

Arca Investment Management, LLC

PART 2A OF FORM ADV FIRM BROCHURE

March 29, 2024

This brochure provides information about the qualifications and business practices of Arca Investment Management, LLC ("AIM" or the "Investment Manager"). If you have any questions about the contents of this brochure, please contact us at (424) 400-7444. 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. Registration does not imply a certain level of skill or training.

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



ITEM 2 MATERIAL CHANGES

Our previous annual update was dated March 31, 2023.

There have been no material changes to this brochure since then.

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ITEM 4 ADVISORY BUSINESS

Arca Investment Management, LLC (“AIM” or the “Investment Manager”), was established in 2018 as an exempt reporting adviser. AIM registered as an investment adviser with the U.S. Securities and Exchange Commission (the “SEC”) effective 2022. AIM is headquartered in Marina del Rey, California and provides investment management services on a discretionary basis to privately offered pooled investment vehicles and to a Trust (the “Funds”). AIM is a wholly owned subsidiary of Praesidium Partners, Inc., a privately held corporation.

The Arca Digital Assets Funds are organized into a master-feeder structure. The first structure (a hedge fund) was established in 2018 and consists of (i) Arca Digital Assets Fund, LP (the “Onshore Feeder”), a Delaware limited partnership, (ii) Arca Digital Assets Fund, Ltd (the “Offshore Feeder”), a British Virgin Islands exempted company, and (iii) Arca Digital Assets Master Fund, L.P. (the “Master Fund”), a British Virgin Islands exempted limited partnership. Additional Funds include the Arca Accredited Investor Bitcoin Trust (launched in February 2021), the Arca Endeavor Fund (a venture fund launched in October 2021), the Arca NFT Fund (a venture fund launched in January 2022), and the Arca NFT International Fund Ltd., a British Virgin Islands exempted company (a venture fund launched in January 2022) (collectively, the “Funds”).

AIM provides investment management and advisory services to the Funds only, in accordance with the terms set forth in investment management agreements with the Funds and pursuant to the investment objectives, strategies and restrictions as set forth in each of the relevant Funds’ offering documents. AIM does not tailor its advisory service to the individual needs of investors in the Funds and investors in the Funds may not impose restrictions on investing in any particular security or type of security.

Beginning in 2024, AIM will also act as a third party provider of non-discretionary model portfolios to two separate and unaffiliated digital assets platform providers, Coinbase SMA, Ltd., and Eaglebrook Advisors, Inc. for use by the clients of those platforms. AIM does not provide investment advisory services to these platform providers or to their clients.

As of December 31, 2023, AIM managed Fund assets totaling \$193,750,608.22, all of which are managed on a discretionary basis. There are no separately managed accounts.

ITEM 5 FEES AND COMPENSATION

AIM charges the Arca Digital Assets Fund, Arca Endeavor Fund, and the Arca AI Bitcoin Trust asset-based Investment Management Fees (“Management Fee”). AIM does not charge any Management Fee to the Arca NFT Fund.

In addition, each Fund’s offering documents describe the circumstances in which a performance-based incentive allocation (a “Performance Allocation”) is charged. Performance Allocations are based on net profits subject to a loss carryforward mechanism commonly referred to as a “High Water Mark.” AIM does not charge a Performance Allocation allocation to the Arca AI Bitcoin Trust. AIM does not accept any other compensation in connection with its advisory business.

Management Fees, as applicable, are charged in advance based on the value of the assets of each of the Funds as of the last business day of each preceding calendar quarter. A pro rata portion of the Management Fee is paid in advance for investments made between calendar quarters, based on the number of remaining months in the quarter. AIM receives the Management Fee each quarter by instructing the administrator of the Funds to pay the applicable Management Fee from the Fund accounts.

Beginning in 2024, AIM will pay monthly platform fees in order to act as a third party model portfolio provider to unaffiliated digital assets platforms Coinbase SMA, Ltd. and Eaglebrook Advisors, Inc. AIM may eventually receive non-advisory fees from those platforms based on usage of AIM’s model portfolios by clients of those respective platforms.

The Management Fees and Performance Allocations described below for applicable AIM-advised Funds may be waived in AIM’s discretion for investors that are members, employees, or affiliates of AIM, as well as for relatives of such persons.

In addition, the Funds are also subject to additional fees, expenses and transaction costs relating to Fund investments including, without limitation, organizational, reorganizational and offering expenses including, without limitation, related travel, lodging and meal expenses, investment related fees and expenses incurred in connection with the evaluation, acquisition or disposition of investments (whether or not consummated), including, without limitation, trading related expenses (including any applicable commissions and brokerage charges, clearing expenses, interest expense, stock borrowing fees, and related items) and related software expenses; fees and expenses of any external consultants and administrators; Securities and Exchange Commission (“SEC”) and other reporting and filing expenses and costs incurred by a Fund’s general partner in connection with its investment activities for a Fund, including Form PF expenses; due diligence and investment-related travel expenses; government expenses; taxes; administrative expenses, legal expenses, and external accounting expenses, including the fees of a third party administrator; research and market data expenses; audit and tax preparation expenses; costs of valuing a Fund’s portfolio, including the use of third-party pricing services or valuation agents; costs of reports and other communications to Limited Partners; corporate licensing; custodial fees; directors’ and officers’ liability insurance; insurance related to loss of cryptocurrencies; expenses incurred in negotiating and complying with side letters, if any; the Management Fee (as applicable); liquidation costs; indemnification expenses and other extraordinary expenses; and other expenses associated with the operation of a Fund, and other fees described in each Fund’s offering memorandum.

Management Fee and Performance Allocation

AIM receives compensation in the form of Management Fees for managing Fund investments in the Arca Digital Assets Fund, the Arca Endeavor Fund, and the Arca AI Bitcoin Trust. Limited Partners in the Arca Digital Assets Fund and the Arca Endeavor Fund are charged a Management Fee based on the capital account balance as of the end each calendar quarter, of up to 0.5% (2% annualized), in addition to a Performance Allocation as discussed below. Investors in the Arca AI Bitcoin Trust are charged a management fee payable monthly, in arrears, in an amount equal to 0.45% per

annum (1/12th of 0.45% per month) of the sum (determined at the end of each month) of each NAV Balance during such month.

As applicable, each Fund's general partner will receive a Performance Allocation that is aggregated and crystallized each quarter and paid from the respective Fund in an amount of up to 25% of net realized and unrealized returns of each Limited Partner's capital account during the period since the immediately preceding Performance Allocation was made (or if no Performance Allocation was made, the date the relevant capital account was established) and after the allocation of any appreciation or depreciation for the relevant accounting period. For purposes of calculating the Performance Allocation, a Limited Partner's interest in a side pocket account (see discussion regarding "side letters" in Item 10 below) will be treated as if it were included in such Limited Partner's capital account. No Performance Allocation will be reallocated with respect to any capital account with any existing and unrecovered net realized and unrealized depreciation (such deficit, a "Loss Carryforward").

Terms of Redemption Applicable to Limited Partners in the Funds

No Limited Partner will be permitted to withdraw from a Fund except in limited circumstances as set forth in the Funds' Partnership Agreements. Investments in the Funds may incur an early withdrawal charge of up to 4%, commonly referred to as a "soft lock" and may be subject to a withdrawal gate (typically no more than 25% of the Fund's net asset value at the discretion of the Fund's general partner) and other withdrawal restrictions.

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

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

AIM routinely assesses its risks and mitigation initiatives in this area. For instance, if AIM considers creating a new investment vehicle—one that has not previously been offered -- then it would review its trade allocation policies and procedures (among others) to ensure they remain reasonably designed and address risks that may be created when managing accounts with varying fee structures alongside one another, as relevant. AIM shares certain portfolio management and trading personnel with Arca Capital Management, LLC (“ACM”), a registered investment adviser under common ownership that provides advice to a registered investment company. Although AIM and ACM share personnel and certain systems, the Funds and the registered investment company managed by ACM generally do not invest in the same type of securities. Accordingly, it is unlikely that there will be any opportunity to allocate investments among such accounts. Nonetheless, AIM is cognizant of its fiduciary duty to put the best interests of its clients/investors over those of itself and its employees. As such, the CCO or her designee has implemented a compliance program to oversee that the Firm does not favor one Fund over another.

Additionally, AIM has adopted and implemented policies and procedures intended to address the conflicts of interest inherent in managing multiple accounts and allocating investment opportunities between the Funds in a fair and equitable manner. Pre-trade and post-trade allocations are tested periodically, and trade allocations are analyzed to confirm fair and equitable allocations over time. The Investment Manager maintains documentation of the testing procedures.

AIM’s order aggregation policy is further discussed below in Item 12.

ITEM 7 TYPES OF CLIENTS

AIM's clients consist solely of the Funds.

Limited Partners and Investors in the Funds consist primarily of endowments, foundations, family offices, and employees or affiliates of AIM. The current minimum amount for an initial investment in the Funds (except the AI Bitcoin Trust) ranges from USD \$100,000 to \$250,000. The minimum investment amounts may be waived in AIM's discretion for investors that are members, employees, strategic partners or affiliates of AIM. Such waivers have been made for certain current Limited Partners who are members, employees, and/or strategic partners of AIM.

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

Methods of Analysis and Investment Strategies

AIM expects to achieve a Fund's investment objective primarily by identifying suitable investments in blockchain, all forms of digital assets, digital tokens, and cryptocurrencies, and by performing fundamental and technical analyses. Cryptocurrency investments of the Funds may be traded on one or more cryptocurrency exchanges or may not trade on any exchange. AIM may also invest in traditional equity and fixed income investments, as well as derivatives, mutual funds, exchange traded funds, and other private funds.

Although AIM intends to generally adhere to the strategy parameters described above, AIM may deviate from, or change, the strategy at any time. The Investment Manager may employ, from time to time, a wide variety of hedging techniques to reduce the risk of speculative investments in financial instruments and hedge against the effects of market and sector risks.

Material Risks

RISKS RELATING TO DIGITAL ASSETS

Digital Assets Generally

The investment characteristics of virtual cryptocurrency generally differ from those of traditional currencies, commodities or securities. Importantly, digital assets are not backed by a central bank or a national, supra-national or quasi-national organization, any hard assets, human capital, or other form of credit. Rather, digital assets are market-based: a digital asset's value is determined by (and fluctuates often, according to) supply and demand factors, the number of merchants that accept it, and the value that various market participants place on it through their mutual agreement, barter or transactions. In addition, regulatory oversight of digital assets is still evolving, both domestically and globally, which results in legal uncertainty and regulatory risk for the sector.

Risk of Investing in Digital Assets

The Investment Manager intends to invest in a portfolio of digital assets and investments related to digital assets. Because the class of digital asset investments is growing at a rapid pace, all risks relating to the underlying technology may not be known. For instance, while Bitcoin has existed since 2009 and its blockchain structure and function is well understood, the Fund may invest in other digital assets which employ a variation of the Bitcoin blockchain (i.e., Litecoin, Dash, etc.), use a new and functionally different blockchain (i.e., Ether, Lisk, etc.), or do not rely on blockchain technology at all (i.e., MadeSafeCoin, GBYTE, IOTA, etc.). As new digital assets develop and attract interest from the development community and investors, they may also become greater targets for exploitation. A hack to one digital asset's network may harm public perception of such asset's network and other digital assets in general, thus negatively impacting an investment in the Fund. Digital assets, although generally open source, are highly dependent on their developers, particularly at early stages, and there is no guarantee that development will continue or that the developers will not abandon the project with little or no notice. Additionally, some digital assets (and agreements to purchase digital assets) may be or become subject to the securities laws or other regulation in one or more jurisdictions, which may negatively impact the digital asset and have negative legal consequences and/or result in increased expenses for the Fund. Investments in digital assets are highly speculative and the Investment Manager may select digital assets for investment that are not successful.

Risks Related to NFTs

NFTs are digital assets recorded on a blockchain ledger for verification of authenticity and ownership of a unique digital asset, such as artwork. Given the increased scrutiny of digital assets as well as cryptocurrencies for regulatory and anti-money laundering purposes, it is possible that the United States and other jurisdictions will engage in increased scrutiny and regulation of NFTs. While NFTs and cryptocurrencies are similar in that both are based on blockchain technology, unlike cryptocurrency units, which are fungible, NFTs have unique identification codes and represent content on the blockchain. The record of ownership of the NFT, which establishes authenticity and may also carry other rights, cannot be duplicated. As NFTs are a relatively new and emerging type of digital asset, the regulatory, commercial, and legal framework governing NFTs (as well as cryptocurrencies) is likely to evolve both in the United States and internationally and implicates issues regarding a range of matters, including, but not limited to, intellectual property rights, privacy and cybersecurity, fraud, anti-money laundering, sanctions, and currency, commodity, and securities law implications. For example, NFTs raise various intellectual property law considerations, including adequacy and scope of assignment, licensing, transfer, copyright, and other right of use issues. The creator of an NFT will often have all rights to the content of the NFT and can determine what rights to assign to a buyer, such as the right to display, modify, or copy the content. To the extent a Fund or its investments are directly or indirectly involved in a dispute between creators and buyers of NFTs, it could materially and adversely affect the Fund. NFTs may also be an attractive target for cybersecurity attacks. NFT marketplaces, like digital asset exchanges, may also be vulnerable to attacks where an unauthorized party acquires the necessary credentials to access user accounts. NFTs may also be subject to regulations of the Financial Crimes Enforcement Network (“FinCEN”) of the U.S. Department of Treasury and the Bank Secrecy Act. Further, the Office of Foreign Assets Controls (“OFAC”) has signaled sanctions could apply to digital transactions and has pursued enforcement actions involving cryptocurrencies and digital asset accounts. The nature of many NFT transactions also involve circumstances which present higher risks for potential violations, such as anonymity, subjective valuation, use of intermediaries, lack of transparency, and decentralization associated with blockchain technology. As the market for NFTs is relatively nascent, it is difficult to predict how the legal and regulatory framework around NFTs will develop and how such developments will impact a Fund. Further, market acceptance of NFTs is uncertain as buyers may be unfamiliar or uncomfortable with digital assets generally, how to transact in digital assets, or how to assess the value of NFTs. The market and consumer demand for NFT and digital collectible products is new, rapidly developing and highly uncertain.

Bitcoin as a Model for Other Digital Assets

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

Overview of Bitcoin, the Bitcoin Network and the Bitcoin Market

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

Bitcoin is relatively new: In 2009, Satoshi Nakamoto (which is believed to be a pseudonym for a person or group of people) designed and created Bitcoin-Qt, the original mathematical Bitcoin network source code and protocol. Currently, Bitcoin is not represented by any official organization, government, or public or private authority, and the Bitcoin network does not rely on any government authority or financial institution to create, transmit or determine the value of Bitcoin. While it is generally believed that Bitcoin originated independent of any foreign or domestic government authority or corporate influence, no evidence substantiating the identity of the creator of Bitcoin has yet been found to exist. Because Bitcoin is a virtual currency—but is not considered legal tender by any governmental authority—a person generally must have Internet access to connect to the Bitcoin network and own, transfer or use Bitcoin.

Bitcoin network

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

Cryptography

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

Blockchain

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

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

Each Bitcoin user must “sign” transactions with a data code derived from entering the applicable private key into a “hashtag algorithm.” The hashtag algorithm produces a hash (or timestamp) which serves as a signature validation that the transaction has been authorized by the Bitcoin owner. Each timestamp includes the previous timestamp hash as input for its own hash. This dependency of one hash on another is what forms a chain, with each additional timestamp providing evidence that each of the previous timestamp hashes existed. Presently, each block on the blockchain contains a record of hundreds of validated transactions. Each validated transaction contains a unique

identifier (i.e., a Bitcoin address/public key) that can be searched and located on the blockchain through Web sites like www.blockchain.com. It takes approximately ten minutes for each Bitcoin transaction to be confirmed by the network through the efforts of miners and a new block in the blockchain to be created. Each block that is added to the blockchain reduces the risk that a previous transaction will not be reversed or that double spending has not occurred.

Mining

Bitcoin mining is the process of validating and adding transaction records to Bitcoin's public ledger of past transactions (i.e., the blockchain). Each block is an independent mathematical proof which depends on the previous block. As an incentive to update the blockchain, Bitcoin miners may collect transaction fees for the transactions they confirm, along with newly created Bitcoin (i.e., rewards). Only the first miner to compute the proof is rewarded with Bitcoin, while the rest of the miners have to start over on a new block. Bitcoin supply is increased with every new block of transactions that is added to the blockchain. Currently, the reward is twenty-five (25) Bitcoin for each block that is added to the blockchain. The reward for solving a block is automatically adjusted so that roughly every four years of operation of the Bitcoin network, half the amount of Bitcoin created in the prior four years are created. It is understood (but not guaranteed) that the total number of Bitcoin in existence will never exceed 21 million. Mining is currently very expensive and time-consuming, and miners must dedicate substantial resources to continuously power and cool devices. The mining reward system is designed to ensure miners are compensated for their efforts and new Bitcoin enters into public circulation. The Bitcoin network's mining protocol is intended to make it more difficult to solve for new blocks in the blockchain as the processing power dedicated to mining increases. Therefore, the Bitcoin mining process is designed to incentivize people to be efficient and use as little power as possible to create blocks and validate the transactions. Given the time and resources that must be dedicated to mining, miners "pool" their efforts and act cohesively to combine their processing power to solve blocks. These efforts are called mining "pools"—and pool members generally split any resulting rewards based on the processing power they each contributed to solve for such blocks.

Forking

If Bitcoin miners solve a block at approximately the same time, it causes a "fork" in the blockchain. The Bitcoin network software and protocol try to resolve forks by automatically giving priority to the longest blockchain in the fork. If forks are unresolved there are effectively two or more Bitcoin networks operating at the same time, each with its own version of the transaction history. This creates an increased risk of receiving a double-spend transaction, and a general systemic risk to the integrity and security of the Bitcoin network. To the extent that a significant majority of users and miners on the Bitcoin network install software that changes the Bitcoin network or properties of Bitcoin, including the irreversibility of transactions and limitations on the mining of new Bitcoin, the Bitcoin network would be subject to new protocols and software that may result in a "fork" of the Bitcoin network, adversely affecting an investment in the Fund.

Similarly, if less than a significant majority of users and miners on the Bitcoin network install such software, the Bitcoin network could "fork," which may adversely affect an investment in the Fund. To the extent that any temporary or permanent forks exist in the blockchain, an investment in the Fund may be adversely effected.

Mining Incentives

If rewards and transaction fees are not properly matched to the efforts of miners, miners may not have an adequate incentive to continue mining. Miners ceasing operations could reduce the collective processing power on the Bitcoin network, adversely affect the validation process for transactions, and, generally, make the network more vulnerable. Further, if a single miner or a mining pool gains a majority share in the Bitcoin network's computing power, the integrity of the blockchain may be affected. A miner or mining pool could reverse Bitcoin transactions, make double-spend transactions, prevent confirmations or prevent other miners from mining valid blocks. Each of these scenarios could reduce confidence in the validation process or processing power of the network, and adversely

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

Virtual Currency Exchanges

Virtual currency exchanges are third-party service providers that convert Bitcoin to fiat currencies (i.e., currency a government considers to be legal tender) or other virtual currencies. Bitcoin are bought, sold, and traded with publicly disclosed (but often changing) valuations on virtual currency exchanges, where the majority of Bitcoin buying and selling activity occurs. Virtual currency exchanges provide the most data with respect to prevailing valuations of Bitcoin. Market participants can choose which exchange on which to buy or sell Bitcoin, although these exchanges may charge significant fees for processing transactions. A virtual currency exchange is required to register with the Financial Crimes Enforcement Network (“FinCEN”) as a money services business.

Bitcoin Service Providers

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

Bitcoin Investment Market

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

Anonymity and Illicit Use

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

Transacting with a counterparty making illicit use of Bitcoin could have a material adverse effect on the Fund. On October 2, 2013, the Federal Bureau of Investigation (“FBI”) seized the domain name for the infamous “Silk Road” website—an online marketplace for illicit goods and services—and arrested its alleged founder, Ross William Ulbricht. The website operated through multiple systems of strict anonymity and secrecy, using Bitcoin as the exclusive means of payment for illicit goods and services. As part of the raid, the FBI also seized over 26,000 Bitcoin from accounts on Silk Road, which were worth approximately \$3.6 million at the time. On January 27, 2014, the chief

executive officer of BitInstant (a New York-based Bitcoin exchange service) was arrested on charges of money laundering and operating an unlicensed money transmitting business.

Development and Acceptance of Digital Assets

As a relatively new product and technology, digital assets are not yet widely adopted as a means of payment for goods and services. Banks and other established financial institutions may refuse to process funds for digital asset transactions, process wire transfers to or from digital asset exchanges, digital asset-related companies or service providers, or maintain accounts for persons or entities transacting in digital assets. Market capitalization for digital assets as a medium of exchange and payment method may always be low. Further, a digital asset's use as an international currency may be hindered by the fact that it may not be considered as a legitimate means of payment or legal tender in some jurisdictions. To date, speculators and investors seeking to profit from either short- or long-term holding of digital assets drive much of the demand for it, and competitive products may develop which compete for market share. Further, certain virtual currencies or payment systems may be the subject of a U.S. or foreign patent application (i.e., JPMorgan Chase bank's patent application for "Alt-Coin" with the United States Patent & Trademark Office) or successfully patented, or, alternatively, mathematical digital asset network source codes and protocols may be patented or owned or controlled by a public or private entity. The Fund could be adversely impacted if digital assets fail to expand into retail and commercial markets.

Development and Acceptance of the Digital Asset Networks

The growth and use of virtual currencies generally is subject to a high degree of uncertainty. The future of the industry likely depends on several factors, including, but not limited to: (a) economic and regulatory conditions relating to both fiat currencies and virtual currencies; (b) government regulation of the use of and access to virtual currencies; (c) government regulation of virtual currency service providers, administrators or exchanges; and (d) the domestic and global market demand for—and availability of—other forms of virtual currency or payment methods. Any slowing or stopping of the development or acceptance of digital assets or a digital asset network may adversely affect an investment in the Fund.

Virtual Currency Tax Implications

On March 25, 2014, the IRS released Notice 2014-21 (the "Notice"), which discusses certain aspects of the tax treatment of virtual currencies, such as Bitcoins, for U.S. federal income tax purposes. In the Notice, the IRS stated that, for U.S. federal income tax purposes, (i) Bitcoins are "property" that is not currency and (ii) Bitcoins may be held as capital assets. However, the Notice does not address many significant aspects of the U.S. federal income tax treatment of virtual currencies. In addition, there can be no assurance that the IRS will not alter its position with respect to virtual currencies in the future or that a court would uphold the tax treatment set forth in the Notice. As a result, many significant aspects of the U.S. federal income tax treatment of virtual currencies are uncertain, and the General Partner does not intend to request a ruling from the IRS on these issues. You should consult your own tax advisor concerning the U.S. federal income tax consequences to you of acquiring, owning, and disposing of an Interest in the Fund and the Fund's investment in virtual currencies, as well as any tax consequences arising under the laws of any state, local, foreign, or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws.

Virtual Currency Exchanges

General

The virtual currency exchanges on which digital assets trade are relatively new and largely unregulated and may therefore be more exposed to theft, fraud and failure than established, regulated exchanges for other products. In general, virtual currency exchanges are currently start-up businesses with no institutional backing, limited operating history and no publicly available financial information. Exchanges generally require cash to be deposited in advance in

order to purchase digital assets, and no assurance can be given that those deposit funds can be recovered. Additionally, upon sale of digital assets, cash proceeds may not be received from the exchange for several business days. The participation in exchanges requires users to take on credit risk by transferring digital assets from a personal account to a third-party's account. The Fund will take credit risk of an exchange every time it transacts.

Virtual currency exchanges may impose daily, weekly, monthly or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of virtual currency for fiat currency difficult or impossible. Additionally, digital asset prices and valuations on virtual currency exchanges have been volatile and subject to influence by many factors including the levels of liquidity on exchanges and operational interruptions and disruptions.

Such volatility is expected to continue as speculators and new market entrants in digital assets continue to grow. Accordingly, the prices and valuation of digital assets remain subject to any significant volatility experienced by virtual currency exchanges, and any such volatility can adversely affect an investment in the Fund.

Virtual currency exchanges are appealing targets for cybercrime, hackers and malware. It is possible that while engaging in transactions with various digital asset exchanges located throughout the world, any such exchange may cease operations due to theft, fraud, security breach, liquidity issues, or government investigation. In addition, banks may refuse to process wire transfers to or from exchanges. Over the past several years, many exchanges have closed due to fraud, theft (e.g., Mt. Gox voluntarily shutting down because it was unable to account for over 850,000 Bitcoin), government or regulatory involvement, failure or security breaches (e.g., the voluntary temporary suspensions by Mt. Gox of cash withdrawals due to distributed denial of service attacks by malware and/or hackers), or banking issues (e.g., the loss of Tradehill's banking privileges at Internet Archive Federal Credit Union). Such events can also have an effect on digital asset valuations.

Exchanges may even shut down or go offline voluntarily, without any recourse to investors. For example, on February 25, 2014, the Bitcoin website for one of the largest Bitcoin exchanges, Mt. Gox, was taken offline suddenly, without any notice or warning to investors or the public. It was reported that Mt. Gox voluntarily shut down because it was unable to account for over 850,000 Bitcoin (valued at approximately \$450 million at the time). According to news reports, hackers siphoned Bitcoin from Mt. Gox by changing the unique identification number of a Bitcoin transaction before it was confirmed on the Bitcoin network. Although 200,000 Bitcoin have since been recovered, the reasons for their disappearance remain unclear. Mt. Gox ultimately filed for bankruptcy in Japan, and bankruptcy protection in Japan and the United States. As a result, the price of Bitcoin decreased drastically, adversely affecting all Bitcoin holders. In many of these instances, the customers of such exchanges have not been compensated or made whole for the partial or complete loss of their account balances. At this time, there is no U.S. or foreign governmental, regulatory, investigative, or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen digital assets from an exchange. Consequently, an exchange may be unable to replace missing digital assets or seek reimbursement for any theft of digital assets, adversely affecting investors and an investment in the Fund.

Any financial, security or operational difficulties experienced by such exchanges may result in an inability of the Fund to recover money or digital assets being held by the exchange, or to pay investors upon withdrawal. Further, the Fund may be unable to recover digital assets awaiting transmission into or out of the Fund, all of which could adversely affect an investment in the Fund. 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 Fund, its operations and investments, and/or the Limited Partners.

Limited Exchanges on Which to Trade

The Fund may trade on a limited number of exchanges (and potentially only a single exchange) either because of actual or perceived counterparty or other risks related to a particular exchange. Trading on a single exchange may result in less favorable prices and decreased liquidity for the Fund and therefore could have an adverse effect on the Fund and the Limited Partners.

Non-U.S. Operations

Certain digital asset exchanges operate outside of the United States. The Fund may have difficulty in successfully pursuing claims in the courts of such countries or enforcing in the courts of such countries a judgment obtained by the Fund 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 Fund and its operations and investments.

Risks of Buying or Selling Digital Assets

The Fund may transact with private buyers or sellers or virtual currency exchanges. The Fund will take on credit risk every time it purchases or sells digital assets, and its contractual rights with respect to such transactions may be limited. Although the Fund's transfers of digital assets or cash will be made to or from a counterparty which the Investment Manager believes is trustworthy, it is possible that, through computer or human error, or through theft or criminal action, the Fund's digital assets or cash could be transferred in incorrect amounts or to unauthorized third parties. To the extent that the Fund is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received the Fund's digital assets or cash (through error or theft), the Fund will be unable to recover incorrectly transferred digital assets or cash, and such losses will negatively impact the Fund.

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

New Digital Assets

ICOs occur in respect of digital assets that have not been tested or used in the marketplace. The Fund may participate in ICOs. As a result, the risk that digital assets obtained by the Fund through ICOs will have imperfections and/or be susceptible to hackers is greater than that of digital assets that have already been established. In addition, there is also the risk that digital assets obtained by the Fund through ICOs will not develop a following.

Concentration

There is a risk that the Fund's investments may become concentrated in a single (or limited number of) digital asset(s). Such limited diversification may result in the concentration of risk, which, in turn, could expose the Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements with respect to such digital asset(s). In addition, the Fund may be forced to hold cash for significant periods of time (until the occurrence of an investment opportunity).

Performance

Digital assets often experience high levels of performance and rapid increases in price. While past performance is generally not indicative of future results, this is especially the case with respect to digital assets purchased through ICOs, which are a relatively new and untested product. In addition, there is not yet sufficient information to determine whether such high levels of performance are sustainable and/or how the digital asset market will react in the short- or long- term to the proliferation of digital assets currently taking place.

Government Oversight of Digital Assets and Virtual Currency Exchanges

FinCEN—the U.S. federal agency charged with administering U.S. anti-money laundering (“**AML**”) laws and regulations—issued guidance titled, FIN-2013-G001: *Application of FinCEN’s Regulations to Persons Administering, Exchanging, or Using Virtual Currencies* (Mar. 18, 2013), categorizing virtual currency administrators and exchangers as money services businesses. The FinCEN guidance defines an exchanger as “a person engaged as a business in the exchange of virtual currency for real currency, funds or other virtual currency” and an administrator as “a person engaged as a business in issuing (putting into circulation) a virtual currency and who has the authority to redeem (to withdraw from circulation) such virtual currency.” Users of digital assets were not directly affected by the guidance. In November 2013, FinCEN sent letters to several virtual currency related businesses saying that they may be engaging in money transmission without being registered with FinCEN. On January 30, 2014, FinCEN published two administrative rulings, providing additional information on whether certain conduct related to convertible virtual currency renders a person or entity a money transmitter under FinCEN regulations. The first, FIN-2014-R001: *Application of FinCEN’s Regulations to Virtual Currency Mining Operations*, states that, to the extent a user creates or “mines” a convertible virtual currency solely for a user’s own purposes, the user is not a money transmitter under the Bank Secrecy Act. The second, FIN-2014-R002: *Application of FinCEN’s Regulations to Virtual Currency Software Development and Certain Investment Activity*, states that a company purchasing and selling convertible virtual currency as an investment exclusively for the company’s benefit is not a money transmitter. FinCEN released additional guidance on April 29, 2014, October 27, 2014, and August 14, 2015, analyzing specific virtual currency related fact patterns. In the April 2014 letter, FIN- 2014-R007: *Application of Money Services Business regulations to the rental of computer systems for mining virtual currency*, FinCEN concluded that a company’s rental of mining computer systems to third parties does not make the company a money transmitter under federal regulations. In the October 2014 letter, FIN-2014-R011: *Application of FinCEN’s Regulations to a Virtual Currency Trading Platform*, FinCEN concluded that a virtual currency payment system that involved transfers of virtual currency to third party merchants qualified as money transmission. Similarly, in the August 2015 letter, FIN-2015-R001, *Application of FinCEN’s Regulations to Persons Issuing Physical or Digital Negotiable Certificates of Ownership of Precious Metals*, FinCEN concluded that a company’s operations and transaction services that allowed a customer to trade or exchange its precious metals holdings at the company by any means it could trade or exchange virtual currency via the rails of the blockchain ledger also qualified as money transmission.

The FinCEN guidance and administrative rulings have clear consequences for companies that handle or transact with convertible virtual currencies to a degree in which they are engaged in money transmission. Under FinCEN’s regulations, a person or entity engaging in money transmission must register as a “money services business,” or face potentially severe civil and criminal penalties. Further, such persons or entities must develop an AML program and adhere to federal reporting and recordkeeping requirements.

In the United States, the essential elements of an AML program are set out, in part, in the Bank Secrecy Act: (1) a system of internal controls; (2) independent testing for compliance; (3) the designation of an individual, or individuals, to coordinate and monitor day-to-day compliance; and (4) training of appropriate personnel. An AML program should address, among other things: underwriting of new clients and transactions; Office of Foreign Asset Control checking policies for politically exposed persons, specially designated nationals and blocked persons; and policies and procedures designed to prevent facilitation of money laundering or the funding of terrorism, including the reporting of suspicious transactions with FinCEN. Failure of a money services business to develop and adequately implement such a program may result in severe civil and criminal penalties for the money services business and/or those individuals who operate it.

On the state level, companies that handle virtual currencies may also have to comply with the separate state licensing practices for money transmitters, and a growing number of states have sought specific legislation, adopted rules, or provided guidance on the regulation of virtual currency. For example, in June 2013, the California Department of Business Oversight (formerly the California Division of Financial Institutions) issued a

cease-and-desist order to the Bitcoin Foundation for failure to register as a money transmitter. In August 2013, the New York Department of Financial Services (“NYDFS”) issued a notice to the general public and sent subpoenas to 22 virtual currency service providers, as well as investors in the virtual currency market, to determine whether new regulations should be adopted to govern the emerging industry. In the notice, the NYDFS expressed its concern that, at a minimum, virtual currency exchangers may be engaging in money transmission as defined in New York law, which is an activity that is licensed and regulated by the NYDFS. In July 2014, NYDFS proposed the first U.S. regulatory framework for licensing participants in “virtual currency business activity.” The regulations, known as “BitLicense,” are intended to focus on consumer protection and, after the closure of an initial comment period and a re-proposal, NYDFS issued its final BitLicense regulatory framework in June 2015. The BitLicense regulates the conduct of businesses that are involved in virtual currencies in New York or with New York customers and prohibits any person or entity involved in such activity to conduct activities without a license. Additionally, on April 3, 2014, the Texas Department of Banking issued Supervisory Memorandum 1037, Regulatory Treatment of Virtual Currencies under the Texas Money Services Act (“TMSA”). The memorandum states that cryptocurrencies do not fit the statutory definitions of either currency or money, and consequently do not by themselves trigger the licensing requirements of the TMSA. However, some common business activities relating to cryptocurrency that involve the receipt of government-issued currency may trigger the licensing requirements of the TMSA. Other states seeking legislation, adopting rules or providing guidance include Connecticut, Georgia, Kansas, New Hampshire, New Jersey, North Carolina, Pennsylvania, Tennessee, Washington and Wyoming. The expectation is that this trend will continue as states seek to protect businesses and consumers.

Other notable regulations in the United States concerning virtual currency include the following:

- On May 7, 2014, the SEC published an investor alert that highlighted fraud and other concerns relating to certain investment opportunities denominated in Bitcoin and fraudulent and unregistered investment schemes targeted at participants in online Bitcoin forums. On July 25, 2017, the SEC issued a Report of Investigation (the “Report”) which concluded that digital assets or tokens issued for the purpose of raising funds may be securities within the meaning of the federal securities laws. The Report emphasized that whether a digital asset is a security is based on the particular facts and circumstances, including the economic realities of the transactions. The SEC continues to take action against persons or entities misusing Bitcoin in connection with fraudulent schemes (i.e., Ponzi scheme), inaccurate and inadequate publicly disseminated information, and the offering of unregistered securities.
- On September 17, 2015, the CFTC provided clarity regarding the regulatory treatment of Bitcoin in the *Coinflip* civil enforcement case. There the CFTC determined that Bitcoin and other virtual currencies are regulated as commodities under the Commodity Exchange Act of 1936, as amended (the “CEA”). Based on this determination, the CFTC applied CEA provisions and CFTC regulations to a Bitcoin derivative trading platform. Also of significance, the CFTC took the position that Bitcoin is not encompassed by the definition of currency under the CEA and CFTC regulations. The CFTC defined Bitcoin and other “virtual currencies” as “a digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value, but does not have legal tender status in any jurisdiction. Bitcoin and other virtual currencies are distinct from ‘real’ currencies, which are the coin and paper money of the United States or another country that are designated as legal tender, circulate, and are customarily used and accepted as a medium of exchange in the country of issuance.” On July 6, 2017, the CFTC granted LedgerX, LLC an order of registration as a Swap Execution Facility for digital assets and on July 24, 2017, the CFTC approved Ledger X, LLC as the first derivatives clearing organization for digital currency. On September 21, 2017, the CFTC filed a civil enforcement action in federal court against a New York corporation and its principal, charging them with fraud, misappropriation, and issuing false account statements in connection with a Ponzi scheme involving investments in Bitcoin, which the CFTC asserted is a commodity subject to its jurisdiction. On October 17, 2017, the CFTC’s Lab CFTC office issued *A CFTC Primer on Virtual Currencies* (“Primer”). As noted in the Primer, the CFTC staff does not claim general jurisdiction over “spot” or cash-market exchanges and transactions involving virtual currencies that do not utilize margin, leverage or financing. The CFTC staff does, however, claim jurisdiction over instances of fraud or manipulation involving virtual currencies, even in the case of spot or cash- market exchanges and transactions involving virtual currencies that do not utilize margin, leverage or financing. On

December 1, 2017, the CFTC approved the self-certification of binary Bitcoin options for the Cantor Exchange and exchange-traded Bitcoin futures contracts for the Chicago Mercantile Exchange Inc. and Chicago Board of Exchange (“CBOE”) Futures Exchange. On December 15, 2017, the CFTC issued a proposed interpretation of the “actual delivery” requirements with respect to virtual currencies under the CEA. Section 2(c)(2)(D) of the CEA provides the CFTC with direct oversight authority over “retail commodity transactions”—defined as agreements, contracts or transactions in any commodity that are entered into with or offered to retail market participants on a leveraged or margined basis, or financed by the offeror, the counterparty or a person acting in concert with the offeror or counterparty on a similar basis. Such a transaction is subject to the CEA “as if” it were a commodity future. The statute contains an exception for contracts of sale that result in “actual delivery” within 28 days from the date of the transaction. The proposed interpretation establishes two primary factors necessary to demonstrate “actual delivery” of retail commodity transactions in virtual currency: (1) a customer having the ability to: (i) take possession and control of the entire quantity of the commodity, whether it was purchased on margin, or using leverage, or any other financing arrangement, and (ii) use it freely in commerce (both within and away from any particular platform) no later than 28 days from the date of the transaction; and (2) the offeror and counterparty seller (including any of their respective affiliates or other persons acting in concert with the offeror or counterparty seller on a similar basis) not retaining any interest in or control over any of the commodity purchased on margin, leverage, or other financing arrangement at the expiration of 28 days from the date of the transaction.

- In a report titled “Strategies for Improving the U.S. Payment System,” published in January 2015 by the Federal Reserve, “Digital Value Transfer Vehicles” technology was identified for further exploration and monitoring.

- On September 15, 2015, the Conference of State Bank Supervisors finalized their proposed model regulatory framework for state regulation of participants in “virtual currency activities.” The Conference of State Bank Supervisors’ proposed framework is a non-binding model and would have to be independently adopted, in sum or in part, by state legislatures or regulators on a case-by-case basis. In July 2017, the Uniform Law Commission (the “ULC”), a private body of lawyers and legal academics from the several U.S. states, voted to finalize and approve a uniform model state law for the regulation of virtual currency businesses, including Bitcoin (the “Uniform Virtual Currency Act”). Having been approved by the ULC, the Uniform Virtual Currency Act now goes to each of the U.S. states and territories for their consideration and would have to be independently adopted, in sum or in part, by state legislatures or regulators on a case-by-case basis.

- On March 9, 2022, President Biden issued an executive order calling on the U.S. government and federal agencies to take a unified approach to considering the risks and benefits of cryptocurrencies. The order focuses on six key areas, consumer protection, financial stability, illicit activity, U.S. competitiveness, financial inclusion and responsible innovation. Among other things, the executive order directs the Department of the Treasury and certain federal agencies to assess and develop policy recommendations to address the implications of the digital asset sector and necessary changes in financial markets to ensure sufficient oversight and safeguard against any systemic financial risks posed by digital assets.

- On April 4, 2022, SEC Chairman Gensler announced that the SEC plans to exercise greater regulatory oversight of the cryptocurrency market to protect retail investors. Chairman Gensler said the SEC plans to register and regulate crypto platforms, including working to separate out the custody of assets to minimize risk. In particular, the SEC will consider if crypto asset platforms should be treated more like retail security exchanges.

- On May 3, 2022, the SEC announced its intent to double the personnel in its Crypto Assets and Cyber Unit in the Division of Enforcement. The SEC intends to focus on investigating securities law violations related to, among other things, crypto asset offerings; crypto asset exchanges; and decentralized finance (“DeFi”) platforms.

- On March 11, 2024, the SEC requested that Congress provide an additional \$158 million from the federal budget for the 2025 fiscal year in order to increase staff across its divisions to address the “Wild West of the crypto markets.” The CFTC and Treasury Department also requested additional budget resources to put towards crypto regulation and other emerging financial technologies.

Further, various foreign jurisdictions are considering or have considered how to manage the use and exchange of virtual currency.

Price Volatility

A principal risk in trading digital assets is the rapid fluctuation of their market price. For example, in 2017 Bitcoin's value soared from \$1,000 to just under \$20,000 before dropping down to around \$13,000 at the end of the year, with drops of 25% in a single day and 40% in a two-day period.

High price volatility undermines digital assets' role as a medium of exchange as retailers are much less likely to accept them as a form of payment. The value of a Limited Partner's capital account balance relates directly to the value of the digital assets held in the Fund and fluctuations in the price of digital assets could adversely affect the net asset value of a Fund and a Limited Partner's capital account. There is no guarantee that a Fund will be able to achieve a better than average market price for digital assets or will purchase digital assets at the most favorable price available. The price of digital assets achieved by a Fund may be affected generally by a wide variety of complex and difficult to predict factors such as digital asset supply and demand; rewards and transaction fees for the recording of transactions on the blockchain; availability and access to virtual currency service providers (such as payment processors), exchanges, miners or other digital asset users and market participants; perceived or actual digital asset network or digital asset security vulnerability; inflation levels; fiscal policy; interest rates; and political, natural and economic events.

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

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

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

Destruction of Digital Assets

Certain digital assets are intended to be controllable only by the possessor of both the unique public and private keys relating to the local or online digital wallet in which such digital assets are held. To the extent private keys relating to a Fund's digital asset holdings are lost, destroyed or otherwise compromised, the Fund may be unable to access the related digital assets and such private keys are not capable of being restored by a digital asset network. Any loss of private keys relating to digital wallets used to store a Fund's digital assets could adversely affect an investment in the Fund. Further, digital assets are typically transferred digitally, through electronic media not controlled or regulated by any entity. To the extent a digital asset transfers erroneously to the wrong destination, the Funds may be unable to recover the digital asset or its value. Such loss could adversely affect an investment in the Funds.

Irrevocable Digital Asset Transactions

Just as the blockchain (or similar technologies) creates a permanent, public record of digital asset transactions, it also creates an irrevocable one. Transactions that have been verified, and thus recorded as a block on the blockchain (or similar technologies), generally cannot be undone. Even if the transaction turns out to have been in error, or due to theft of a user's digital assets, the transaction is not reversible. Further, at this time, there is no U.S. or foreign governmental, regulatory, investigative, or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen digital assets. Consequently, the Funds may be unable to replace missing digital assets or seek reimbursement for any erroneous transfer or theft of digital assets. To the extent that the Funds are unable to seek redress for such action, error or theft, such loss could adversely affect an investment in the Funds.

Third Party Wallet Providers

The Funds intend to use third party wallet providers to hold digital assets. The Funds may have a high concentration of digital assets in one location or with one third party wallet provider, which may be prone to losses arising out of hacking, loss of passwords, compromised access credentials, malware, or cyber-attacks. The Funds are not required to maintain a minimum number of wallet providers to hold the Funds' digital assets. The Funds may not do detailed information technology diligence on such third-party wallet providers and, as a result, may not be aware of all security vulnerabilities and risks. Certain third-party wallet providers may not indemnify the Funds against any losses of digital assets. Digital assets held by third parties could be transferred into "cold storage" or "deep storage," in which case there could be a delay in retrieving such digital assets. The Funds may also incur costs related to third party storage. Any security breach, incurred cost or loss of digital assets associated with the use of a third-party wallet provider, may adversely affect an investment in the Funds.

Security

The Funds intend to use third party wallet providers to secure the Fund's digital assets. The Funds may, however, employ other systems to safeguard digital asset holdings, such as "cold storage" or "deep storage," which will increase the time required to access certain digital assets, and may, therefore, delay liquidation of a Fund's digital assets or payment of redemption proceeds, which could have a material adverse effect on the net asset value of such Fund. The systems in place to secure the digital assets may not prevent the improper access to, or damage or theft of a Fund's digital assets. Further, a security breach could harm a Fund's reputation or result in the loss of some or all of the Fund's digital assets. Any such security breach or leak of non-public information relating to the security of digital assets may adversely affect an investment in the Funds.

Hackers

Hackers or malicious actors may launch attacks to steal, compromise, or secure digital assets, such as by attacking digital asset network source code, exchange servers, third-party platforms, cold and hot storage locations or software, or digital asset transaction history, or by other means. For example, in February 2014, Mt. Gox suspended withdrawals because it allegedly discovered hackers were able to obtain control over the exchange's Bitcoin by changing the unique identification number of a Bitcoin transaction before it was confirmed by the Bitcoin network. Further, Flexcoin, a so-called Bitcoin bank, was hacked in March 2014 when attackers exploited a flaw in the code governing transfers between users by flooding the system with requests before the account balances could update—resulting in the theft of 896 Bitcoins. As the Funds increase in size, it may become a more appealing target of hackers, malware, cyber-attacks or other security threats. As a result, the Funds will undertake efforts to secure and safeguard their holdings in digital assets from theft, loss, damage, destruction, malware, hackers or cyber- attacks, which may add significant expenses to the operation of the Funds. There can be no assurance that such securities measures will be effective. At this time, there is no U.S. or foreign governmental, regulatory, investigative, or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen

digital assets. Consequently, the Funds may be unable to replace missing digital assets or seek reimbursement for any theft of digital assets, adversely affecting an investment in the Funds.

Lack of Transparency

Given the type and extent of the security measures necessary to adequately secure digital assets, the Limited Partners will not fully know how the Funds store or secure their digital assets or a Fund's complete holding of digital assets at any time.

Reliance on Virtual Currency Service Providers

Due to audit and operational needs, there will be individuals who have information regarding a Fund's security measures. Any of those individuals may purposely or inadvertently leak such information. Further, several companies and financial institutions (including banks) provide support to the Funds related to the buying, selling, and storing of virtual currency. To the extent service providers no longer support the Funds or cannot be replaced, an investment in a Fund may be adversely affected.

Network Integrity and Security (Bitcoin and other digital assets)

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

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

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

The development team and administrators of a digital asset network's source code could propose amendments to the network's protocols and software that, if accepted and authorized, or not accepted, by the digital asset network community, could adversely affect the supply, security, value, or market share of the digital assets, and

thus an investment in the Funds. Further the Funds may be adversely affected by a manipulation of a digital asset source code.

Malicious Actor or Botnet

Malware is software used or programmed by malicious actors to disrupt computer operation, gather sensitive information or gain access to private computer systems. “Botnet” refers generally to a group of computers that use malware to compromise computers whose security defenses have been breached. To the extent that a malicious actor, cyber-criminal, computer virus, hacker, or botnet (e.g., ZeroAccess) obtains a majority of the processing power on a digital asset network; alters the source code and blockchain on which all of a digital asset’s transactions rely; or prevents the use, transfer, ownership, or integrity of a digital asset, an investment in the Funds could be adversely affected.

Legal Claims

To the extent that the creation, use or circulation of digital assets, or a digital asset network, generally, violates any foreign or domestic statute or regulation (such as the Stamp Payments Act of 1862 or U.S. federal counterfeiting statutes), or government, quasi-government, or private- individuals assert intellectual property claims against digital asset network source code or related mathematical algorithms, the Fund could be adversely affected. AIM cannot verify the legitimacy of claims to ownership of digital assets invested in a Fund. To the extent that any individual, institution, government or other authority asserts a claim of ownership or wrongful possession over digital assets held by a Fund, the Fund could be adversely affected. Regardless of the merit of such legal action, lack of confidence in digital assets and a digital asset network may adversely affect an investment in a Fund.

Risks of Uninsured Losses

Though the Funds may seek to insure their digital asset holdings, it may not be possible, either because of a lack of available policies or because of prohibitive cost, for the Funds to obtain insurance of any type that would cover losses associated with digital assets. If an uninsured loss occurs or a loss exceeds policy limits, a Fund could lose a portion or all of its assets.

Self-Custody Risk

In absence of appropriate and capable third-party custodians, the Funds will self- custody a portion or all of its digital assets. The Funds intend to take the appropriate industry best-practices and security measures in this regard, but no guarantee is made that the Funds will not lose a portion or all the assets that are self-custodied to instances including, but not limited to, theft, digital asset destruction, loss of private keys, and natural disasters.

OTHER INVESTMENT-RELATED RISKS

Commercial Paper

If a Fund invests in commercial paper, which is an unsecured promissory note that generally has a maturity date between one and 270 days and is issued by a U.S. or foreign entity, it will be susceptible to changes in the issuer’s financial condition or credit quality. Investments in commercial paper are usually discounted from their value at maturity. Commercial paper can be fixed-rate or variable rate and can be adversely affected by changes in interest rates.

Commodities

The commodities industries can be significantly affected by the level and volatility of commodity prices; world events including international monetary and political developments; import controls and worldwide

competition; exploration and production spending; and tax and other government regulations and economic conditions.

Commodity-Linked Investments

Commodity-linked investments may be more volatile and less liquid than the underlying commodity, instruments, or measures and their value may be affected by the performance of the overall commodities markets as well as weather, tax, and other regulatory developments.

Convertible Securities

Convertible securities may be subordinate to other securities. The total return for a convertible security depends, in part, upon the performance of the underlying security into which it can be converted. The value of convertible securities tends to decline as interest rates increase.

Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality.

Counterparty Risk

The Fund may make investments in financial instruments and over-the-counter (“OTC”)-traded derivatives involving counterparties to gain exposure to a particular group of securities, index, asset class or other reference asset without actually purchasing those securities or investments, or to hedge a position. Through these investments, a Fund can be exposed to credit risks that the counterparty may be unwilling or unable to make timely payments to meet its contractual obligations. If the counterparty becomes bankrupt or defaults on (or otherwise becomes unable or unwilling to perform) its payment obligations to a Fund, the Fund may not receive the full amount that it is entitled to receive or may experience delays in recovering the collateral held by, or on behalf of, the counterparty. If this occurs, the value of the Fund’s investments will decrease.

Credit Risk

The Funds could lose money if the issuer or guarantor of a fixed-income instrument or a counterparty to a derivatives transaction or other transaction is unable or unwilling, or perceived to be unable or unwilling, to pay interest or repay principal on time or defaults. The issuer, guarantor or counterparty could also suffer a rapid decrease in credit quality rating, which would adversely affect the volatility of the value and liquidity of the instrument. Credit ratings may not be an accurate assessment of liquidity or credit risk.

The Firm and/or its Funds may be subject to credit risk with respect to the counterparties to instruments entered into directly by the Funds or held by the Funds’ underlying investments. The Funds will also be subject to the risk that a counterparty may become unwilling or unable to meet its obligations prior to settlement. The Funds may also be exposed to the credit risk of counterparties through a wide range of activities that occur in the normal course of the Fund activities, including through service providers, banks, brokers, insurance providers, trading counterparties, co-investors, portfolio companies, prospective portfolio companies, or other entities that the Funds will have financial exposure to. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a contract due to financial difficulties, the Funds may experience significant delays in obtaining any recovery under the contract in a bankruptcy or other reorganization proceeding. The Funds may obtain only a limited recovery or may obtain no recovery in such circumstances. The Firm is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with a single counterparty. The ability of the Firm to transact business with any one or number of counterparties, the lack of any 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, especially during unusually adverse market conditions.

Currency Risk

Indirect and direct exposure to foreign currencies subjects the Funds to the risk that those currencies will decline in value relative to the U.S. Dollar, which would cause a decline in the U.S. value of the holdings of the Funds. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates and the imposition of currency controls or other political, economic and tax developments in the

U.S. or abroad. When the Funds seek exposure to foreign currencies through foreign currency contracts and related transactions, they become particularly susceptible to foreign currency value fluctuations, which may be sudden and significant, and investment decisions tied to currency markets. In addition, these investments are subject to the risks associated with derivatives and hedging and accordingly, the impact on the Funds of fluctuations in the value of currencies may be magnified.

Derivatives Risk

Derivatives may pose risks in addition to and greater than those associated with investing directly in securities, currencies or other investments, including risks relating to leverage, imperfect correlations with underlying investments or other portfolio holdings, high price volatility, lack of availability, counterparty credit, liquidity, valuation and legal restrictions. Their use is a highly specialized activity that involves investment techniques and risks different from those associated with transactions in digital assets and other types of portfolio securities. If the Investment Manager is incorrect about its expectations of market conditions, the use of derivatives could also result in a loss, which in some cases may be unlimited. In addition, a Fund's use of derivatives (including covered call options) may cause the Fund to realize higher amounts of short-term capital gains (generally taxed at ordinary income tax rates) than if the Fund had not used such instruments. Some of the derivatives in which the Funds invest may be traded (and privately negotiated) in the OTC market. OTC derivatives are subject to heightened credit, liquidity and valuation risks. Certain risks also are specific to the derivatives in which the Funds invest.

Swap Agreements

Swap agreements are contracts among a Fund and a counterparty to exchange the return of the predetermined underlying investment (such as the rate of return of the underlying index). Swap agreements may be negotiated bilaterally and traded OTC between two parties or, in some instances, must be transacted through a futures commission merchant and cleared through a clearinghouse that serves as a central counterparty. Risks associated with the use of swap agreements are different from those associated with ordinary portfolio securities transactions, due in part to the fact they could be considered illiquid and many swaps trade on the OTC market. Swaps are particularly subject to counterparty credit, correlation, valuation, liquidity and leveraging risks. Certain standardized swaps are subject to mandatory central clearing. Exchange trading and central clearing are intended to reduce counterparty credit risk and increase liquidity but do not make swap transactions risk-free. Additionally, applicable regulators have adopted rules imposing certain margin requirements, including minimums, on OTC swaps, which may result in the Fund and its counterparties posting higher margin amounts for OTC swaps.

Equity Securities

Equity securities include common stocks and other equity and equity-related securities (and securities convertible into stocks). The prices of equity securities generally fluctuate in value more than fixed-income investments, may rise or fall rapidly or unpredictably and may reflect real or perceived changes in the issuing company's financial condition and changes in the overall market or economy. A decline in the value of equity securities held by a Fund will adversely affect the Fund's performance. Common stocks generally represent the riskiest investment in a company and dividend payments (if declared) to preferred stockholders generally rank junior to

payments due to a company's debtholders. A Fund may lose a substantial part, or even all, of its investment in a company's stock.

Foreign Securities and Currency

Foreign securities carry unique or additional risks when compared to U.S. securities, including currency fluctuations, adverse political and economic developments, unreliable or untimely information, less liquidity and more volatility, limited legal recourse and higher transactional costs.

Geographic Emphasis

To the extent a Fund invests a significant portion of its assets in one country or geographic region, the Fund will be more vulnerable to the economic, financial, social, political or other developments affecting that country or region than a fund that invests its assets more broadly. Such developments may have a significant impact on a Fund's investment performance causing such performance to be more volatile than the investment performance of a more geographically diversified fund.

Futures Contracts Risk

Futures contracts are exchange-traded contracts that call for the future delivery of an asset at a certain price and date, or cash settlement of the terms of the contract. Risks of futures contracts may be caused by an imperfect correlation between movements in the price of the instruments and the price of the underlying securities. In addition, there is the risk that the Funds may not be able to enter into closing transactions because of an illiquid market. Exchanges can limit the number of positions that can be held or controlled by the Funds or AIM, thus limiting the ability to implement a Fund's strategies. Futures markets are highly volatile and the use of futures may increase the volatility of the Fund's net asset value. Futures are also subject to leverage risks and to liquidity risk.

Options

Options or options on futures contracts give the holder of the option the right, but not the obligation, to buy (or to sell) a position in a security or in a contract to the writer of the option, at a certain price. They are subject to correlation risk because there may be an imperfect correlation between the options and the securities markets that cause a given transaction to fail to achieve its objectives. The successful use of options depends on the Investment Manager's ability to correctly predict future price fluctuations and the degree of correlation between the options and securities markets. Exchanges can limit the number of positions that can be held or controlled by the Funds or the Investment Manager, thus limiting the ability to implement a Fund's strategies. Options are also particularly subject to leverage risk and can be subject to liquidity risk.

Forward Trading

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors.

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Equity securities include common stocks and other equity and equity-related securities (and securities convertible into stocks). The prices of equity securities generally fluctuate in value more than fixed-income investments, may rise or fall rapidly or unpredictably and may reflect real or perceived changes in the issuing company's financial condition and changes in the overall market or economy. A decline in the value of equity securities held by a Fund will adversely affect the Fund's performance. Common stocks generally represent the riskiest investment in a company and dividend payments (if declared) to preferred stockholders generally rank junior to payments due to a company's debtholders. The Funds may lose a substantial part, or even all, of their investment in a company's stock.

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Investment in Investment Vehicles

Investing in other investment vehicles, including ETFs, closed-end funds and other mutual funds, subjects the Funds to risks affecting the investment vehicle, including the possibility that the value of the underlying securities held by the investment vehicle could decrease or the portfolio becomes illiquid. Moreover, the Funds and their shareholders will incur their pro-rata share of the underlying vehicles' expenses, which will reduce a Fund's performance. In addition, investments in an ETF are subject to, among other risks, the risk that the ETF's shares may trade at a discount or premium relative to the net asset value of the shares and the listing exchange may halt trading of the ETF's shares.

Leverage Risk

The Funds' use of leverage, through borrowings or instruments such as derivatives, may cause a Fund to be more volatile and riskier than if it had not been leveraged.

Liquidity and Valuation

It may be difficult for the Funds to purchase and sell particular investments within a reasonable time at a fair price, or the price at which it has been valued by the Investment Manager in accordance with its Valuation Policy for purposes of a Fund's net asset value, causing the Funds to be less liquid and unable to realize what the Investment Manager believes should be the price of the investment. Valuation of investments may be difficult, such as during periods of market turmoil or reduced liquidity, and for investments that may, for example, trade infrequently or irregularly. These risks may be heightened for fixed-income instruments because of the near historically low interest rate environment as of the date of this Memorandum. Based on its investment strategies, a significant portion of the Funds' investments can be difficult to value and potentially less liquid and thus particularly prone to the foregoing risks.

Restricted Securities

Restricted securities generally cannot be sold to the public and may involve a high degree of business, financial and liquidity risk, which may result in substantial losses to the Fund.

Short Sale and Short Exposure Risk

Short selling a security involves selling a borrowed security with the expectation that the value of that security will decline, so that the security may be purchased at a lower price when returning the borrowed security. A short exposure through a derivative exposes the Funds to counterparty credit risk and leverage risk. The risk for loss on a short sale or other short exposure is greater than a direct investment in the security itself because the price of the borrowed security may rise, thereby increasing the price at which the security must be purchased. In the event of market disruptions, significant losses can be incurred which may force the Funds to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the Investment Manager's strategy may become outdated and inaccurate as market conditions change. The risk of loss through a short sale or other short exposure may in some cases be theoretically unlimited. Government actions also may affect the Funds' ability to engage in short selling.

U.S. Government Securities Risk

U.S. government securities may or may not be backed by the full faith and credit of the U.S. government. U.S. government securities are subject to the risks associated with fixed-income and debt securities, particularly interest rate risk and credit risk.

Cybersecurity Risk

As part of its business, the Investment Manager processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of the Limited Partners. Similarly, service providers of the Investment Manager or the Funds, especially the Funds' administrator, may process, store and transmit such information. The Investment Manager has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Investment Manager may be susceptible to compromise, leading to a breach of the Investment Manager's network. The Investment Manager's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Investment Manager to the Limited Partners may also be susceptible to compromise. Breach of the Investment Manager's information systems may cause information relating to the transactions of the Funds and personally identifiable information of the Limited Partners to be lost or improperly accessed, used, or disclosed.

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

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

Custody Risk.

The Funds are the only clients of AIM, and as such, pursuant to the custody rule under the Investment Advisers Act, Rule 206(4)-2, registered investment advisers that have custody of client “funds” or “securities” must maintain those assets with a “qualified custodian,” as that term is defined under the Custody Rule. The Funds may incur a loss on securities and funds held in custody in the event of a custodian’s or sub-custodian’s insolvency, negligence, fraud, poor administration, or inadequate recordkeeping. Custodial assets maintained at a bank do not typically become part of a failed bank’s estate; however, the Firm’s operations could be impacted by the bank’s insolvency in that there may be a delay in trade settlement, delivery of securities, or other similar circumstance. Establishing multiple custodial relationships could mitigate custodial risk in the event of a bank failure. On February 15, 2023, the SEC proposed amendments to the Custody Rule (Safeguarding Advisory Client Assets, Investment Advisers Act Rel. No. 6240) (the “Proposed Rule”). The Proposed Rule, like the current Custody Rule, considers the definition of “bank” under the Advisers Act to satisfy the definition of “qualified custodian,” and does not address the unique characteristics of digital assets relating to “possession and control” of those assets such that these assets cannot be held by traditional qualified custodians. Therefore, current crypto assets custodians may not satisfy the SEC’s definition of “qualified custodian,” resulting in the Funds lacking alternatives to hold qualified custody of certain portfolio assets. As a result, the risk exists that AIM’s use of non-qualified custodians and/or self custody to hold these crypto assets may expose the Funds to risk of complete loss of those assets due to a security breach or other failure.

Bank Deposits Risk.

Deposits maintained at a Federal Deposit Insurance Corporation (“FDIC”) insured bank are covered up to \$250,000 per depositor, per insured bank, for each account ownership category, in the event of a bank failure. Any deposits over \$250,000 in cash at a single bank may be lost in the event that the bank fails. Further diversifying banking relationships could serve to minimize the potential uncertainty and destabilizing effect on the Firm’s operations due to concern regarding the financial viability of a single banking institution. In addition, valuation of companies may experience significant price declines, volatility, and liquidity concerns as a result of short- and long-term financing to continue operations at normal levels.

ITEM 9 DISCIPLINARY INFORMATION

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

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

None of AIM, its affiliates and their respective partners, members or employees are registered, or have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

AIM is affiliated with Arca Capital Management, LLC, an SEC registered investment adviser, as well as Arca Digital Assets Fund GP, LLC, the General Partner to the Funds. Two AIM affiliate employees maintain their securities registrations with a non-affiliated broker dealer that serves as distributor to the Arca U.S. Treasury Fund, which is advised by Arca Capital Management, LLC.

AIM, its partners and employees may have conflicts in allocating their time to the management of the Funds. Employees may conduct outside business activities pursuant to AIM's compliance policies and procedures. Such activities are subject to pre-approval and disclosure.

The Funds have previously entered into, and may in the future enter into agreements, or "side letters," with certain prospective or existing Limited Partners whereby such Limited Partners, including persons that may be affiliated with AIM or its related persons, are subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for a Fund. For example, such terms and conditions previously may have provided for special rights to make future investments in the Fund, other investment vehicles or managed accounts; special redemption rights, including those relating to frequency or notice; a waiver or rebate in fees or redemption penalties to be paid by the Limited Partner and/or other terms; rights to receive reports from the Fund on a more frequent basis or that included information not provided to other Limited Partners (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may have been negotiated by the Fund and such Limited Partners. The modifications were solely at the discretion of the Funds and may have been, among other things, based on the size of a Limited Partner's investment in a Fund or affiliated investment entity, an agreement by a Limited Partner to maintain such investment in a Fund for a significant period of time, or other similar commitment by a Limited Partner to a Fund. In 2023, the SEC adopted Private Fund Adviser regulations that now significantly restrict the ability of a Fund or its general partner to enter into such side letter agreements with preferential treatment terms. Thus, AIM's use of side letters going forward will be limited to instances that occur in compliance with these new regulations.

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

AIM is committed to holding itself to the highest standard of fairness in all matters relating to the management of the Funds. AIM has adopted a Code of Ethics (the “Code”) which details the standards of business conduct for all employees. Clients and prospective clients may obtain a copy of the Code by contacting us at compliance@ar.ca.

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

Access Persons must also preclear any personal securities transactions in IPOs, ICOs, Private Placements, Private Funds, and Limited Offerings, as well as certain digital assets transactions via an automated monitoring system. Each Access Person must submit an initial holdings report within 10 days of commencement of employment and annually by February 14th of each year thereafter via an automated monitoring system. Access Persons are required to instruct each broker, bank, or other financial institution in which the Access Person maintains a personal account (i.e., a securities trading account in which the employee has any direct or indirect beneficial ownership interest) to provide trade confirmations and monthly or other periodic statements which are fed into the automated monitoring system. In addition, each Access Person is required to certify to a quarterly transaction report within 30 days after the end of each calendar quarter via the automated monitoring system even if he/she has no trades to report.

ITEM 12 BROKERAGE PRACTICES

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

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

Research and Other Soft Dollar Benefits

AIM does not currently receive research and other soft dollar benefits from broker-dealers.

Brokerage for Client Referrals

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

Directed Brokerage

AIM does not recommend, request or require that any investor in the Funds direct us to execute transactions through a specified broker-dealer.

Order Aggregation

If AIM determines that the purchase or sale of Digital Assets is appropriate with regard to multiple of its advised Funds, AIM may, but is not obligated to, purchase or sell Digital Assets or Origin Tokens on behalf of such Funds with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Fund will receive the average price, with transaction costs generally allocated pro rata based on the size of each Fund's participation in the order (or allocation in the event of a partial fill) as determined by AIM. In the event of a partial fill, allocations may be modified on a basis that AIM deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the Digital Asset counterparty selected by AIM. As a result, certain Digital Asset trades for one Fund (including a Fund in which AIM and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another Fund, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved. In certain situations, AIM may implement a portfolio management decision that results in a more favorable outcome for one Fund than for another Fund based on various reasons, such as trade timing, available counterparties, etc. AIM will always seek to avoid conflicts that may arise from such situations, but due to the nature of illiquid and less developed markets, full equality across all trades cannot be guaranteed.

Cross Trades

AIM does not typically engage in cross trades between Fund accounts. If AIM were to engage in a cross trade, in no instance will it receive additional compensation for crossing trades for client accounts. AIM will seek to ensure that the terms of the transaction, including the consideration to be paid or received, are fair and reasonable, and the transaction is done for the sole benefit of the Funds.

Trading Errors

AIM has adopted policies and procedures related to trading errors.

Any trading errors must be reported immediately to the Chief Compliance Officer. The Chief Compliance Officer will determine whether it is possible and appropriate for the trade to be unwound. If the trade cannot be unwound, the Chief Compliance Officer will review the error and determine whether any clients (i.e., the Funds) have been harmed.

ITEM 13 REVIEW OF ACCOUNTS

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

The Arca Accredited Investor Bitcoin Trust is a daily liquidity Fund. The Arca Digital Assets Fund is a monthly liquidity fund; therefore, investors in this fund receive monthly capital statements and may periodically receive other communications from the investment team. The Arca Endeavor Fund, Arca NFT International Ltd. and the Arca NFT Fund are quarterly reporting closed venture funds; therefore, investors in those Funds receive quarterly capital statements. In addition, each of the Funds' financial statements are audited on an annual basis with the intent to distribute to investors in the Funds no later than 120 days following the end of the fiscal year, subject to audit completion.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

AIM is compensated for advisory services by its clients, the Funds.

AIM has entered into third party marketing agreements whereby it has agreed to share fees it earns with these third parties. AIM and its affiliates may similarly do so in the future.

ITEM 15 CUSTODY

AIM does not maintain physical possession of client cash or securities (other than certain digital assets that may be deemed by the SEC to be securities). However, AIM is deemed to have custody of the Funds because an affiliate serves as general partner to the Funds. AIM has implemented procedures to safeguard Fund assets that it believes are consistent with the requirements under the Investment Advisers Act of 1940. The Funds' financial statements are prepared in accordance with generally accepted accounting principles. The statements are audited annually with the intent to distribute to each Fund investor within 120 days of the fiscal year end, subject to audit completion. Investors should carefully review the Funds' audited financial statements and compare these statements to any financial information that may be distributed by the Investment Manager.

Custody pertaining to investments in Digital Assets that are not securities is maintained in accordance with AIM's fiduciary duty to protect client assets and records against any anticipated threats or hazards to their security or integrity and to protect against unauthorized access. In recognition of this responsibility, the Adviser utilizes multiple custody and storage options, including cold storage devices (e.g., Trezor) and qualified custodians such as Anchorage, Fidelity Digital Assets, and Coinbase Custody.

ITEM 16 INVESTMENT DISCRETION

AIM has full discretionary authority to manage the assets of the Funds. The authority is granted pursuant to investment management agreements between AIM and the Funds. The investment management agreements are intended to give the Investment Manager the flexibility to opportunistically invest Fund assets and otherwise conduct Fund business in a manner that is consistent with the objectives and strategies described in each respective Fund's confidential offering memorandum.

ITEM 17 VOTING CLIENT SECURITIES

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

ITEM 18 FINANCIAL INFORMATION

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