

Item 1. Cover Page

# ELECTRIC⚡CAPITAL

## Electric Capital Partners, LLC

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Palo Alto, CA 94301

Part 2A of Form ADV: Firm Brochure  
March 29, 2024

<https://www.electriccapital.com/>

**This brochure provides information about the qualifications and business practices of Electric Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at [is@electriccapital.com](mailto:is@electriccapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Electric Capital Partners, LLC also is available on the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

**Item 2. Material Changes**

There have been no material changes to this brochure since it was last filed on March 31, 2023.

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#### **Item 4. Advisory Business**

Electric Capital Partners, LLC (“Electric Capital” or the “Adviser”) provides investment advisory services to one or more investment vehicles (“Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Funds invest in a diversified portfolio with a focus on “Digital Assets,” which include blockchain assets, blockchain platforms, and crypto networks, as discussed in Item 8 below. The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring asset performance, and monetizing such investments.

The Adviser provides investment supervisory services to the Funds in accordance with the limited partnership agreement or other governing documents of each Fund (“Advisory Agreement.”)

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the investors in a Fund. Services are provided to a Fund in accordance with the Advisory Agreement with a Fund and/or organizational documents of a Fund. Investment restrictions for a Fund, if any, are established in the organizational or offering documents of such Fund, Advisory Agreements and/or side letter agreements negotiated with investors in such Fund (such documents collectively, a Fund’s “Organizational Documents”).

The principal owners of Electric Capital are Curtis Spencer and Avichal Garg (the “Co-Founders”). As of December 31, 2023, the Adviser managed \$ 1,831,050,949 in regulatory assets on a discretionary basis. The Adviser does not manage assets on a non-discretionary basis.

#### **Item 5. Fees and Compensation**

The Adviser receives Management Fees and Carried Interest (each as defined below) from the Funds. Additionally, consistent with each Fund’s Organizational Documents, the Funds bear certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Funds and/or their portfolio companies. Further details about such fees and expenses are set forth below.

##### **Management Fees**

As compensation for investment supervisory services rendered to a Fund, the Adviser receives an advisory fee (a “**Management Fee**”). For the Adviser’s hedge fund style private funds, the fee is calculated based on each investor’s capital account balance. For the Adviser’s private equity and venture capital style funds, the Management Fee is calculated based on each investor’s committed capital or contributed capital to the Fund. Management Fees paid by a Fund may also be reduced by other fees or compensation received by the Adviser or its affiliates that relate to such Fund’s activities and investments, or by other expenses borne by such Fund, as described in more detail below.

Management Fees for the hedge fund style vehicles and for private equity and venture capital style funds are payable quarterly in advance.

The precise amount of, and the manner and calculation of, the Management Fees for each Fund are set forth in a Fund's Organizational Documents, which are received by each investor prior to investment in a Fund. The fee structures described may be modified from time to time.

The Adviser, in its sole discretion, may waive or reduce the Management Fees of investors in the Funds that are employees of the Adviser or its personnel (including any related entity established by any of the foregoing, such as trusts, charitable programs, endowments or related programs, family investment vehicles and other estate planning vehicles) (collectively, "Adviser Investors"). Adviser Investors pay for their pro rata share of certain Fund expenses.

## **Expenses**

### *Fund Expenses*

The Funds will bear all expenses incident to the organization of the Funds and the general partner. In addition, the Fund shall also bear all costs incurred in connection with operation of the Funds' business, including those costs associated with holding or sale of securities; reasonable travel expenses associated with the Fund's investment activities, all financial reporting, legal, audit, custodial, registration, financial, administrative, accounting and investment banking fees, including such services in connection with the purchase and sale of investments (whether or not consummated); insurance premiums; fees for consulting services related to portfolio investments and prospective portfolio investments (whether or not consummated); the cost of Fund meetings; fees and expenses of members of any advisory board; expenses of litigation involving the Fund; and any extraordinary expenses of the Fund.

From time to time, the general partner of a Fund may create certain "special purpose vehicles" or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory considerations of investors ("SPVs"). In the event the general partner creates an SPV, consistent with the Organizational Documents of the Funds, the SPV, and indirectly, the investors thereof, typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV. Expenses of the types borne by a Fund but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain investors in a Fund (including, without limitation, expenses of accounting and tax services) may be borne by such Fund.

### *Co-Investment Vehicle Expenses*

In certain cases, a co-investment vehicle, or other similar vehicle established to facilitate the investment by investors to invest alongside a Fund may be formed in connection with the consummation of a transaction. In the event a co-investment vehicle is created, the investors in such co-investment vehicle typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle. The co-investment vehicle generally bears its pro rata portion of expenses incurred in the making an investment.

If a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any expenses relating to such proposed but not consummated transaction (“Dead Deal Costs”) would therefore be borne by the Funds. As a general matter, no co-investor or co-investment vehicle bear Dead Deal Costs or receive any portion of break-up fees until they are contractually committed to invest in the prospective investment. Furthermore, to the extent a co-investment vehicle is formed in connection with a proposed transaction, costs and expenses relating to such co-investment vehicle may, in certain situations, be borne by the Funds, regardless of whether such proposed transaction is consummated. Dead Deal Costs may include, among other things, legal, accounting advisory, consulting or other third-party expenses (including amounts payable to third parties), any travel and travel-related and accommodation expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investments (including commitment fees), any break-up fees, reverse termination fees, topping, termination or other similar fees, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated.

#### *Allocation of Expenses*

Electric Capital’s policy is to allocate expenses among the parties sharing in an expense (“Expense Parties”) in a fair and equitable manner, consistent with its fiduciary obligations.

Expenses will be allocated among Expense Parties consistent with the governing documents of each Expense Party. For example, and without limitation:

- Expenses that are “Fund Expenses” under the governing documents of an Expense Party generally will be borne by such Expense Party;
- Amounts in excess of any expense cap provided in such governing documents generally will be borne by the Expense Party named in such governing documents; and
- Expenses will generally be allocated among an Expense Party and any related or parallel clients in the manner outlined in such governing documents.

In the event that an Expense Party’s governing documents do not outline a procedure for allocating a particular expense among Expense Parties or between an Expense Party and Electric Capital, then Electric Capital will determine the allocation of such expense in a fair and equitable manner, consistent with its fiduciary obligations, at the discretion of the Investment Manager, consistent with the following:

- Expenses will generally be allocated among Expense Parties participating (or proposing to participate) in the related transaction based on Net Asset Value, committed capital, actual use, number of portfolio companies, or some other appropriate measure; and
- Where necessary or appropriate, or as required by the relevant Expense Party’s governing documents, the Adviser will consult the relevant limited partner advisor committee to approve a conflict caused by the proposed allocation of expenses.

- Certain set-up or initial costs (i.e. system implementation costs) may be amortized over an appropriate period and allocated to current and future Expense Parties.
- D&O Insurance costs are split equitably between the Funds and the Adviser;
- Co-investors in consummated transactions will generally pay:
  - Direct expenses such as legal, audit, etc.
  - Pro rata portion of deal expenses (i.e., due diligence)
- Broken deal expenses may be absorbed by the Fund(s)

The Adviser will be responsible for the administration of this Expense Policy, for overseeing each Employee's and each Expense Party's compliance with this Expense Policy, and, when appropriate, the maintenance of a record of any determination made in the allocation of expenses among Expense Parties. The CCO, or designee, will be responsible for periodic sample reviews of such expense allocations.

### **Brokerage Fees**

If the Adviser chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund incurs brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

### **Item 6. Performance-Based Fees and Side-By-Side Management**

A portion of the profits of each hedge fund style Fund is allocated to the capital account of each Fund's general partner as an "Incentive Allocation." The general partner is a related person of the Adviser. Incentive Allocations paid by a Fund are indirectly borne by investors in that Fund.

For Electric Capital's private equity and venture capital style funds, the general partner of each Fund is entitled to receive an "Incentive Distribution" with respect to each limited partner equal to a percentage of such Limited Partner's investment profits in respect of such Fund, subject to satisfaction of a hurdle rate. (The hurdle rate or "preferred return" is the annual return that the limited partners are entitled to receive prior to the general partner receiving its Incentive Distribution.) The general partner is a related person of the Adviser. The Incentive Distribution is generally paid out of proceeds realized from the applicable investments of each Fund.

Incentive Allocations and Incentive Distributions and collectively referred to as "Carried Interest."

The payment by some, but not all, Funds of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the performance of a Fund) may create an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying Carried Interest or Funds paying Carried Interest at a higher rate, or allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the Organizational Documents of a Fund, this conflict is mitigated by contractual provisions and procedures setting forth investment allocation requirements.

## **Item 7. Types of Clients**

The Adviser currently provides investment supervisory services to one or more Funds as described in Item 4. Investment advice is provided directly to the Funds (subject to the direction and control of the general partners of the Funds) and not individually to investors in the Funds.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other entities. In some cases, the Funds may accept “accredited investors” who do not meet the definition of “qualified purchasers” including knowledgeable employees and other individuals.

The Adviser does not currently have a minimum total size for the Funds, but minimum investment commitments may be established for investors in the Funds. The general partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the Organizational Documents of such Fund.

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

### **Methods of Analysis and Investment Strategies**

Electric Capital’s Funds invest in cryptocurrencies, decentralized application tokens, protocol tokens and other cryptofinance coins, tokens and digital assets and instruments that are based on blockchain, distributed ledger or similar technologies, which may include investments in equity, equity-based securities or convertible securities in companies operating in such industries (collectively, “**Digital Assets**”).

The Funds may also make investments in assets that the Adviser has determined, in its reasonable discretion, are or may in the future become associated with or utilize blockchain technology (even if such asset is not associated with, or does not utilize, blockchain technology at the time of investment), including equity investments in crypto (or potentially crypto-related) technology companies and, subject to certain limitations, securities of commingled investment vehicles or separate accounts investing in, or related to, Digital Assets, (together with Digital Assets, “Investments”).

### **Risks**

Investors in a Fund may be subject to many risks, only some of which are set forth below:

***No Assurance of Investment Return.*** There can be no assurance that the Funds will achieve their investment objectives or that performance objectives of the Funds will be achieved. Neither the Funds, the general partner, the investment professionals nor their respective affiliates provide any assurance that the Funds will be successful in choosing, making and realizing investments in any particular company or asset, or portfolio thereof. There is no assurance that the Funds will be able to generate returns for their investors or that the returns will be commensurate with the risks of



investing in the type of investments and transactions described herein. There is no assurance that any partner will receive any distributions from the Funds. Accordingly, an investment in the Funds should only be considered by persons for whom a speculative, illiquid and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment.

***Valuation of Assets.*** Valuation of the Funds' Digital Assets and other investments may involve uncertainties and subjective determinations. Securities held by the Funds will be valued at their fair value employing methods determined in good faith by the general partner. If such valuations should prove to be incorrect, limited partners could be adversely affected. Independent pricing information may not at times be available or may be difficult to obtain with respect to certain of the Funds' securities and other investments. Accordingly, while the general partner will use its best efforts to value all investments in the Funds fairly, certain investments may be difficult to value and may be subject to varying interpretations of value. The general partner is entitled to rely, without independent investigation, upon pricing information and valuations furnished to the general partner by third parties. However, if, in the reasonable judgment of the general partner or investment professionals, the price for any investment held by the Funds determined in accordance with the procedures contained in the Organizational Documents does not accurately reflect the value of such investment, the general partner may value such security at a price which is greater or less than the price determined in accordance with the procedures contained therein for such investment. Actual realized returns on all unrealized investments will depend among other things on the value of the securities at the time of disposition, any related transaction costs and the manner of sale. Accordingly, the actual realized return on all unrealized investments may differ materially from the values presented to the limited partners.

***Past Performance May Not Be Indicative of Future Results.*** Past investment performance by the investment professionals (or any other person associated with the general partner) provides no assurance of future results. If for any reason an Investment Professional should cease to be involved in the Funds, the performance of the Funds may be harmed.

***Diverse Limited Partner Group.*** The limited partners may have conflicting investment, tax and other interests with respect to their investments in the Funds. In selecting and structuring investments appropriate for the Funds, the general partner will consider the investment and tax objectives of the Funds and the Partners as a whole, not the investment, tax or other objectives of any limited partner individually.

***Conflicts.*** The investment professionals will continue to devote a portion of their time to existing investments and advisory obligations, and will have the right to organize other funds in the future, subject to the terms of the Organizational Documents. In addition, the Funds and their limited partners will be subject to certain potential or actual conflicts of interest arising out of their relationship with the general partner, its members and other equity owners, officers and directors, and their respective affiliates, only some of which are discussed below. The agreements and arrangements among the Funds, general partner, their partners, members, equity holders, officers and directors, and their respective affiliates have been established by the general partner, their partners, members, equity holders, officers and directors, and their respective affiliates, and are not the result of arm's-length negotiations. The Organizational Documents contain certain

protections for limited partners against conflicts of interest faced by the general partner and investment professionals, but does not purport to address all types of conflicts that may arise.

In connection with managing investment funds other than the Funds, the investment professionals expect to spend a portion of their business time and attention pursuing investment opportunities for other investments and other than on behalf of the Funds, subject at all times to their time and attention requirements specified in the Organizational Documents. The investment professionals and the management company's investment staff will continue to manage and monitor such investment funds and investments. The general partner believes that the investment of the investment professionals in the Funds, as well as the investment professionals' interests in the carried interest, operate to align to some extent the interests of the investment professionals with the interest of the Partners, although the investment professionals have or may have economic interests in such other investment funds and investments as well and receive management fees and carried interest relating to these interests. Such other investment funds and investments that the investment professionals may control or manage may compete with the Funds or the Funds' investments. At such time as the general partner is permitted to raise a successor investment fund to the Funds, the investment professionals will continue to manage the Funds' investments, but also may and likely will focus investment activities on other opportunities and areas unrelated to the Funds' investments. Certain investments may be allocated between the Funds and other investment vehicles and investments that the investment professionals may control or manage as set forth in the Organizational Documents. As used herein, investment vehicles other than the Funds that are managed by the general partner or its affiliates are the "Other Clients" and together with the Fund, the "Clients."

The investment professionals currently, and may in the future, manage several other investment funds besides the Funds and investments similar to those in which the Funds will be investing and may direct certain relevant investment opportunities to those investment funds and investments. Over time, certain investment opportunities suitable for the Funds are likely also to be suitable for other investment funds sponsored by the general partner or its affiliates. In determining which investment funds should participate in such investment opportunities, subject to the Organizational Documents, the general partner, the investment professionals and their affiliates are subject to potential conflicts of interest among the investors in the Funds and investors in the other investment funds sponsored by the general partner and the investment professionals.

The general partner may, but is not required to, provide co-investment opportunities to third parties, including investors in the Funds, strategic investors and/or other third parties not affiliated with the general partner. Co-investment opportunities are determined in the sole discretion of the general partner, and accordingly an investor may not be offered any particular co-investment opportunity, and if offered such opportunity, may not receive the full amount, or any amount, of its desired co-investment. When offering co-investment opportunities to a particular third party, the general partner considers a variety of factors, including whether the co-investor may provide strategic value to the general partner, its clients, the general partner's prior experience with the co-investor (if any), legal, tax and regulatory matters and whether such third party has previously expressed an interest in participating in co-investment opportunities. To the extent permitted by the Organizational Documents, the general partner (or its members, principals, affiliates and employees) may also participate, directly or indirectly, in co-investments and accordingly, this

may reduce the availability of co-investment opportunities for third parties. The terms applicable to any co-investment opportunity will be established in the sole discretion of the general partner, and co-investors may not be subject to any fee or carried interest in relation to the co-investment opportunity.

Additionally, conflicts of interest can arise if the Funds makes an investment in conjunction with an investment made by an Other Client. For instance, the Funds may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such Other Client. This may result in differences in price, investment terms, leverage and associated costs between the Funds and any Other Client. There can be no assurance that the Funds and the Other Client(s) will exit the investment at the same time or on the same terms, and there can be no assurance that the Funds' return on such an investment will be the same as the returns achieved by any Other Client(s) participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to the Funds. Similarly, because certain Other Clients may primarily pursue "hedge fund" and similar strategies and objectives ("**Hedge Fund Clients**") while the Funds and certain Other Clients primarily pursue "venture capital" strategies and objectives ("**Venture Fund Clients**"), the Hedge Fund Clients may at times invest in the same issuers or assets that the Venture Fund Clients have made significant investments in at an earlier time or stage, and vice versa. The general partner and its affiliates may face a conflict regarding such an investment because an investment in the issuer or asset by a Hedge Fund Client could also benefit the Venture Fund Clients, including the Funds, by providing valuable new capital to an issuer or asset in which the Venture Fund Clients have a significant investment, as well as Venture Fund Clients which the general partner and its affiliates have larger investments in, or which pay higher fees, than the Hedge Fund Clients, and vice versa. In addition, the interests of Clients investing in the same issuer or asset may not align with each other due to different terms or objectives of the relevant Clients (e.g., one Client may be seeking a monetization event in the near term while another Client has a long-term investment horizon).

The Fund and the Other Clients may, from time to time, invest in the same issuer, asset or security at the same time or at different times, or invest in the same or different parts of a capital structure. In these situations, conflicts may arise because investment decisions made with respect to one client's investment may have an adverse impact on the value of another client's investment. For example, Other Clients may make loans to issuers in which the Funds has invested. There may be instances where such an issuer may become insolvent or bankrupt and where the Funds' and the Other Clients' interests in such issuer may conflict. Moreover, there may be situations in which an Other Client invests in an issuer in which the Funds maintains an investment. To the extent that the Funds holds securities in an issuer with rights, preferences and privileges that are different than those held by Other Clients in the same issuer, the general partner or its affiliates may be presented with decisions when the interests of the Funds and the Other Clients are in conflict.

The general partner may be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to the Funds. The general partner, in its sole discretion, will allocate fees and expenses in accordance with the Organizational Documents and in a manner that it believes in good faith is fair and equitable to the Funds under the circumstances and considering such factors as it deems relevant. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion (e.g., in

determining whether to allocate pro rata based on number of funds or co-investors receiving related benefits or proportionately in accordance with asset size).

The investment professionals and their affiliates may also aggregate orders for their clients to achieve more efficient execution or to provide for equitable treatment among clients. Aggregation of client orders, however, may impact the price at which a particular trade is effected. The investment professionals and their affiliates are not responsible for the errors of other persons, including third party brokers and custodians, unless otherwise expressly agreed to by, respectively, the investment professionals or such affiliates. Upon discovery of a material trade error or order error, the investment professionals and their affiliates, as appropriate, may seek to break the trade if possible.

The general partner may also, from time to time, employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by the Funds or other funds or investment vehicles advised by the general partner; conversely, former personnel or executives of the general partner may serve in significant management roles at portfolio companies or service providers recommended by the general partner. Similarly, the general partner and/or its personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the general partner, and/or the Funds, other funds or other investment vehicles the general partner advises. The general partner may have a conflict of interest with the Funds in recommending the retention or continuation of a third-party service provider to the Funds or a portfolio company owned by the Funds if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more funds the general partner advises, will provide the general partner information about markets and industries in which the general partner operates (or is contemplating operations) or will provide other services that are beneficial to the general partner. The general partner may have a conflict of interest in making such recommendations, in that the general partner has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for the Funds and other funds and investment vehicles that the general partner advises, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds.

As a result of the foregoing, the general partner (and its respective members, principals, affiliates and employees) and the investment professionals may have conflicts of interest in allocating their time and activity between the Funds and the Other Clients, in allocating investments among the Funds and the Other Clients and in effecting transactions between the Funds and the Other Clients, including ones in which the general partner (and its respective members, principals, affiliates and employees) may have a greater financial interest.

***Economic Interest of the General Partner.*** Because the percentage of profits allocated to the general partner will exceed the capital contribution percentage of the general partner, and because certain net losses otherwise allocable to the general partner will be specially allocated to all the Partners (up to the point that the limited partners' capital account balances reach zero), the general partner may have an incentive to make investments that are riskier or more speculative than if the

general partner received allocations on a basis identical to that of the limited partners or were compensated on a basis not tied to the performance of the Funds.

***Lack of Diversification.*** The Funds are subject to little or no diversification requirements and may invest in a limited number of companies, asset types, sectors, countries or regions. To the extent the Funds concentrates its investments in a particular company, asset type, sector, country or region, its investments will become more susceptible to fluctuations in value resulting from adverse business or economic conditions affecting that particular company, asset type, sector, country or region. As a consequence, the aggregate return of the Funds may be adversely affected by the unfavorable performance of one or a small number of companies, asset types, sectors, countries or regions in which the Funds has invested.

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

***Illiquidity of Fund Investments.*** Many or all of the Funds' investments will be highly illiquid because the market for the sale of such investments is limited, the transferability of such investments is generally restricted and there is no assurance that the Funds will be able to liquidate a particular investment or do so upon attractive terms. The risk of making such investments is generally greater than the risk of investing in publicly traded companies on major stock exchanges. While targeted returns should reflect the perceived level of risk, there can be no assurance of return of capital or any rate of return or profit.

The public market for high technology and other emerging growth companies, as well as Digital Assets, is volatile and there can be no assurance that companies or Digital Assets in which the Funds invests eventually will list their securities on a U.S. or other securities exchange. The Fund may be prohibited by lock up agreements or insider trading restrictions from distributing or selling portfolio company securities for a period of time after such company's initial public offering, if any, during which the price of a portfolio company's securities could decline.

***Availability of Investments.*** The general availability of investment opportunities will be subject to market conditions. The venture capital business is competitive, and the Funds and the general partner will be competing with established companies and funds with substantial resources and experience. There may be intense competition for investments of the type in which the Funds intend to invest, and such competition may result in less favorable investment terms than would otherwise be the case. There can be no assurance that suitable investment opportunities for the Funds will be found in numbers sufficient to enable the Funds to invest all of the capital commitments of the limited partners in opportunities that satisfy the Funds' investment strategy.

***Availability of Investment Capital.*** Early stage investments often require several rounds of capital infusions before the portfolio company reaches maturity, while late stage investments may require significant capital infusions before the portfolio company reaches profitability. If an investor does not have funds available to participate in subsequent rounds of financing, that shortfall may have a significant negative impact on both the portfolio company and the face value of the investor's original investment. Although the Funds will endeavor to maintain sufficient liquidity to allow it to participate in follow-on rounds of financings (where appropriate and permitted), the Funds do not intend to provide all necessary follow-on financing. Accordingly, portfolio companies may require third-party sources of financing. There is no assurance that such additional sources of financing will be available, or, if available, will be on terms beneficial to the Funds. Furthermore, the Funds' capital is limited and may not be adequate to protect the Funds from dilution in multiple rounds of portfolio company financing.

***No Market for Interests; Transferability Restrictions.*** The Interests in the Funds have not been registered under the Act or applicable securities laws of any state or non-U.S. jurisdiction. Therefore, the Interests cannot be resold unless subsequently registered under the Act and other applicable laws or an exemption from such registration is available. There is currently no public market for the Interests, and none is anticipated. Accordingly, it may be difficult to obtain reliable information about the value of the Interests. In addition, the Interests are not transferable except with the consent of the general partner, which it may withhold in its sole discretion. limited partners may not withdraw capital from the Funds, except in certain limited circumstances. Consequently, limited partners may not be able to liquidate their investments prior to the end of the Funds' term and must be prepared to bear the economic risk of an investment for an indefinite period.

***Due Diligence Risks.*** Before making investments, the general partner will conduct due diligence it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence and making an assessment regarding an investment, the general partner will be required to rely on resources available to it, including information provided by the prospective portfolio company and, in some circumstances, third party investigations. There can be no assurance that the due diligence investigation that the general partner will carry out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity.

***Indemnification.*** The Funds will be required to indemnify the general partner, the members, officers, directors, employees, agents and affiliates of the foregoing and members of the Advisory Board for liabilities incurred in connection with the affairs of the Funds. Such liabilities may be material and have an adverse effect on the returns to the limited partners. For example, in their capacity as directors of portfolio companies of the Funds, individuals may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligation of the Funds would be payable from the assets of the Funds, including the unpaid capital commitments of the limited partners. If the assets of the Funds are insufficient, the general partner may recall distributions made to the limited partners.

***Risks of Certain Dispositions.*** In connection with the disposition of an investment in a portfolio company or otherwise, the Funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment to the extent that

any such representations are inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Funds. In order to fund such liabilities, the Funds may require limited partners to return prior distributions that they received from the Funds.

***Currency and Exchange Rate Risks.*** Fund assets and income may be denominated in various currencies (including cryptocurrencies). Contributions and distributions, however, will be denominated in U.S. dollars. As a result, the return of the Funds on any investment may be adversely affected by fluctuations in currency exchange rates, any future imposed devaluations of currencies (whether local currencies, cryptocurrencies), inflationary pressures and the success of the investment itself. As a general policy, the Funds does not intend to engage in hedging against currency risk. In addition, the Funds may incur costs in connection with conversions between various currencies.

***Securities of Companies with Foreign-Based Operations.*** The Funds may make investments in the securities of issuers with a significant portion of their business and operations in, or a significant portion of their revenues from, locations outside the U.S., and therefore will be impacted by conditions in such locations. Investing in these securities involves additional considerations and risks beyond those typically involved in investing in U.S. companies, including the instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the U.S. or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (for example, the imposition of withholding taxes on dividends, interest payments or capital gains) or confiscatory taxation may also affect investments in foreign securities. Investments in foreign countries could be affected by other factors not present in the U.S., including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

***Systems Risks.*** The Funds depend on the general partner to develop and implement appropriate systems for certain aspects of the Funds' activities. The general partner relies extensively on computer programs and systems to evaluate certain investments, to monitor its portfolio and net capital and to show risk management and other metrics that are critical to oversight of the Funds' activities. In addition, certain of the Funds' and the general partner's operations interface with or depend on systems operated by third parties, including market counterparties and other service providers, and the Funds or the general partner may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by worms, viruses and power failures. Any such defect or failure could have a material adverse effect on the Funds. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades and cause inaccurate reports, which may affect the Funds' ability to monitor its investment portfolio and its risks. Studies have shown that a lack of adequate systems is often a significant contributing factor to failures of funds like the Funds.

***Side Letters.*** The Funds may in the future enter into additional side letters or similar agreements with one or more limited partners (including with limited partners that are considered to be initial investors) that have the effect of establishing rights under, or altering or supplementing the terms of the Organizational Documents. Such terms and conditions may provide for capacity rights to make future investments in the Funds or other investment vehicles managed by the general partner

or its affiliates; rights to receive notice of certain events or information not provided to other limited partners; rights to participate in co- investments; reduced management fees; reduced carried interest; rights to cancel their remaining capital commitments upon the occurrence of certain regulatory events; and such other rights negotiated by the Funds and/or the general partner, as applicable, and such limited partners. The terms and conditions set forth in any such side letter will be agreed to solely at the discretion of the Funds and/or the general partner, as applicable.

### ***Digital Asset Investments and Associated Risks.***

Digital Assets are loosely regulated and there is no central marketplace for exchange. Supply may be determined by a computer code or other action, not by a central actor, and prices have been extremely volatile. Digital Asset exchanges have been closed due to fraud, failure or security breaches. Any of the Funds' funds that reside on an exchange that shuts down may be lost. Several factors may affect the price of Digital Assets, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures that restrict the trading of Digital Assets or the use of Digital Assets as a form of payment. There is no assurance that Digital Assets will maintain their long-term value in terms of purchasing power in the future, or that acceptance of Digital Asset payments by mainstream retail merchants and commercial businesses will continue to grow.

Investments in Digital Assets are subject to many specialized risks and considerations, including risks relating to technology, security, regulation, user/market acceptance, volatility and timing, only some of which are described in this section. Further, due to the nascent nature of Digital Assets and the crypto economy generally, and the continued emergence and development of significant and disruptive assets, products, practices and services that are expected in the crypto economy, other risks and considerations are difficult to predict and evaluate, and may materialize and/or gain importance over time.

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

*Custody of the Funds' Digital Assets.* The general partner will be responsible for arranging custody of the Funds' Digital Assets, including by storage in one or more "cold wallets," using one or more third-party wallet providers and/or on various Digital Asset exchanges. The Fund may have a high concentration of its Digital Assets in one location or with one third-party, which may be prone to losses arising out of hacking, loss of password, compromised access credentials, malware, or cyberattacks. Digital Asset exchanges and third-party wallet providers may require the general partner to provide control of applicable private keys when such exchanges or wallets are utilized by the Funds. The general partner will take such reasonable steps as it determines are necessary to maintain access to these keys and to prevent their exposure to hacking, malware and



general security threats, but the Funds may not or may not be able to perform detailed diligence on such providers and exchanges, and, as a result, may not be aware of all security vulnerability and risks relating thereto; therefore, there can be no assurance that such steps will be adequate to protect such keys or the Funds' Digital Assets from such threats or that there will be no failure or penetration of the applicable security systems. There also can be no assurance that, to the extent the Funds utilizes third-party custodial services, such third parties maintain required certifications with the SEC or other regulatory agencies, the loss of which could cause such custodians to not be deemed qualified custodians by various regulatory agencies. Additionally, as this is an evolving space, it will be difficult to judge best practice among such custodians and there can be no guarantees.

*Lack of Available Third-Party Qualified Custodians.* The Fund's adviser hopes to utilize third-party custodians for the Funds' Digital Assets. However, qualified third-party custodians that satisfy this requirement for certain Digital Assets may not be available, in which case the Funds may be required to self-custody Digital Assets. There can be no assurance that self-custody will adequately protect the security of such Digital Assets, exposing the Funds to up to the complete loss of a Digital Asset owing to a security breach or other failure of the self-custody procedures. In addition, regulators may not agree with the Funds' decision to self-custody a Digital Asset, resulting in the possibility of sanctions, fines or other regulatory reparations imposed on the Funds, its adviser or any of their respective affiliates by the SEC.

While cryptocurrencies, as well as the related and underlying source code/cryptography, networks, infrastructure and other technologies, have been and are experiencing rapid development, such development may not continue at its current rapid pace or may not continue at all. There can be no assurance that all material vulnerabilities in the technology associated with a particular Digital Asset and its associated networks will be identified and addressed prior to the Funds' investment in such Digital Asset. Digital Asset exchanges continue to be especially susceptible to service interruptions or permanent cessation of operations due to many reasons, including fraud, technical glitches, hackers, malware or governmental regulation or other intervention. In particular, a breach of the security procedures used by the Funds or its third-party custodians, if any, could result in an uninsured loss of the entirety of the Funds' investment in a Digital Asset. Any failure of technologies associated with cryptocurrencies or their networks and underlying infrastructure, including without limitation, disruption of internet connectivity, could have a material adverse effect on the Funds' investments and investment opportunities.

*Risk of Loss of Private Keys.* A Digital Asset is often controllable only by the possessor of unique private keys relating to the addresses in which the Digital Asset is held. The theft, loss or destruction of a private key required to access a Digital Asset may be irreversible, and any such private key would not be capable of being restored by the Funds. Any loss of private keys relating to digital wallets used to store the Funds' Digital Assets, and/or the death or incapacity of one or more of the personnel of the Funds' team in possession of such private keys, could result in the loss of such assets, and a limited partner could incur substantial, or even total, loss of capital.

*Trading on Digital Asset Networks.* The Funds may convert U.S. dollar contributions made by limited partners to Digital Assets over specific networks, as applicable. The Funds may use certain Digital Assets to purchase other Digital Assets. Many Digital Asset networks are online end-user-to-end-user networks that host a public transaction ledger, known as the blockchain, and

the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. In many Digital Asset transactions, the recipient of the Digital Asset must provide its public key, which serves as an address for a digital wallet, to the party initiating the transfer. In the data packets distributed from Digital Asset software programs to confirm transaction activity, each Digital Asset user must “sign” transactions with a data code derived from entering the private key into a “hashing algorithm,” which signature serves as validation that the transaction has been authorized by the owner of such Digital Asset. This process is vulnerable to hacking and malware, and could lead to theft of the Funds’ digital wallets and the loss of the Funds’ Digital Assets. Many Digital Asset exchanges have been closed due to fraud, failure or security breaches. In many of these instances, the customers of such Digital Asset exchanges were not compensated or made whole for the partial or complete losses of their account balances in such Digital Asset exchanges.

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

*Risks Relating to Tokenized Fundraises.* The Funds may invest, directly or indirectly, in or by way of initial coin offerings, initial exchange offerings, security token offerings and other novel cryptocurrency fundraising and distribution methods and campaigns (collectively, “**Tokenized Fundraises**”). Tokenized Fundraises may allow for investors to purchase certain Digital Assets offered or created by blockchain-based companies on various platforms in exchange for dollars or already established Digital Assets, which can then be converted to dollars, other cryptocurrencies or other assets on a Digital Asset exchange. Prior to such Tokenized Fundraises, blockchain-based companies may offer presale tokens or similar Digital Assets. Presale tokens or currencies may be sold or used to buy additional tokens or currencies at a later point in time for a potentially higher value. The Funds may invest in all stages, including presale rounds, of Tokenized Fundraises and in both registered and unregistered Tokenized Fundraises. Tokenized Fundraises (and token presales and other similar, related or appurtenant activities) may be unregulated and/or subject to multiple regulatory schemes. Tokenized Fundraises may be subject to fraud, security breaches, regulatory developments, enforcement actions, and technological developments. There is no guarantee that a Tokenized Fundraise is in compliance with any applicable federal, state, local, international or other laws or regulations or that the representations made by the issuer or other third parties in connection with a Tokenized Fundraise are accurate. For example, a Fund may invest in an unregistered Tokenized Fundraise that involves the offering and sale of securities and is therefore determined to be in violation of federal or state securities laws. In such a case, the general partner will make its investment decision with less information than it otherwise would have received from the issuer had the offering been appropriately registered. In addition, the Funds may be significantly limited in its ability to sell or otherwise transfer tokens or currencies

purchased in an unregistered Tokenized Fundraise. There is no guarantee that the token or currency purchased will have any value or worth. Tokenized Fundraises can at any point become subject to federal and state securities laws and other laws and regulations, federal commodity laws and regulations, local regulation and various international regulations, among other restrictions. Such restrictions may have an adverse impact on the Funds' assets or on the Funds' ability to sell its assets. As investors can purchase new tokens with already existing Digital Assets, investments in Tokenized Fundraises (as well as token presales and other similar, related or appurtenant activities) subject the Funds to all risks associated with Digital Assets in general. There is no guarantee that funds lost in a Tokenized Fundraise (as well as similar, related or appurtenant activities) will be recovered by the Funds.

*Uncertain Regulatory Environment for Digital Assets.* In addition to the above regulatory risk relating to Tokenized Fundraises, the overall regulatory environment for Digital Assets remains uncertain. Numerous U.S. federal agencies have asserted whole or partial regulatory authority over Digital Assets, including, but not limited to, the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Federal Trade Commission and the Financial Crimes Enforcement Network. Whether and to what extent Digital Assets will be regulated by any existing federal agencies or by new legislation passed by the U.S. Congress is unknown and the effect on the market value of Digital Assets overall is unknown. Other governmental bodies and regulatory agencies, including those outside the U.S., may also create their own set of regulations relating to, or otherwise ban or restrict, as the case may be, certain Digital Assets, networks, exchanges, practices, service providers, users and others (which may adversely affect or restrict the ability or right to acquire, own, hold, sell, use or exchange (whether for fiat currency or other Digital Assets) Digital Assets), which might further negatively impact the value of Digital Assets. Regulatory activity in any of these areas may restrict the ability of the Funds both to acquire such Digital Assets and to realize the value thereof by restricting the conversion of any such value into U.S. dollar-based assets.

Digital Assets are not legal tender in the United States of America, and federal, state or foreign governments may restrict the use and exchange of Digital Assets at any time. Digital Assets have attracted the attention of U.S. regulatory agencies, and future regulation is likely. Various jurisdictions have or may, in the near future, adopt laws, regulations or directives that affect Digital Assets and parties that come into contact with such assets. Such laws, regulations or directives may negatively impact the Funds in a variety of ways, including increasing the compliance burden of the Funds and their related parties or diminishing the value of the Funds' investments in Digital Assets. To the extent that new regulations are imposed, or regulatory authorities find ways to apply existing regulations to Digital Assets in unanticipated ways, the Funds' investments may be materially adversely affected. Further, the taxation of cryptocurrencies is uncertain in many jurisdictions, and those jurisdictions that have formulated a position have reached varying (and continuously evolving) conclusions. A discussion of varied tax treatments of Digital Assets is outside the scope of this discussion. In addition, due to the unique nature of Digital Asset investments and the difficulty in confirming ownership of such investments, direct or indirect investments in Digital Assets by the Funds could result in delays in the issuance of financial opinions by the Funds' auditors or in the qualification, in whole or in part, of such opinions.

Certain financial institutions, including banks, may not provide, or may stop providing, services to businesses that provide digital currency-related services or accept Digital Assets for a number of reasons, including perceived compliance risks or costs. This may result, whether now or in the future, in decreasing the usefulness of digital currencies (whether perceived or actual) as a payment system and therefore decrease the value of Digital Assets held by the Funds and adversely affect the Funds' investment in such Digital Assets.

Digital Assets held by the Funds are not subject to Federal Deposit Insurance Corporation (“**FDIC**”) or Securities Investor Protection Corporation (“**SIPC**”) protections. The Fund is not a banking institution or otherwise a member of the FDIC or SIPC and, therefore, deposits held with or assets held by the Funds are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. The Digital Assets of the Funds, as well as the undivided interests in the Funds' Digital Assets represented by interests in the Funds, will not be insured.

The effect of any future regulatory change on the Funds is impossible to predict, but such change could be substantial and adverse.

*Stolen or Incorrectly Transferred Digital Assets May Be Irretrievable.* An incorrect transfer of Digital Assets or a theft of Digital Assets generally will not be reversible and the Funds may not be capable of seeking compensation for any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, the Funds' Digital Assets could be transferred in incorrect amounts or to unauthorized third parties. To the extent that the Funds are unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received the Funds' Digital Assets through error, mismanagement, theft or other criminal action, the Funds will be unable to revert or otherwise recover incorrectly transferred Digital Assets. To the extent that the Funds are unable to seek redress for such actions, such loss could adversely affect an investment in the Funds.

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

*Certain Risks Relating to “Forks.”* Digital Assets such as Bitcoin and Ethereum are open source blockchain protocols. Any user can download the software, modify it, and then propose that such blockchain protocols users and miners adopt the modification. When a modification is introduced and a substantial majority of users and miners consent to the modification, the change

is implemented and such blockchain protocol networks, as applicable, remain uninterrupted. However, if less than a substantial majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a “fork” of the impacted blockchain protocol network and respective blockchain, with one prong running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two parallel versions of such blockchain protocol network, running simultaneously, but with each split network’s crypto asset lacking interchangeability. Forks can lead to a disruption of networks; new security concerns, flaws and risks (such as “replay attacks” or an inherent decrease in the level of security due to the splitting of some mining power across networks) and other weaknesses or problems that may cause temporary or permanent loss of, or have other adverse effects on, the Funds’ Digital Assets or the Funds’ ability to operate in respect of such Digital Assets.

*Price.* In their short history, Digital Asset values have experienced extreme price volatility that may continue in the future. Historical price increases in cryptocurrencies provide no assurance of future results. The value of Digital Assets also will be affected by the worldwide acceptance or rejection of Digital Assets. In particular, problems with the supply of Digital Assets, security flaws (or perceived security flaws), difficulties with converting Digital Assets to fiat currencies, and concerns that cryptocurrencies may disproportionately facilitate criminal activities may negatively affect the acceptance, growth and development of Digital Assets. For example, the exchange rate of Bitcoin into U.S. dollars has been very volatile. To the extent the Funds hold specific investments in Digital Assets, the value of those investments also may be volatile and subject to impairment, and such investments may lose their entire value. The Funds may acquire Digital Assets that they may not be able to subsequently sell or may decide to hold such Digital Assets due to factors such as uncertainty in respect of regulatory, tax or other considerations, during which time, in each case, such Digital Assets may lose some or all of its value.

*Counterparty Risk.* Some of the markets in which the Funds may effect Digital Asset transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to the same credit evaluation and regulatory oversight as are members of “exchange-based” markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such OTC Digital Asset transactions. This exposes the Funds to the risk that a counterparty will not settle a Digital Asset transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of the Funds’ Digital Asset transactions with one counterparty. The ability of the Funds to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds in Digital Asset investments. Further, Digital Assets exchanges utilized by the Funds may operate outside of the United States and be subject to the laws thereof, and the Funds may have difficulty pursuing claims or enforcing judgments in such foreign jurisdictions, which may adversely affect the Funds and their operations and investments.

*Tax Risk of Digital Asset Investments.* There is substantial uncertainty regarding the tax treatment of Digital Assets, as well as activities or occurrences related or appurtenant thereto (including, without limitation, to the extent relevant and applicable, those discussed below in “Staking and Related Activities” and “air drops” by promoters of Digital Assets). As such, the general partner may take certain tax positions that may ultimately be treated differently in the course of an audit by the U.S. Internal Revenue Service (“**IRS**”), or the regulations promulgated by the IRS may change over time. As a result, limited partners may be subject to adverse tax consequences associated with their investment in the Funds.

*Staking and Related Activities.* The Funds may participate in the “staking,” “delegating,” “baking” and “voting” of Digital Assets; in decentralized governance, bookkeeping, and transaction confirmation activities; and in other activities related or similar to the foregoing (collectively, “**Staking Activities**”) that may produce profits and losses. The Fund’s involvement in Staking Activities may be found, for U.S. federal income tax purposes, to result in income that is deemed to be effectively connected with the conduct of a trade or business in the United States. Tax-exempt limited partners may incur an income tax liability with respect to their share of any unrelated business taxable income (“**UBTI**”), and non U.S. limited partners may incur an income tax liability with respect to their share of any effectively connected income (“**ECI**”), that the Funds may generate resulting from Staking Activities. In order to minimize or eliminate tax filing obligations or tax liability of some or all of the limited partners, the general partner may cause the Funds to conduct Staking Activities through one or more entities that will be subject to U.S. federal income tax on 100% of its net income at regular U.S. corporate income tax rates, and may file a U.S. federal income tax return and pay U.S. federal income tax on any income allocated to such entities. However, such structures will not necessarily eliminate all U.S. filing obligations or tax liabilities with respect to an investment in the Funds by tax-exempt limited partners or non-U.S. limited partners, or reduce the aggregate U.S. federal income tax liability associated with an investment in the Funds. Such structures may in some cases increase the overall tax borne directly and indirectly by such limited partners compared to the taxes that would have been borne by such limited partner had the general partner not elected to utilize such structures. Each investor should consult with and rely on its own independent tax counsel as to the U.S. federal income tax consequences of an investment in the Funds based on its particular circumstances, as well as to applicable state, local or non- United States tax laws.

*Risk From Unique Governance Model of Digital Assets.* In many cases, the Funds will be investing directly in a Digital Asset that lacks the governance aspects that generally pertain to equity securities. For example, a holder of a Digital Asset generally does not have the right to appoint board members or otherwise vote on corporate actions of the entity that has issued the Digital Asset. As a result, the Funds will have limited, if any, ability to influence the actions of the issuer of the Digital Asset and such lack of influence may negatively impact the value of any particular investment.

In addition, the risks discussed above also may apply to any investment by the Funds in a portfolio company that is focused, directly or indirectly, on the Digital Asset industry.

*Cybersecurity Breaches.* The information and technology systems of the Adviser and its affiliates and service providers may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and

security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the general partner, the Adviser, and their respective affiliates have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the general partner, the Adviser, their respective affiliates and/or a service provider may have to make a significant investment to fix or replace such systems. The failure of these systems for any reason could cause significant interruptions in operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to limited partners. Such a failure could result in loss of some or all of the Funds' assets (including, without limitation, Digital Assets held by the Funds), could harm the reputation of the general partner, the Adviser, the Funds and their affiliates and respective service providers, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

***Other Complex Investment Products and Structures.*** The general partner may cause the Funds, directly and indirectly, to acquire, hold and dispose of other, more complex investment products and to acquire, hold and dispose of investment products through complex investment structures. Investment products and structures may include, without limitation, debt instruments (bridge, convertible or non-convertible), common stock, preferred stock, warrants, calls, SAFEs, SAFTs, SAFT-Es, interests in joint venture/syndication holding vehicles and other derivative interests, and securities that may become traded (if ever) exclusively on non-United States exchanges. Each of these investment products and structures will carry with it unique risks and considerations. Except to the very limited extent set forth in the Funds' Organizational Documents, investors will have no right to review or approve any such products and structures and will be entirely dependent upon the business judgment of the general partner and the investment professionals.

## **Item 9. Disciplinary Information**

Item 9 is not applicable to the Adviser.

## **Item 10. Other Financial Industry Activities and Affiliations**

Limited liability companies that are affiliates of the Adviser (the "general partners") serve as general partners of the Funds. As noted in Item 6, these relationships may create an incentive for the Adviser to make investments that are riskier or more speculative than if Electric Capital affiliates did not receive incentive compensation from the Funds. Additional conflicts of interest created by the relationship among the Adviser and the general partners are described in Item 8.

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

The Adviser may be subject to conflicts relating to its selection of Digital Asset intermediaries, exchanges and counterparties on behalf of the Funds. Fund portfolio transactions will be allocated to intermediaries, exchanges and counterparties on the basis of numerous factors and not necessarily lowest pricing. Intermediaries, exchanges and counterparties have at times provided other services that are beneficial to the Adviser, other Funds, or other vehicles managed by the Adviser, but may not be the most cost-effective solution for a particular Fund.

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

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

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

### **Code of Ethics**

The Adviser maintains a written Code of Ethics that is applicable to all of its officers, directors, principals, members, and employees (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the “Advisers Act”), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, including Digital Assets, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are required to file certain periodic reports with the Adviser’s Chief Compliance Officer (“CCO”) as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest. Adviser Personnel are also required to promptly report any suspected or actual violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client upon written request to the contact information provided on the first page of this brochure.

### **Participation or Interest in Client Transactions**

Certain employees and affiliates of the Adviser invest in and alongside the Funds, either through the general partner, as direct investors in a Fund or otherwise. A Fund or its general partner, as



applicable, may reduce all or a portion of the Management Fee and Carried Interest related to investments held by such persons.

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

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

## **Item 12. Brokerage Practices**

The Adviser anticipates that it will utilize brokers for certain Fund transactions. To meet its fiduciary duty to the Funds, the Adviser maintains policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

### **Best Execution of Purchases or Sales Through a Broker-Dealer**

As part of the Adviser's fiduciary duty to the Funds, the Adviser will seek "best execution" of the transaction. "Best execution" means considering the total cost (in purchasing a security) or total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer. Best execution is not limited solely to the consideration of the best available commission rate.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser's investment team takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

In order to monitor best execution, the Adviser's investment team, in consultation with the Adviser's CCO, periodically monitors broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

## **Block Orders and Trade Aggregation**

In pursuing the Funds' investment objectives, the Adviser may aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security or Digital Asset. The Adviser may combine orders on behalf of the Funds with orders for other Funds for which it has trading authority, or in which it has an economic interest.

If the Adviser aggregates trade orders each participating Fund will receive the average price for each execution of a transaction.

While the Adviser from time to time receives research from broker-dealers, the Adviser does not have any "soft dollar" arrangements in place (i.e., arrangements whereby the Adviser pays a higher commission to execute a trade than the lower available negotiated commission, using a portion of the commission to obtain brokerage and research services).

## **Item 13. Review of Accounts**

### **Oversight and Monitoring**

The Adviser closely monitors the Funds' investments. The Funds' accounts are continuously reviewed on an ad hoc basis and are formally reviewed by Co-Founders at least quarterly.

### **Reporting**

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of such Fund, as well as quarterly performance reports within 45 days after each fiscal quarter end. The Adviser and the applicable general partner, if any, are from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

## **Item 14. Client Referrals and Other Compensation**

While not a client solicitation arrangement, the Adviser may from time to time engage one or more persons to act as a placement agent for the Funds in connection with the offer and sale of interests to certain potential investors. Such persons generally receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to the Funds that are subsequently accepted.

The Funds may, subject to any limitations set forth in its Organizational Documents, reimburse such fees. Management Fees and/or Carried Interest received by the Adviser or the general partner are generally reduced by the amount of such fees paid by the Funds.

## **Item 15. Custody**

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

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

Wherever possible, the Adviser maintains clients’ Digital Assets with qualified custodians. The Adviser maintains certain Digital Assets internally as well as with third party wallet providers. For Digital Assets stored internally, the Adviser has developed an internal custody platform that incorporates dedicated hardware, encryption and redundancy into its architecture. Digital Asset storage is managed through a combination of secured offsite servers and onsite secured hardware.

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

#### **Item 16. Investment Discretion**

Investment advice is provided directly to the Funds, subject to the direction and control of the general partner of each Fund, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or Organizational Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Organizational Documents of the applicable Fund.

#### **Item 17. Voting Client Securities**

The Adviser has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, “Proxies”) in a prudent and diligent manner that will serve the applicable Fund’s best interests and is in line with each Fund’s investment objectives.

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

- (a) The impact on the value of the securities;
- (b) The anticipated associated costs and benefits associated with the proposal;
- (c) The effect on liquidity; and
- (d) Customary industry and business practices.

The Adviser may refrain from voting Proxies where it believes that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to its clients.

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

**Item 18. Financial Information**

This Item is not applicable to the Adviser.