group”). The Digital Asset Trading Group trades in a wide variety of Digital Assets and, given the fact that the Funds’ or another Client’s investment mandate may include investing in Digital Assets, it is possible that the Digital Asset Trading Group and a Fund or another Client will invest in the same and/or substantially similar investment products. Because the Principals control both the CMT Group and CMTAM, the proprietary trading of the CMT Group is not physically or functionally separate from CMTAM’s activities undertaken on behalf of the Funds or other Clients.

In order to address the potential and actual conflicts of interest that may arise between the Funds, other Clients and Investors, on the one hand, and the Digital Asset Trading Group, on the other hand, we have developed and implemented policies and procedures, including, but not limited to, monitoring procedures that CMTAM, the Principals and their respective affiliates believe are reasonably designed to deal with such conflicts of interest. Such policies and procedures address, among other matters, the avoidance of traders taking positions on behalf of the CMT Group that are opposite or ahead of the positions taken on behalf of the Funds or another Client.

In making a determination whether a transaction or investment opportunity should be allocated to a Fund or another Client, the Digital Asset Trading Group, and/or other affiliates, CMTAM, the

Principals, and their respective affiliates will examine specific criteria, including, without limitation: risk/return objective; investment objective, guidelines, restrictions, and strategy; required risk capital; concentration and diversification; payout structure; the manner in which the transaction or investment in question is likely to affect the amount of available capital after such transaction or investment is completed; capacity; transaction and/or investment costs; technology requirements; and tax and regulatory considerations.

The Principals and other CMT Associates are permitted to maintain personal trading accounts and are permitted to invest in the same securities and other financial instruments in which the Funds or another Client may invest. To mitigate the conflicts associated with CMT Associates trading, for their personal accounts, in the same securities in which the Funds or another Client trades, we regularly monitor and analyze the personal trading activity of CMT Associates. Any personal trading that appears abusive or in violation of the Code of Ethics will result in further inquiry by the CCO and/or sanctions, up to and including disgorgement of profits, a warning, or dismissal. We also periodically inform and/or provide compliance training to CMT Associates with respect to the Code of Ethics policies and procedures.

CMTAM, the Principals and their respective affiliates may expand the range of services that they provide over time and will not be restricted in their scope of business or in the performance of any such services. CMTAM, the Principals and their respective affiliates have, and will continue to develop, relationships with a significant number of companies, financial sponsors, pooled investment vehicles, and their senior managers, including relationships with clients who may hold or may have held investments similar to those made by a Client.

## **ITEM 12 – Brokerage Practices**

### **Item 12.A.1.**

We will have sole authority for selecting the broker-dealers (if any) used in a transaction for Clients and for negotiating the fees to be paid to each broker-dealer in connection with such transactions. Consistent with our duty to obtain “best execution” of securities transactions, in determining best execution, we may take into account the full range and quality of a broker-dealer’s services, including research and other services that may benefit some (or only one) Clients but not all other Clients. Therefore, we may not necessarily negotiate “execution only” commission rates. In effecting transactions, we will place orders in accordance with our best execution policies, which may take into account a number of factors, including, but not limited to: financial responsibility and reputation; commission rates and other transactional charges; stability, reputation, reliability, and responsiveness; ability to execute trades, willingness to execute difficult transactions, special execution capabilities, and efficiency of execution; range and quality of services made available; willingness to commit capital for trades; ability to source or provide liquidity; ability to provide access to multiple markets and venues (including foreign markets); risk-margin requirements; and adequacy of the trading infrastructure and technology.

We have an incentive to recommend broker-dealers based on benefits that we receive from brokers, whether or not pursuant to soft dollar arrangements as described herein, rather than the interests of the Client in receiving the most favorable execution. Any products or services that we receive from broker-dealers and paid for by a Client may be used by the CMT Group, and certain of such products or services may not be used to benefit the Client.

We reserve the right in our sole discretion to change or add broker-dealers to the account of a Client without prior notice to the owners of such Client account or to the Investors in any Fund. We will not accommodate directed brokerage requests from Investors or Clients.

*Soft Dollars.* We may receive products and services from broker-dealers in addition to brokerage services. Any “soft dollars” will be used within the safe harbor created by Section 28(e) of the Exchange Act. Services that we may receive from such broker-dealers may include research, general market commentary, economic information, trading advice, industry and company commentary, technical data, recommendations, general reports, quotations, and other market data or information, and the arrangement of meetings with the management of issuers. If we engage in these arrangements, we will benefit from them because we will not have to produce or pay for the research, products, or services received. We would therefore have an incentive to select or recommend a broker-dealer based on our interest in receiving soft dollar benefits rather than based on a Client’s interest in receiving favorable execution. The services received from broker-dealers and paid for by a Client may be used by the CMT Group, and certain of such services may not be used to benefit a Client that effectively bears the costs of such services. We will follow procedures that we believe are reasonably designed to ensure that we use soft dollars in a manner that is consistent with our duty to seek best execution, and that we appropriately identify which services are within or outside the safe harbor.

**Item 12.A.2.**

Not applicable to CMTAM.

**Item 12.A.3.**

CMTAM does not have directed brokerage arrangements.

**Item 12.B.**

Where appropriate, we may, but we are not required to, aggregate orders to achieve more efficient execution or to provide for equitable treatment among proprietary accounts and Clients. A Client participating in aggregated trades will be allocated securities based on the average price achieved for such trades. To the extent a particular investment is suitable for more than one Client or proprietary account, it generally will be allocated between such Client(s) and proprietary accounts *pro rata* based on assets under management or in some other manner that we determine is fair and equitable under the circumstances. By not aggregating orders, there may exist a higher cost to the Client (*i.e.*, different pricing on an order) than would otherwise exist if two Clients were to execute orders together. Should two separate Clients or proprietary accounts execute opposing orders at the same time (one buys, one sells), efficiencies may be lost. We expect these instances will be minimal.

We believe that any trading system/computer code errors and/or human trading errors (*e.g.*, a trader enters an incorrect order into a terminal that is then executed) that are not caused by fraud, gross negligence, reckless or intentional misconduct, bad faith, or criminal wrongdoing (each a “Trading Error”) are a known cost of doing business. Therefore, any such Trading Error will be borne by any participating Client and/or proprietary accounts *pro rata*, and all affected Clients and/or proprietary accounts will enjoy the profits or suffer the losses from any such Trading Error.



### **ITEM 13 – Review of Accounts**

#### **Items 13.A., 13.B., 13.C.**

The Principals will ultimately oversee risk management for each Client. The Principals will also review information related to each Client's investments and performance on a routine basis. Where applicable, CMT Group operations and accounting staff will independently examine each brokerage statement and calculate profit and loss for each Client on a daily basis.

Generally, Investors will receive quarterly account statements, as applicable, from the respective Fund's administrator as well as monthly or quarterly letters detailing among other things Fund performance. Investors also receive annual audited financial statements.

Holders of non-Fund Client accounts will receive such reports as we and such holders may agree.

## **ITEM 14 – Client Referrals and Other Compensation**

### **Item 14.A.**

We do not intend to receive any economic benefit for providing investment advice or advisory services other than from our Clients.

### **Item 14.B.**

We do not currently maintain any agreements with third parties for Client referrals, but we may do so in the future. We may pay a promoter a monthly fee or a portion of the advisory fees or other revenues that we receive for advising Funds or other Clients. The costs of any such referral fees will be paid entirely by us and, therefore, would not result in any additional charges to an Investor or Client.

## **ITEM 15 – Custody**

We will be deemed to have custody of funds and securities of the Funds and may be deemed to have custody of the funds or securities or other Clients, as a result of our authority to obtain funds or securities of the Funds or another Client (*e.g.*, by deducting advisory fees from the account of the Funds or such other Client or otherwise withdrawing funds from the Funds' or such other Client's accounts). Rule 206(4)-2 under the Advisers Act imposes certain requirements on SEC-registered investment advisers who have actual or deemed custody of client assets. However, in the case of Clients that are Funds, we anticipate being exempt from (or deemed to be in compliance with) many of the provisions of the custody rule because (i) each directly managed Fund will be audited in accordance with U.S. Generally Accepted Accounting Principles on an annual basis by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and audited financial statements will be distributed to each investor in such Fund within 120 (or, in some cases, 180) days of the end of the Fund's fiscal year, and (ii) we aim to maintain custody of the Funds' or such other Clients' Digital Assets with third-party qualified custodians to the extent required by Rule 206(4)-2. Such qualified custodians will include prime brokers, banks and other broker-dealers.

To the extent that a qualified custodian either does not exist or does not meet our internal standards, we intend to custody Digital Assets internally, or at various exchanges or services providers, including, but not limited to, on or within hot wallets on exchanges, cold storage/hardware and/or paper wallets, and/or on "air-gapped" computers utilized by the Funds or another Client. We may also utilize proprietary storage methods developed internally. We also intend to incorporate multi-signature storage solutions, if we, in our discretion, deem appropriate. Several of our Clients' exchanges and wallets have developed security systems to maintain confidential access to the private keys that have been generated and which control movement of currencies. We may not be able to obtain control of the private keys generated by the exchanges utilized by a Client because each exchange may use different methodologies and security systems. We employ a comprehensive due diligence process to select exchanges and wallets that we determine have developed sophisticated security systems and will continue to reevaluate the due diligence process and the security systems of the various exchanges and wallets. However, the systems and methodologies of the exchanges and wallets utilized by Clients may be subject to exposure from hacking, malware, and general security threats. We are not liable to a Client for the failure or penetration of the security systems used by the Client's custodians absent gross negligence, fraud, or criminal behavior on our part.

### **ITEM 16 – Investment Discretion**

Unless we expressly agree otherwise with a Client, we manage the assets of our Clients on a discretionary basis, which means that we have the authority to decide which securities and other financial instruments to purchase and sell for such Clients. We consider a Fund or other Client account to be managed by us on a discretionary basis if we have been granted legal authority in the Fund's Offering Documents, or the Account Agreement, to invest and reinvest the assets of such Fund or such Client account without receiving prior authorization from any Investor in such Fund or holder of such Client Account, as the case may be, or any other person to engage in particular investment activities for such Fund or Client Account. In the case of a Client that is a Fund and is not a "single investor" fund (sometimes referred to as a "fund of one"), we ordinarily would not honor a request from an investor in the Fund to refrain from purchasing particular investments on behalf of the Fund. In the case of a Client that is not a Fund, or is a "fund of one," if that Client requests that we refrain from purchasing particular investments on behalf of the Client, we ordinarily would consult with the Client regarding its reason(s) for the request and honor such request, unless we determine that honoring the Client's request would materially interfere with our ability to implement our contemplated investment strategy on behalf of the Client.

## **ITEM 17 – Voting Client Securities**

### **Item 17.A.**

We have adopted proxy voting policies and procedures in compliance with Rule 206(4)-6 under the Advisers Act. Our policy is to vote proxy proposals relating to securities held by a Client in a manner that serves its best interests, as determined by us in our discretion.

Our general policy is to vote in accordance with the recommendation of an issuer's management on routine and administrative matters, unless we determine that such recommendation is not in the best interests of the relevant Client(s). With respect to non-routine matters, we will vote on a case-by-case basis, taking into account all relevant factors, including the anticipated impact of the proposals on the value of the securities, the costs and benefits associated with the proposal, customary industry and business practices, the recommendations of proxy advisory firms and any other factors we deem relevant. Under certain circumstances, we may abstain from voting specific proxies if doing so is in the best interests of the relevant Client(s). We may determine not to vote proxies issued by companies if a Client no longer has any economic exposure to the issuer of the proxy.

There may be occasions where the voting of proxies may present an actual or perceived conflict of interest between us and a Client. We will not vote proxies contrary to the best interests of a Client due to (for example) business or personal relationships with an issuer's management or where we or an employee of ours has a personal relationship with participants in proxy contests, corporate directors or candidates for corporate directorships, or where we or an employee of ours may have a personal interest in the outcome of a particular matter before shareholders. Each employee involved in a proxy voting decision is required to disclose any potential conflict of interest that such employee is aware of relating to a proxy vote by us. Our CCO will determine whether a conflict of interest is material based on an assessment of the particular facts and circumstances. When there exists an actual or potential material conflict of interest, our CCO will review the facts and circumstances of such conflict and determine the appropriate steps to ensure that we vote all proxies in the best interests of our Clients. We may engage a third party to recommend a vote with respect to the proxy or utilize any such method deemed appropriate under the circumstances given the nature of the conflict.

Investors in Funds and non-Fund Client account holders may not direct us to vote in a particular way for a particular solicitation. Investors in Funds and non-Fund Client account holders may obtain information about how we voted proxies for securities in their accounts and/or obtain a copy of our written Proxy Voting Policies and Procedures by contacting our CCO at the address listed on the first page of this Brochure.

### **Item 17.B.**

Not applicable to CMTAM.

## **ITEM 18 – Financial Information**

### **Item 18.A.**

Not applicable to CMTAM.

### **Item 18.B.**

We are not aware of any financial condition that could impair our ability to meet our contractual commitment to any Client.

### **Item 18.C.**

Not applicable to CMTAM.