

Unofficial Management, Inc. Form ADV Part 2A: Brochure

Unofficial Management, Inc.
149 5th Ave, Second Floor East
New York, NY 10010

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This Form ADV Part 2A (“Brochure”) provides information about the qualifications and business practices of Unofficial Management, Inc. d/b/a Variant (the “Adviser”, “Firm”, or “Variant”), an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”) under the U.S. Investment Advisers Act of 1940. Such registration does not imply a certain level of skill or training. If you have any questions about the contents of this Brochure, please contact us at (580) 952-9740. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

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

This Brochure is for informational purposes only. It does not convey an offer of any type and is not intended to be, and should not be construed as, an offer to sell, or the solicitation of an offer to buy, any interest in any entity, investment, or investment vehicle. The delivery of this Brochure does not create or imply a client relationship between you and the Adviser or any of its affiliates.

Item 2: Material Changes

This Brochure dated March 30, 2024, updates Variant's brochure dated March 31, 2023. This Brochure contains routine annual updates, as well as certain other updates, including those regarding compensation received by Variant with respect to advisory clients, the fees and expenses paid by advisory clients, brokerage practices and risk factors.

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Item 4: Advisory Business

Unofficial Management, Inc. is a Delaware corporation founded in 2020. The Adviser previously operated as an Exempt Reporting Adviser with the SEC. The Adviser's principal place of business is in New York, New York. Jesse Walden is the founder and owner of the Adviser.

The Adviser is an investment management firm that provides advisory services on a discretionary basis to private pooled investment vehicles, the securities of which are offered to investors on a private placement basis (each, a "Fund" and collectively, the "Funds"). The Funds are intended for qualified investors and institutional investors (each, an "Investor" and collectively, the "Investors"). These Investors must meet certain minimum financial requirements, among other requirements, to be eligible to participate in the Funds, which are structured as private investment companies that are exempt from registration as investment companies under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"). Investment advice is provided directly to the Funds, subject to the discretion and control of the Funds' general partners (each a "General Partner"), which are organized as Delaware limited liability companies. The General Partners are affiliates of the Adviser and serve as general partners of the Funds, which are U.S. limited partnerships.

As used in this Brochure, the term "Clients" refers to the Funds; in each case, except where the context otherwise requires.

The Adviser bases its advice to Clients on the investment objectives, strategies, and restrictions (if any) set forth in such Fund's applicable offering documents, limited partnership agreements (or similar agreements) organizational documents, and subscription agreements (each, a "Governing Document," and collectively, the "Governing Documents").

Investment Strategies and Types of Investments

The Funds pursue venture capital investments in early-stage and growth-stage privately held companies. The Funds also pursue investments in blockchain-based virtual currencies and digital assets (collectively, "Virtual Assets"). The Adviser may obtain Virtual Assets or the rights to Virtual Assets, in connection with or through preferred equity stakes in portfolio companies, Simple Agreements for Future Equity ("SAFEs"), warrants for tokens, Simple Agreements for Future Tokens ("SAFTs"), public secondary markets, or other direct Virtual Asset purchase agreements.

The Adviser is responsible for:

1. investigating, identifying, and evaluating investment opportunities,
2. structuring, negotiating, and making investments on behalf of the Funds;
3. actively managing and monitoring the performance of such investments, the associated governance and staking rights, and
4. ultimately disposing of such investments.

Assets Under Management

As of December 31, 2023, on a discretionary basis, the Adviser manages approximately \$838,194,000 calculated on the basis of regulatory assets under management. The Adviser does not manage assets on a non-discretionary basis.

Item 5: Fees and Compensation

Subject to the terms of the relevant Governing Documents of a Fund, the Adviser generally receives an asset-based fee (“Management Fee”) and incentive-based compensation, which may be in the form of a fee based on realized profits (the “Carried Interest”). In addition to Management Fees and Carried Interest, and consistent with each Fund’s Governing Documents, Funds bear certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Funds. Further details about such fees and expenses are set forth below. Expenses charged to a Fund are subject to adjustment, and the description below is not intended to be exhaustive.

Management Fee and Carried Interest

As further described in the relevant Governing Documents, the Adviser receives an annual Management Fee from each Fund as compensation for investment advisory services provided to that Fund. The precise amount of, and the manner and calculation of, the Management Fees for each Fund are established by the Adviser and are set forth in such Fund’s Governing Documents. Management Fees are typically payable quarterly, in advance.

As described under “*Item 6. Performance-Based Fees and Side-by-Side Management*,” the Adviser is generally entitled to a Carried Interest, which may be subject to certain hurdle rates, on profits of a Fund’s investment portfolio. As set forth in a Fund’s applicable Governing Documents, the Adviser generally will receive a Carried Interest with respect to a Fund. The Carried Interest distributed to the Adviser is generally subject to a potential giveback at the end of the life of a Fund if the Adviser has received excess cumulative distributions. The ultimate amount of Carried Interest the Adviser is entitled to receive scales non-linearly with the Fund’s return, increasing at different hurdle rates, as applicable. The Carried Interest may differ from one Fund to another, as well as among Investors in the same Fund. The Adviser, in its sole discretion may share all or any portion of the Carried Interest with respect to any Fund with any other person or entity including its Investors, affiliates, their personnel or employees.

The Adviser (or its affiliates, as applicable) in its sole discretion may waive, reduce, and/or modify (or calculate differently) the Management Fee and Carried Interest for certain Investors (including principals and employees of the Adviser or any affiliate).

Additionally, it is the Adviser’s practice to retain certain partners and/or strategic advisors or other similar professionals (as those terms are generally understood in the venture capital industry) (“Strategic Partners”) to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest or may invest. The nature of the relationship with each such Strategic Partner and the time devotion requirements of each such Strategic Partner may vary significantly. In general, Strategic Partners are subject to contractual obligations to provide certain services to the Adviser in connection with the Funds. The Adviser also from time to time agrees to provide such Strategic Partners with the right to invest in one or more Funds on different terms, a portion of the Carried Interest received by the Adviser, and such other rights or privileges as the Adviser may determine.

The Adviser has entered into agreements with certain Investors in the Funds that provide for terms of investment more favorable than those set forth in the applicable Governing Document. Such terms may include, among other things, the waiver, or reduction, of Management Fees, and/or Carried Interest; the provision of additional information or reports; provisions regarding indemnification

and/or the jurisdiction and choice of law for disputes regarding the investment; provisions regarding the Investor's and/or the Adviser's confidentiality obligations; and "most-favored- nation" provisions covering one or more terms or rights. No such agreement necessarily entitles any other Investor to the same terms of investment as offered in such agreement.

Expenses

Subject to any requirements under the applicable Governing Documents, in certain circumstances, Management Fees may be reduced, but not below zero, by certain directors' fees, consulting fees, break-up fees, employment compensation or equivalent compensation whether in cash or in kind, received by a Fund's general partner, the Adviser, a member of one Fund's general partner (for so long as such person is a member thereof) from a company in which the Fund then holds an interest.

Adviser Expenses

To the extent provided in the applicable Fund's Governing Document, the Adviser is responsible for the normal operating expenses of the Adviser and each General Partner. Furthermore, the Adviser is entitled under each Governing Document to be reimbursed for various expenses that it or its affiliates incur on behalf of a Fund.

Fund Expenses

In addition to paying investment Management Fees and/or Carried Interest to the Adviser, each Fund typically pays all of its own operating and investment expenses including, but not limited to:

1. all of the costs, fees and expenses in connection with the formation and organization of the Fund, its General Partner, including related legal and accounting fees and expenses, and the offering of interests in the Fund and any parallel fund;
2. legal, back-office administration, accounting, audit, custodial and other professional fees as well as consulting fees relating to services rendered to the Fund that could not reasonably have been rendered by its General Partner or its members and other out-of-pocket expenses incurred by the Fund's General Partner in investigating, evaluating or monitoring investment opportunities (including, but not limited to, travel and investment and business consultant fees);
3. banking, brokerage, custody, broken-deal, registration, qualification, finders, depositary and similar fees or commissions;
4. all fees, costs, expenses, liabilities and obligations attributable to sourcing, structuring, organizing, acquiring, managing, operating, holding (including expenses of tracking facilities), hedging, taking public or private, valuing, dissolving and disposing of the Fund's investments;
5. insurance premiums for the benefit of the Fund, indemnifications, costs of litigation and other extraordinary expenses;
6. costs of financial statements, audits, and other reports to Investors of the Fund as well as costs of all governmental returns, reports and other filings;

7. any liquidation costs, fees and expenses incurred by or on behalf of the Fund's General Partner, the Adviser or members of the General Partner in connection with the liquidation of the Fund's assets, including legal and accounting fees and expenses;
8. costs related to the activities of the limited partner advisory board of the Fund (including insurance for the benefit of the members of the limited partner advisory board).

This list is general in nature and not exhaustive and is subject to additional expenses or modifications to the above expenses, as described in each Client's Governing Documents.

Typically, a Fund will also bear all or some of the organizational and offering expenses incurred in connection with the offering of the interest by the Fund to prospective Investors. The relevant Fund will pay or reimburse the Adviser (or its affiliate) for any organizational and offering expenses incurred by the Adviser or any of its affiliates on behalf of the Fund.

Funds do not have a pre-determined limit on their ordinary or extraordinary operating expenses (except for organizational expenses). A Fund's annual operating expenses are disclosed in its quarterly unaudited and year-end audited financial statements provided to each Investor.

From time to time, the General Partner of a Fund may create certain "special purpose vehicles" or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory considerations of Investors ("SPVs"). In the event the General Partner creates an SPV, consistent with the Governing Documents of the applicable Fund, the SPV, and indirectly, the Investors thereof, will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV.

Allocation of Expenses

The Adviser will be required to decide whether certain fees, costs, and expenses should be borne by a Fund or the Adviser and/or whether certain fees, costs, and expenses should be allocated between various Funds and if so, how such fees, costs and expenses should be allocated. Certain expenses may be the obligation of a Fund and may be borne by a Fund or, expenses may be allocated among certain Funds. The Adviser allocates fees, costs and expenses in accordance with a Fund's Governing Documents. To the extent not addressed in the Governing Documents of a Fund, the Adviser will make such allocations in a manner that it believes in good faith is fair and equitable to its Funds under the circumstances. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion by the Adviser. In determining to allocate fees, costs and expenses, the Adviser may face potential conflicts of interest. Subject to applicable legal, contractual, or similar restrictions, a Fund will be reliant on the determinations of the Adviser in this regard. From time to time, the Adviser in its good faith judgment may revise or change previously determined allocations and methodologies to ensure such allocations remain fairly and reasonably allocated among the Adviser, its affiliates and the Funds. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service will not always reflect the relative benefit derived by such Fund from that service.

In addition, the Adviser engages one or more administrators or similar service providers to perform certain functions to the Funds, which services include coordination of the Funds' legal entity management function, execution, and recordkeeping associated with applicable tax elections and filings, support for the valuation process and Investor correspondence, Investor data management and reporting requests, data collection required for various regulatory reporting for the Funds and custody of Virtual Assets and related cryptographic keys. The expenses related to such service providers are borne by the Funds.

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

As described under "*Item 5. Fees and Compensation*", it is expected that the Adviser and/or its affiliates will receive Carried Interest from the Funds, the terms of which are set forth in the applicable Governing Document. The Adviser will generally have the authority to waive, reduce or calculate differently a Carried Interest allocation with respect to certain Investors as described under "*Item 5. Fees and Compensation*." The Adviser's personnel generally invest in the Funds indirectly through the Funds' general partners, and therefore will generally not pay Carried Interest with respect to their indirect investments in the Funds.

The existence of a performance-based compensation has the potential to create an incentive for the Adviser to make investments that are riskier or more speculative on behalf of a relevant Fund than would be the case in the absence of such compensation. The payment of Carried Interest at varying rates creates an incentive for the Adviser to disproportionately allocate time, services, and functions to Funds paying Carried Interest at a higher rate, or allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the Governing Documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, and (ii) trade allocation policies and procedures. The Adviser's policy seeks to allocate investment opportunities among all Funds fairly, to the extent practicable and in accordance with each Fund's applicable investment strategies, over a period of time.

Certain of the Funds are set up as "parallel fund structures". In such structures, a parallel Fund will invest in parallel with a main Fund under the same strategy, with the parallel Fund investing its pro rata share in each of the main Fund's investments.

Item 7: Types of Clients

The Adviser's only clients are the Funds, which are structured as private investment companies exempt from registration under the Investment Company Act. Certain qualifications and conditions are imposed on investors in the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the General Partners of the Funds) and not individually to Investors in the Funds.

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

A. General

An investment in any of our strategies involves significant risk, including the risk that an Investor can lose money. There can be no assurance that a Fund will achieve its investment objective or that substantial losses will not be incurred. Each prospective Investor in a Fund should carefully review the applicable Fund's Governing Documents before deciding to invest in a Fund. An investment in a Fund involves a high degree of risk, including the risk that the entire amount invested will be lost. An investment in a Fund is not intended as a complete investment program. Such an investment

should be regarded as highly speculative and appropriate only for a sophisticated Investor that can afford a loss of their entire investment and can invest for an indefinite period. It should not be assumed that an investment in a Fund will be profitable or liquid.

In addition to the risk of loss of an Investor's entire investment in a Fund, an investment in a Fund is subject to the direct and indirect fees and expenses outlined elsewhere in "*Item 5. Fees and Compensation*" and in the applicable Governing Document, including any applicable Management Fee or Carried Interest and operating costs, which fees and expenses will reduce returns materially and require that a Fund make a certain amount of profit from its investing activities for investments in the Fund to break even.

Past or current performance of any of the Adviser's strategies or the investment vehicles sponsored and/or advised by the Adviser or affiliates (including any Fund), or of any investment strategies operated within any such investment vehicle, is not indicative of the results that will be achieved either by any such strategy or vehicle in the future or by any other strategy or vehicle. Further, such past performance provides no assurance of the success of any strategy or Fund in achieving its investment objectives. Funds may have operated in market conditions that were more favorable to the investment strategy deployed by such Fund than current or future market conditions are or will be.

B. Investment Strategies and Related Risks

The Funds invest in early-stage and growth-stage privately held companies. The size and nature of investments in such companies will be varied. Investments in early-stage and growth-stage companies are principally made in companies utilizing blockchain technology in some capacity. To the extent the Funds invest in equity or equity-based securities, the Funds would be able to return capital to Investors only if the issuer of the securities chooses to register those securities via an initial public offering or the purchase of those securities by another qualified entity.

The Funds also invest in Virtual Assets, including cryptocurrencies, decentralized application tokens, protocol tokens, non-fungible tokens ("NFTs"), blockchain-based assets and other crypto-finance assets, and instruments for purchasing such cryptocurrencies, tokens, or assets. The size and nature of the investments will be varied. Investments in Virtual Assets may be made through private offerings of such Virtual Assets or through public exchanges and markets in which such Virtual Assets are traded. The Adviser may obtain Virtual Assets or the rights to Virtual Assets, in connection with or through preferred equity stakes in portfolio companies, SAFEs, warrants for tokens, SAFTs or other direct Virtual Asset purchase agreements.

The Funds may also couple an equity investment with an accompanying agreement, warrant, or other similar instrument giving the Funds the right to purchase or receive Virtual Assets in the future. The presence of future rights to tokens does not guarantee such rights will be realized or that the equity issuer or one of its affiliates will issue tokens in the future.

The descriptions set forth in this Brochure of specific advisory services that Variant offers to Funds, and investment strategies pursued, and investments made by Variant on behalf of the Funds, should not be understood to limit in any way our investment activities. Variant may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Variant considers appropriate, subject to each Fund's investment objectives and guidelines.

Certain Related Risk Factors

An investment in a Fund involves substantial risks that should be carefully considered by a prospective Investor. Certain risk factors that may apply to such an investment are outlined below. Additional risk factors are outlined in the applicable Governing Document of the Funds. However, it should be noted that other risk factors may apply to such an investment that are not identified in this Brochure or in the applicable Governing Document. Any of the risks outlined below and/or in the applicable Governing Document, and any other risks that are not identified could result in material losses (or a complete loss) to an Investor of its investment. Prospective Investors should consult their own legal, investment, tax, and other advisers, and the applicable Governing Documents, as to whether such an investment is appropriate.

Please note that many of the risks outlined under one caption or heading may apply to one or more other captions and headings. The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds.

Risk Inherent in Venture Capital and Early-Stage Investments and in Virtual Assets.

The Adviser provides advice to the Funds regarding venture capital investments in early-stage and growth-stage privately held companies, as well investments in Virtual Assets. The types of investments that the Adviser anticipates making in pursuing the Funds' investment strategies involve a high degree of risk and uncertainty that can result in substantial losses including the potential for a loss of an Investor's entire investment in a Fund. Early-stage and development-stage companies often experience unexpected problems in product development, manufacturing, marketing, financing, regulation, and general management, which, in some cases, cannot be adequately solved. Such companies may require substantial financing, which may not be available through institutional private placements or public markets or at all. In early-stage enterprises, a major risk exists that a proposed service or product cannot be developed successfully with the resources available to the portfolio company. There is no assurance that the development efforts of any portfolio company will be successful or, if successful, will be completed within the budget or time period originally estimated.

The percentage of companies that survive and prosper can be small. These companies may require additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all or on acceptable terms. Such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Portfolio companies may be operating at a loss or with substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage.

Virtual Assets are a relatively recent technological innovation. Virtual Assets in which the Funds may invest may not exist as of the date of this Brochure. The limited operating and trading history of Virtual Assets limits the Adviser's ability to evaluate the investment opportunity of a Virtual Asset. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that the Funds will be adequately compensated for risks taken.

A loss of an Investor's entire investment is possible. The timing of profit realization, if any, is highly uncertain. Losses are likely to occur early in a Fund's life, while successes, if any, often require a long maturation. In the case where a Fund invests in a company or otherwise makes investment with the expectation that such company or investment will generate Virtual Assets in the future, such

investment or company may fail to or not be able to generate the expected Virtual Assets. If an investment or company does not generate Virtual Assets during the term of the Fund, any warrant or similar instrument held by the Fund will expire unexercised and typically worthless.

Early-stage companies often materially change the product or service offering described to the Adviser at the time of investment or reinvestment without the consent of the Adviser and the Adviser may have limited ability to constrain such changes or force the dissolution of the company in order to re-underwrite. Although the Adviser may seek to aid or influence certain of its investment companies, a Fund will not have an active role in the day-to-day management of the companies in which it invests. To the extent that the management of a portfolio company performs poorly, a Fund's investment in such company could be adversely affected. Furthermore, these companies may be more vulnerable to competition and to overall economic conditions than larger, more established entities.

Reliance on Portfolio Company Management Team

The management teams of the portfolio companies in which the Funds intend to invest or have invested will be responsible for the day-to-day operation of such companies. The success of each portfolio company depends in substantial part upon the skill and expertise of each portfolio company's management team. Although the Adviser will be responsible for monitoring the performance of each investment and the Adviser seeks to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company in accordance with the Adviser's plans or be successful. Additionally, portfolio companies must attract, retain, and develop executives and engineers. The market for executive and engineering talent is extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable management team members, and, as a result, the Funds may be adversely affected.

The board of directors, if any, of the portfolio companies in which the Funds intend to invest or have invested will be responsible for oversight of the respective management teams and portfolio companies. Successful governance and risk management depends in substantial part upon the skill, expertise and time commitment of the members of the board of directors. The Adviser will typically not have a representative on a portfolio company's board of directors. Although the Adviser seeks to invest in companies operated by strong boards, there can be no assurance that the existing members of the board of directors, or any successor members, will possess the requisite skills or expertise, or dedicate the requisite time, to exercise proper oversight of the respective management teams or portfolio companies.

Instances of fraud, misappropriation of assets, and other deceptive practices committed by the management team of portfolio companies in which a Fund has an investment may undermine the Adviser's due diligence efforts concerning such companies. If such fraud is discovered, it could adversely affect the valuation of a Fund's investments and the reputation of the Fund and may contribute to overall market volatility that can negatively impact the Fund's investment portfolio as a whole. Due to the pseudonymous nature of most customers of blockchain technology and the privileged information insiders may have access to (material non-public information, multi-signature information, code vulnerabilities), there is a higher risk of fraud or misappropriation of assets with respect to Virtual Assets.

Investment in Companies Dependent Upon New Product Development and Technologies

In pursuing the investment strategy for a Fund, the Adviser intends to focus on technology-related companies that influence blockchain technology and Virtual Asset ecosystems and make direct

investments in Virtual Assets. The value of a Fund's investments may be subject to factors affecting the technology and Virtual Asset industries, leading to a higher level of risk and market fluctuation. than an investment fund that diversifies across a broader range of securities and assets.

The technology industry is characterized by rapid change, intense competition, and the constant need for innovation. Companies in this sector may face challenges such as the rapid obsolescence of products and services, high research and development costs, and strong competition from both established and emerging players. These factors may affect the value and performance of the Funds' investments in technology-related companies.

Investing in blockchain and Virtual Asset ecosystems exposes the Funds to unique risks, including regulatory uncertainty, market volatility, and technological vulnerabilities or cybersecurity threats. As Virtual Assets and blockchain technology are relatively new and constantly evolving, the regulatory environment may change, affecting the value of the Funds' investments. Additionally, the prices of Virtual Assets can be highly volatile, which may result in significant fluctuations in the Funds' portfolio value.

The Funds' concentration on technology-related companies and Virtual Assets may lead to a lack of diversification, potentially resulting in higher volatility and a greater impact on the Funds' performance from individual investments. This focused investment strategy may increase the a Fund's overall risk.

The Adviser may employ risk mitigation strategies, such as diversifying within the technology and Virtual Asset industries or incorporating risk management tools. However, there is no guarantee that these strategies will successfully reduce the overall risk of the Funds' investments.

Managing Rapid Growth

To achieve their projected revenues and other targeted operating results, the portfolio companies in which the Funds invest may be required to rapidly implement and improve operational, financial and management control systems on a timely basis, together with maintaining effective cost controls, and any failure to do so would have a material adverse effect on their business, financial condition, and results of operations. The success of their growth plans will depend in part upon their ability to continue to attract, retain and motivate key personnel. Failure to make the required expansions and upgrades could adversely affect their business, financial condition, results of operations and relationships with their business partners. The results of operations for the companies will also be adversely affected if revenues do not increase sufficiently to compensate for the increase in operating expenses resulting from any expansion, and there can be no assurance that any expansion will be profitable or will not adversely affect the results of operations.

Non-U.S. Investments

The Funds may invest in securities of non-U.S. portfolio companies. Such investments may present a variety of risks not presented by investments in U.S. portfolio companies, including risks associated with: (i) fluctuating currency exchange rates; (ii) limitations on currency exchange or the transfer of capital/profits across international boundaries; (iii) different accounting and financial reporting standards; (iv) different legal protections for investors; (v) unusual regulatory burdens; (vi) social, economic and political instability; (vii) nationalization or expropriation of assets or confiscatory taxation; (viii) governmental decisions to discontinue support or economic reform programs generally and to impose centrally planned economies; (ix) dependence on exports and the corresponding importance of international trade; (x) greater price fluctuations and market volatility, less liquidity and smaller capitalization of securities markets; (xi) higher rates of inflation; (xii) less

extensive regulation of the securities markets; (xiii) longer settlement periods for securities transactions; (xiv) less developed corporate laws regarding fiduciary duties and the protection of investors; and (xv) multiple taxing jurisdictions.

Further, while the Firm does not intentionally invest in Passive Foreign Investment Companies (PFICs) due to the early-stage investments it is possible that non-U.S. portfolio companies will be considered PFICs for U.S. tax purposes.

Changing Economic Conditions

The success of a Fund's investment strategy could be significantly impacted by changing external economic conditions in the U.S. and global economies. The stability and sustainability of growth in global economies may be impacted by terrorism, acts of war or global health pandemics. Changing economic conditions could potentially adversely impact the valuation of a Fund's assets.

Risk Related to Equity Investments

Among the risks of investing in a Fund is equity risk, which is the risk that the value of equity securities held by a Fund will fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by a Fund participate, and the circumstances, financial condition and performance of particular companies whose securities a Fund holds. An investment in a Fund represents an indirect investment in the securities owned by a Fund. The value of these securities, like other market investments, may move up or down, sometimes rapidly and unpredictably. The value of an investment in a Fund may at any point in time be worth less than the original investment.

Impact of Macro Interest Rate Environment on Virtual Assets

Investments in Virtual Assets may be influenced by the broader macro interest rate environment, which can affect their value and performance. As global economic conditions and monetary policies evolve, interest rate fluctuations may directly or indirectly impact the Virtual Asset market.

Higher interest rates can increase borrowing costs for Virtual Asset and blockchain companies, potentially affecting their profitability and growth prospects. This, in turn, may result in lower valuations for these companies and a subsequent decline in the value of the Funds' investments.

In addition, a rising interest rate environment may increase the attractiveness of traditional income-generating assets such as bonds, causing investors to reallocate their capital away from Virtual Assets and toward these more traditional investments. This shift in investment allocation may result in reduced demand for Virtual Assets, leading to price declines and increased volatility in the market for such assets.

Conversely, a low-interest rate environment may encourage investors to seek higher returns from alternative assets, including Virtual Assets, potentially driving up their prices. However, such an environment may also create an increased risk of speculative behavior and asset bubbles, which could negatively impact the value of the Fund's investments in Virtual Assets if a market correction occurs.

There is no guarantee that the Adviser will be able to effectively anticipate or mitigate the risks associated with interest rate fluctuations, and such fluctuations may adversely affect the performance of the Funds' investments.

Difficulty in Valuation of Investments

The Funds' assets and liabilities are valued in accordance with the Adviser's valuation policy and the terms of the applicable Governing Documents. Valuation of a Fund's investments, including certain Virtual Assets and early-stage portfolio companies that do not have a clear valuation, will involve uncertainties and subjective determinations. While the Adviser will use good faith and its best efforts to value all Funds' assets fairly, certain investments may be difficult to value and may be subject to varying interpretations of value. The Adviser is entitled to rely, without independent investigation, upon pricing information and valuations furnished to the Adviser by third parties.

In making valuation determinations, the Adviser may be deemed subject to a conflict of interest, as the valuation of such assets and liabilities affects its compensation and the compensation of the Adviser and applicable General Partner. There is no guarantee that the value determined concerning a particular asset or liability by the Adviser will represent the value that will be realized by the Funds on the eventual disposition of the related investment or that would be realized upon an immediate disposition of the investment and the differences could be material. Actual realized returns on all unrealized investments will depend on the value of the investments at the time of disposition, less any related transaction costs. There can be no assurance that the Adviser will have all the information necessary to make valuation decisions in respect of these investments, or that any information or valuations provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of the Adviser with respect to an investment will represent the value realized by a Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation.

Concentration of Investments

The Adviser anticipates participating in many investments in Virtual Assets and/or companies focused on blockchain technology and the Virtual Asset industry on behalf of the Funds. A downturn of the economy, regulatory changes impacting blockchain and Virtual Assets, or the failure of the business of any one investment (or combination) could impact the aggregate returns delivered to the Funds. Although the Adviser intends to diversify a Fund's portfolio to the reasonable extent possible within the confines of a Fund's investment strategy, the inability of the Adviser to achieve this objective could adversely affect the performance of the Fund. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of relatively few investments may substantially affect its aggregate return. Furthermore, a decrease in the price of Bitcoin or other Virtual Assets that are widely held investments could contribute to a decrease in the value of the Virtual Assets in which the Funds have made investments (which decrease may be substantial).

Due Diligence Risks

Before making investments for a Fund, the Adviser will conduct due diligence it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence and assessing an investment, the Adviser will rely on available resources, including information related to the investment or provided by the prospective portfolio company, and in some cases, third-party investigations. There can be no assurance that any third-party investigation will accurately evaluate such investments.

Investments in early-stage companies, such as startups focused on blockchain technology and the Virtual Asset industry, may present heightened risks compared to established businesses and industries. These risks include, but are not limited to, unproven business models, dependence on key

personnel, limited operating history, uncertain or adverse regulatory environments, and intense competition.

While the Adviser will endeavor to conduct thorough due diligence, there can be no assurance that the process will reveal or highlight all relevant facts necessary or helpful in evaluating an investment opportunity, particularly in the case of early-stage companies where information may be limited or unavailable. This inherent limitation in the due diligence process could increase the risk of investing in such companies and may adversely impact the performance of the Funds.

Market Disruption and Geopolitical Risk

Virtual Assets are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events, market conditions or regulation. Political or economic crises may motivate large-scale acquisitions or sales of such Virtual Assets globally or locally. Large-scale sales of Virtual Assets would reduce their price and adversely affect an investment in a Fund.

There is a risk that geopolitical and other events (*e.g.*, wars and terrorism) will disrupt financial markets and adversely affect global economies and markets, thereby decreasing the value of a Fund's investments. Sudden or significant changes in the supply or prices of economic inputs (*e.g.*, the marked decline in oil prices that began in late 2014) may have material and unexpected effects on both global financial markets and individual countries, regions, sectors, companies, or industries, each of which could significantly reduce the value of the Funds' assets.

Political events within the U.S. at times have resulted, and may in the future result, in a shutdown of Federal government services, which could adversely affect the U.S. economy and increase uncertainty in or impair the operation of the U.S. or other financial markets. Uncertainty surrounding the sovereign debt of several European Union countries, as well as the continued existence of the European Union itself, has disrupted and may continue to disrupt markets in the U.S. and around the world. If a country changes its currency or leaves the European Union or if the European Union dissolves, the world's financial markets likely will be significantly disrupted. Substantial government interventions (*e.g.*, currency controls) also could adversely affect the Funds.

War, terrorism, economic uncertainty, and related geopolitical events have led, and in the future, may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. Likewise, natural and environmental disasters, and systemic market dislocations would be highly disruptive to economies and markets, adversely affecting individual companies and industries, financial markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the market value of the Funds' assets. Market disruptions, including sudden government interventions and regulations, can prevent the Funds from implementing its investment strategy.

U.S. Presidential elections can significantly impact financial markets and investment landscapes due to potential changes in government policies, economic directions, and international relations. These elections may lead to increased market volatility, shifts in regulatory environments, and alterations in sector-specific conditions, particularly in industries such as healthcare, energy, technology, and finance. Investors should be aware of the heightened uncertainties and geopolitical risks during election periods, which could affect investment valuations and returns. It's advisable for investors to consider diversification and consult with financial advisors to mitigate risks associated with the electoral outcomes and policy changes.

Russian Invasion of Ukraine

In February 2022, Russian President Vladimir Putin ordered the Russian military of Ukraine. The following day, the United States, United Kingdom and European Union announced sanctions against Russia. Russia's invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions could harm the economy and business activity globally. Furthermore, given the ongoing and evolving nature of the conflict between the two nations and its ongoing escalation, it is difficult to predict the conflict's ultimate impact on global economic and market conditions.

Risks Related to Virtual Assets, and the Exchange Markets and Service Ecosystems for Virtual Assets

Risks Related to Virtual Assets Generally

The Funds will invest in Virtual Assets and companies in the Virtual Asset industry. Virtual Assets involve substantially more risk and potential for loss relative to more conventional financial instruments, such as stocks, bonds, and derivatives referencing more conventional asset classes. Virtual Assets represent a speculative investment and involve a high degree of risk, including the risk of a total loss of capital invested. These risks should be considered relevant to spot and derivative Virtual Asset transactions unless otherwise specified.

The risk present in Virtual Assets include but are not limited to the following:

1. *Virtual Assets are not recognized as legal tender by any U.S. or foreign governmental authority:* This means that they are not backed by any government or central authority and are not considered legal currency in most countries. This lack of legal recognition can lead to regulatory uncertainty and potential legal challenges.
2. *Virtual Assets are subject to substantial price volatility:* The value of Virtual Assets can be highly volatile and is subject to market forces, speculation, and changes in market sentiment. The lack of intrinsic value of underlying assets can lead to sudden and significant price fluctuations.
3. *Valuation challenges and liquidity constraints:* Due to the lack of a centralized pricing source, determining the fair value of Virtual Assets can be difficult. Additionally, the market for Virtual Assets may be illiquid, making it challenging to buy or sell these assets quickly or at a fair price.
4. *Virtual Asset Utility –* Certain Virtual Assets may have no discernable underlying utility (i.e. “meme-coins”) subjecting them to even higher volatility and risk of loss.
5. *Cybersecurity considerations:* Virtual Assets or the applications they underpin are vulnerable to cybersecurity risks such as hacking, phishing, and theft. If a Virtual Asset exchange or wallet is compromised, the assets held on that platform could be lost or stolen. This risk is elevated relative to insiders who may have exploitable information about the application or Virtual Asset.
6. *Private key loss or theft:* Virtual Assets are often secured with private keys, unique codes that allow users to access and transfer their assets. If a private key is lost or stolen, the Virtual Asset cannot be recovered, and the owner could face a complete loss.
7. *Lack of regulation:* The Virtual Asset market is largely unregulated or minimally regulated, which can lead to potential risks such as fraud, market manipulation, and other illicit activities.

8. *Evolving regulatory landscape:* Virtual Assets and Virtual Asset marketplaces face an uncertain regulatory landscape in the United States and in many foreign jurisdictions. The regulatory framework for Virtual Assets is uncertain and rapidly evolving, which creates compliance challenges and potential legal risks. To the extent that any type of Virtual Asset is determined to be a security, commodity, future or other regulated asset, or to the extent that a U.S. or foreign government or quasi-governmental agency exerts additional regulatory authority over the Virtual Assets, Funds with Virtual Asset investments may be adversely affected. Whether and to what extent Virtual Assets will be regulated by any existing federal agencies or by new legislation passed by the U.S. Congress is unknown, as is the effect on the value of Virtual Assets overall but such effect could be substantial and adverse.

9. *Active enforcement environment in the United States:* Regulatory agencies, including the SEC, Federal Trade Commission (the “FTC”) and the Commodity Futures Trading Commission (“CFTC”), have initiated enforcement actions against various companies in the Virtual Asset industry. For example, in January 2023, the SEC charged Genesis Global Capital, a Virtual Asset lender, and Gemini Trust, a Virtual Asset exchange, with offering unregistered securities to investors through a program called Gemini Earn. In February 2023, the FTC announced that it was investigating Voyager Digital, a Virtual Asset lender, for its “deceptive and unfair marketing of cryptocurrency to the public.” In March 2023, Coinbase, a Virtual Asset exchange, announced that it had received a Wells Notice from the SEC, indicating that the SEC had identified possible violations of securities law, and the CFTC filed a civil enforcement action against Binance Holdings Limited and related entities (together “Binance”), the world’s largest Virtual Asset exchange, and its chief executive officer, alleging numerous violations of the Commodity Exchange Act (“CEA”) and CFTC regulations.

10. *Compliance with regulations is expensive:* Many participants in the Virtual Asset industry are not fully compliant with currently applicable regulation and, in the future, may not be compliant with future regulations. The enhanced costs and resource burden of compliance with the United States and international regulatory regimes for participants in the Virtual Asset industry will be significant and, in some cases, not commercially practicable.

11. *New and evolving technology:* Virtual Assets are a new and rapidly evolving technology that introduces unique risks such as operational, technological, and governance risks. New Virtual Assets or changes to existing Virtual Assets may expose Investors in Funds with Virtual Asset investments to additional risks which are impossible to predict as of the date of this statement. This uncertainty exacerbates the risk of Virtual Asset investments generally.

12. *Unique transaction fees:* Virtual Assets may be subject to unique transaction fees, which can be higher or lower than traditional financial transactions. These fees can impact the profitability of Virtual Asset investments held by the Funds.

13. *Market manipulation:* Virtual Asset marketplaces are not always regulated and may not comply with applicable regulations; they are vulnerable to market manipulation by bad actors who may artificially inflate or deflate the price of an asset or otherwise manipulate the marketplaces.

14. *Operational risks:* Virtual Asset exchanges and wallets are susceptible to operational risks, such as system outages, technical glitches, and software bugs that can cause losses to investors.

15. *Counterparty risk:* Investors in Virtual Assets may face counterparty risks if their counterparties, such as custodians, brokers, or exchanges, go bankrupt or fail to deliver on their obligations.

16. *Adoption risk:* Virtual Assets have not been widely adopted as means of payment for goods and services by major retail and commercial outlets. The relative lack of acceptance of Virtual Assets in the retail and commercial marketplace limits the ability of end-users to pay for goods and services with Virtual Assets. A lack of expansion by Virtual Assets into retail and commercial markets, or a contraction of such use, may result in increased volatility.

17. *Tax risks:* There is substantial uncertainty regarding the tax treatment of Virtual Assets. As a result, Investors may be subject to adverse tax consequences associated with their investment in a Fund.

18. *Custodial risk:* The Adviser will be responsible for arranging custody of a Fund's Virtual Assets, including, in some cases, self-custody. Where possible and in the best interest of a Fund, the Adviser engages may third-party qualified custodian responsible for holding and safeguarding its Virtual Assets; However, in the Virtual Asset market, there is a lack of qualified custodians, leading to concerns about the safekeeping of assets.

19. *Banking risk:* A substantial portion of the participants in the Virtual Asset industry held bank accounts at Silvergate Capital and Signature Bank. In March 2023, both banks were shuttered by either the Federal Deposit Insurance Corporation ("FDIC") or New York Department of Financial Services. If participants in the Virtual Asset industry are unable to establish new banking relationships, it will be difficult for such participants to transact business and operate as a going concern.

Concentration in investments may involve risks greater than those generally associated with more diversified investment vehicles and may experience significant return fluctuations. The Virtual Asset sector is challenged by various factors, including rapidly changing market conditions and participants, regulatory uncertainty and enhanced enforcement environment, new competing products and services and improvements in existing products and services. Some companies with related Virtual Asset in which the Funds invest may compete in this volatile environment. There is no assurance that products or services created or sold by such companies will not be rendered obsolete or adversely affected by existing or future regulation, competing products and services, new technology, or other challenges, or that such company or the Funds will be able to enforce intellectual property rights adequately. Instability, fluctuation, or an overall decline within the Virtual Asset industry may not be balanced by investments in other unaffected industries. If the Virtual Asset sector declines or the Funds cannot adequately enforce intellectual property rights, returns to the Funds may decrease. Virtual Assets represent a speculative investment and involve a high degree of risk.

Speculators and investors seeking to profit from short- or long-term holding generate a significant portion of the demand for Virtual Assets. Many Virtual Assets will derive their speculative value from the perceived usefulness of the blockchain network or decentralized application protocol with which they are associated, as many are designed to be used as compensation in transactions that record data or provide access to certain functionality on these networks and protocols. The relative lack of acceptance of Virtual Assets beyond their own blockchain network in the retail and commercial marketplace limits end-user's ability to utilize Virtual Assets products and services. A lack of expansion by Virtual Assets or use of their underlying blockchain networks into retail and commercial markets, or a contraction of such use, may result in increased volatility and loss of value.

Several factors may affect the price of Virtual Assets, including, without limitation, supply and demand, liquidity of the Virtual Asset on exchanges, investors' expectations concerning the rate of inflation, security, interest rates, currency exchange rates or future regulatory measures (if any) that

restrict the trading of Virtual Assets or the use of Virtual Assets as a form of payment. There is no assurance that Virtual Assets will maintain their long-term value in terms of purchasing power in the future or that acceptance of Virtual Assets by mainstream merchants and commercial businesses will grow.

A Virtual Asset is an asset that is attached to or associated with a blockchain or distributed ledger network secured by cryptographic authentication. A blockchain network is a peer-to-peer computer network that stores and verifies copies of a transactional ledger. This ledger provides an immutable record of ownership of Virtual Assets and transactions involving Virtual Assets. Virtual Asset transactions can be authorized by any user that cryptographically proves to the network that they possess the “private key” associated with their account on the ledger, thereby having the authority to transfer the Virtual Assets associated with their account. Once authorized and broadcast to peers on the network, these transactions are then recorded to the blockchain via the rules of the network’s validation process as dictated by the code run by network peers, the blockchain’s protocol. Thus, such Virtual Assets are created, issued, transmitted and stored according to protocols run by computers on a blockchain network. Some blockchain networks are further interdependent on other blockchain networks whose attached Virtual Asset may have limited to no interoperability but where changes to the protocol may adversely affect some or all interdependent blockchain networks. Some Virtual Assets may be issued on one blockchain network but can be transferred to other blockchain networks via interoperability technology. Such Virtual Assets may be impacted by changes to any interoperable blockchain.

These protocols may have undiscovered flaws that could result in the loss of some or all of the Virtual Assets held by the Funds. There may also be network-scale attacks against these protocols that result in the loss of some or all of the Virtual Assets held by the Funds.

Virtual Assets rely heavily on complex software code to manage transactions, validate ownership, and ensure the integrity of the blockchain network. However, even small mistakes or vulnerabilities in the code can potentially be exploited by hackers or bad actors, leading to theft or loss of Virtual Assets.

Furthermore, experimental cryptography, used in some Virtual Asset protocols, may have underlying flaws that are not yet fully understood or widely recognized. This could make them vulnerable to attacks, as bad actors may exploit these flaws to gain unauthorized access to Virtual Assets. Advancements in quantum computing could break the cryptographic rules of protocols that support the assets held by the Funds. The developers and stakeholders of blockchain networks or open-source software projects may make changes to the network protocol that could adversely affect virtual asset holders or funds.

Investing in Virtual Assets Using Zero-Knowledge Technology

Investing in emerging zero-knowledge technology carries significant risks due to its nascent stage, including technological uncertainties, regulatory challenges, and market adoption rates. This field, while promising for enhancing privacy and security in digital transactions, faces potential legal and compliance hurdles as governments and regulatory bodies catch up with the technology. Additionally, the complexity and novelty of zero-knowledge proofs may limit initial adoption and integration into existing systems, affecting potential returns on investment. Investors should be prepared for the volatility associated with early-stage technologies and consider the long-term horizon for maturation and widespread acceptance. Due diligence and consultation with technology

and financial experts are recommended to navigate the inherent risks of investing in this cutting-edge but unproven sector.

Virtual Asset Venue Risks

Venues through which Virtual Assets trade are relatively new and unregulated or largely unregulated, or may not be in compliance with existing regulations. Furthermore, many such Virtual Asset trading venues, including Virtual Asset exchanges and over-the-counter (“OTC”) trading venues, do not provide the public with significant information regarding their ownership structure, management teams, corporate practices or regulatory compliance. As a result, the marketplace may lose confidence in, or may experience problems relating to, Virtual Asset trading venues. Virtual Asset trading venues may impose daily, weekly, monthly, or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of Virtual Assets for fiat currency difficult or impossible. Participation in Virtual Asset trading venues requires users to take on credit risk by transferring Virtual Assets from a personal account to a third party’s account.

Over the past several years, several Virtual Asset exchanges have been closed due to fraud, regulatory concerns, or security breaches. In many of these instances, the customers of such Virtual Asset exchanges were not compensated or made whole for the partial or complete losses of their account balances in such Virtual Asset exchanges. While smaller Virtual Asset exchanges are less likely to have the infrastructure and capitalization that make larger Virtual Asset exchanges more stable, larger Virtual Asset exchanges are more likely to be appealing targets for cyberattacks. Virtual Asset exchanges that are regulated typically must comply with capital, cybersecurity, and anti-money laundering requirements, but are not typically subject to the same types of customer protection, transparency, and fair dealing requirements as markets that are SEC-regulated securities exchanges or CFTC regulated futures exchanges.

Furthermore, many Virtual Asset exchanges lack certain safeguards that are put in place by more traditional exchanges to enhance the stability of trading on the exchange and prevent flash crashes, such as limit-down circuit breakers. As a result, the prices of Virtual Assets on Virtual Asset exchanges may be subject to larger and/or more frequent sudden declines than assets traded on more traditional exchanges.

Many Virtual Asset exchanges support trading a wide variety of Virtual Assets, including those likely to be considered securities under U.S. federal and state securities laws. In May 2018, the SEC published a Statement on Potentially Unlawful Online Platforms for Trading Virtual Assets, indicating that many Virtual Asset exchanges and other intermediaries that provide services for Virtual Assets that are securities may be acting improperly without licenses, for example, as unlicensed national securities exchanges.

A lack of stability in Virtual Asset exchanges, lack of capital adequacy requirements, manipulation of Virtual Asset markets by Virtual Asset exchange customers and the closure or temporary shutdown of such exchanges due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in the Virtual Assets generally and result in greater volatility in the market price of Virtual Assets. Furthermore, the closure or temporary shutdown of a Virtual Asset exchange would impact the Funds’ ability to determine the value of its Virtual Asset holdings. These potential consequences of an exchange’s failure or failure to prevent market manipulation would adversely affect an investment in the Funds.

Finally, there is the potential for regulatory enforcement or other regulatory actions in respect of a Virtual Asset exchange having an adverse impact on the value of Virtual Assets traded on such

exchange and Virtual Assets more generally (even if such assets are not traded on that exchange). Such an adverse impact can result from a decrease of leverage, margin or financing available for the trading of Virtual Assets, and both long and short positions related thereto.

Risks from Large-Scale Transactions

Some Virtual Asset foundations and insiders hold large amounts of Virtual Assets relative to other market participants. Additionally, certain foundations may engage in sales or distributions of Virtual Assets to fund further investment in protocols or the ordinary course of business. Any such sales or distributions, if conducted on a large scale and/or at non-market terms, could reduce the price of Virtual Assets and adversely affect the Funds' return. Further the Firm may have positions sizes where total market liquidity is insufficient to divest of the position over a reasonable time basis.

Risks Related to Circulating Supply and Token Launches

The Funds will invest in Virtual Assets, including purchasing tokens during or shortly after launch of such token. At the time of token launch, the circulating supply of a Virtual Asset can be significantly lower than its total supply. A substantial portion of the total supply may be held by insiders, project founders, or early investors with a zero or immaterial cost basis. Additionally, a portion of the total supply may be emitted over time through token awards, air drops, staking, or other incentivization mechanisms. This situation presents several risks to the Funds' investments in these Virtual Assets, including but not limited to the following:

1. *Potential for Price Manipulation:* With a low circulating supply, the Virtual Asset may be more susceptible to price manipulation by insiders or large holders, which could result in increased price volatility and negatively impact the Funds' investments.
2. *Dilution Risk:* As more tokens are emitted or released into the circulating supply, the Funds' investments in the Virtual Asset may be diluted. This dilution can lead to a decrease in the value of the Virtual Asset, which may adversely affect the Funds' performance.
3. *Participation in Token Emission Mechanisms:* To mitigate the dilution risk, the Funds may choose to participate in token emission mechanisms such as staking or earning token rewards. While this participation can help offset dilution, these activities are not without risk. Involvement in staking or other incentivization schemes may expose the Funds to additional risks, including smart contract vulnerabilities, regulatory scrutiny, potential lawsuits, and potential loss of principal due to network or protocol changes.
4. *Securities Regulatory Risk:* Some methods of emitting Virtual Assets, if not properly conducted by the issuer, may result in potential securities law liability and result in claims against the issuer, which could have an adverse effect on the value of the Virtual Assets. In addition, the Funds may have liability exposure to the extent it is deemed to have aided and abetted in any alleged securities law violations in connection with emitting Virtual Assets.

Decentralized Finance ("DeFi") Protocols and Virtual Assets Used in Defi Protocols

The U.S. financial regulatory regime contemplates federal and state-level oversight of financial intermediaries such as banks, broker-dealers, futures commission merchants, investment funds investment advisers, trading platforms, and financial asset exchanges. Each of these intermediaries are subject to disclosure, reporting, and recordkeeping requirements to protect U.S. customers. DeFi protocols present a challenge to the existing financial framework by seeking to eliminate these financial intermediaries and currently most of these protocols are not compliant with federal and state

laws. For example, DeFi protocols typically do not implement anti-money laundering and know-your-customer. As a result, regulators have been vocal of their skepticism of these decentralized financial alternatives and have announced enforcement actions against DeFi platforms and generally ramped up their focus and investigations of actors in the DeFi space. For example, in a speech on August 3, 2021, SEC Chair Gary Gensler highlighted the SEC's focus on DeFi platforms, including trading and lending platforms, noting the significant gap in investor protection. On April 4, 2022, SEC Chair Gary Gensler presented his views on DeFi platforms and cryptocurrencies generally, reiterating the SEC's focus and expressed his plan to use existing regulatory tools to supervise crypto platforms and cryptocurrencies.

The U.S. Congress and state legislatures will either need to adapt their regulatory models to accommodate decentralized finance or clarify which regulator(s) will be the primary overseer of firms in this space. It may then be up to the federal agencies, like the CFTC and the SEC, to promulgate rules and guidance for the DeFi space. When these legislative and regulatory decisions will take place is unclear and it is possible that, when certainty arrives, DeFi protocols may be subject to costly compliance regimes or even be outright prohibited.

Any action taken by federal, state or international policymakers or regulators to address risks and perceived risks to the public or to the U.S. and other countries' financial systems from decentralized financial activities, or the threat of such action, could have a material adverse impact on one or more Virtual Assets held by the Funds and therefore materially and adversely impact the Funds' returns.

Liability Associated with Participation in DAOs

The Funds may invest in Virtual Assets that are sponsored/issued by a decentralized autonomous organization (a "DAO"). DAOs are new organizational structures that are often unregistered and/or unincorporated under state corporate laws. DAOs that have chosen to register often choose jurisdictions that have created new limited liability company structures that accommodate the specifics of a DAO. These new structures, such as the Wyoming DAO LLC and the Vermont Blockchain-Based LLC, have yet to be tested in U.S. courts and it is unclear whether these structures will successfully protect DAO investors. Additionally, it is uncertain what the liability exposure may be for DAO investors where the DAO has not formed under any state corporate laws. There is a risk that unincorporated DAOs may be viewed as general partnerships and the Funds, as an investor, may face unlimited liability for debts and lawsuits of the DAO.

Investments in a DAO carry unique risks related to liability, regulatory enforcement, and potential legal actions. The CFTC, SEC, or other regulatory bodies may act against a DAO and their participants for violating the CEA and other applicable regulations.

A DAO is a blockchain-based entity that functions through decentralized decision-making and consensus mechanisms. Participants in a DAO may be held liable for the organization's actions, including violations of regulatory requirements or failure to comply with relevant laws. In recent cases, such as the CFTC's enforcement action against bZeroX and the Ooki DAO, founders and active participants were held liable for violations of the CEA and CFTC regulations.

Investing in or participating in a DAO may expose a Fund to potential legal action, fines, penalties, and reputational damage. Institutional investors like the Funds may be at heightened risk due to their public presence and identifiability.

Smart Contracts and Virtual Assets Based on Smart Contracts May Not Function as Expected

The Adviser or its affiliate may enter into service agreements with Funds to manage on-chain activities including activities on various smart contracts. These smart contracts achieve their investment purposes through on-chain execution. These investments earn interest based on the prevailing staking rate or at rates at which borrowers repay the loan and can generally be withdrawn with no restrictions. However, these smart contracts are subject to various risks, including regulatory risk, the risk that the underlying smart contract is insecure, counterparty risk, the risk that any underlying collateral may experience significant volatility, and the risk of certain core developers with protocol administration rights can make unauthorized or harmful changes to the underlying smart contract. If these risks materialize, the Funds' investments may be adversely impacted.

Since smart contract actions typically cannot be stopped or reversed, their programming and design vulnerabilities can have damaging effects. For instance, in March of 2023 the Euler protocol was exploited for approximately \$197 million in user funds. The exploit was due to a flaw in the audited code of the smart contract. If any such vulnerabilities or flaws come to fruition, smart contract-based crypto assets, including those held by the customers of a particular platform, may suffer negative publicity, be exposed to security vulnerabilities, decline significantly, rapidly and permanently in value, and lose liquidity over a short period.

Sometimes, smart contracts can be controlled by one or more "admin keys" "users with special privileges", or "super users." These users can unilaterally make changes to the smart contract, enable or disable features on the smart contract, change how the smart contract receives external inputs and data, and make other changes to the smart contract. For smart contracts that hold a pool of reserves, these users may also be able to extract funds from the pool, liquidate assets held in the pool, or take other actions that decrease the value of the assets held by the smart contract in reserves. These super users can also become targets of hackers and malicious attackers. If an attacker is able to access or obtain the super-user privileges of a smart contract, or if a smart contract's super-users or core community members take actions that adversely affects the smart contract, those who hold and transact in the affected digital asset may experience decreased functionality and value of the applicable Virtual Asset, up to and including a total loss of the value of such Virtual Asset. Smart contracts may be based on unsound, untested, or unproven economic and game theoretic models. DeFi mechanisms that work under normal operating conditions may suddenly materially fail under significant volatility or volume pressure.

Changes in the Governance of a Virtual Asset Network or Protocol

Decentralized networks are governed by voluntary consensus and open competition. There may be a lack of consensus or clarity on the governance of any decentralized Virtual Asset network, which may stymie such a network's utility and ability to grow and face challenges. Notwithstanding, the protocols for some decentralized networks are informally managed by a group of core developers that propose amendments to the relevant network's source code. Core developers' roles evolve over time, largely based on self-determined participation. If a significant majority of users and miners adopt amendments to a decentralized network based on the proposals of such core developers, the network will be subject to new protocols that may adversely affect the value of the related Virtual Asset held by the Funds.

Applications run on decentralized networks and are governed by voluntary consensus using governance tokens. Generally, governance token holders are allowed to vote on changes to the smart contract's codebase or the allocation of communal funds. Protocol voting, however, often has certain

requirements that token holders need to meet before being able to place a vote. Failure to meet those requirements can exclude a Virtual Asset holder from being able to propose changes to the protocol that may advantage a Fund or vote against proposals that could disadvantage a Fund. Increasingly, applications are seeing a consolidation of governance tokens among a few holders, specifically venture capital funds. These funds have been accused of collusion and of using their votes to implement proposals that benefit projects or Virtual Assets owned by or otherwise related to the funds. For example, established applications often provide grants to emerging blockchain projects, and a venture capital fund can use its voting power to ensure that a project it supports secures the grant. This outsized power may further limit a Fund's ability to participate in the governance process and protect a Fund's investments when necessary. Governance token holders may also vote to implement practices or actions that are malicious, ill-conceived, or that are otherwise detrimental governance actions that could substantially and adversely affect the Funds.

Stolen or Incorrectly Transferred Virtual Assets May Be Irretrievable

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

Protocol Developments; Blockchain "Forks"

The protocols on which Virtual Assets are based are generally open-source software. Any user can download the software, modify it and then propose that users and miners of a specific Virtual Asset adopt the modification. When a modification is introduced and a substantial majority of users and miners/stakers consent to the modification, the change is implemented and the Virtual Asset's protocol and network remains uninterrupted. However, if less than a substantial majority of users and miners/stakers consent to the proposed modification the consequence would be what is known as a "fork" (*i.e.*, "split") of the Virtual Asset's network (and the blockchain), with one prong running the pre-modified software and the other running the modified software. The effect of such a fork would be two versions of the Virtual Asset's network running in parallel, but each version's Virtual Asset (the asset) lacking interchangeability. This kind of split in a network could materially and adversely affect the value of Fund investments and, in the worst-case scenario, harm the sustainability of the applicable Virtual Assets' economy.

Similarly, the open-source nature of these protocols may allow competitors to use intellectual property, programming, code and other technologies developed by companies in which the Funds have invested to compete against such companies.

Limited Ability to Realize "Airdrops"

The Funds may hold a Virtual Asset that is subject to an automatically granted or provided access to claim "airdrop" for that asset or a different existing or new Virtual Asset. However, the Funds may not be able, or it may not be practical, to secure or realize the economic benefit of the new asset for various reasons. In addition, the Funds may determine that there is no safe or practical way to custody the new asset, or that trying to do so may pose an unacceptable risk to the Funds' holdings in the old

asset, or that the costs of taking possession and/or maintaining ownership of the new Virtual Asset exceed the benefits of owning the new Virtual Asset. Additionally, laws, regulations or other factors may prevent the Funds from benefitting from the new asset even if there is a safe and practical way to custody and secure the new asset.

The Adviser does not always cause a Fund to take any action to redeem or access any airdrop that requires the Fund to apply to a third party or to otherwise take actions that differ from those required for the Fund to take control of a forked Virtual Asset. The Adviser will determine redemption or interaction with any airdropped tokens case-by-case. Any inability to recognize the economic benefit of a hard fork or an airdrop could adversely impact the Fund.

Security of Virtual Assets and Networks

Hackers or other malicious groups or organizations may attempt to interfere with the Virtual Assets and/or Virtual Asset networks in various ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing, and spoofing. Furthermore, because a Virtual Asset's network is based on open-source software, there is a risk that a third party or a member of the development team of a particular Virtual Asset may intentionally or unintentionally introduce weaknesses into the core infrastructure of the Virtual Asset's network, which could negatively affect the network and the Virtual Asset.

Dissolution of Network or Virtual Asset Sponsor

It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of a Virtual Asset (or other cryptographic and fiat currencies), decrease in a Virtual Asset's utility, the failure of commercial relationships, the failure of the Virtual Asset Sponsor or intellectual property ownership challenges, the Virtual Asset's network may no longer be viable to operate. The dissolution of a Virtual Asset's network or a Virtual Asset Sponsor (if applicable) may adversely impact such Virtual Asset's value, thereby negatively impacting a Fund.

Risks Related to Custody of Virtual Assets

Rule 206(4)-2 under the Advisers Act (the "Custody Rule") requires an SEC-registered investment adviser, such as the Adviser, with custody of client funds and securities to comply with the Custody Rule. An adviser has custody if it (or its related person in connection with the adviser's services) holds, directly or indirectly, client funds or securities or has any authority to obtain possession of them. A key safeguard of the Custody Rule is that an adviser with custody generally must maintain client funds and securities at a "qualified custodian." While some Virtual Assets are commodities or otherwise likely not securities, many Virtual Assets are or are likely to be deemed to be securities. Currently, many of the companies providing Virtual Asset custodial services appear to fall outside of the SEC's definition of "qualified custodian", and many traditional qualified custodians do not yet provide custodial services for Virtual Asset or otherwise provide such services only for a limited number of actively traded Virtual Asset. Certain companies that provide custodial services for Virtual Assets, and which the Adviser has determined are qualified custodians, may lose their status as qualified custodians. In February 2023, the SEC proposed amendments to the Custody Rule which, if adopted, would apply to client funds and securities and any client assets over which the adviser has custody. Further, the amendments would require qualified custodians to comply with additional requirements with respect to custody of client assets. These and any other changes may force certain custodians who previously provided custodial services for Virtual Assets to terminate or greatly diminish the provision of such services, which may adversely affect Variant's ability to comply with the Custody Rule.

The Adviser self-custodies certain client Virtual Assets not supported by any approved custodial service provider. There is a heightened risk related to Virtual Assets self-custodied by the Adviser. By choosing to self-custody certain Virtual Assets held by a Fund, the Adviser assumes responsibility for securely storing and managing these assets. Although the Adviser has implemented various security measures and protocols to ensure the safekeeping of these Virtual Assets, the following are certain related risks associated with self-custody of Virtual Assets:

- *Cybersecurity Risks:* Self-custodied Virtual Assets may be vulnerable to cyber-attacks, hacking attempts, phishing, malware, and other threats. While the Adviser takes precautions to minimize these risks, there is no guarantee that all threats can be successfully mitigated and any attack could be significant and adversely impact Virtual Assets owned by the Funds
- *Operational Risks:* The safekeeping and management of self-custodied Virtual Assets rely on proper functioning of the *Adviser's* internal systems, processes, and personnel. Any failures, errors, or oversights in these areas could lead to a loss or compromise of a Fund's Virtual Assets.
- *Key Management Risks:* The Adviser is responsible for securely managing private keys associated with self-custodied Virtual Assets. Loss, theft, or unauthorized disclosure of these keys could result in the permanent loss of access to or control over a Fund's Virtual Assets.
- *Limited Recourse:* In the event of a loss or compromise of self-custodied Virtual Assets, a Fund may have limited or no recourse to recover the assets. Unlike traditional financial institutions, no insurance or other protections may be available to cover losses in case of theft or other adverse events.

Until a universe of custodians develops for Virtual Assets, it is possible that the Adviser will be required to custody Clients' assets in a manner that is inefficient or expensive, involves safekeeping and security that may be challenging to assess, or does not allow for the holding of certain assets.

The Adviser also uses custody solutions where no party (or parties under common control) have unilateral custody of the Virtual Assets. In such cases, it requires two or more parties to coordinate to move Virtual Assets. The Adviser may hold Client Virtual Assets on Virtual Asset exchange omnibus accounts. These omnibus accounts may be considered general assets available for creditors in the event of a bankruptcy of the underlying exchange. Investors who deposit funds or Virtual Assets with trading platforms and/or entities that issue Virtual Assets securities, might cease to have legal ownership of those assets and might not be able to get those assets back when they want to. Over the past year, a number of crypto asset entities have faced severe financial difficulties, sometimes resulting in suspending customers' ability to withdraw their assets. Some entities have entered bankruptcy proceedings, and it is unclear how much of their holdings (if any) customers might be able to recover.

Regulators' views of whether a Virtual Asset is a security have evolved and may continue to evolve, and the nature of a specific Virtual Asset itself may evolve, such that the Funds could find themselves having to divest assets that are deemed to be securities if a qualified custodian cannot reasonably be engaged or take other measures in order for the Adviser to seek to comply with custody regulations.

Further, regulators may require the liquidation of a position or other measures. Such a liquidation or other measures may result in sales by the Funds at times or at prices that the Adviser believes are unfavorable, tax consequences that may reduce the value of an investment in the Funds, a less diversified portfolio, and difficulty in achieving the Funds' investment objective. In addition, regulators may not agree with the position taken by the Funds as to whether certain Virtual Assets are securities, measures taken by the Funds in connection with, or to avoid the Adviser having custody

of, a Virtual Asset, or the adequacy of safekeeping, resulting in the possibility of sanctions, fines or other regulatory reparations imposed on the Funds, the Adviser or their affiliates by the SEC; any such regulatory remedies may adversely affect the ability of the Funds to engage intermediaries, or to transact with counterparties. Further, there can be no assurance that any form of custody will adequately protect the security of such Virtual Asset, exposing the Funds to the complete loss of Virtual Asset owing to a security breach or other failure of the self-custody procedures.

Intellectual Property Rights Claims May Adversely Affect the Operation of Virtual Asset Networks

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

Volatility of Virtual Asset Values

Momentum pricing is typically associated with growth stocks and other assets whose valuation, as determined by the investing public, is impacted by anticipated future appreciation in value. The Adviser believes that momentum pricing of certain Virtual Assets has resulted, and may continue to result, in speculation regarding future appreciation in the value of Virtual Assets, inflating and making these prices more volatile. As a result, Virtual Assets may be more likely to fluctuate in value due to changing investor confidence in future appreciation or price depreciation, which could adversely affect the Funds.

In their limited history, Virtual Asset values have experienced extreme price volatility that may continue in the future. The value of Virtual Assets held by the Funds could decline rapidly, substantially and permanently. Virtual Assets have not existed long enough to assess the volatility of market cycles with any precision. Historical price increases in Virtual Assets provide no assurance of future results. In particular, problems with the supply of Virtual Assets, security flaws (or perceived security flaws), difficulties with converting Virtual Assets to fiat currencies, and concerns that Virtual Assets may be used, in some cases, for illegal activities may negatively affect the acceptance, growth and development of Virtual Assets. For example, the exchange rate of Bitcoin into U.S. dollars has been very volatile, including dropping by more than 50 percent in a single day. To the extent the Funds holds specific investments in Virtual Assets, the value of those investments also may be volatile and subject to impairment, and such investments may lose their entire value.

Risk of Slashing

Many protocols that support active network participation include staking. When Virtual Assets are staked, they are subject to "slashing", which is a penalty for taking certain actions or failing to meet certain standards, such as staking validators that incorrectly validate a transaction. Such penalties may include, but are not limited to, foregoing rewards from active network participation, or loss of staked Virtual Assets. If a Fund or service provider, as applicable, meets the slashing conditions for a particular protocol, it may result in the loss of the Fund's assets and may harm the performance of the Fund.

Mining and Staking

The Funds may, either directly or through agreement with third parties, engage in staking Virtual Assets, which generally refers to various processes and mechanisms by which Virtual Asset transactions are verified. These activities may require the continuous holding of Virtual Assets for a certain amount of time when staking. The Funds may also be exposed to regulatory and operational risks associated with operating a validator node while staking.

1. *Regulatory Risks:* Regulatory frameworks for Virtual Assets and associated activities like staking are evolving and may vary across jurisdictions. This uncertainty may result in the Funds facing unforeseen regulatory compliance challenges or increased scrutiny by regulatory bodies. Regulatory changes may adversely affect the value of staked Virtual Assets or result in fines, penalties, or restrictions on the Funds' activities.

2. *Staking Rewards and Inflation:* While staking may provide rewards in the form of newly minted Virtual Assets or transaction fees, these rewards may be subject to inflationary pressures. The issuance of new tokens may dilute the value of existing tokens in circulation, negatively impacting the returns on staked Virtual Assets.

3. *Validator Node Operation Risks:* Operating a validator node in a distributed proof of stake protocol involves several risks. These include technical issues, software vulnerabilities, hardware failures, or internet connectivity problems, which may lead to downtime or missed opportunities to validate transactions. Validator nodes may also be subject to slashing penalties or loss of staked assets if they fail to perform their duties correctly, are compromised, or participate in malicious activities.

4. *Liquidity Risks:* Staking Virtual Assets often requires locking them up for a certain period, which may reduce the liquidity of the Funds' investments. This may limit the Funds' ability to react quickly to market fluctuations or other investment opportunities, resulting in reduced returns or increased losses.

5. *Smart Contract Risks:* Staking activities often rely on smart contracts, self-executing contracts with the terms directly written into code. These contracts may contain vulnerabilities, bugs, or other issues that may lead to the loss or theft of staked Virtual Assets, or the incorrect distribution of staking rewards.

6. *Concentration Risks:* Staking a large portion of the Funds' Virtual Assets in a single proof-of-stake protocol or project may expose the Funds to concentration risks. The Funds may suffer significant losses if the protocol or project faces adverse market conditions, regulatory issues, or technical challenges.

7. *Delegation Risks:* If the Funds delegate their staking activities to third parties, they may be exposed to additional risks such as counterparty risks, operational risks, and potential mismanagement of staked assets. The Funds may also have limited control over the actions of the delegated party, which could result in unfavorable outcomes or loss of staked assets.

8. *Network Governance Risks:* As participants in proof of stake networks, the Funds may be involved in network governance decisions, exposing them to legal and regulatory risks. Participation in governance may also require time and resources, which could detract from the Funds' ability to focus on other investment opportunities.

Counterparty Risk

Some of the markets in which the Funds may affect Virtual Asset transactions are OTC or “interdealer” markets, and some of the Virtual Asset transactions may be privately negotiated directly with another counterparty (*i.e.*, entered into by the Funds on a principal-to-principal basis with such counterparty). The participants in such markets and transactions are typically not subject to the same credit evaluation and regulatory oversight as are members of “exchange-based” or otherwise regulated markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such over-the-counter Virtual Asset transactions. Together, these characteristics expose the Funds to the risk that a counterparty will not settle a Virtual Asset transaction under its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem that affects the Virtual Asset market or transaction counterparty, thus causing the Funds to suffer a loss. The Funds are not restricted from dealing with any counterparty or from concentrating any or all of the Funds’ Virtual Asset transactions with one counterparty. The ability of the Funds to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds in Virtual Asset investments.

No FDIC or SIPC Protection

Virtual Assets held by the Funds are not subject to FDIC or Securities Investor Protection Corporation (“SIPC”) protections. The Funds are not a banking institution or otherwise a member of the FDIC or SIPC; therefore, deposits held with or assets held by the Funds are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. The undivided interests in the Funds’ Virtual Assets and other assets presented by interests in the Funds are not insured.

Custody risk

The Adviser is required to maintain certain Fund assets with a qualified custodian. Funds may incur a loss on securities and funds held in custody in the event of a custodian’s or sub-custodian’s insolvency, negligence, fraud, poor administration or inadequate recordkeeping. Generally, custodial assets maintained at a bank do not normally become part of a failed bank’s estate; however, the Adviser’s operations could be impacted by the bank’s insolvency in that there may be a delay in trade settlement, delivery of securities, access to safe-deposit boxes, etc.

Bank related risk

Deposits maintained at an FDIC-insured bank are covered up to \$250,000 per depositor, per insured bank, for each account ownership category, in the event of a bank failure. Funds using a single bank could potentially lose any deposits over \$250,000 in cash in the event the bank fails. While diversifying banking relationships could serve to minimize the potential uncertainty and destabilizing effect on the Adviser’s operations because of concern regarding the financial viability of a single banking institution, deposits over \$250,000 at each bank are uninsured.

Uncertainty in the U.S. and Global Financial Markets

The recent banking crisis has the possibility of causing extraordinary and unprecedented uncertainty and instability in global markets that may have lasting impacts on the global financial system. There can be no assurances that conditions in the global financial markets will not adversely affect one or more of a Fund’s portfolio companies or other investments, its access to capital or leverage, or its

overall performance. In addition, valuation of companies may experience significant price declines, volatility, and liquidity concerns as a result of short- and long-term financing to continue operations at normal levels. Finally, U.S. bank regulators have articulated policies that relate to the safety and soundness of regulated banks that may disrupt the ability of companies in the Virtual Asset and blockchain sectors to carry out routine banking activities. Any such disruption could have an adverse impact on the value of the Funds' portfolios of investments.

Counterparty Credit Risk.

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

Investment in Illiquid Virtual Assets and Virtual Asset Forward Sales

A Fund's ability to realize full value in the event of the need to liquidate certain Virtual Assets, or close-out transactions involving Virtual Assets (such as forward contracts for the purchase or sale of Virtual Assets), may be impaired and/or result in losses to the Fund. The Fund may be unable to sell such investments, even under circumstances when the Adviser believes it would be in the best interests of the Fund to do so. Investments may also be difficult to value and their pricing may be more volatile than more liquid investments, which could adversely affect the price at which the Fund can sell such instruments. Illiquidity risk also may be greater in times of financial stress.

New and Unregulated Marketplaces of NFTs

While the market for Virtual Assets is generally new and emerging, certain assets, like NFTs, have emerged more recently than other Virtual Assets. The unique characteristics of NFTs and the markets in which NFTs trade create risks that are more applicable to NFTs than other Virtual Assets.

The overall NFT market is nascent and immature, which is also true of marketplaces on which NFTs are initially sold and traded. These new marketplaces are generally unregulated and lack proper compliance and security protocols and other operational processes. NFTs owned by a Fund may be exposed to increased risk if the exchanges through which they are traded expose the Fund's assets to fraudulent activities, security breaches or other operational failures. Such failures can result in the reduction of NFT prices and negatively impact the Funds. NFT marketplaces also suffer from a lack of transparency regarding their ownership structure, management teams, corporate practices or regulatory compliance protocols. As a result, repeated failures from NFT marketplaces used by a

Fund can result in a loss of confidence for such NFT marketplaces, which can lower the value of the NFTs traded through these exchanges or increase the difficulty a Fund may face in disposing of NFTs in a timely manner. Smaller NFT exchanges are less likely to have the infrastructure and capitalization that make larger NFT marketplaces more stable, however, larger NFT marketplaces are more likely to be appealing targets for hackers and “malware” (*i.e.*, software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems). A lack of stability in the NFT marketplace industry and the closure or temporary shutdown of NFT marketplaces due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in the Ethereum Network, and other blockchain networks that host NFTs and their applications, and result in greater volatility in the pricing of NFTs.

NFT marketplaces may impose daily, weekly, monthly or customer-specific transaction or distribution limits, or the NFT marketplaces may suspend withdrawals entirely, rendering the sale or transfer of an NFT difficult or impossible. NFT marketplaces may operate outside of the United States. An owner of an NTF may have difficulty in successfully pursuing claims in the courts of such countries or enforcing in the courts of such countries a judgment obtained in another country.

Risks Related to Investing in Portfolio Companies Minority Investments

The Funds’ portfolio company investments are largely expected to be minority stakes in privately held companies. In addition, during exiting investments, a Fund is highly likely to hold minority equity stakes if portfolio investments are taken public. As with minority holdings, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded to majority or controlling stakes. The Funds may also invest in companies for which the Funds have no right to appoint a director or otherwise exert significant influence. In such cases, the Funds will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds.

Although it is expected that appropriate rights generally will be sought to protect the Funds’ interests, to the extent possible, there can be no assurance that such minority shareholder rights will be available. Further, the rights associated with Virtual Assets may be unclear. The Adviser, in pursuing the Funds’ investment strategies expects to make investments in companies that have incurred or are permitted to incur indebtedness or that may issue equity securities that rank senior to the Funds’ investment. By their terms, such instruments may provide that their holders are entitled to receive payments of dividends, interest or principal on or before the dates on which payments are to be made regarding the Funds’ investment. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a company in which an investment is made, creditors or holders of securities ranking senior to the Funds’ investment in such portfolio company typically would be entitled to receive payment in full before distributions could be made in respect of the Funds’ investment. After repaying creditors and senior security holders, the company’s remaining assets may not be sufficient for repayment of amounts owed in respect of the Funds’ investment. To the extent that any assets remain, holders of claims that rank equally with the Funds’ investment would be entitled to share on an equal and ratable basis in distributions that are made of those assets.

No Assurance of Additional Capital for Investments

After a Fund has financed a company, continued product development and marketing may require additional financing. Technology companies are typically funded over several stages of investment. No assurance can be made that such additional financing will be available, and no assurance can be

made as to the terms upon which such financing may be obtained. No assurance can be made that buyers for such technology can be located or that the terms of any such sales will be advantageous.

Need for Follow-On Investments

A Fund may be called upon to provide follow-on funding to its portfolio companies or may have the opportunity to increase its investment in a portfolio company. Although the Adviser may use capital commitments to make follow-on investments, there is no assurance that the Fund will wish to make such follow-on investments or that the Fund will have sufficient capital. Accordingly, third-party sources of financing may be required, but there is no assurance that such additional sources of financing will be available, or, if available, will be on terms favorable to the Fund. A Fund's decision not to make a follow-on investment or its inability to do so may harm such portfolio company in need of such an investment or may diminish the Fund's proportionate ownership in such company and thus its ability to influence such portfolio company's future development, and it could have a significant negative impact on the Fund's investment therein.

Projections

Projected operating results of a portfolio company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management. In all cases, projections are only estimates of future results based upon assumptions made when the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Leverage

To the extent that any investment is made in a portfolio company with a leveraged capital structure or any portfolio company borrows or enters into other financing transactions requiring periodic payments, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such company or its industry. If such a company cannot generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of any equity investment by a Fund in such a company could be significantly reduced or even eliminated.

Limitations on Ability to Exit Investments

The Adviser expects to exit from the Funds' investments in several ways: (i) private sales (including acquisitions of its portfolio investments), (ii) initial and secondary public offerings, (iii) Virtual Asset exchanges, and (iv) forward contracts collateralized by underlying Virtual Asset investments. At any time, these exit mechanisms may not be open to the Funds, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate Fund investments may be constrained at any time. Further, in June 2022, the staff of the SEC's Division of Corporation Finance and Division of Trading and Markets issued an interpretative position to the effect that forward contracts on privately placed securities would be considered to be security-based swaps, if there were restrictions on the transferability of the securities at the time the contracts were entered into. This interpretative position may harm a Fund's exit mechanisms involving forward contracts.

Investments Longer than Term

A Fund may make investments that may not be advantageously disposed of prior to the date that the Fund will be dissolved, either by expiration of the Fund's term or otherwise. Although the Adviser expects that the Fund's investments will either be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Contingent Liabilities on Disposition of Investments

In connection with the disposition of an investment in a portfolio investment, a Fund may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. Such Fund may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may incur contingent liabilities for which the Adviser or Adviser may establish reserves and escrows. In that regard, distributions may be delayed or withheld until such reserve is no longer needed or the escrow period expires.

Absence of Liquidity and Public Markets

The Funds' investments will include private, illiquid securities and assets. As such, there will be no public markets for such securities and assets held by the Funds and no readily available liquidity mechanism at any particular time for these investments. Consequently, Investors will bear the economic risks of its investment for the term of each Fund. In addition, the realization of value from any investments will not be possible or known with any certainty until the Adviser elects, in its sole discretion, to sell a Fund's investments.

Use of Subscription Lines of Credit

Investing in or utilizing subscription lines of credit presents distinct risks, including liquidity risk, dependency on investor commitments, and potential regulatory scrutiny. These financial instruments, typically used by investment funds to secure short-term financing, rely on the investors' committed capital as collateral. This arrangement can lead to liquidity challenges if investors fail to meet capital calls, impacting the fund's ability to fulfill its financial obligations. Additionally, the use of subscription lines may mask the true leverage and performance of an investment, as well as delay capital calls, affecting the risk-return profile. Regulatory environments surrounding these lines of credit are evolving, posing compliance risks and the possibility of increased oversight. Investors and funds should carefully evaluate these risks, considering the impact on liquidity, leverage ratios, and the overall investment strategy, and seek professional advice to navigate the complexities of subscription lines of credit.

Additional Risks Related to Virtual Assets and the Virtual Asset Industry

Cybersecurity Risk

There is a risk that some or all of a Fund's Virtual Assets could be lost, stolen, destroyed or inaccessible, potentially by the loss or theft of the private keys held by custodians or self-custodied associated with the public addresses that hold the Fund's Virtual Assets. Because of the decentralized process for transferring Virtual Assets, thefts can be difficult to trace, which may make Virtual Assets a particularly attractive target for theft. It is anticipated that any custodian or technology vendor a Fund engages has adopted security procedures intended to protect the Fund's assets, but there can be no assurance that those procedures will successfully prevent such loss, theft or restriction on access.

Any cybersecurity breach caused by hacking could harm the Funds' business operations or reputation, resulting in the loss of the Funds' assets and leakage of Investor's personal information. Virtual Asset exchanges and smart contracts may be at risk of cybersecurity breaches orchestrated or funded by state actors, which may be particularly difficult to defend against because of the resources that state actors have at their disposal. Any problems relating to the performance and effectiveness of security procedures used by the Funds and their custodians to protect the Funds' assets, such as algorithms, codes, passwords, multiple signature systems, encryption and telephone call-backs may harm the Funds.

No storage system is impenetrable, and storage systems employed by a Fund, or its custodians may not be free from defect or immune to acts of God. Any loss due to a security breach, software defect or act of God generally will be borne by the Fund.

Such storage systems and operational infrastructure may be breached due to the actions of outside parties, error or insider malfeasance of an employee of the Adviser, custodians or other service providers, or otherwise, and, as a result, an unauthorized party may obtain access to the Adviser's, the Fund's, the Fund's custodian's or other custodians' or security vendors' storage systems, private keys, data or Virtual Assets. Additionally, outside parties may attempt to fraudulently induce employees of such parties to disclose sensitive information to gain access to the Fund's infrastructure. The Adviser, its custodian or any technological consultant they engage will periodically examine and propose modifications to storage systems, protocols and internal controls to address the use of new devices and technologies to safeguard the Fund's systems and Virtual Assets. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, the Adviser may be unable to anticipate these techniques or implement adequate preventative measures. If a storage system's actual or perceived breach occurs, a loss of confidence in Virtual Asset networks may decrease the market price of a Fund's investments. In the event of an actual or perceived security breach of a storage system, the Funds may cease operations.

If a Fund's Virtual Assets are lost, stolen or destroyed under the circumstances rendering a party liable to the Fund, the responsible party may not have sufficient financial resources to satisfy the Fund's claim. The Funds do not intend to materially insure their Virtual Assets and could lose all of their assets.

Security Risk

Security protocols have been designed specifically to provide security for the Funds' assets and may be expanded, updated and altered from time to time. Any effort to expand, update or alter the security system is likely to be complex, and unanticipated delays in completing these projects may lead to

unanticipated project costs, operational inefficiencies or vulnerabilities to security breaches. In addition, there may be problems with the design or implementation of certain security protocols or with an expansion or upgrade thereto that are not evident during the testing phases of design and implementation, and that may only become apparent after the Funds have utilized the infrastructure. Any issues relating to the performance and effectiveness of the security procedures used by a Fund, its custodians and security vendors to protect its Virtual Assets, such as algorithms, codes, passwords, multiple signature systems, encryption and telephone call-backs, may have an adverse impact on an investment in the Fund.

The security procedures implemented by the Adviser, the Funds and its custodian and security vendors are technical and complex, and the Funds depend on these security procedures to protect the storage, acceptance and distribution of data relating to Virtual Assets and the digital wallets that hold the private keys associated with the Funds' Virtual Assets. These security procedures may not protect against all errors, software flaws or vulnerabilities. Defects in the security procedures may only be discovered after a failure in the custodians' and security vendors' safekeeping and storage of the Funds' Virtual Assets.

It is not uncommon for businesses in the Virtual Asset space to experience large losses due to fraud and breaches of their security systems. Furthermore, the Funds' private keys required to transfer the Funds' Virtual Assets could be stored on systems or vaults located across the world, depending on the practices and procedures of the custodian or other custodians or security vendors, which could be subject to (i) hostile regulatory treatment of Virtual Assets, (ii) unforeseen social, economic or political unrest and (iii) natural or man-made disaster.

The Funds, the Adviser, the Funds' custodians, the security vendors and each of their agents will take measures to protect the Funds and their Virtual Assets from unauthorized access, damage or theft. However, it is possible that the security procedures in place may not prevent improper access to, or damage or theft of the Funds' Virtual Assets. A security breach could harm the Funds' reputation or result in the loss of some or all of the Funds' Virtual Assets.

Physical Security Risks of Key Personnel with Control over the Fund's Virtual Assets

The Funds' investment in Virtual Assets may be subject to physical security risks concerning key personnel at the Adviser who can direct or control the Funds' Virtual Assets. These risks may have a direct impact on the safety of the Virtual Assets and the overall operational integrity of the Funds. These risks include but are not limited to the following:

1. *Personal Security Risks:* Key personnel who have access to critical information and control over the Funds' Virtual Assets may be targeted by malicious actors seeking unauthorized access or control. These individuals may face threats such as physical attacks, kidnapping, extortion, or other forms of coercion to obtain access to sensitive information or assets.
2. *Insider Threats:* The risk of insider threats should be considered, as key personnel with access to critical systems and information may intentionally or unintentionally compromise the security of the Funds' Virtual Assets. This may result from malicious intent, negligence, or susceptibility to external coercion.
3. *Loss or Compromise of Access Credentials:* The physical security of devices and storage media used by key personnel to manage the Funds' Virtual Assets is crucial. The loss, theft, or unauthorized access to these devices may result in the compromise of access credentials, leading to the potential loss or theft of the Funds' Virtual Assets.

4. *Business Continuity Risks:* The physical security of key personnel is vital to maintaining the Funds' operational continuity. Events affecting the safety or availability of key personnel may disrupt the Funds' ability to manage and safeguard its Virtual Assets, potentially leading to losses or reduced returns.

5. *Key Personnel Dependency:* The Funds may be dependent on a limited number of key personnel with specialized knowledge and access to manage and secure its Virtual Assets. The loss or unavailability of these individuals may create operational challenges and increase the risks associated with the management of the Funds' Virtual Assets.

Multi-Signature and Multi-Party Computation Risks

The Funds may use a multi-factor security system under which none of the Adviser, the Funds, nor a designated security vendor has the unilateral ability to transfer the Funds' Virtual Assets. In these situations, lack of a custodian or a party that holds exclusive access to the Funds' Virtual Assets on the Funds' behalf, as well as limited liability of designated security vendors, may impair the ability of the Funds' to access its Virtual Assets or recover losses relating to its Virtual Assets.

The Funds may self-custody or use a custodian that uses a multi-factor security system that requires multiple individuals or entities to work together to transfer the Funds' Virtual Assets. Even though in such circumstances, the Funds or custodian should have the unilateral ability to transfer the Funds' Virtual Assets, a contractual dispute or an individuals' or entities' inability to perform its obligations may impair the Funds' ability to access its Virtual Assets timely and could lead to the irreversible loss of the Funds' Virtual Assets.

In addition, because the security of the Funds' Virtual Assets may be facilitated by multiple parties, it may be difficult for the Funds to prove that any particular party caused a loss, which could limit the Funds' ability to recover losses relating to its Virtual Assets. Designated security vendors or participants in a multi-factor security system may have limited liability, impairing the ability of the Funds to recover losses relating to its Virtual Assets and any recovery may be limited, even in the event of fraud. Furthermore, designated security vendors or other participants in a multi-factor security system may not be liable for any delay in performance of any of their obligations by reason of any cause beyond its reasonable control, including acts of God, war or terrorism, and may not be liable for any system failure or third-party penetration of their systems, unless such system failure or third-party penetration is the result of gross negligence, bad faith or willful misconduct on the part of the designated security vendor. As a result, the recourse of the Funds may be limited. A loss of confidence or breach in the Funds' security and technology policies may adversely affect the Funds.

Limited Ability to Adapt to Technology

Virtual Asset exchanges and large holders of Virtual Assets must adapt to technological change in order to secure and safeguard client accounts. The ability of the custodians and security vendors that are or will be employed by the Funds, including the Funds' custodian, and the Funds itself to the extent it self-custodies certain Virtual Assets, to safeguard the Virtual Assets that the Funds holds from theft, loss, destruction or other issues relating to hackers and technological attack, is based upon known technology and threats. As technological change occurs, the security threats to the custodial Virtual Assets will likely adapt and previously unknown threats may emerge.

The Adviser believes that the Funds may become a more appealing target of security threats as the size of the Funds' assets grows. If the Adviser, to the extent the Adviser self-custodies certain Virtual Assets for a Fund, or a custodian or security vendor is unable to identify and mitigate or stop new

security threats, the custodial Virtual Assets may be subject to theft, loss, destruction or other attack, which could harm the performance of the Interests or result in loss of the Fund's assets.

Complexity of Virtual Asset Audits

Financial statement audits for investment funds holding Virtual 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 Virtual Asset ownership (*e.g.*, ownership of a balance on a Virtual Asset exchange) differs dramatically from traditional confirmation with a securities broker or bank account. The Adviser and the Funds' third-party administrator will need to have satisfactory processes in place for the Funds' auditor to obtain each Fund's transaction history and properly prepare audited financials. Any breakdown in such processes may result in delays or other impediments of an audit.

Risks of Centralized Virtual Assets

While Virtual Asset networks are typically decentralized and do not need to rely on any single government or institution to create, transmit and determine value, a single personality or entity may be able to exert centralized authority over a network. Additionally, for Virtual Assets that rely on miners/stakers, sophisticated miner/staker groups may become unduly influential over time if system or bandwidth requirements become too high. Where a single personality or entity exerts an outsized influence, an adverse event impacting that individual or entity, such as an insolvency proceeding, could reduce the price of a Virtual Asset and adversely affect an investment in the Funds.

Risks of Flawed Source Code Risk

In the past, flaws in the source code for Virtual Assets have been exposed and exploited, including those that exposed users' personal information and/or resulted in the theft of users' Virtual Assets. Several errors and defects have been publicly found and corrected, including those that disabled some user functionality and exposed users' personal information. Discovery of flaws in, or exploitations of, the source code that allow malicious actors to take or create money in contravention of known network rules have occurred. In addition, the cryptography underlying a Virtual Asset could prove to be flawed, ineffective or potentially insufficiently tested, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, if the Funds hold the affected Virtual Asset, a malicious actor may be able to steal the Funds' Virtual Assets, adversely affecting an investment in the Funds. Even if the Funds do not hold the affected Virtual Asset, any reduction in confidence in the source code or cryptography underlying Virtual Assets generally could negatively impact the demand for Virtual Assets and, therefore, adversely affect an investment in the Funds.

Transaction Ordering Risks

Transactions in many blockchains are processed in batches where the block producer has unilateral authority to set the execution order of transactions in the proposed batch (block). Block producers are pseudo-anonymous and the practice of bribing block producers to extract value (maximal extractable value) by influencing the ordering of transactions is commonplace. Manipulated transaction ordering can cause the unexpected loss of Fund investments as the economics of a particular transaction can change between order and settlement.

Potential Malicious Attack of Virtual Asset Network

Virtual asset networks are subject to control by entities that capture a significant amount of the network's processing power, a significant percentage of the Virtual Asset issued and outstanding, or a significant number of developers or intermediaries important for the operation and maintenance of such Virtual Asset network.

Some blockchain networks are secured by a proof-of-work algorithm that depends on the strength of processing power of participants to protect the network. If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on a Virtual Asset network, it may be able to alter the blockchain on which the network and most transactions by constructing fraudulent blocks or preventing certain transactions from completing promptly, or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions. However, using such control, it could not generate new Virtual Asset units or transactions. The malicious actor could "double-spend" its own Virtual Asset units (*i.e.*, spend the same units in more than one transaction) and prevent the confirmation of other users' transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the processing power on the Virtual Asset network, or the network community did not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. Further, a malicious actor or botnet could create a flood of transactions in order to slow down confirmations of transactions on the relevant Virtual Asset network.

Many blockchain networks rely on a proof of stake (PoS) consensus mechanism, where validators are chosen to create new blocks and confirm transactions based on their stake in the network, rather than processing power. While PoS offers certain benefits over proof of work, it also presents its own unique risks that may impact the security and stability of Virtual Assets and their networks, including but not limited to:

1. *Centralization Risks*: PoS networks can be susceptible to centralization, as validators with a larger stake may have a higher chance of being chosen to create new blocks. This may lead to a concentration of power and decision-making among a few participants, potentially compromising the decentralization and security of the network.
2. *Long-Range Attacks*: PoS networks may be vulnerable to long-range attacks, where malicious actors who previously held a significant stake attempt to create a fraudulent parallel blockchain. These attacks can result in double-spending and other fraudulent transactions, potentially affecting the integrity of the network and the value of the associated Virtual Assets.
3. *Staking Risks*: Validators in PoS networks must stake their Virtual Assets as collateral to participate in the consensus process. This exposes them to potential loss of their staked assets if they are found to have acted maliciously or negligently. Additionally, staking may result in the temporary illiquidity of staked assets, limiting validators' ability to access or liquidate their holdings quickly.

Virtual Asset networks have been subject to malicious activity achieved through control over a material portion of the processing power on the network. To the extent that a Virtual Asset ecosystem, including the core developers and the administrators of mining/staking pools, does not act to ensure greater decentralization of mining/staking processing power, the feasibility of a malicious actor obtaining control of the processing power on the network will increase, which may adversely affect an investment in a Fund. A malicious actor may also obtain control over a Virtual Asset network

through its influence over core or influential developers. For example, this could allow the malicious actor to stymie legitimate network development efforts or attempt to introduce malicious code to the network under such a developer's guise of a software improvement proposal. To the extent that a Virtual Asset ecosystem fails to attract a significant number of users, the possibility that a malicious actor may be able to obtain control of the processing power on the relevant Virtual Asset network in this manner will remain heightened.

Risk of Network Disruption

A significant disruption in internet connectivity could disrupt a Virtual Asset's network operations until the disruption is resolved and have an adverse effect on the price of Virtual Assets held by the Funds. In particular, some Virtual Assets have been subjected to a number of denial-of-service attacks, which have led to temporary delays in block creation and in the transfer of the Virtual Assets. While in certain cases in response to an attack, an additional "hard fork" has been introduced to increase the cost of certain network functions, the relevant network has continued to be the subject of additional attacks. Moreover, it is possible that as Virtual Assets increase in value, they may become bigger targets for hackers and subject to more frequent hacking and denial-of-service attacks.

Some networks experience regular outages where all services are suspended for long periods of time. Outages erode trust in the network and increase the potential of investment loss for the native asset or any applications build on the network. For example, the Solana blockchain has experienced a number of outages since launch.

Virtual Assets are also susceptible to "border gateway protocol" hijacking, or BGP hijacking. BGP hijacking impacts the way different nodes and miners are connected to one another to isolate portions of them from the remainder of the network, which could lead to a risk of the network allowing double-spending and other security issues. If BGP hijacking occurs on a Virtual Asset network, participants may lose faith in the security of Virtual Assets, which could affect the value of those Virtual Assets and the Funds' returns. Any future attacks that impact the ability to transfer Virtual Assets could adversely affect the price of the affected Virtual Assets held by the Funds.

Lack of Governance

Decentralized networks, such as the Bitcoin network, are governed by voluntary consensus and open competition. Bitcoin, for example, has no central decision-making body or clear way participants can agree other than through overwhelming consensus. The lack of clarity on governance may adversely affect a cryptocurrency's utility and ability to grow and face challenges, which may require solutions and directed effort to overcome problems, especially long-term ones.

Governance of the networks for other Virtual Assets may be formally directed by the companies that founded such networks. However, users may disagree with updates proposed by these companies, which may also lead to a lack of clarity on the governance of such networks.

To the extent lack of clarity in corporate governance of Virtual Asset systems leads to ineffective decision-making that slows development and growth, the value of the Virtual Assets held by the Funds may be adversely affected.

Risk of Exclusion of Transactions

To the extent miners or validators exclude some or all transactions transmitted to the network, such transactions will not be recorded on the respective blockchain until another miner or validator solves a block that incorporates those transactions.

Risk of Miner or Validator Collusion

Miners and validators, functioning in their transaction confirmation capacity, collect fees for each transaction they confirm. If miners or validators collude in an anti-competitive manner to reject low transaction fees, then Virtual Asset users could be forced to pay higher fees, thus reducing the attractiveness of the Virtual Asset network. Mining and validating occurs globally and it may be difficult for authorities to apply antitrust regulations across multiple jurisdictions. Any collusion among miners or validators may adversely impact the attractiveness of Virtual Asset networks and an investment in a Fund or the ability of a Fund to operate.

Reliance on Service Providers

Several companies and financial institutions provide services related to the buying, selling, payment processing and storing of Virtual Assets (*i.e.*, banks, trusts, accountants, exchanges, digital wallet providers, and payment processors). The Funds expect the number of service providers to increase as Virtual Asset networks grow. However, there is no assurance that the Virtual Asset market or the service providers necessary to accommodate it, will continue to support Virtual Assets. Further, there is no assurance that the availability of and access to Virtual Asset service providers will not be negatively affected by government regulation or supply and demand of Virtual Assets. Accordingly, companies or financial institutions that currently support Virtual Assets may not do so in the future, which may adversely affect the Fund. U.S. bank regulators have articulated policies that relate to the safety and soundness of regulated banks that may disrupt the ability of companies in the Virtual Asset and blockchain sectors to carry out routine banking activities. Any such disruption could have an adverse impact on the value of the Funds' portfolios of investments.

Risks Associated with Layer 2 and Layer 3 Blockchain Technology

Investing in or using Layer 2 (L2) and Layer 3 (L3) blockchain technologies carries a multifaceted set of risks, including technological complexities, smart contract vulnerabilities, regulatory ambiguities, and specifically, concentration risks associated with centralized sequencers. L2 solutions like rollups, which often depend on centralized sequencers for transaction ordering before batching to the base layer, introduce a potential point of failure and centralization, contradicting the decentralized ethos of blockchain. This concentration risk can lead to concerns over censorship, single points of failure, and the integrity of transaction processing, potentially affecting the security and trustworthiness of the network.

Moreover, the reliance on smart contracts heightens the risk of financial loss due to bugs, operational errors, or network attacks. Regulatory uncertainty further complicates investments in these technologies, as legal frameworks globally are still catching up, potentially impacting their operation and legality. Market adoption and liquidity issues also pose significant risks, with the success of L2 and L3 solutions hinging on widespread acceptance and integration.

Risks Related to Regulation

Virtual Assets face an uncertain and adverse regulatory landscape in the United States and many non-U.S. jurisdictions.

U.S. Regulatory Risk

In response to the popularity and market size of Virtual Assets, the U.S. Congress and a number of U.S. federal and state agencies have been examining the operations of Virtual Asset networks, Virtual Asset users and the Virtual Asset exchange market. Recent industry-wide developments, including the continued industry-wide fallout from the recent Chapter 11 bankruptcy filings of cryptocurrency exchange FTX Trading Ltd. (including its affiliated hedge fund Alameda Research LLC), the third largest Virtual Asset exchange by volume at the time of its filing, crypto hedge fund Three Arrows Capital, crypto miners Compute North LLC and Core Scientific Inc. and crypto lenders Celsius Network LLC, Voyager Digital Ltd. and BlockFi, Inc. along with the May 2022 collapse of the algorithmic stablecoin TerraUSD has resulted in increased regulatory scrutiny of Virtual Assets, specifically crypto exchanges, DAOs and DeFi protocols. Many of these state and federal agencies have issued enforcement actions, advisories, and rules relating to Virtual Asset markets. Ongoing and future regulatory actions with respect to Virtual Assets generally or any single Virtual Asset in particular may substantially and adversely impact the nature of an investment in the Funds or the ability of the Funds to continue to operate.

The Financial Crimes Enforcement Network (“FinCEN”) requires any administrator or exchanger of convertible Virtual Assets to register with FinCEN as a money transmitter and to comply with the anti-money laundering (“AML”) regulations applicable to money transmitters. In an Advisory, FinCEN affirmed that virtual currency providers and exchanges need to have appropriate systems to comply with all relevant sanctions requirements in addition to AML requirements. In addition, the Office of Foreign Assets Control (“OFAC”) has affirmed that OFAC compliance requirements apply equally to digital currency and fiat currency transactions and has begun adding to an entity’s or individual’s Specially Designated Nationals listing associated digital currency address wallets with whom no U.S. person can transact. OFAC also has designated a virtual currency exchange for facilitating financial transactions for ransomware actors. These actions by OFAC, or by similar organizations in other jurisdictions, may introduce uncertainty in the market as to whether Virtual Assets that have previously been associated with such addresses can be easily sold. These “tainted” Virtual Assets may trade at a substantial discount to untainted Virtual Assets. The Funds’ valuation of assets assumes that units of the same Virtual Asset will continue to be fungible with each other. If different units of the same Virtual Asset begin to trade at different prices based on their history, the Funds will reevaluate its valuation procedures. Amended valuation procedures may require the Funds to incur substantial additional expenses to audit the history of its Virtual Assets. Additionally, reduced fungibility in the Virtual Asset markets may reduce the liquidity of Virtual Assets and therefore adversely affect their price and this negatively impact the Fund’s returns.

In addition, a determination that any Virtual Asset held by the Funds is a security under U.S. or foreign law could adversely affect such Virtual Assets held by the Funds.

SEC and CFTC Regulatory Risk

The SEC and some state regulators have determined that certain Virtual Assets are securities, and courts in the U.S. are considering whether various Virtual Assets are appropriately treated as securities under federal and state securities laws. The SEC has brought enforcement actions against firms engaged in Virtual Asset activities because various Virtual Assets are appropriately treated as

securities under U.S. federal securities laws. In addition to several cases alleging violations of anti-fraud provisions of U.S. federal securities laws in connection with Virtual Asset offerings, the SEC has also brought actions against intermediaries providing services related to Virtual Assets. The SEC could determine that additional types of Virtual Assets should be classified or treated as securities, which would result in regulation of one or more Virtual Assets or intermediaries engaged in services involving those assets under the U.S. federal securities laws, and which could adversely affect the Funds' returns.

Should a Virtual Asset exchange or other service provider determine that certain Virtual Assets are or may soon be determined by the SEC to be securities, the exchange may delist such Virtual Assets. Additionally, there may be enforcement actions against current U.S. and foreign Virtual Asset exchanges doing business in the U.S. that facilitate trading in Virtual Assets that are securities, which could decrease the prices for all Virtual Assets and as a result impact the value of the Virtual Assets held by the Funds. If the SEC were to determine, or if there is an expectation that the SEC may determine, that a particular Virtual Asset is a security, the price of that Virtual Asset could significantly decrease, which could also lead to decreases in the prices of other Virtual Assets as well. Whether the Funds holds such Virtual Asset or not, the SEC's determination or a market expectation of the SEC's determination that a Virtual Asset is a security could adversely affect the Funds' returns.

U.S. state securities regulators have also been scrutinizing activities involving Virtual Assets. Various U.S. states have considered or approved Virtual Asset activity statutes or rules. The inconsistency in the applicability of state laws to various Virtual Asset projects and activities may make it more difficult for Virtual Asset based projects and companies to provide services to the wider public, which may affect wider adoption of Virtual Assets by the general public and, ultimately, the price and value associated with Virtual Assets.

Several cases have also been brought in U.S. federal and state courts, including courts in California, New York, and Massachusetts, based upon the treatment of various Virtual Assets as securities under

U.S. federal and state law. These decisions could affect the treatment of a wide variety of Virtual Assets as securities under U.S. federal and state law, which could adversely affect the price of these assets.

The CFTC treats Virtual Assets as "commodities" and the CFTC has not, to date, taken the view that any particular Virtual Asset is a "commodity interest" under the CEA. To the extent that any Virtual Assets fall within or are deemed to fall within the definition of a "commodity interest" under the CEA, the Funds and the Adviser may be subject to regulation under the CEA and CFTC regulations. Staking Virtual Assets, along with other investment techniques unique to Virtual Assets and DeFi, may require leverage in order to generate expected returns. Such techniques may affect whether any particular Virtual Asset is a "commodity interest". A Fund's General Partner or the Adviser may be required to register as a commodity pool operator or commodity trading advisor with the CFTC and become a member of the National Futures Association and may be subject to additional regulatory requirements with respect to the Fund, including disclosure and reporting requirements. These additional requirements may result in extraordinary, recurring and/or nonrecurring expenses of the Fund, thereby materially and adversely impacting the Fund's returns.

In March 2023, the CFTC brought an enforcement action against Binance and its founder Changpeng Zhao for allegedly offering unregistered commodity interests to customers in the US. This enforcement action against Binance, and other similar enforcement actions that may be initiated by the CFTC in the future, could impact the liquidity of one or more cryptocurrencies and Virtual Assets

and have an adverse impact on the value of cryptocurrencies and Virtual Assets in which the Funds have invested or in the future may invest. In addition, regulators in several foreign jurisdictions have, like the SEC, also opined on the sale of Virtual Assets, including through ICOs. A determination that any Virtual Asset held by the Funds is a security under U.S. or foreign law could adversely affect the Funds' returns.

The effect of any future regulatory change on the Funds or Virtual Assets is impossible to predict, but such change could be substantial and adversely impact the Funds.

Potential Regulations in Non-U.S. Jurisdictions

Virtual Assets currently face an uncertain and, in some cases, adverse, regulatory landscape in many Non-U.S. jurisdictions, including the European Union, the UK, Finland, Switzerland, Australia, Japan, Russia, Israel, Poland, India, Hong Kong, Canada, the Cayman Islands, and Singapore.

Many regulatory bodies in these and other countries have not yet issued official statements regarding determinations on regulation of Virtual Assets, users or networks. As a result, there remains significant uncertainty regarding these regulator's future determinations and actions with respect to the regulation of Virtual Assets and Virtual Asset exchanges.

Various Non-U.S. jurisdictions may adopt laws, regulations or directives that affect the Virtual Assets. For example, China, in 2021, banned all cryptocurrency transactions. Such current and possible future laws, regulations or directives may conflict with those of the U.S. and may negatively impact the acceptance of Virtual Assets by users, merchants and service providers outside the U.S. and may therefore impede the growth or sustainability of the Virtual Asset economy in these jurisdictions as well as in the U.S. and elsewhere, or otherwise negatively affect the value of Virtual Assets.

Certain Risks Related to Management of the Funds

Reliance on Key Person

The activities of the Funds and their ability to successfully execute their investment objectives and strategies depends largely on the efforts, experience, skill of key personnel of the Adviser, including Jesse Walden and Li Jin (the “Principals”). The Principals make investment decisions concerning the Funds’ investments. Competition in the industry for experienced and capable investment professionals is intense. If any of the Principals were to leave the Adviser, it might not be able to find equally desirable replacements, and the performance of the Funds could be adversely affected. The loss or reduction of service of any of the Principals could have a significant adverse impact on the business and results of the Funds’ operations, the Funds’ ability to realize their investment objectives and their financial performance.

Side Letters

In accordance with common industry practice, the Adviser and/or a Fund may enter into other written agreements with one or more Investors, including its affiliates, which may grant to such Investor specific rights, benefits or privileges in connection with its investment in a Fund that are not made available to other Investors.

Future and Past Performance

Past or current performance of any of the Adviser’s strategies or the investment vehicles advised by the Adviser, or of any investment strategies operated within any such investment vehicle or past performance of any Principal, is not indicative of the results that will be achieved either by any such strategy or vehicle in the future or by any other strategy or vehicle. Further, such past performance does not assure the success of any strategy or vehicle in achieving its investment objectives. Funds have (or have had) investment strategies, personnel, and/or trading and other counterparty relationships that differ significantly from those of another Fund and may have operated in market conditions that were more favorable to the investment strategy deployed by such Fund than current or future market conditions are or will be.

Recycling Investment Proceeds

Except as specifically set forth in applicable Fund’s Governing Documents, the Adviser will have broad authority to “recycle” investment proceeds (*e.g.*, cash received upon sale of portfolio securities) for Funds purposes such as new investments and payment of Fund expenses. While the practice of recycling investment proceeds can have many benefits (such as enabling a Fund to more broadly diversify its portfolio and providing a cushion against cash shortfalls), the authority to recycle investment proceeds effectively increases the amount of capital available to the Adviser in managing the Funds (*i.e.*, it effectively increases the Funds’ “size”). Moreover, especially in light of the Funds’ limited term, the use of recycled proceeds can create conflicts of interest, such as an incentive on the part of the Adviser to cause the Fund to make additional, non-marketable investments late in the Funds’ term.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE COMPLETE NOR DOES IT PURPORT TO BE AN ENTIRE EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE FUNDS. PROSPECTIVE CLIENTS AND CLIENT INVESTORS SHOULD READ APPLICABLE GOVERNING DOCUMENTS AS WELL AS CONSULT WITH ITS OWN LEGAL, TAX AND FINANCIAL ADVISORS BEFORE DECIDING TO INVEST IN THE FUNDS.

Item 9: Disciplinary Information

There are no legal or disciplinary events related to the Adviser.

Item 10: Other Financial Industry Activities and Affiliations

Limited liability companies that are affiliates of the Adviser serve as general partners of the Funds. For a description of material conflicts of interest created by the relationship among the Adviser and the Fund's general partners and how such conflicts are addressed, please see Item 11.

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

Code of Ethics

The Adviser has adopted a code of ethics (the “Code”) that establishes the standard of business conduct that must be followed by, among others, all partners, directors, officers, and employees of the Adviser (collectively, “Supervised Persons”). The Code incorporates the following general principles, which all Supervised Persons are expected to uphold: act in the best interests of clients; conduct activities and personal securities transactions in a manner consistent with the Code, which seeks to address certain conflicts of interest in this regard; avoid taking any inappropriate advantage of one’s position at the Adviser; maintain confidentiality of information concerning the Adviser’s securities recommendations and client securities holdings and transactions; and provide accurate disclosure in reports required by auditors, regulators, or government bodies. The Adviser believes that these general principles not only help the Adviser fulfill its obligations undertaken as an investment adviser, but also protect the Adviser’s reputation and instill in employees the Adviser’s commitment to honesty, integrity, and professionalism. The Code also provides guidelines for, among other things, Supervised Persons regarding adherence to securities laws generally, transactions in personal accounts involving public and private securities, activities outside of the investment adviser’s business, and giving and receiving business-related gifts. In addition, the Code encourages all Supervised Persons to report Code violations and outlines potential sanctions for such violations. The Adviser’s CCO is responsible for the Code’s administration, including without limitation the monitoring and review of personal securities transactions of Supervised Persons, and is available for any questions Supervised Persons have regarding the Code. The Adviser will provide a copy of the Code to any client or prospective client upon request and may elect to provide a copy of the Code to investors in the Funds. Below is additional information regarding certain conflicts of interest arising from circumstances in which the Adviser recommends to clients, or buys or sells for client accounts, securities in which the Adviser or its related persons is invested (or is buying or selling) or otherwise has a financial interest.

Conflicts of Interest

The Adviser may engage in a broad range of activities, including direct investment and investment advisory activities. The Principals have extensive investment activities for their own accounts, that are independent from, and may from time to time conflict or compete with, the Funds’ investment activities, including by buying or selling Virtual Assets at different times than the Funds, or when the Funds are doing the opposite. In the ordinary course of the Adviser conducting its activities, the interests of the Funds will from time-to-time conflict with the interests of the Principals. Employees of the Adviser may engage in personal investment activities that could involve a conflict of interest with the investment activities of a Fund. To the extent that an investment, proposed transaction or other relationship presents a material conflict of interest, the Adviser will review the particular facts and circumstances of such investment, proposed transaction or relationship with a view towards addressing such conflicts in a manner consistent with applicable law which may be further specified in the Adviser’s policies and procedures developed for such purpose.

In the case of all conflicts of interest, the Adviser will endeavor to ensure that the conflict is resolved fairly and in an equitable manner that is consistent with its statutory duties to the Funds.

Where conflicts of interest involve the Adviser on one hand, and one or more Funds or their Investors on the other hand, the Adviser seeks to resolve potential conflicts of interest in a way that favors the interests of the Funds and the Investors over the interests of the Adviser. Variant will seek to resolve these conflicts in a way that is as fair and reasonable for all affected parties, even if the ultimate resolution could nevertheless disadvantage or appear to disadvantage one or more of the parties to some extent.

While the Adviser endeavors to resolve all conflicts fairly and impartially, there can be no assurance that its own interests will not influence its conduct and decisions. The material conflicts of interest encountered by the Funds include those discussed below, although the discussion below does not necessarily describe all conflicts that may be faced by the Funds. Other conflicts may be disclosed throughout this Brochure and the applicable Funds' Governing Documents. The Governing Documents should be read in their entirety.

Additionally, conflicts of interest can arise if certain Funds invest in conjunction with an investment made by a different Fund. In these situations, conflicts may arise because investment decisions made concerning one Fund's investment may harm the value of another Fund's investment. To the extent that a Fund holds securities, Virtual Assets or interests in an issuer or project with rights, preferences and privileges that are different than those held by a different Fund in the same issuer or project, the Adviser or its affiliates may be presented with decisions when the interests of Funds conflict. Further, in limited circumstances, the Adviser may cause a Fund to purchase from affiliated entity securities or other assets that were initially acquired (warehoused) by such affiliated entity before the first closing of such Fund.

Investments in Virtual Assets by Adviser Personnel and Allocations of Investment Opportunities to Third Parties

The Adviser, its affiliates and/or their respective principals, employees may buy and sell Virtual Assets for their own accounts pursuant to the Adviser's trading policy (including, without limitation, in assets in which Funds may invest). In these accounts, they may use trading and investment methods similar to, or substantially different from, the methods used to direct each Fund's assets. Further, investment opportunities that would otherwise be suitable for the Funds may be, subject to limitations set out in the relevant Governing Documents, allocated to third parties (for direct investment), including third parties that have economic interests in the Adviser and/or its affiliates and/or third parties who may, in certain cases, add strategic value.

Lack of Exclusivity

Adviser, its affiliates and personnel will devote as much of their time to the Funds' activities as they deem necessary and appropriate, and as may be required of them under the Governing Documents. Except to the extent specifically provided in the Governing Documents, the Adviser, its affiliates and personnel will not be restricted from forming other funds, from entering into other investment advisory relationships or from engaging in other business activities, even if such activities may be in competition with any Fund and/or may involve substantial time and resources of the Adviser, its affiliates or personnel. Conflicts of interest arise in allocating time, services, resources, or investment opportunities among the investment activities of the Funds and any other funds. Certain Adviser personnel are also expected to devote time to activities or endeavors outside of the Funds including,

without limitation, managing personal or family investments and attending to charitable, community endeavors or investment industry-related endeavors. This may create conflicts of interest in providing advice and recommendations with respect to investments to the Clients.

Certain Advisory Board Consents

The Funds may establish a limited partner advisory board consisting of representatives of a limited number of Investors in the applicable Fund. Certain transactions by a Fund that would otherwise be prohibited by its Governing Documents, including certain transactions that involve potential conflicts of interest may be effected with the consent of such Fund's advisory board. Additionally, the Adviser may notify, consult with, or seek the consent of the applicable Fund's advisory board for certain transactions that involve potential conflicts of interest, but for which such notice, consultation or consent is not otherwise required by the applicable Governing Documents. In addition, the advisory board of a Fund will not represent the interests of all of the Investors in such Fund, each member of the advisory board may act in the interests of the Investor with which it is associated, and the members of the advisory board may themselves be subject to various other conflicts of interest, which may influence their decisions on matters presented to the advisory board. In general, the Investors in a Fund will not be entitled to control the selection of members of such Fund's advisory board or to review the actions or deliberations of such Fund's advisory board.

Side Letters

The Adviser often enters into certain side letter arrangements with certain Investors in a Fund providing such Investors with different or preferential rights or terms that are not made available to Investors in such Fund generally and which may, in certain instances, include, without limitation: different fee structures and other preferential economic rights; information and reporting rights; certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular Investor; and transfer rights. Except as otherwise agreed with an Investor in a Fund, the Adviser 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, the Adviser or their respective affiliates in the event that certain investors receive additional or different rights or terms pursuant to such side letters.

Involvement in Valuations

The right of the Adviser and/or its affiliates to receive fees and/or Carried Interest creates a direct conflict of interest with Investors with regard to the valuation of a Fund's assets. As a general matter, higher valuations of a Fund's assets will tend to enhance the value of a Fund's Carried Interest and may accelerate its right to receive distributions in respect thereof.

Order Aggregation and Average Pricing

If the Adviser determines that the purchase or sale of Virtual Assets is appropriate with regard to any Funds, the Adviser may, but is not obligated to, purchase or sell Virtual Assets on behalf of such Funds with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law.

Co-Investment Opportunities

The Adviser may offer co-investment opportunities to certain Investors, as well as to members of a General Partner, strategic advisors, other private investors, groups and/or individuals to participate

separately in investments. Given the nature and timing of co-investment opportunities, while the Adviser may bring co-investment opportunities to the attention of certain Investors, there is no guarantee that the Adviser will bring co-investment opportunities to the attention of any particular Investor notwithstanding that other Investors may have been invited to participate.

Conflicted Relationships

The Adviser or a General Partner may, from time to time, employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by the Funds. Conversely, former personnel or executives of the Adviser and/or General Partner may serve in significant management roles at portfolio companies or service providers recommended by the Adviser and/or General Partner. Although the Adviser uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee the Adviser can control all such conflicts of interest and there may be a continuing appearance of a conflict of interest.

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

Fee and Expenses

The Adviser may be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses among Funds. In its sole discretion, the Adviser will allocate fees and expenses following the Governing Documents and in a manner that it believes in good faith is fair and equitable to the Funds under the circumstances and considering such factors as it deems relevant. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion (*e.g.*, in determining whether to allocate pro rata based on number of funds or co-investors receiving related benefits or proportionately in accordance with asset size).

Diverse Limited Partner Group

Investors may have conflicting investment, tax and other interests concerning their investments in the Funds. The conflicting interests may relate to or arise from, among other things, the acquisition or structuring of investments and the timing and disposition of investments. Consequently, 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 selecting and structuring investments appropriate for the Funds, the Adviser will consider the investment and tax objectives of a Fund or Investors of such Fund as a group, not the investment, tax or other objectives of any Investor of a Fund individually.

As the business of the Adviser evolves, new and other potential conflicts may also arise which cannot be predicted at this time. To the extent that an investment, proposed transaction or other relationship presents a material conflict of interest, the Adviser will review the particular facts and circumstances with a view towards addressing such conflicts in a manner consistent with applicable law which may be further specified in the Adviser's policies and procedures.

Item 12: Brokerage Practices

Generally, the Adviser is authorized by each Fund to determine the financial institution or counterparty (if any) to be used for each transaction executed on behalf of such Fund within the objectives and policies (if any) outlined in the applicable Governing Document. The Adviser in managing the Funds intends to generally make portfolio investments that will be privately placed, on digital exchanges or OTC. In selecting any such financial institution or counterparty, the Adviser, consistent with its fiduciary duty, seeks to obtain the best execution of transactions for the Funds under the circumstances (consistent with what it believes to be the best overall interests of the Fund) but need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or otherwise to minimize the transaction costs incurred directly or indirectly in such transaction. Further, for Virtual Assets in particular, the availability of counterparties can be severely limited. In particular, the Adviser is expected to consider the overall quality of the execution services offered, which may include without limitation consideration of factors such as commission costs, transaction costs, inventory and liquidity, creditworthiness and financial stability, clearance and settlement capability, speed of execution, and/or the ease or difficulty of executing orders (whether due to operational or other considerations), as well as any other financial or non-financial factors, that it determines to be appropriate in connection with making any such selections. Accordingly, transactions will not always be executed at the best price or the lowest available commission.

Item 13: Review of Accounts

The Adviser regularly monitors the investments of the Funds. Such matters reviewed include specific positions held, adherence to applicable investment objectives, guidelines, and risk parameters.

In addition to providing reports required by applicable law, the Adviser provides reports to Investors in Funds in accordance with the applicable Governing Document or other written agreements with such Investors. The Adviser and the applicable general partner, from time to time, in their sole discretion, may provide additional information relating to a Fund to one or more Investors in such Fund as they deem appropriate. The Adviser engages a third-party administrator to maintain the official books and records for the Funds. Administrative services include cash and position confirmation, pricing confirmation, investor income allocations and fee calculations. In addition, the financial statements of each Fund are prepared and audited in conformity with generally accepted accounting principles (“GAAP”) at each calendar year-end. Given that Virtual Assets are an emergent technology GAAP may not explicitly address particular issues related to their accounting. In such cases the Firm may apply by analogy other areas of the Codification with an aim of presenting the financial statements on a fair and reasonable basis.

Item 14: Client Referrals and Other Compensation

The Adviser does not currently compensate any person for client referrals, nor does the Adviser receive any economic benefit from someone who is not a client for providing investment advice or other advisory services to the Funds.

Item 15: Custody

Under Rule 206(4)-2 of the Advisers Act, the Adviser is deemed to have custody of Client funds or securities in any circumstances under which the (i) the Adviser actually possesses funds or securities, (ii) the Adviser is authorized to withdraw funds or securities from a Fund, or (iii) the Adviser or a related person serves in a legal capacity, such as general partner, which affords the Adviser access to funds or securities of the Funds.

The Adviser has implemented a custody policy (the “Custody Policy”) in connection with its compliance with Rule 206(4)-2, which the Adviser believes is reasonably designed to protect Clients’ assets from being lost, hacked, misused, misappropriated, among other things. The Custody Policy and Variant’s supplemental On-Chain Operations Manual ensure that Variant has physical and application controls in place governing the access to among other things, funds and securities belonging to Clients.

Client assets are generally held in custody by unaffiliated, qualified custodians. These qualified custodians do not send account statements to Investors in the Funds. However, in some cases it is not possible or practical to do so, as the custody of Virtual Assets is nascent and qualified custodians are not always available. Moreover, in some instances, a qualified custodian is not always the best option for safekeeping of such assets (e.g., maintenance of Virtual Assets with the selected qualified custodians would prohibit certain portfolio management activities or the entity does not have requisite technical expertise to custody such assets’ private key materials and maintain segregated assets). In such cases where the Adviser determines it is inappropriate or not feasible to maintain such assets with a qualified custodian, the Adviser will implement an alternative solution.

For certain Virtual Assets for which more traditional forms of custody are not possible, Variant utilizes “no custody” solutions. No custody solutions are redundant and distributed systems, relying on multi-party computational technology, in which no one entity (or its affiliates) has sufficient private key material to construct the full private key unilaterally, and all on-chain signatures require the coordination of multiple independent parties (including Variant), governed by legal arrangements.

When necessary, and in limited circumstances, Variant may also utilize custodians that do not necessarily meet the definition of a qualified custodian. The Adviser’s use of such custodians is limited to only a reasonable period of time before or after a transaction or trade has occurred.

Finally, when a Virtual Asset lacks the required support to be held in another custody solution, the Adviser may utilize self-custody. In such cases, the Adviser relies on internal custody solutions or third-party wallet providers for self-custody. For Virtual Assets stored internally, the Adviser has developed an internal custody platform incorporating dedicated hardware and redundancy into its architecture.

In some instances, Virtual Assets may be held at exchanges that implement various security measures to ensure the safekeeping of the assets under their control. The Adviser conducts thorough due diligence on these exchanges before utilizing their services, evaluating their security protocols, operational history, and compliance with relevant regulations.

Pursuant to the Adviser’s Custody Policy, a thorough due diligence review is conducted by Variant prior to it onboarding any vendor that stores or has access to full or partial private key materials underlying Client assets. Further, the CCO must pre-approve all vendors with access to full or partial private key materials before engagement. In addition, all such vendors are subject to an annual due diligence review by the CCO and/or a compliance consultant engaged by Variant. This process includes reviewing potential vendors’ business models, financial stability, compliance with laws and

regulations, insurance coverage, risk management practices, reputation, and auditor reports (i.e., SOC II Type 2, SOC I Type 2, ISO). In addition, Variant implements other measures intended to further provide sound custody solutions (e.g., near real-time monitoring of Client owned public keys for malicious incoming assets and for unexpected outgoing transactions, and application controls that enforce segregation of duties).

In addition, Variant has adopted the “audit approach” under which each Client’s financial statements are audited annually, and the financial statements, which are prepared in accordance with GAAP, are distributed to each Investor within 120 days of the Client’s fiscal year. The annual audit is conducted by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board in accordance with its rules.

Item 16: Investment Discretion

The Adviser accepts discretionary authority over all assets it manages for the Funds as described in each Fund's respective Governing Document. This discretionary authority, including any applicable investment objectives or guidelines, is conferred on the Adviser pursuant to the applicable Fund's Governing Documents.

Item 17: Voting Client Securities

To the extent that the Adviser has discretion to vote the proxies (which, for these purposes, includes other actions, such as consent requests and governance decisions of DAOs) on behalf of a Fund, the Adviser will vote any such proxies in a manner the Adviser believes are in the best interests of the applicable Fund(s) in accordance with its proxy voting policies and procedures. While the Virtual Asset investments made by the Funds are not typically the subject of proxies, there could be certain circumstances where the Adviser, having discretionary authority over the Funds, may be asked to vote the investments of the Funds on certain matters. Under certain circumstances, the Adviser may abstain from voting specific proxies if it believes that doing so is in the best interests of the applicable Fund(s).

In addition to voting on behalf of a Fund, the Adviser may (but is not required to) propose governance action with respect Virtual Assets held by the Funds if it deems it in the best interest of a Fund and, with respect to each such proposed action, the Adviser may vote on such a matter, solicit votes of other parties, or otherwise act in connection with a governance or similar action. If the Adviser deems it appropriate, it may also cease to trade a Virtual Asset during such a course of action, which could result in economic loss if the Virtual Asset's price changes during such time period.

If a proxy vote creates a material conflict between the interests of the Adviser and the Fund, the Adviser will resolve the conflict before voting the proxies. Although not intended to be used on a regular basis, the Adviser may retain an independent third-party to vote proxies in certain situations (including situations where a material conflict of interest is identified).

Investors generally do not have the ability to direct proxy votes. Investors or prospective Investors may obtain additional information regarding how the Adviser voted proxies. The Adviser will provide a copy of the Proxy Voting Policy to any client or prospective client upon request and may elect to provide a copy to underlying investors in the Funds.

Item 18 Financial Information

The Adviser does not require or solicit prepayment of fees more than six months in advance. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years and is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.