

ITEM 1 — COVER PAGE

Wave Digital Assets LLC
CRD 305726

FORM ADV – PART 2A
Firm Brochure
March 29, 2024

12400 Wilshire Boulevard
Los Angeles, CA 90025

<https://wavegp.com/>

This Brochure provides information about the qualifications and business practices of Wave Digital Assets LLC (the “Adviser,” “Wave” or the “Firm”). If you have any questions about any of the information in the Brochure, please contact our CCO Kelly Chapman at 310-494-6720 or compliance@wavegp.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration with the SEC or state authority does not imply a certain level of skill or training.

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

ITEM 2 — MATERIAL CHANGES

The most recent version of this Brochure was dated March 31, 2023 (the “**Prior Brochure**”). This Brochure has been updated to provide more comprehensive disclosure regarding potential risks as well as actual and potential conflicts of interest relating to the Adviser’s investment advisory business. This Brochure has also been updated to include information relating to additional investment strategies employed by the Adviser since the date of the Prior Brochure.

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ITEM 4 – ADVISORY BUSINESS

Wave Digital Assets LLC (the “**Adviser**,” “**Wave**” or the “**Firm**”) offers investment advisory services on a discretionary basis to separately managed entities, pooled investment vehicles (together the “**Funds**”) and separately managed accounts (each an “**Account**” and together with the Funds, the “**Clients**”). The Funds are exempt from registration under the Investment Company Act of 1940, as amended (the “**1940 Act**”) and their securities are not registered under the Securities Act of 1933, as amended (the “**Securities Act**”).

In accordance with the Clients’ respective investment objectives, investments are generally made pursuant to venture capital and digital asset investment strategies in early-stage companies doing business in the blockchain and cryptocurrency sectors, investments in native tokens, Stablecoins, altcoins, security tokens, trade tokens, digital assets, synthetic assets, cryptocurrencies and any stored value within distributed ledger technologies (collectively “**Digital Assets**”), in certain lending, staking and derivatives strategies as well as the long-term holding of real assets, including whiskey barrels.

The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Clients, managing and monitoring the performance of such investments and disposing of such investments. Clients have the ability to place reasonable restrictions on investing in certain types of assets.

The Adviser’s advisory services do not include financial planning, tax and legal services.

Investment advice is provided directly to the Funds and not individually to the investors in the Funds (“**Investors**”). The Adviser provides investment services to each Client in accordance with the relevant organizational documents of such Client or separate investment management agreement, as applicable (together the “**Organizational Documents**”).

Wave Digital Assets LLC was formed in November 2018. Wave Digital Assets Holdings LLC is the sole owner of Wave Digital Assets LLC. David Siemer is the CEO, Manager, Board Member, and a shareholder of Wave Digital Assets Holdings LLC.

The Adviser has a total value of \$335,844,190 of regulatory assets under management, calculated as of December 31, 2023 for Clients, all of which is managed on a discretionary basis.

Notes Regarding Part 1A of the Adviser’s Form ADV:

For the avoidance of doubt, the Adviser has completed its Form ADV in a manner that includes dollar amounts attributable to the digital assets it manages, regardless of whether it believes the underlying assets may currently be, or whether they are later determined to be, securities under US Federal Securities Laws, Rules, Regulations, or other guidance, including, without limitation, in its Regulatory AUM as reported in Item 5 of Form ADV Part 1A, Part 2A and in Schedule D forms provided for pooled accounts, as well as its inclusion of Private Funds that solely manage digital assets in Item 7.

Other Information

The Adviser does not participate in or sponsor a wrap fee program.

Item 5 – Fees and Compensation

The Adviser generally receives Management Fees, Performance Fees and Carried Interest Distributions (each as defined below) and other similar performance-based remuneration from its Clients. Additionally, consistent with the relevant Organizational Documents, Clients typically reimburse the Adviser and its affiliates for certain out-of-pocket expenses incurred by the Adviser in connection with the services provided. Further details about certain common fees and expenses are set forth below.

Advisory Fees

For its discretionary management services, each Client pays to the Adviser an annual management fee (the “**Management Fee**”) ranging from 0.1% to 2.0%, payable monthly or quarterly in arrears. Such Management Fees are determined based on the value of such Client’s assets under management as of the end of such month or quarter. One Client paid a 5.0% upfront management fee, collected at time of Investor contribution, related to a long-term buy and hold strategy.

The Adviser and Clients may also agree to a compensation schedule related to specific investment strategies within a Fund or Account, or a combination of such fees. Client fees are negotiated and agreed to in the respective Organizational Documents prior to the Client and the Adviser entering into an investment advisory relationship and may vary depending on account size, management style, investment restrictions and other criteria.

Clients may elect to amend the amount of fees to be paid to the Adviser pursuant to an amendment to the Organizational Documents, or by way of establishing certain “side pockets.” Such “side pockets” may set forth unique treatment of a specific set of assets held by a Client that is different from the treatment of other assets held by that Client.

Such fees are deducted directly from accounts for certain Clients, and paid pursuant to an invoice for other Clients. Where an advisory relationship exists for only a portion of a month or quarter, Management Fees are prorated accordingly.

Clients are hereby advised that lower fees for comparable services may be available from other sources.

Expenses

Adviser Expenses

To the extent provided in the Organizational Documents for its Clients, and except as described herein as a Client Expense, the Adviser generally bears expenses it incurs with the provision of its services, including expenses related to the Adviser’s office space and utilities and secretarial, clerical and other personnel.

Client Expenses

Clients bear all investment expenses relating to their investment programs, including, but not limited to: (i) Management fees; (ii) investment expenses, whether or not such investments are consummated; (iii) costs related to the acquisition, disposition, lending and custody of assets (including, but not limited to, third-party wallet providers); (iv) brokerage commissions; (v) professional fees (including, without limitation, expenses of consultants, investment bankers, attorneys, accountants and other experts) relating to investments and operations of a Client's portfolio; (vi) fees and expenses relating to software tools, programs or other technology utilized in managing the Client portfolio (including, without limitation, third-party software licensing, implementation, data management and recovery services and custom development costs); (vii) administrative expenses (including, without limitation, fees and expenses of a fund administrator); (viii) directors' and officers' fees and expenses; (ix) legal expenses; (x) external accounting and valuation expenses (including, without limitation, the cost of accounting software packages); (xi) audit and tax preparation expenses; (xii) costs related to insuring the Adviser and certain of its affiliates against risks related to the management or operation of Clients and their portfolios; (xiii) costs of printing and mailing reports and notices; (xiv) taxes; (xv) corporate licensing; (xvi) regulatory expenses (including, without limitation, filing fees); (xvii) expenses incurred in connection with the offering and sale of the fund interests; (xviii) indemnification expenses; and (xix) extraordinary expenses.

Allocation of Expenses

From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by the Adviser, a Client and/or a third party (each, an "**Allocable Party**") and if so, how such fees costs and expenses should be allocated among the relevant Allocable Parties. Certain fees, costs and expenses may be the obligation of one particular Allocable Party and may be borne by such Allocable Party, or fees, costs and expenses may be allocated among multiple Allocable Parties. The Adviser first seeks to allocate fees, costs and expenses in accordance with Clients' Organizational Documents. To the extent not addressed in such Organizational Documents, the Adviser will make allocation determinations among Allocable Parties in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation (which such methodologies may include pro rata allocation based on the respective assets under management or net asset value of its Clients, relative benefit received by an Allocable Party, or such other equitable method as determined by the Adviser in its sole discretion). The Adviser will make any corrective allocations and take any mitigating steps if it determines in its sole discretion that such corrections are necessary or advisable to ensure allocations are equitable on an overall basis in its good faith judgment. Notwithstanding the foregoing, the portion of an expense allocated to a Client for a particular service may not reflect the relative benefit derived by such Client from that service in any particular instance and a Client will bear more or less of a particular expense based on the methodology used.

There may be occasions when one Allocable Party (the "**Payor Allocable Party**") pays an expense common to multiple Allocable Parties (the "**Allocated Parties**") (e.g., legal expenses for a transaction in which multiple funds and/or co-investors participate). On such occasions, each

Allocated Party will reimburse the Payor Allocable Party for its share of such expense, generally without interest, promptly after the payment is made by the Payor Allocable Party.

Carried Interest Payments and Performance Fees

Please see Item 6 below regarding Carried Interest and Performance Fees that Clients may pay to the Adviser.

Brokerage Fees

Clients may incur brokerage and other transaction costs as described under Item 12 herein.

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

Certain Clients pay a performance-based fee to the Adviser based on the capital appreciation and yield generated on their assets, as is described in detail in the respective Organizational Documents. Such fees vary on a Client-by-Client basis and range from 5% to 20%. Certain additional performance-based fees are implemented from time to time with respect to side pockets of particular assets held by Clients.

The Adviser charges performance-based fees only to Qualified Clients as defined in Rule 205-3 under the Investment Advisers Act of 1940 (the “**Advisers Act**”).

Certain Clients, in lieu of a performance fee as described above, pay a “carried interest distribution” or “carried interest allocation” to the Adviser or its affiliate as a portion of the distribution proceeds following the sale of an asset or assets held by such Client.

Conflicts of interest exist as a result of the Adviser’s management of both Clients from which it receives performance-based fees and carried interest and for which it receives little or no such fees or carried interest, including but not limited to the following:

- The Adviser and its supervised persons have an incentive to allocate investments, time, services or functions to accounts for which the firm receives a performance-based fee or a performance-based fee at a higher rate. To mitigate this conflict, the firm does not compensate its supervised persons based on performance-based fees.
- In order to generate higher returns adequate to trigger performance-based fees and/or carried interest, the Adviser is likely to take more risk. The Adviser mitigates this conflict by making appropriate disclosures to Clients, and by seeking to allocate investments in a manner that it believes is fair and equitable and in the best interest of its Clients.

See also Item 11 below, including “*Allocation of Investment Opportunities*,” for additional information regarding conflicts of interest and how they are addressed by the Adviser.

ITEM 7 – TYPES OF CLIENTS

The Adviser provides investment advisory services to Accounts for high net worth individuals, a charitable organization, a corporation, a bankruptcy estate (entered into during 2024) as well as to

commingled funds and separately managed entities whose investors include institutional investors, corporations, family offices and high net worth individuals.

Interests in commingled funds and separately managed entities are offered pursuant to applicable exemptions from registration under the Securities Act and 1940 Act.

The minimum investment amount for a commingled funds is \$50,000, though the Adviser generally requires a much higher amount.

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

Methods of Analysis.

The Clients' investment strategies involve a focus on venture capital and Digital Asset investments in the blockchain and cryptocurrency sectors including protocol tokens, decentralized finance tokens, non-fungible tokens and "real world assets."

In providing investment advisory services, the Adviser's analysis methods include a review of the fundamentals of the investments recommended for client accounts, other fundamental analysis, technical factors (including at times review of charting) as well as the cyclical elements of the securities markets (to a more limited extent) and economic cycles. While a number of different factors, data and information will be considered and used by the Adviser in making securities selection decisions, the primary method used by Adviser is the matching of liabilities of the Client to the cash flow from investments.

Risks

The Clients' investment strategies and investment techniques involve significant risks. Although the Adviser will use what it considers seasoned investment research techniques and risk management strategies in investing and trading for Clients, an investment in a Fund or an SMA should be considered speculative and involves substantial risk. Investing in digital assets involves a substantial risk of loss that Clients and Investors should be prepared to bear.

In considering an investment in a Fund or SMA, prospective investors should be aware of certain special considerations and risk factors, which include, but not limited to, the following:

Risks Relating to Private Investment Funds Generally

Legal and Regulatory Environment for Private Investment Funds and their Managers. The legal, tax and regulatory environment worldwide for private investment funds (such as the Funds) and their managers is evolving, and changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of the Funds to pursue their investment program and the value of investments held by them. There has been an increase in scrutiny of the private investment fund industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of the Funds to pursue their investment programs or employ

counterparties could have a material adverse effect on the Funds and their investor' investments therein. In addition, the Adviser may, in its sole discretion, cause a Fund to be subject to certain laws and regulations if it believes that an investment or business activity is such Fund's interest, even if such laws and regulations may have a detrimental effect on one or more Investors.

Systemic Risk. Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as banks and Digital Asset exchanges with which Clients interact, as well as the Clients, are all subject to systemic risk. A systemic failure could have material adverse consequences on Clients and on the markets in which the Clients seek to invest. The Clients' investment programs involve new types of financial intermediaries the systemic risk of which may be less correlated to broader markets.

Risks Relating to Management

Dependence on the Adviser. The success of Clients' investment strategies is dependent upon the ability of the Adviser to manage the Clients' portfolios and effectively implement their investment programs. Clients' Organizational Documents generally do not permit investors to participate in the management and affairs of such portfolio. If the Adviser were to lose the services of certain personnel or a Fund or any of the other Client portfolios managed by the Adviser were to incur substantial losses, the Adviser might not be able to provide the same level of service to Clients as it has in the past or continue operations. The loss of the services of the Adviser could have a material adverse effect on Clients' portfolios and Investors' investments therein.

Dependence on Counterparties and Service Providers. Clients are also dependent upon their counterparties (including custodians, wallet providers and exchanges) and the businesses that are not controlled by the Adviser that provide services to them (the "**Service Providers**"). Errors are inherent in the business and operations of any business, and although the Adviser will adopt measures to prevent and detect errors by, and misconduct of, counterparties and Service Providers, and transact with counterparties and Service Providers it believes to be reliable, such measures may not be effective in all cases. Any errors by or misconduct of counterparties and Service Providers could have a material adverse effect on the Clients' portfolios and the investors' investments therein.

Digital Assets and companies transacting in Digital Assets are currently the subject of significant legislative and regulatory scrutiny, and the regulatory requirements applicable to firms operating in the Digital Asset markets are evolving. In the U.S. and other jurisdictions, the evolving status of Digital Assets under applicable securities and banking laws may require certain counterparties and Service Providers to obtain additional licenses or become subject to greater regulatory oversight or interventions. If this occurs, certain counterparties and/or Service Providers may need to limit their product offerings and/or ability to enter into certain transactions, and in some cases may withdraw from certain business lines upon which Clients depend. Clients could be adversely impacted by such developments.

As the Funds have no employees, the Funds are reliant on the performance of the Service Providers. Each Investor's relationship in respect of its interests is with the respective Fund only. Accordingly, absent a direct contractual relationship between the investor and the relevant Service Provider, no investor will have any contractual claim against any Service Provider for any reason related to its services to the Funds. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Funds by the relevant Service Provider is, *prima facie*, those Funds.

Qualified Custodians. Under the Advisers Act, SEC registered investment advisers are required to hold securities with "qualified custodians" to the extent that they have "custody" of them. While this remains the subject of an ongoing and unsettled debate, certain Digital Assets may be deemed to be securities.

Currently, many of the companies providing Digital Asset custodial services fall outside of the SEC's definition of "qualified custodian", and many long-standing, prominent qualified custodians do not provide custodial services for Digital Assets or otherwise provide such services only with respect to a limited number of actively traded Digital Assets. Accordingly, Clients in many cases will either self-custody or use non-qualified custodians to hold all or a portion of their Digital Assets. If the SEC is not satisfied with this approach, it is possible that Clients will be required to custody assets in a manner that the Adviser believes to be less secure or to divest such assets that are deemed to be securities.

Retention and Motivation of Employees. The success of the Clients' investment objectives is dependent upon the talents and efforts of highly skilled individuals employed by the Adviser and the Adviser's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees. There can be no assurance that the Adviser's investment professionals will continue to be associated with the Adviser throughout the duration of its relationship with Clients, and the failure to attract or retain such investment professionals could have a material adverse effect on Clients and Investors' investments therein. Competition in the financial services industry for qualified employees is intense and there is no guarantee that, if lost, the talents of the Adviser's investment professionals could be replaced.

Misconduct of Employees and Service Providers. Misconduct by employees of the Adviser or its affiliates or by Service Providers to Clients could cause significant losses to those Clients. Employee misconduct may include binding Clients to transactions that present unacceptable risks and unauthorized activities, concealing unsuccessful activities (which, in either case, may result in unknown and unmanaged risks or losses) and misappropriating assets. Losses could also result from actions by Service Providers, including failing to record transactions or improperly performing custodial, administrative and other responsibilities. In addition, employees and Service Providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including the loss of assets. There can be no assurance that the measures

that Clients, the Adviser and their affiliates expect to implement to prevent and detect employee misconduct and to select reliable Service Providers will be effective in all cases.

Increased Regulatory Oversight. Increased regulation (whether promulgated under securities laws or any other applicable law) and regulatory oversight of, and changes in law applicable to, private investment funds and their managers, especially with respect to private investment funds investing in Digital Assets or business arrangements associated with Digital Assets and their managers (such as the Adviser), may impose administrative burdens on the Adviser, including, without limitation, responding to examinations and other regulatory inquiries and implementing policies and procedures. Such administrative burdens may divert the Adviser's time, attention and resources from portfolio management activities to responding to inquiries, examinations and enforcement actions (or threats thereof) and could potentially impact Clients' investment objectives. Regulatory inquiries often are confidential in nature, may involve a review of an individual's or a firm's activities or may involve studies of the industry or industry practices, business arrangements that occur frequently in the industry, as well as the practices of a particular institution.

Compliance with Laws and Regulations. In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, the Adviser may request the prospective or existing investors to provide additional documentation verifying, among other things, such investor's identity, including the identity of such investor's owners, stockholders and/or stakeholders, the source and type of funds used to purchase its interests and information relating to due diligence on such investor's wallet address. The Adviser may decline to accept a capital contribution if this information is not provided or on the basis of such information that is provided. Requests for documentation may be made at any time during which the investors hold interests. The Adviser may be required to provide this information, or report the failure to comply with such requests, to governmental authorities, in certain circumstances without notifying the investor that the information has been provided. The Adviser will take such steps as it determines may be necessary to comply with applicable laws, rules, regulations, orders, directives, and special measures that may be required by government regulators or interpretation thereof by the appropriate regulatory authority having jurisdiction, and to which Clients or the Adviser are subject, including, with the opinion of counsel, requiring the Investors to stop making additional contributions of capital to a Fund, requiring investors to deposit distributions to which the investor would otherwise be entitled into an escrow account or causing the withdrawal of the investor from such Fund.

Banking Relationships. The Adviser and Clients will hold cash and other assets in accounts with one or more banks, custodians or depository or credit institutions (collectively, "**Banking Institutions**"), which may include both U.S. and non-U.S. Banking Institutions from time to time. Clients may also have other relationships with Banking Institutions as contemplated elsewhere in this Memorandum. The distress, impairment, or failure of, or a lack of investor or customer confidence in, any of such Banking Institutions may limit the ability of the Adviser or Clients to transfer or otherwise deal with its assets or rely upon any of such other relationships, in a timely manner or at all, and may result in other market volatility and disruption, including by affecting

other Banking Institutions. All of the foregoing could have a negative impact on Clients. For example, in such a scenario, the Clients could be forced to delay or forgo an investment or a distribution, or generate cash to fund such investment or distribution from other sources (including by disposing of other investments or making other borrowings) in a manner that it would not have otherwise considered desirable. Furthermore, in the event of the failure of a Banking Institution, access to a depository account with that institution could be restricted and U.S. Federal Deposit Insurance Corporation (“**FDIC**”) protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to Banking Institutions in other jurisdictions not subject to FDIC protection). In such a case, the Adviser and Clients may not recover all or a portion of such excess uninsured amounts and could instead have an unsecured or other type of impaired claim against the Banking Institution (alongside other unsecured or impaired creditors). The Adviser does not expect to be in a position to reliably identify in advance all potential solvency or stress concerns with respect to its or Clients’ banking relationships, and there can be no assurance that the Adviser or Clients will be able to easily establish alternative relationships with and transfer assets to other Banking Institutions in the event a Banking Institution comes under stress or fails.

Risks Relating to the Operations and Investment Activities

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

The Service Providers of the Adviser and Clients are subject to the same electronic information security threats as the Adviser. If a Service Provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of Clients and related personally identifiable information may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Adviser's or Clients' information may cause the Adviser or Clients 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 Clients and Investors.

Audits of Digital Asset Funds. Audits for investment funds holding Digital Assets are unlike audits for other types of investment funds. Special procedures must be taken to assess whether investments and transactions are properly accounted for and valued because independent confirmation of Digital Asset ownership (*e.g.*, ownership of a balance on a Digital Asset exchange) differs dramatically from traditional confirmation with a securities broker or bank account. Clients, the Adviser and the Administrator will need to have satisfactory processes in place in order for auditors to obtain their transaction history and properly prepare audited financials. Any breakdown in such processes may result in delays or other impediments to an audit. In addition, the complexity of Digital Assets generally may lead to difficulties in connection with the preparation of Clients' audited financials. Such complexity and related difficulties often lead to a delay in finalizing audited financials.

Valuation of Assets and Liabilities. Clients' assets and liabilities are valued in accordance with the Adviser's Valuation Policy. The valuation of any asset or liability involves inherent uncertainty. There can be no assurance that the Administrator will correctly evaluate the nature and magnitude of the various factors that could affect the value of the assets and liabilities. Valuation of investments in Digital Assets may require the exercise of substantial discretion by the Administrator. Uncertainties as to the valuation of the investments could have an impact on the net asset value Clients' assets if the judgments of the Administrator regarding the appropriate valuation should prove to be incorrect.

Risks Relating to Investment Strategies

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

Federal Regulatory Authorities

CFTC

The CFTC has not to date promulgated any regulations specifically addressing Digital Assets or the activities of participants in Digital Asset networks. However, as the primary regulator of derivatives (*i.e.*, futures, options and swaps), the CFTC also has jurisdiction over all such digital currency-linked derivatives, including the platforms that list them and the clearinghouses that clear them. The CFTC has asserted its regulatory authority over Digital Assets, stating that both Bitcoin and Ether are Digital Asset commodities. See "In Case You Missed It:

Chairman Tarbert Comments on Cryptocurrency Regulation” at Yahoo! Finance All Markets Summit, Release Number 8051-19 (Oct. 10, 2019).

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

In addition, the CFTC has already engaged in an enforcement action against a decentralized finance platform, Blockratize, Inc. d/b/a Polymarket, for offering off-exchange event-based binary options contracts and failing to register as a swap execution facility or obtain designation as a designated contract market. See Blockratize, Inc. d/b/a Polymarket.com, CFTC Docket No. 22-09 (Jan. 03, 2022). According to the CFTC, Polymarket had been using blockchain-hosted smart contracts to operate an illegally unregistered or non-designated facility for event-based binary options trading contracts, and those event-based binary options contracts constituted swaps under the CFTC’s jurisdiction.

To the extent the Digital Assets themselves are deemed to be commodities or commodity interests, the Funds or the Adviser may be required to register and comply with additional regulations under the U.S. Commodity Exchange Act, as amended. Such registration and associated compliance costs could adversely affect Clients and Investors.

SEC

Whether certain Digital Assets are deemed securities, or not, the SEC or other government entities may investigate or examine circumstances associated with transacting in those Digital Assets. Other government entities with different enforcement options may also pursue investigations or actions involving transactions in Digital Assets that are not deemed securities.

On April 3, 2019, the SEC published a framework aimed at assisting in determining whether a cryptocurrency is a security (the “**Framework**”). Alongside the Framework, the SEC also published a no-action letter for TurnKey Jet, Inc. (the “**TurnKey Letter**”), which marks the first-ever no-action letter regarding cryptocurrencies. Per the Framework and the TurnKey Letter, cryptocurrencies cannot be used to raise capital without implicating U.S. securities laws.

Prior to the Framework, the SEC had addressed the regulatory status of cryptocurrencies in various contexts. For example, on November 16, 2018, the SEC settled charges against CarrierEQ Inc. (“**Airfox**”) and Paragon Coin Inc. (“**Paragon**”), two companies that sold

digital tokens in initial coin offerings in 2017. The SEC determined that both AirTokens and PRG tokens were “securities” and that, in turn, Airfox and Paragon violated Sections 5(a) and 5(c) of the Securities Act by offering and selling those securities without having a registration statement filed or in effect with the SEC or qualifying for exemption from registration with the SEC. The orders imposed a \$250,000 penalty against each company, and each company agreed to return funds to harmed investors, register the tokens as securities, file periodic reports with the SEC, and pay penalties. Airfox and Paragon consented to the orders without admitting to or denying the findings.

In recent years, members of the SEC and certain other regulatory authorities have stated that certain Digital Assets or Digital Asset products are, or may be, classified as securities under U.S. federal and state securities laws. Such assertions are the topic of significant disagreement and debate, and U.S. federal courts have not definitively opined on the matter. In September 2022, as well as in other venues, current SEC Chairman Gary Gensler stated his opinion that “many crypto tokens are securities” and that “many crypto intermediaries are transacting in securities and have to register with the SEC in some capacity”. Mr. Gensler suggested in June 2022 that Bitcoin is a commodity, but did not opine on whether other specific Digital Assets would fit that classification. This approach contrasts with earlier, but recent statements by former SEC Commissioners, including former Chairman Clayton who, in 2018, stated that Digital Assets, such as Bitcoin (but not necessarily limited to Bitcoin), “are replacements for sovereign currencies” and that such type of currency “is not a security”. In 2018, SEC Director of Corporation Finance William Hinman stated that, based on his understanding of the present state of ether and the Ethereum network, “current offers and sales of ether are not securities transactions.”

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

- In July 2022, the SEC filed securities fraud charges against a former employee of Coinbase related to misuse of confidential information, alleging that this individual engaged in illegal trading in several Digital Assets, which the SEC asserted are securities—Ether and/or Ethereum was not one of these assets. The federal courts have not ruled on this matter yet.
- In 2020, the SEC brought a lawsuit against Ripple Labs, alleging that Ripple and its executives illegally sold XRP, a Digital Asset token, without first registering XRP as a security. In July 2023, a federal judge in the Southern District of New York held that while XRP is not a security, certain sales of XRP by Ripple to certain institutional buyers amounted to “investment contracts” under the Howey test whereas sales of XRP to retail investors through an exchange intermediary on the secondary market did not constitute a violation of securities laws.
- Further underscoring the continuing uncertainty around which Digital Assets are securities, just weeks after the Ripple decision in July 2023, a different judge in the Southern District of New York rejected the approach taken in the Ripple decision in a proceeding related to an SEC

enforcement action against TerraForm Labs. The judge rejected the distinction relied upon in the Ripple decision between issuance to institutional investors and secondary transactions involving retail investors, indicating that the Howey test did not differentiate between purchasers.

- In February 2023, the SEC entered into a settlement agreement with Payward Ventures, Inc. and Payward Trading Ltd. (collectively, “**Kraken**”), a Digital Asset exchange, after alleging that Kraken’s “staking-as-a-service” program constituted an offering and sale of securities. The settlement agreement provides that Kraken will cease offering or selling securities through Digital Asset staking services or staking programs and pay \$30 million in disgorgement, prejudgment interest, and civil penalties.
- In June 2023, the SEC charged Binance, a prominent global cryptocurrency exchange, with a variety of securities laws violations, including operating an unregistered exchange. The SEC also charged Coinbase with operating as an unregistered securities exchange, broker and clearing agency and for the unregistered offer and sale of securities in connection with its staking-as-a-service program. These matters are still being litigated in the federal courts.
- In February 2023, the SEC also issued a Wells notice to the Paxos Trust Company, LLC (“**Paxos**”). Based on news reports, this Wells notice relates to the assertion that Paxos issued a stablecoin, BUSD, without first registering it as a security.

The SEC has also engaged in an enforcement action involving decentralized finance, charging two individuals, along with their Cayman Islands company, for (1) the unregistered sale of more than \$30 million of securities via smart contracts and DAPP technology, and (2) misleading investors regarding the operations and profitability of their business, DeFi Money Market. See SEC Charges Decentralized Finance Lender and Top Executives for Raising \$30 Million Through Fraudulent Offerings, SEC Press Release No. 2021-145 (Aug. 06, 2021).

Furthermore, the SEC brought its first enforcement action related to insider trading involving Digital Assets. See Press Release, SEC Charges Former Coinbase Manager, Two Others in Crypto Asset Insider Trading Action (July 21, 2022). Also, the SEC has doubled the size of its Digital Assets enforcement unit. See Press Release, SEC Nearly Doubles Size of Enforcement’s Crypto Assets and Cyber Unit (May 3, 2022).

To the extent that certain Digital Assets are deemed by regulators (including the SEC), legislation, or courts to fall within the definition of a security for purposes of U.S. laws and regulations, Clients may be required to comply. The associated compliance costs could adversely affect Clients and Investors’ investments in the Funds and restrict the effectiveness of Clients’ investment strategies.

FinCEN

To the extent that the Funds engage in money services business activity, including money transmission, as defined by FinCEN, the Funds may be deemed to fall within the Bank Secrecy Act’s definition of a financial institution, and subject to the Bank Secrecy Act, 31 U.S.C.

§§ 5311-5314; 5316-5336, and its implementing regulations, and as such required to register as a money services business with FinCEN. The Funds would also be required to develop an AML program and adhere to US federal reporting and recordkeeping requirements. Owners, operators, participants and others who assist in the operation of an unregistered money services business may be subject to civil money penalties under 31 U.S.C. § 5321 and/or criminal liability under 31 U.S.C. § 5322 and 18 U.S.C. § 1960, if applicable. Such additional legal and regulatory obligations may cause the Funds to incur extraordinary expenses and ongoing expenses, possibly affecting an investment in a Fund in a material and adverse manner. To the extent Clients limit or reduce the scope of certain activities, investors' rights or investment initiatives in order to ensure compliance with laws or to limit the applicability of government regulation and supervision, Clients and Investors may be adversely affected.

State Regulatory Authorities

Whether certain Digital Assets are deemed securities, or not, state securities regulators may investigate or examine circumstances associated with transacting in those Digital Assets. State securities regulators may also pursue investigations or actions involving transactions in Digital Assets that are not deemed securities.

To the extent that the activities of the Funds cause them to be deemed a “money transmitter” (and/or any other type of regulated financial services provider, for example, a “virtual currency business” in New York) under state statutes or regulations, they may incur significant fees in becoming licensed in each state in which it does business, and may also be required to adhere to state statutes, regulations and guidance. For example, the New York Department of Financial Services requires that custodians of virtual currency that are either BitLicensees or entities chartered by New York as limited purpose trust companies take measures to adequately protect, segregate and separate customer virtual currency from their own, engage in adequate due diligence of sub-custodians, and have clear customer-facing disclosures regarding the general terms and conditions associated with their products and services. States may impose fines or penalties with respect to any unlicensed activity or activity that violates applicable regulations and guidance. Owners, operators, participants and others who assist in the operation of an unlicensed money transmission or virtual currency business may also be subject to fines or penalties, and/or criminal liability under state laws or 18 U.S.C. § 1960, if applicable.

In the event that a Fund or the Adviser is required to adhere to state statutes, regulations and guidance applicable to money transmitters or virtual currency businesses, such additional legal and regulatory obligations may cause such Fund to incur extraordinary expenses and ongoing expenses, possibly affecting an investment in such Fund in a material and adverse manner. To the extent that a Fund limits or reduces the scope of certain investment activities, investors' rights or investment initiatives in order to limit the applicability of government regulation and supervision over a Fund, investment in such Fund may be adversely affected.

Foreign Jurisdictions

Various foreign jurisdictions may adopt policies, laws, regulations or directives that generally affect Digital Assets and cryptocurrency networks. Such additional foreign regulatory obligations may cause Clients to incur extraordinary expenses and ongoing expenses, possibly affecting an investment in a Fund in a material and adverse manner.

To the extent that a Digital Asset that is not recognized as legal currency is determined to be a security, commodity interest or other regulated asset or a US or foreign government or quasi-governmental agency exerts regulatory authority over a Digital Asset's use, exchange, trading and ownership, the returns of a Client may be adversely affected. Any additional regulatory obligations may cause a Client to incur extraordinary, non-recurring expenses, and/or ongoing compliance expenses, possibly affecting such Client or an investment in a Fund in an adverse manner. If a Fund or other Client determines not to comply with such regulatory requirements, such Client's position may be liquidated at a time that is disadvantageous to it.

Risks Relating to Digital Assets and Digital Asset Networks

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

Recent Developments in the Digital Asset Industry

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

The 2022 Developments resulted in price changes and volatility in the Digital Asset markets, as well as increased negative scrutiny of the Digital Asset markets by governmental authorities and the press. Selling of Digital Assets by companies experiencing bankruptcy and/or financial distress could depress the prices of such assets. It is possible that such effects could cause systemic risks to the Digital Asset markets. If the 2022 Developments cause sustained adverse impacts on the Digital Asset markets, the effectiveness and outlook for Clients' investment strategies may be impacted in a materially adverse manner.

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

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

Forks and Airdrops. To the extent Digital Assets held by Clients undergo a hard fork or a Client receives an airdrop, the Digital Assets resulting from the hard fork or airdrop (collectively, "**New Digital Assets**") are provided involuntarily and without consideration. A hard fork or airdrop may affect the value of the original Digital Asset held by the Client (the "**Original Digital Asset**"). If the relevant exchange, custodian, wallet, or other storage solution where the Client holds the Original Digital Asset (collectively, the "**Storage Solution**") accommodates the New Digital Asset, the Adviser, in its sole discretion, may elect to claim the New Digital Asset. Nevertheless, various Storage Solutions may (i) not accommodate the New Digital Asset; (ii) may only accommodate the New Digital Asset after a significant period; or (iii) may have a contractual right to claim the New Digital Asset for their own account. Additionally, the Adviser may not have any systems in place to monitor or participate in hard forks or airdrops. As a result of the foregoing, Clients may not receive any New Digital Assets, thus losing any potential value from such Digital Assets. Further, it is likely that the New Digital Assets claimed by the Adviser on behalf of Clients will be illiquid and difficult to value. Moreover, tax liability for unwanted assets gained involuntarily from forks and airdrops could adversely affect Clients.

Risk of Loss Due to Failure of Custodial Systems. The Adviser seeks to manage the custody of the Clients' assets in a manner that seeks to mitigate risk from any single malicious individual or security threat, however there are a variety of risks that could lead to a system failure, resulting in the loss of the Clients' assets. The Adviser will endeavor to keep in place procedures to reduce risk of loss or theft of Digital Assets. The Adviser is focused on maintaining a high level of

security, and closely monitors the advances and best practices within the Digital Asset ecosystem regarding Digital Asset custody and security.

Custodial arrangements for Digital Assets may differ significantly more than for traditional exchange-listed securities. The Adviser has entered into various agreements with its custodian to secure Clients' assets, but, should the custodian's safeguarding controls fail, such failure could have adverse impacts on Clients. Moreover, because Digital Assets held with custodians may be considered to be the property of a bankruptcy estate, in the event of a bankruptcy, such assets could be subject to bankruptcy proceedings and Clients could be treated as a general unsecured creditor of such custodians.

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

Risk of Loss Due to Incapacitation of Key Personnel. Certain personnel of the Adviser, may be the sole individuals in possession of the unique private keys required to access the digital currencies and Digital Assets held by Clients. Despite that, the safe-keeping of such private keys may be part of a multi-person quorum, the incapacitation of such personnel could likely result in the loss or inaccessibility of the private keys and, consequently, the loss of the digital currencies and Digital Assets held by Clients, potentially resulting in substantial, or even total, loss of capital.

Technology and Security. Clients rely on third-party providers for security accounts and information and based on their inputs adapts to technological change in order to secure and safeguard client accounts. As technological change occurs, the security threats to Clients will likely adapt and previously unknown threats may emerge. Furthermore, the Adviser believes that certain Client portfolios may become increased targets as their asset values grow. To the extent that a Client is unable to identify and mitigate or stop new security threats, such Client may be subject to theft, loss, destruction or other attack, which could have a negative impact on the performance of such Client's portfolio or result in loss of the such portfolio's assets.

Security of Digital Asset Networks. Hackers or malicious actors may launch attacks to steal, compromise, or secure Digital Assets, such as by attacking their network source code, exchange servers, third-party platforms, cold and hot storage locations or software, transaction history, or by other means. The Adviser will undertake efforts to secure and safeguard Digital Assets in its custody from theft, loss, damage, destruction, malware, hackers or cyber-attacks, which may add significant expenses to the operation of Clients' portfolio management. There can be no assurance that such securities measures will be effective.

Digital Asset Tax Implications

The tax consequences of transactions in Digital Assets could have a substantial impact on the investments of Clients. On March 25, 2014, the Internal Revenue Service (the “**Service**”) issued a notice regarding certain U.S. federal tax implications of transactions in, or transactions that use, “virtual currency” (the “**Notice**”). According to the Notice, virtual currency is treated as property, not currency, for U.S. federal tax purposes, and “[g]eneral tax principles applicable to property transactions apply to transactions using virtual currency.” In part, the Notice provides that the character of gain or loss from the sale or exchange of virtual currency depends on whether the virtual currency is a capital asset in the hands of the taxpayer. Accordingly, in the U.S., certain transactions in virtual currency are taxable events and subject to information reporting to the Service to the same extent as any other payment made in property.

Additionally, the Service issued a revenue ruling regarding certain tax consequences of “hard forks” and “airdrops” of a “cryptocurrency” (the “**Revenue Ruling**”). The Revenue Ruling provides that a taxpayer does not have gross income as a result of a hard fork of a cryptocurrency the taxpayer owns if the taxpayer does not receive units of a new cryptocurrency. However, an airdrop of a new cryptocurrency following a hard fork generally results in ordinary income to the taxpayer if the taxpayer receives units of new cryptocurrency.

Although the Service has issued the Notice and Revenue Ruling, the U.S. Department of Treasury and the Service may publish future guidance that provides for adverse tax consequences to the Clients and Investors. Clients and Investors should be aware that tax laws and Regulations change on an ongoing basis, and that they may be changed with retroactive effect. Moreover, the interpretation and application of tax laws and Regulations by certain tax authorities may not be clear, consistent or transparent. As a result, the U.S. federal tax consequences of investing in the Funds or in Digital Assets directly are uncertain, and the net asset value of Funds and accounts at the time any contributions, withdrawals or exchanges of Interests occur may not accurately reflect the such Fund’s or account’s direct or indirect tax liabilities, including on any historical realized or unrealized gains (including those tax liabilities that are imposed with retroactive effect). In addition, the net asset value of a portfolio at the time any contributions, withdrawals or exchanges of Interests occur may reflect a direct or indirect accrual for tax liabilities, including estimates of such tax liabilities, that may not ultimately be paid. Accounting standards may also change, creating an obligation for a Fund or account to accrue for a tax liability that was not previously required to be accrued for or in situations where it is not expected that such Fund or account will directly or indirectly be ultimately subject to such tax liability.

Additionally, application of tax laws and regulations may result in increased, ongoing costs, or accounting related expenses, adversely affecting Clients and Investors. Also, outside the U.S. the tax rules applicable to Digital Assets are uncertain. Accordingly, the costs or tax consequences to a Client or Investor could differ from their expectations. (See “**Tax Aspects.**”)

Non-US Tax Matters Generally. Non-US countries in which Clients invest may impose taxes on certain types of income, such as dividends, interest and in some instances capital gains which may

not be fully offset by the US federal foreign tax credit. Changes in the tax laws or tax treaties (or their interpretation) of non-US countries that are applicable to such Client's investments may severely and adversely affect the Fund's ability to efficiently realize income or capital gains and may subject Clients to tax and return filing obligations in such countries. In addition, the Funds generally do not commit, and do not currently intend, to make filings for reclaimable taxes.

Risks Relating to Market Conditions Generally

General Economic and Market Conditions. The success of Clients' investment activities will be affected by general economic and market conditions such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of the Clients' assets. Volatility or illiquidity could impair the Clients' profitability or result in losses.

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

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

Sanctions may negatively impact a Client's investment strategy and have a material adverse impact on the its investment program. Sanctions may adversely affect Clients in various ways, including

by preventing or inhibiting Clients or the Adviser on a Client's behalf, from making certain investments, forcing such Client to divest from investments previously made and leading to substantial reductions in the revenues, profits and value of assets in which such Client has invested. In addition, if a Client or the Adviser were to violate or be deemed in violation of any such sanction, it could face significant legal and monetary penalties. Depending on the scope and duration of a particular sanctions program, compliance by the Adviser and Clients may result in a material adverse effect on such Client's performance.

Assumption of Catastrophe Risks. Clients may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including, the following: hurricanes, earthquakes, and other natural disasters; (which may be caused, or enhanced in frequency and severity, by climate change factors); war, terrorism and other armed conflicts; social or political unrest; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets, Digital Asset markets, generally (or has a material negative impact on the operations of the Adviser or the Service Providers), the risks of loss can be substantial and could have a material adverse effect on the Clients portfolios. Furthermore, any such event may also adversely impact one or more individual Investor's financial condition, which could result in substantial withdrawal requests by such Investors as a result of their individual liquidity situations and irrespective of Fund performance.

Risks Related to Digital Assets Exchanges

General. The exchanges on which Digital Assets trade are relatively new and largely unregulated and may therefore be more exposed to theft, fraud and failure than established, regulated exchanges for other products. In general, Digital Assets exchanges may be 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 deposits from Clients 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. Clients will take credit risk of an exchange every time it transacts.

Digital Assets exchanges may impose daily, weekly, monthly or customer-specific transaction or distribution limits or suspend redemptions entirely, rendering the exchange of virtual currency for fiat currency difficult or impossible. Additionally, Digital Assets 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. The prices and valuation of Digital Assets remain subject to any volatility experienced by virtual currency exchanges, and any such volatility can adversely affect Clients' portfolios.

Digital Asset exchanges are appealing targets for cybercrime, hackers and malware. It is possible that while engaging in transactions with various Digital Assets exchanges located throughout the

world, any such exchange may cease operations due to theft, fraud, security breach, liquidity issues, or government investigation. In addition, banks may refuse to process wire transfers to or from exchanges. Over the past several years, many exchanges have, indeed, closed due to fraud, theft, government or regulatory involvement, failure or security breaches, or banking issues. In 2018 alone, Digital Asset exchanges based in Japan (Coincheck), Italy (Bitgrail), India (Coinsecure) and South Korea (Coinrail) are reported to have experienced major hacks, resulting in losses of approximately \$650,000,000 in total. In addition, significant hacks have occurred in 2019, including the theft of approximately 7,000 Bitcoin (equivalent to more than \$40,000,000) from Binance, a prominent global cryptocurrency exchange, and in 2020, including a hack on a Singapore based cryptocurrency exchange KuCoin resulting in a loss of more than \$150,000,000.

Exchanges may even shut down or go offline voluntarily, without any recourse to investors. 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. Consequently, an exchange may be unable to replace missing Digital Assets or seek reimbursement for any theft of Digital Assets, adversely affecting Clients.

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

By late 2022, FTX, the third-largest Digital Asset exchange by volume at the time, halted customer withdrawals amid rumors of the company's liquidity issues and likely insolvency. Shortly thereafter, FTX's CEO resigned and FTX and several affiliates of FTX filed for bankruptcy. Several other entities in the Digital Asset industry filed for bankruptcy following FTX's bankruptcy filing, such as BlockFi Lending LLC ("**BlockFi**") and Genesis Global Holdco, LLC, both of which are Digital Asset lenders. In response to these events, the Digital Asset markets have experienced extreme price volatility and several other entities in the Digital Asset industry have been, and may continue to be, negatively affected, further undermining confidence in Digital Asset markets.

Any financial, security or operational difficulties experienced by such exchanges may result in an inability of Clients to recover money or Digital Assets being held by the exchange or to pay investors upon withdrawal. Further, Clients may be unable to recover Digital Assets awaiting transmission into or out their portfolios, all of which could adversely affect them. Additionally, to the extent that the Digital Asset exchanges representing a substantial portion of the volume in Digital Assets trading are involved in fraud or experience security failures or other operational issues, such Digital Assets exchanges' failures may result in loss or less favorable prices of Digital Assets, or may adversely affect Clients' operations and investments. These disruptions in the

Digital Asset markets have also negatively impacted the liquidity of Digital Assets because certain entities affiliated with defunct exchanges historically engaged in significant trading activity but have now curtailed operations. A lack of stability in the Digital Asset exchange market and the closure or temporary shutdown of Digital Asset exchanges due to insolvency, business failure, hackers or malware, government-mandated regulation, or fraud, undermines confidence in Digital Asset networks and may result in continued significant volatility in Digital Asset prices.

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

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

Additionally, to the extent that the Digital Assets exchanges representing a substantial portion of the volume in Digital Assets trading are involved in fraud or experience security failures or other operational issues, such Digital Assets exchanges' failures may result in loss or less favorable prices of Digital Assets, or may adversely affect Clients' operations and investments or Investors.

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

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

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

Limited Exchanges on Which to Trade Digital Assets. Clients may trade on a limited number of exchanges due to a reduction in the number of exchanges given the increasingly difficult operating and regulatory environment or the actual or perceived counterparty or other risks related to a particular exchange. The SEC's increased regulatory focus on Digital Asset trading platforms may also adversely impact existing trading platforms, including by further reducing the number of trading platforms if they are forced to shut down. Trading on a limited number of exchanges may result in less favorable prices and decreased liquidity with respect to a particular Digital Asset that a Client expects to trade on exchange. Such limitations could have an adverse effect on Clients and their investments.

Anonymity and Illicit Use. Although Digital Asset transactions details are generally logged on the blockchain, a buyer or seller of Digital Assets 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 Digital Assets could have a material adverse effect on Clients. On October 2, 2013, the Federal Bureau of Investigation (the "**FBI**") seized the domain name for the infamous "Silk Road" website—an online black marketplace for illicit goods and services—and arrested its alleged founder, Ross William Ulbricht. The website operated through multiple systems of strict anonymity and secrecy, using Bitcoin as the exclusive means of payment for illicit goods and services. As part of the raid, the FBI also seized over 26,000 Bitcoin from accounts on Silk Road, which were worth approximately \$3.6 million at the time. In

November 2020, the U.S. Department of Justice seized more than \$1 billion in Bitcoin from an account linked to the Silk Road website.

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

Further, identifying users can be made even more difficult when a user utilizes a tumbling or mixing service (e.g., Tornado Cash) to further obfuscate transaction details. On August 8, 2022, Tornado Cash—a mixing service operated on the Ethereum blockchain—was added to the Specially Designated Nationals list because Tornado Cash was deemed to provide services to persons located in North Korea, a sanctioned jurisdiction. *See U.S. Dep’t of Treasury, Press Release, U.S. Treasury Sanctions Notorious Virtual Currency Mixer Tornado Cash (Aug. 8, 2022).* In addition, FinCEN has previously notified financial institutions on the importance of practicing constant vigilance in preventing illicit actors from using Digital Assets to evade sanctions. *See U.S. Dep’t of Treasury, FinCEN FIN-2022-Alert001, FinCEN Advises Increased Vigilance for Potential Russian Sanctions Evasion Attempts (Mar. 7, 2022).*

Decentralized Finance; DAPPs. Decentralized finance generally refers to blockchain-based financial products and services grounded in Digital Assets, and offered through DAPPs and smart contracts without the oversight or control of a centralized party (“**DeFi**”). DeFi projects are generally built upon existing decentralized blockchains, such as the Ethereum and Cardano blockchains, and others. The decentralized finance industry in which Clients make investments is relatively new and rapidly growing. Consequently, the industry is currently subject to scrutiny by the government and other regulatory bodies. The legal status of the DAPPs in which Clients may buy, and/or sell its Digital Assets has not yet been determined, as multiple federal and state authorities have jurisdiction over aspects of DeFi, including the Department of Justice, FinCEN, the Service, the CFTC and the SEC, and the U.S. Department of Treasury’s Office of Foreign Assets Control (“**OFAC**”), depending upon the services offered by and provided through the DAPP. For example, to the extent the DAPP enables participants to engage in regulated money transmission services, the DAPP, or its owners or operators (which in the case of DeFi or DAPPs may be determined by those persons with significant ownership of Digital Assets on the DAPP, with the ability to control the protocol used by the DAPP, or that are profiting from the DAPP) would be required to register with FinCEN as a money services business. Similarly, to the extent that the DAPP enables purchase or sale of securities the DAPP may be required to register with

the SEC. Given the evolving nature of the DeFi industry, there is no guarantee that legal, tax, or regulatory changes that materially affect the DeFi industry generally, and Clients investment strategies will not occur. Further, failure by DAPPs to comply with all applicable current and future laws may adversely affect their ability to operate and, consequently, the ability of a Client to achieve its investment objective. To the extent the execution of a Client's investment strategy causes a Client to own or operate a DAPP that engages in regulated money transmission services, the Client would be required to comply with additional legal and regulatory obligations, which could have a material adverse effect on the Client and the Invests, and the Client may not be able to fulfill its investment objective.

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

Accordingly, this lack of transparency increases the risk that a Fund may be deemed to have transacted with criminals and/or Prohibited Persons, potentially exposing such Fund to violations of law, including money laundering laws and regulations and/or sanctions laws. Violations of U.S. sanctions laws are subject to strict liability. The Adviser intends to take certain measures to mitigate the risk of dealing with Prohibited Persons. However, particularly given the challenges in conducting due diligence on DAPP participants, there can be no assurance that such measures will prove effective. To the extent a DAPP, a DAPP owner, operator or participant, or a digital wallet associated with the DAPP, is a Prohibited Person, Clients may be unable to have dealings with the DAPP, or required to cease any further dealings with the DAPP, until such sanctions are lifted or

a license is sought under applicable law to continue dealings, and the Funds may not be able to fulfill their investment objectives.

For these and other reasons specific to the decentralized finance industry, investments through DAPPs, particularly those that operate using blockchain technology, pose greater risks than investments made in other sectors.

Technology Risk. The software and technology of DAPPs is experimental and new and may, now or in the future, contain undetected bugs or security vulnerabilities. In addition, like digital exchanges, DAPPs are appealing targets for cybercrime, hackers, and malware. All of these risks could result in the loss of some or all assets held by Clients.

Liquidity Provisioning. Certain Clients provide liquidity to various pools Digital Assets in exchange for fees and/or interest by acting as a liquidity provider for decentralized exchanges. These systems and new technology may have risks that are not yet fully understood, including when there is volatility in the underlying Digital Assets which comprise the liquidity pool. Volatility within such liquidity pools could lead to loss of committed Digital Assets or other unexpected adverse behaviors, thereby lowering the value of the Clients' returns of Digital Assets from such liquidity pools. Additionally, such liquidity pools are open market systems that may be subject to a variety of economic/volatility attacks by other market participants. Such adverse action by other market participants may further increase the volatility of the underlying Digital Assets in the liquidity pools thereby compounding any losses.

Stablecoin Risks. Clients' investment strategies involve the purchase and sale of U.S. Dollar-backed stablecoins ("**Stablecoins**"). Stablecoins are distinct from other Digital Assets in that their value is backed by the value of an underlying asset, such as fiat currency like U.S. dollars, commodities or other cryptocurrencies. Stablecoins are subject to the same risks as other Digital Assets as set forth herein but are also subject to unique risks. While Stablecoins are intended to be less volatile than other Digital Assets, they are inherently subject to the volatility of the underlying assets to which they are pegged. Fiat-based Stablecoins are centralized, which exposes the holder of such Stablecoins to counterparty risk, including but not limited to, a centralized entity that issues the applicable Stablecoin and manages the fiat conversion. Specifically, fiat-based Stablecoins require the holder of such Stablecoins to rely on the issuer to have sufficient reserve to back up all of the issued Stablecoins, and there is significant risk that issuers of fiat-based Stablecoins do not, and may not in the future, retain sufficient reserves. Further, fiat-based Stablecoins may be subject to greater oversight and regulation and may be further dependent on actions taken by the banking industry to support such Stablecoins and other geopolitical factors that may influence government support of such Stablecoins, all of which could affect the value of such Stablecoins.

Digital Asset-backed stablecoins are inherently more volatile than stablecoins backed by fiat or traditional commodities. The collateral backing Digital Asset based stablecoins is held in smart contracts and the underlying Digital Asset can be immediately liquidated if the value of such Digital Asset falls below a certain threshold. Further, if the underlying Digital Asset loses too

much value, the system may become under-collateralized and there is potential the stablecoin itself will be liquidated. In addition, there is a risk that the underlying Digital Asset held as collateral is not adopted or accepted on other platforms, which increases borrower default risk.

Algorithmically-managed stablecoins (“**Algorithmic Stablecoins**”) pose additional risks by comparison to fiat and Digital Asset-backed Stablecoins. Notably, Algorithmic Stablecoins do not typically rely on reserve backing assets or overcollateralization, meaning that Algorithmic Stablecoins are inherently more volatile than Stablecoins backed by fiat or traditional commodities, and potentially more volatile than Digital Asset-backed Stablecoins given the lack of overcollateralization. Instead, Algorithmic Stablecoins generally rely on two separate Digital Assets—a Stablecoin and another Digital Asset which backs the stablecoin—with an algorithm (i.e., a smart contract) regulating the relationship between the stablecoin and backing Digital Asset. The smart contract that governs the relationship between the two assets is generally programmed to automatically generate more units of a Stablecoin, or destroy already existing units of the backing Digital Asset, in response to swings in each Digital Asset’s relative supply and demand. For example, TerraUSD—an Algorithmic Stablecoin backed by its sister token, LUNA—lost its peg in May 2022 due to market factors outpacing the algorithm’s ability to burn/mint tokens to maintain stability. See Ekin Genç, Algorithmic Stablecoins: What They Are and How They Can Go Terribly Wrong, CoinDesk (May 16, 2022). As such, the use of Algorithmic Stablecoins may expose Clients to relatively high-volatility risks by comparison to fiat-based Stablecoins and Digital Asset-backed Stablecoins.

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

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

Lack of 24/7 Market Coverage. One of the ways in which the financial system for Digital Assets differs from certain traditional markets is that the financial system for Digital Assets operates globally around the clock, every day of the year. The Adviser does not expect to cover relevant markets and transactional ecosystems for 24 hours per day or 7 days per week, and these gaps in

coverage may preclude Clients from engaging in certain transactions or prevent Clients from transacting at optimal rates and terms, or otherwise result in losses.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in an account or Fund. Prospective Investors should consult with their own advisors before deciding whether to invest in these strategies. In addition, an investment in these strategies may be subject to additional and different risk factors over time. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

ITEM 9 – DISCIPLINARY INFORMATION

The Adviser has no disciplinary event(s) to disclose.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Adviser is not engaged in other financial industry activities. None of these activities involves being registered or having an application to be registered as a broker-dealer, or being registered or having an application to be registered as a commodity pool operator, a commodity trading advisor, a futures commission merchant, or an associated person of any of the foregoing entities.

Please see the Adviser's Form ADV Part 2B for information about any activities outside of their employment with the Adviser.

ITEM 11 – CODE OF ETHICS

Code of Ethics and Personal Trading.

The Adviser has adopted a Code of Ethics for all of its supervised persons, in accordance with Rule 204(A)-1. The Code of Ethics describes the Adviser's high standard of business conduct and fiduciary duty to its Clients. Included within the Code is a policy to conduct the Adviser's activities in accordance with the highest ethical standards and in accordance with all applicable laws and regulations. In addition, the Code provides that employees are required to provide the Adviser with information as to securities and certain digital asset transactions and holdings in employee accounts as well as seeking pre-clearance for certain transactions. (For purposes of the Code, an employee's or principal's "personal account" generally includes any account (a) in the name of the employee or principal, his/her spouse, his/her minor children, or other dependents residing in the same household, (b) for which the employee or principal is a trustee or executor, or (c) which the employee or principal controls). Also, certain non-public investment opportunities are brought to the Adviser's attention through the personal relationships with the Adviser's employees or affiliates (instead of Client account activity); Clients may not be given the opportunity to invest in these securities absent unusual circumstances. Instead, the Adviser's employees or affiliates may invest in these non-public securities for their own accounts.

All supervised persons must acknowledge the terms of the Code of Ethics initially upon the commencement of employment, annually, or upon a material amendment to the Code. A copy of the Adviser's Code of Ethics is available upon request.

Conflicts of Interest

The Adviser is subject to certain potential and actual conflicts of interest as a result of the inherent nature of its business. Such conflicts of interest include, but are not limited to the following. Given the everchanging nature of the Digital Asset and asset management industries, this list will change over time, and is not intended to be exhaustive.

Recommendations to Clients

Neither the Adviser nor any associated person is permitted to recommend to Clients, or buy or sell for Client accounts, securities in which it/he/she has a material financial interest unless Clients are provided with disclosure of facts and information including potential conflicts of interest. There is a possibility however, that the Adviser or a related person may recommend securities to Clients, or buy or sell securities for Client accounts, at or about the same time that the Adviser or related person buys or sells the same securities for his/her own account or the account of the Adviser's parent company, Wave Digital Assets Holdings LLC. To mitigate any conflict of interest, the Adviser monitors employee activity to ensure that the related person's transaction will receive either the same price/terms as that of the Client, or, if not feasible, the Client will get the more favorable price/terms.

The Adviser anticipates that, in appropriate circumstances and consistent with Clients' investment objectives, the Adviser will cause Clients over which the Adviser has management authority to effect, and will recommend to Clients or prospective Clients, the purchase or sale of securities in which the Adviser, its affiliates, Clients, directly or indirectly, have a position or interest. Principals of the Adviser monitor activity on an ongoing basis to address conflicts of interest that result from Client transactions to mitigate the impact of the conflict on any Client.

In addition, there will be circumstances in which the Adviser's personnel will trade for their personal accounts in a manner that differs from actions taken for Client accounts, including digital assets which are recommended to, purchased for and/or held by Clients. Principals of the Adviser monitor employee transactions in an effort to ensure that conflicts of interest are mitigated.

The Code of Ethics is designed to seek to prevent the personal securities and digital asset transactions, activities and interests of the employees of the Adviser from interfering with (i) making decisions in the best interest of Clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Cross-Transactions

From time to time, the Adviser may cause a Client to purchase investments from another Client, or it may cause a Client to sell investments to another Client. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Client may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Client by selling underperforming assets to another Client in order, for

example, to earn fees. The Adviser and its affiliates may receive management, performance or other fees in connection with their management of the relevant Client involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Clients. To address these conflicts of interest, in connection with effecting such transactions, the Adviser will (i) consider its respective duties to each Client, (ii) determine whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's-length transaction with a third party on commercially reasonable terms, and (iii) obtain any required approvals of the transaction's terms and conditions.

Depending on the transaction structure, these transactions may disproportionately benefit the purchasing, selling, or merging Client (or the Adviser as a result of its interests in a particular Client), and one Client may incur expenses or forego gains that would have been obtained had it not entered into such transaction.

Determining the valuation or other terms of such transactions may also create a conflict of interest due to the Adviser's consideration of the particular terms (including the fee terms) of the Clients and the Adviser's interest in such Clients. Such acquisition or merger may result in the acquiring entity purchasing a Client's position at a valuation that is: (a) not the highest price than could have been obtained in the market had there been a robust sales process with multiple third party bidders or (b) higher than the value of the company resulting in an overvaluation.

Under certain circumstances, the Adviser may wish to reduce the investment of one or more Clients in an investment and increase the investment of other Client(s) in such investment, and may, therefore, effect such transactions by directing the transfer of such investment between such Clients or through any other transaction structure. Any costs and expenses associated with any such transaction will be borne by such Clients in accordance with such Clients' Organizational Documents and to the extent not addressed in the applicable Organizational Documents, on an allocation that the Adviser deems in good faith to be fair and reasonable.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with the Adviser's management of Clients' portfolios, the Adviser and its affiliates from time to time engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Client(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

Other Activities of the Adviser and its Affiliates

Conflicts of interest may arise from the fact that the Adviser and its affiliates provide investment management services multiple Clients.

The Adviser and its affiliates also engage in a broad spectrum of activities, including direct investment activities and investment advisory activities, and have extensive investment activities (including investments for their own account), on behalf of both persons or entities to which they provide investment advice on a principal basis, that are independent of, and may from time to time conflict or compete with other Clients' investment activities, including in circumstances when doing so could result in adverse consequences for the other Clients. Additionally, the Adviser and its affiliates may invest in Digital Assets exchanges and Digital Assets service providers and provide investment advisory services to Clients that invest in Digital Assets exchanges.

Certain Clients may have investment objectives, programs, strategies and positions that are similar to or may conflict with those of other Clients, or may compete with or have interests adverse to such Clients.

Even if a Client has investment objectives, programs or strategies that are similar to those of another Client, the Adviser may give advice or take action with respect to the investments held by and transactions of the other Clients that may differ from the advice given or the timing or nature of any action taken with respect to the investments held by and transactions of such Clients for a variety of reasons, including differences between the financing terms, regulatory treatment and tax treatment of such Clients. Certain Clients may buy and sell Digital Assets at different times than other Clients. Conflicts of interest may also arise when the Adviser makes decisions on behalf of a Client with respect to matters where the interests of the Adviser or one or more other Clients differ from the interests of such Client.

Furthermore, with respect to certain Clients, the Adviser does not have a duty to seek investments that maximize returns. For such Clients, the Adviser may implement the investment strategy taking into account various considerations related to increasing the value of a particular Digital Asset and the attractiveness and confidence in the Digital Asset's related ecosystem. Consequently, such investments may cause such Client to incur losses or to miss profit opportunities on which it would have otherwise capitalized.

Liquidation of Assets of Other Accounts and Other Classes

The Adviser and its affiliates may provide investment management services to certain Clients (including managed accounts and SMEs) that may have investment objectives, programs or strategies that are similar to those of other Clients, which could result in significant overlapping positions among the those Clients. In addition, such Clients may have different fees, information rights and liquidity rights (including the right to wind down and terminate a managed account or SME without cause). Additional information may affect an investor's decision to invest additional capital in, to remain invested in, to withdraw from or to terminate a managed account or SME. Any such withdrawal or terminations could cause any such Client to liquidate its positions ahead of other Clients, which may have a material adverse effect on such Client and the investors' investments therein. Similarly, to the extent that a Fund establishes classes of interests with different liquidity rights, certain Investors may be able to act on information before other Investors that have less frequent liquidity rights.

Lack of Exclusivity

The Adviser, its affiliates and personnel will devote as much of their time to the activities of each Client as they deem necessary and appropriate. The Adviser, its affiliates and personnel will not be restricted from forming and entering into other investment advisory relationships or from engaging in other business activities, even if such activities may be in competition with existing Clients and/or may involve substantial time and resources of the Adviser, its affiliates or personnel. These activities could be viewed as creating a conflict of interest in that the time and effort of the Adviser, its affiliates and personnel will not be devoted exclusively to the business of one Client but will be allocated between the business of all Clients and businesses.

Investments in Digital Assets by Adviser Personnel

Subject to certain exceptions, the Adviser may, for its own accounts, and personnel may, for their own accounts buy and sell Digital Assets other than for its Clients. The Adviser, its affiliates and its personnel may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for Clients. These activities may adversely affect the prices and availability of certain Digital Assets held by its Clients.

Allocation of Investment Opportunities

It is the policy of the Adviser to allocate investment opportunities to Clients on a fair and equitable basis, to the extent practical and in accordance with Clients applicable investment strategies, over a period of time and in accordance with its Investment Allocation Policy. Investment opportunities will generally be allocated among those Clients for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations:

- (i) contractual requirements to offer an investment opportunity to one or more Clients;
- (ii) legal, regulatory or contractual restrictions placed on the participation of such Client in the investment opportunity;
- (iii) whether the risk-return profile of the proposed investment is consistent with an Account's objectives;
- (iv) the potential for the proposed investment to create an imbalance in an Account's portfolio;
- (v) timing expected to be necessary to execute an investment;
- (vi) supply or demand of an investment opportunity at a given price level;
- (vii) the liquidity requirements of a Client;
- (viii) potentially adverse tax consequences;

- (ix) regulatory restrictions that would or could limit an Account's ability to participate in a proposed investment;
- (x) the Client's available capital and reserves;
- (xi) the need to re-size risk in an Account's portfolio; and
- (xii) any other relevant limitations imposed by or conditions set forth in the Organizational Documents of a particular Client.

The application of the Investment Allocation Requirements and factors set forth above will often result in allocation on a non-pro rata basis and there can be no assurance that a Client will participate in all investment opportunities that fall within its investment objectives. The Adviser makes allocation determinations based solely on the Adviser's expectations at the time such investments are made, however investments and their characteristics may change and there can be no assurance that an investment may prove to have been more suitable for another Client in hindsight.

Allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process. For example, in allocating an investment opportunity among Clients with differing fee, expense and compensation structures, the Adviser has an incentive to allocate investment opportunities to the Clients from which the Adviser or its related persons derive, directly or indirectly, higher fees, compensation or other benefits. In addition, certain Clients and Investors are invested in the Adviser's parent company, thereby creating an incentive for the Adviser to allocate more favorable investments to such Clients in order to maintain goodwill. Notwithstanding the foregoing, the Adviser will not allocate investment opportunities among the Clients based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Client or (ii) the profitability of any Fund.

While the Adviser determines how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Client's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser is subject, discussed herein, did not exist.

The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Client.

Trade Errors

Trade errors involving transactions for any Client or any derivatives contract or other similar agreement of a Client (each, a "**Trade Error**") may occur. Trade Errors include (i) the placement of orders (either purchases or sales) in excess of or less than the amount of Digital Assets that the account intended to trade, (ii) the sale of a Digital Asset when it should have been purchased, (iii) the purchase of a Digital Asset when it should have been sold, (iv) the purchase or sale of the

wrong Digital Asset, and (v) the purchase or sale of a Digital Asset for the wrong account and the post-settlement discovery of such purchase or sale. Trades implemented as a result of faulty data, systems, coding, modeling or analysis, trades that are properly executed but result in losses, errors committed by other persons (including brokers and custodians), or that are otherwise caused by human error other than those specifically described above, are not considered Trade Errors. The loss of an investment opportunity is not considered a Trade Error.

Such errors may result in losses or gains. The Adviser will use reasonable efforts to detect such errors prior to settlement and promptly correct them. To the extent that an error is caused by a counterparty, such as a broker-dealer, the Adviser will use reasonable efforts to recover any losses associated with such error from the counterparty.

Pursuant to the exculpation and indemnification provided by the Clients to the Adviser and its affiliates and personnel, the Adviser and its affiliates and personnel will generally not be liable to Clients for any act or omission, absent bad faith, gross negligence, willful misconduct or actual fraud of such person, and Clients will generally be required to indemnify such persons against any losses they may incur by reason of any act or omission related to such Client, absent bad faith, gross negligence, willful misconduct or actual fraud of such person. As a result of these provisions, Clients (and not the Adviser) will benefit from any gains resulting from Trade Errors and other errors and will be responsible for any losses (including additional trading costs) resulting from Trade Errors and other errors, absent bad faith, gross negligence, willful misconduct or actual fraud of the relevant person. The Adviser will not offset any such gains and losses resulting from Trade Errors and other errors unless the underlying transactions constitute a single transaction or closely related series of transactions. The Adviser will reimburse Clients for losses for which the Adviser is responsible under the exculpation provisions. Given the potentially large volume of transactions executed by the Adviser on behalf of its Clients, the Clients and Investors should assume that Trade Errors and other errors will occur and that, to the extent permitted by applicable law and under the organizational documents, Clients will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of the Adviser's personnel.

Side Letter Agreements

The Adviser from time to time enters into certain side letter arrangements with certain Investors in a Fund providing such Investors with different or preferential rights or terms, including but not limited to different fee structures and other preferential economic rights, information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, co-investment rights, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular Investor, modification of representations, indemnification and/or liability and other obligations, veto rights and liquidity or transfer rights. Except as otherwise agreed with an Investor, the Adviser (or applicable general partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund. Also, Investors will have no recourse against a Fund, the applicable Fund's general partner, director(s), the Adviser or their respective affiliates in the event that certain Investors receive additional or different rights or terms pursuant to such

side letters, some of which rights may impact the rights and/or increase the obligations of other Investors. In addition, side letter arrangements with certain investors of the Funds impose additional restrictions on investing in certain types of assets, geographies or industries in order to meet certain legal, tax, regulatory, internal policy or other requirements of such investors.

The Adviser Has Different Compensation Arrangements among Clients

The Adviser could be subject to a conflict of interest because varying compensation arrangements among Clients could incentivize the Adviser to manage certain Clients differently. These and other differences could make one Client less profitable to the Adviser than others.

Diverse Investor Base

Clients may have conflicting investment, tax and other interests with respect to their investments in a Fund or separately managed account. For example, certain Investors are invested directly in the Adviser's parent company.

As a consequence, conflicts of interest may arise in connection with decisions made by the Adviser that may be more beneficial for one Investor than for another Investor. In operating the Funds, the Adviser will consider the investment and tax objectives of such Fund as a whole, not the investment, tax or other objectives of any Investor individually. Consequently, the Adviser may make decisions from time to time that may be more beneficial to one type of Investor than another. For example, such decisions may (directly or indirectly) be more beneficial to Investors affiliated with the Adviser than to other Investors.

Furthermore, provided that a Fund has Investors seeking to maximize investment returns as well as Investors that are primarily interested in the long-term growth of a particular blockchain ecosystem and adoption of related Digital Assets, conflicts of interest may arise when the Adviser makes investments in furtherance of the investment objective that are beneficial to one type of Investor but not necessarily another.

Valuation

Client assets and liabilities are valued in accordance with the Adviser's Valuation Policy. In making valuation determinations, the Adviser may be deemed subject to a conflict of interest, especially with respect to illiquid Digital Assets, as the valuation of such assets and liabilities affects its compensation and the compensation of the General Partner. There is no guarantee that the value determined with respect to a particular asset or liability by the Adviser will represent the value that will be realized by Clients on the eventual disposition of the related investment or that would, in fact, be realized upon the immediate disposition of the investment.

Service Providers

Conflicts of interest may arise from the fact that any Service Provider or any affiliate of a Service Provider may provide services to, or have business, financial, personal or other relations with, (i) other private funds with investment programs similar to that of Clients, or (ii) the Adviser or

any of its affiliates. Any Service Provider or any affiliate of a Service Provider may be an investor in a Fund, a source of investment opportunities, or a co-investor or commercial counterparty or entity in which the Adviser has an investment.

It is customary for a Service Provider to charge different rates or have different terms for different types of services. Based on the types of services used by the Adviser and its affiliates as compared to the types of services used by Clients and the terms of such services, a Service Provider may enter into an arrangement with the Adviser or its affiliates that provides for more favorable rates or terms than the arrangement with Clients.

Selection of Exchanges and Counterparties:

The Adviser may be subject to conflicts relating to its selection of Digital Asset intermediaries, exchanges and counterparties on behalf of Clients. Portfolio transactions for Clients will be allocated to intermediaries, exchanges and counterparties (including, but not limited to, DAPPs) on the basis of numerous factors and not necessarily lowest pricing. Intermediaries, exchanges and counterparties may provide other services that are beneficial to the Adviser, but not necessarily beneficial to the Fund. The Investors will have no right to request which Service Providers, intermediaries, exchanges and counterparties Clients transact with or invests in, and should not expect the Fund to accommodate any such requests.

Other Potential Conflicts

The Organizational Documents of Clients establish complex arrangements among the Clients, the Adviser, Investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Organizational Documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Client or Investors.

The Adviser and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Client, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Client expenses may result in "miles" or "points" or credit in loyalty/status programs to the Adviser and/or its personnel, and such benefits, rewards and/or amounts (whether or not de minimis or difficult to value), will exclusively benefit the Adviser and/or such personnel even though the cost of the underlying service is being borne by the Clients and/or Investors. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described above or otherwise shared with such Client and/or Investors. In addition, airline travel incurred as a Fund expense for an Adviser personnel travelling for appropriate Fund-related purposes may benefit such Adviser personnel to the extent the trip also serves a personal purpose.

The Adviser may, in its discretion, have, and may, in its discretion, cause Clients and/or their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of the Adviser. Clients may bear, directly or indirectly,

the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between the Adviser and Clients in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

The Adviser has in the past and may, from time to time in the future, cause one or more Clients to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Clients, the applicable general partner, the Adviser and/or personnel and their respective agents, representatives and other indemnified parties, against liability in connection with the activities of the Clients. This may include a portion of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by the Adviser that cover one or more Clients and/or the Adviser (including adviser personnel and their respective agents, representatives and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Clients, and/or the Adviser on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Client bearing less (or more) premiums, fees, costs and expenses for insurance policies.

The Organizational Documents of certain Clients permit the Adviser to withhold information from certain Investors in certain circumstances. In addition, the general partner may elect to withhold certain information to such Investors for reasons relating to the general partner’s public reputation or overall business strategy, despite the potential benefits to such Investors of receiving such information.

Additionally, due in part to the fact that potential Investors (including purchasers of a limited partner’s interests in a secondary transaction) may ask different questions and request different information, the Adviser in certain circumstances provides certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

ITEM 12 – BROKERAGE PRACTICES

Wave Digital Assets will execute transactions on behalf of the Clients in accordance with internal policies and procedures.

Based on the particular Client’s current and proposed asset holdings, the Adviser recommends that Clients utilize the brokerage, exchange and/or OTC/clearing services of particular service providers (“**Exchange Partners**”). Consistent with its duty to obtain best execution, the Adviser conducts due diligence on, and periodically reviews its selection of, Exchange Partners. Factors that the Adviser considers in selecting such parties include their respective apparent financial strength, reputation, execution, pricing, and relationships within the digital asset space.

The Adviser has discretion to negotiate the transaction fees charged to Clients by Exchange Partners. The Adviser may receive discounted transaction fees for its Clients depending on the volume of Client transactions directed to a particular Exchange Partner, which may incentivize the Adviser to recommend particular Exchange Partners over others. The Adviser does not engage in soft dollar transactions.

The Adviser does not generally aggregate transactions based on its individualized management strategies. If the Adviser recognizes that an opportunity to aggregate transactions for the benefit of its Clients exists, it will adhere to the following procedures (i) a pre-trade allocation record shall be created to document the allocation strategy and (ii) the Adviser will take all available steps to ensure that the allocation is distributed fairly across the Clients to which the transaction applies in the pre-trade allocation.

ITEM 13 – REVIEW OF ACCOUNTS

Oversight and Monitoring

The Adviser reviews the holdings reports for the Clients' portfolios and will advise the relevant Client and the custodian when it identifies discrepancies (if any). If Client identifies any such discrepancies, upon its request to the Adviser, the Adviser will work with such Client and the custodian to resolve such discrepancies.

No less than quarterly, the Adviser will review accounts for consistency with Client mandates among other reviews. Other reviews may be performed off-cycle due to market conditions, new monies invested by a Client, and for other reasons. The reviews are performed by supervised persons who include or are supervised by principals of the firm.

Discretionary treasury management accounts are reviewed on an ad hoc basis, but no less frequently than monthly, as applicable to the specific Client circumstance and instruction.

Reporting

The Adviser ensures that investors in the Funds are provided with quarterly Investor Reports issued by its administrator. The Adviser also provides Investors with reports no less frequently than quarterly.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

The Adviser has engaged distributors who are compensated to market its Funds to potential investors. Such distributors are compensated from the customary fees charged by the Adviser, and the referral of the investor by a distributor does not increase the overall fee or costs to the investor.

The Adviser does not receive compensation for referrals to third parties.

ITEM 15 – CUSTODY

The Adviser recommends that the Clients open one or more accounts with a qualified custodian for the safeguarding of Client funds and Securities.

For digital asset holdings, the Adviser seeks in all cases to hold assets with a qualified, third-party custodian. Due to the nature of digital assets, qualified third-party custodians may not be able or willing to maintain such digital assets. Under such circumstances, the Adviser will seek to comply with Rule 206(4)-2 under the Advisers Act to the extent practicable.

Consistent with its duties to seek the safeguarding of Client funds and securities, the Adviser periodically reviews its selection of custodians. Factors that the Adviser considers in selecting custodians of digital assets include their respective supported assets, apparent financial stability, functionality, reputation, security features, execution, pricing, research and service.

If a Client does not receive account statements directly from the applicable custodian, the Adviser will continue sending quarterly account statements to that Client. Clients and Investors should carefully review all reports upon receipt, and should compare these reports to any account information provided by us.

Item 16 – Investment Discretion

The Adviser offers discretionary advisory services. In a discretionary account, Client grants the Adviser the authority to place trades without prior notification to Client.

Regardless of the discretionary authority the Adviser has with respect to a Client, when recommending securities to and determining amounts of securities to effect for such Client, the Adviser observes the investment policies, limitations and restrictions of the Client as set forth in the relevant Organizational Documents.

ITEM 17 – VOTING CLIENT SECURITIES

The Adviser has discretion to vote the proxies of Clients' assets. Wave Digital Assets will vote any such proxies in the best interests of its Clients. The procedures are designed to identify and mitigate material conflicts of interest. The Adviser has established general guidelines that generally grant discretion to the Chief Compliance Officer for voting. A copy of Wave Digital Assets' proxy voting policies and procedures are available on request. The Adviser will not consult with the Clients prior to reaching its decision. The Adviser mitigates conflicts of interest by making its proxy voting policies available to Clients, including its past voting record(s) on request.

ITEM 18 – FINANCIAL INFORMATION

Item 18 is not applicable to the Adviser.