

## ITEM 1: COVER PAGE



DISTRIBUTED GLOBAL

### **DISTRIBUTED GLOBAL MANAGER LP**

**DISTRIBUTED GLOBAL VENTURES MANAGER LLC  
DISTRIBUTED GLOBAL VENTURES II MANAGER LLC  
DISTRIBUTED GLOBAL VENTURES III MANAGER LLC  
DISTRIBUTED GLOBAL BH MANAGER, LLC  
DG SPV GP LLC**

**2407 South Congress Ave, Ste E #324  
Austin, TX 78704**

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

**March 28, 2024**

**This brochure (the “Brochure”) provides information about the qualifications and business practices of Distributed Global Manager LP, Distributed Global Ventures Manager LLC, Distributed Global Ventures II Manager LLC, Distributed Global Ventures III Manager LLC, Distributed Global BH Manager, LLC, and DG SPV GP LLC (collectively, “Distributed Global” or the “Firm”). If you have any questions about the contents of this Brochure, please contact Elliott Frank, the Firm’s Chief Compliance Officer (“CCO”), at [efrank@distributedglobal.com](mailto:efrank@distributedglobal.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Any reference to the Firm as a registered investment adviser does not imply a certain level of skill or training.**

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

## **ITEM 2: MATERIAL CHANGES**

Distributed Global's last update to the Brochure was July 24, 2023. Since that update, the Firm has not made any material changes to the Brochure and there have been no material changes to the Firm or its operations. Certain nonmaterial changes have been made to this Brochure. Consequently, we encourage you to read the Brochure in its entirety.

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## ITEM 4: ADVISORY BUSINESS

### Item 4.A. General Description of Advisory Firm

Distributed Global Manager LP (“**DG Manager**”), a Delaware limited partnership, and Distributed Global Ventures Manager LLC (“**DG Ventures Manager**”), Distributed Global Ventures II Manager LLC (“**DG Ventures II Manager**”), Distributed Global Ventures III Manager LLC (“**DG Ventures III Manager**”), Distributed Global BH Manager, LLC (“**DG BH Manager**”), and DG SPV GP LLC (“**DG SPV GP**”), each a Delaware limited liability company, were formed in March 2018, December 2019, May 2021, January 2022, March 2021 and January 2021 respectively. DG Manager, DG Ventures Manager, DG Ventures II Manager, DG Ventures III Manager, DG BH Manager, and DG SPV GP are collectively referred to herein as “**Distributed Global**” or the “**Firm**.” The principal beneficial owners of Distributed Global are Tucker Waterman and Jonathan Steindorff.

### Item 4.B. Description of Advisory Services

Distributed Global is an investment management firm that typically focuses its investments in Digital Assets (as defined below) and provides advisory services on a discretionary basis to several privately-offered pooled investment vehicles (each, a “**Fund**” and collectively, the “**Funds**”), including on a sub-advisory basis for one Fund. Distributed Global also manages several special purpose vehicles (each, an “**SPV**” and collectively, the “**SPVs**”). The Funds and the SPVs are collectively referred to herein as each, a “**Client**” and collectively, the “**Clients**.” Investments in the Clients are generally offered only to high net worth individuals, institutional investors, and other investors, that meet the applicable investor suitability requirements (each, an “**Investor**” and collectively, the “**Investors**”).

Distributed Global GP LLC, Distributed Global Ventures GP LLC, Distributed Global Ventures II GP LLC, Distributed Global Ventures III GP LLC each serve as general partners (each, a “**General Partner**” and collectively, the “**General Partners**”) to certain Clients. DG SPV GP serves as the managing member (“**Managing Member**”) of the SPVs. The General Partners and the Managing Member are related persons of and under common control with Distributed Global. While the General Partners and Managing Member retain management authority over each Client’s business and affairs, Distributed Global has been delegated the role of investment adviser.

### Item 4.C. Availability of Customized Services for Individual Clients

Distributed Global’s investment management and advisory services to the Clients are provided pursuant to the terms of each Client’s private placement memorandum and/or other offering documents, investment advisory agreement, limited partnership agreement or other governing documents (collectively, the “**Governing Documents**”). Distributed Global does not currently offer services tailored to the individual specific needs of Investors.

Distributed Global has entered into certain side letter arrangements with certain Investors providing such Investors with different or preferential rights or terms for one or more Clients, including but not limited to, modified fee and other economic arrangements, rights to opt out of

particular investments, information and reporting rights, transfers to affiliates, withdrawal rights due to adverse tax or regulatory events, and special consent rights to certain Fund agreement amendments. Except as otherwise agreed with an Investor or as required by law, the General Partners are not required to disclose the terms of side letter arrangements to other Investors.

#### **Item 4.D. Wrap Fee Programs**

Distributed Global does not participate in a wrap fee program.

#### **Item 4.E. Regulatory Assets Under Management**

As of December 31, 2023, Distributed Global managed approximately \$1,619,973,223 in regulatory assets under management. Distributed Global manages its assets solely on a discretionary basis.

### **ITEM 5: FEES AND COMPENSATION**

#### **Item 5.A. Description of Compensation Arrangements**

Distributed Global is generally compensated for its advisory services through asset-based management fees and performance-based compensation. A general description of the Clients' anticipated fees and expenses follows, but Investors should review each Client's Governing Documents for details of a particular Client's fee structure and expenses.

##### *Management Fees*

Distributed Global will generally receive a management fee ("**Management Fee**") based on each respective Client's Investors' capital commitment, aggregate capital contributions, or net asset value under management, as the case may be, equal to 0-2.0% *per annum* of such amount, as more fully provided in the relevant Client's Governing Documents. The Management Fee is calculated and paid quarterly, based on the relevant amount, as of the first business day of the quarter, as more fully provided in the relevant Client's Governing Documents.

Alternatively, for one Client, Distributed Global will receive an asset management fee ("**Asset Management Fee**") for each investment made by such Client, not exceeding 3.0% per annum of the net asset value of each such investment (unless otherwise reduced, modified, waived or as otherwise specified in the presentation of an investment opportunity to such Client's Investors (each, an "**Investment Presentation**")), payable by each such Client Investor participating in such investment. Asset Management Fees are generally paid quarterly in advance or as otherwise provided in an Investment Presentation, and may be paid from Investor capital commitments, drawdowns, investment income, and sales proceeds.

### *Performance-Based Compensation*

Subject to the terms and limitations set forth in each Client's Governing Documents, each Client's General Partner or Distributed Global is entitled to receive performance-based compensation ("**Performance-Based Compensation**"), either as a carried interest distribution, performance allocation, or performance fee, as the case may be, generally ranging from 15-30% of an Investor's cash available for distribution in excess of its aggregate capital contributions, increase in an Investor's capital account (including gains or losses with respect to realized and unrealized investments), cash available for distribution in excess of its aggregate capital contributions with respect to any investment, or in the case of certain sub-advised Clients, receipt by the Client's general partner of performance fees or profit allocations related thereto, as the case may be, each as more fully provided in the relevant Client's Governing Documents. As provided in each Client's Governing Documents, a Client's carried interest distributions, performance allocations or performance fees may only be payable subject to a return of an Investor's capital contributions or an increase in an Investor's capital account net asset value above a certain threshold (known as a "Hurdle Rate") or a "high water mark", and such carried interest distributions, performance allocations or performance fees are generally made either as assets in a Client are liquidated and gains are realized, or on a periodic basis (as provided in the relevant Client's Governing Documents).

The Management Fee, Asset Management Fee and Performance-Based Compensation are generally not negotiable; however, each General Partner (or Distributed Global or a Client's board of directors, if applicable), in its sole discretion, may modify or waive the Management Fee, Asset Management Fee or Performance-Based Compensation with respect to any Investor, as set forth in each Client's Governing Documents.

**Any new Client launched by Distributed Global after the date of this Brochure may have materially different terms than those summarized above and any terms for any existing Client may be amended from time to time.**

#### **Item 5.B. Manner of Payment**

Please see Item 5.A. above.

#### **Item 5.C. Other Fees and Expenses Clients May be Charged**

**Below is a general description of the Clients' expenses and other fees, and is not exhaustive. Investors should refer to the respective Clients' relevant Governing Documents for a complete understanding of expenses and fees. The information herein is qualified in its entirety by such documents.**

The Clients shall generally be responsible for the following costs and expenses, as provided in each Client's Governing Documents: (i) Management Fees or Asset Management Fees, (ii) Performance-Based Compensation, (iii) all general investment expenses (i.e., brokerage commissions, clearing and settlement charges, research expenses, data processing costs and expenses, bank service fees, interest expenses, borrowing charges, custodial expenses and other

investment expenses); (iv) all administrative, legal, accounting, auditing, record-keeping, tax form preparation, compliance and consulting costs and expenses; (v) all fees, costs and expenses related to middle office operations which may include daily reconciliation of cash, cost, positions and valuations; (vi) fees, costs and expenses of third-party service providers that provide such services; (vii) costs and expenses associated with preparing investor communications, printing and mailing costs; (viii) insurance costs and expenses; (ix) taxes and other governmental charges payable by the Clients; (x) governmental licensing, filing and exemption fees (including Blue Sky and other regulatory filing fees and expenses); (xi) indemnification obligations; (xii) all expenses (including reasonable attorneys' fees) incurred in connection with any threatened, pending, or anticipated litigation, U.S. Internal Revenue Service ("IRS") examination or audit, or similar audit or examination by any state or local taxing authority, or other legal proceeding; and, (xiii) any extraordinary expenses. Expenses generally will be shared by all of the Investors of a particular Client, including the applicable General Partner, pro rata in accordance with their capital account. Organizational costs and expenses related to the offer and sale of interests in Clients shall be borne by Distributed Global or by such Clients, as provided in each Client's Governing Documents.

Each of the Distributed Global entities bear all of their separate expenses arising out of their services to the Clients, including all of their general overhead expenses (including the rent of their offices, compensation and benefits of staff, maintenance of books and records, and their fixed expenses, telephones, and general purpose office equipment), but are not responsible for any expenses of the Clients.

#### **Item 5.D. Timing of Fee Payments**

Please see Item 5.A. above.

#### **Item 5.E. Receipt of Compensation for Sales**

Neither Distributed Global nor or its supervised persons are compensated for the sale of securities or other investment products.

### **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As noted under Item 5 above, Distributed Global is generally entitled to receive Performance-Based Compensation with respect to the Clients. Distributed Global recognizes that there are certain conflicts of interest associated with the presence of such Performance-Based Compensation. Performance-Based Compensation could motivate Distributed Global to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. Performance-Based Compensation may vary with respect to the Clients, which may create an incentive to favor clients that pay higher Performance-Based Compensation in the allocation of investment opportunities. Distributed Global seeks to address these conflicts of interest by advising the Clients in accordance with their respective investment strategies, guidelines and any allocation restrictions as set forth in the Clients' Governing Documents.

## ITEM 7: TYPES OF CLIENTS

Distributed Global provides discretionary investment advice to the Clients, as described in Item 4.B. above. Investors are generally “accredited investors” within the meaning of Rule 501(a) under the Securities Act of 1933, as amended, and “qualified clients” within the meaning of Rule 205-3 under the Advisers Act of 1940 (the “**Advisers Act**”), and with respect to certain Clients, “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940 (the “**Investment Company Act**”). Investment in the Clients is generally offered to high net worth individuals, funds-of-funds, pension funds, endowments, and other institutional investors that meet the applicable investor suitability requirements. Each Client generally has a minimum investment amount for third-party Investors, as provided in each Client’s Governing Documents. Such minimum investment amounts may be waived by Distributed Global at its sole discretion.

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

### Item 8.A. Methods of Analysis and Investment Strategy

**Each Client is a highly speculative investment and is not intended as a complete investment program. Each Client is designed only for sophisticated persons who can bear the economic risk of the loss of their investments in the Client and who have a limited need for liquidity in their investment. There can be no assurance that any Client will achieve its investment objective or that substantial losses will not be incurred, including total loss of capital. Each prospective Investor in a Client should carefully review the applicable Client’s Governing Documents and the agreements referred to therein prior to deciding to invest in the Client.**

Distributed Global is a Digital Asset investment firm that focuses its investments in Digital Asset networks and companies in the cryptoasset, blockchain and distributed ledger space, including companies providing infrastructure, services and applications, as well as other Digital Assets that it believes will transform sectors of the global economy and proliferate significant value creation at a pace greater than the broader market as a whole. Distributed Global’s thesis-driven approach seeks to identify and invest in Digital Assets with network effects across major market categories.

Generally, the Clients seek to achieve growth and/or income through investing in portfolios of liquid or illiquid blockchain or distributed ledger assets including, without limitation, digital currencies, cryptoassets, cryptocurrencies, decentralized application tokens, protocol tokens and other tokens, smart contracts, blockchain-based assets, blockchain-related equity securities, and other cryptofinance and network-based Digital Assets that currently exist or may exist in the future as well as certain equity or debt securities (collectively, “**Digital Assets**”), or securities and other assets, as provided in each Client’s Governing Documents. Clients will invest in public and/or private Digital Assets at various stages, and Clients’ portfolios may or may not be diversified, as provided in each Client’s Governing Documents.



Distributed Global seeks to achieve the Clients' objectives through the experience of, networks of, and information received by Distributed Global's investment personnel. Additionally, the Firm will attempt to use the following investment strategies, among others, as provided in the Governing Documents:

- Early Stage Investing: Distributed Global will attempt to identify founders, teams and communities building protocols, networks, applications or companies around attractively sized potential market opportunities.
- Value Investing: Distributed Global will attempt to make investments into public and liquid traded Digital Assets based on an evaluation of the underlying technology, community, ecosystem growth, and asset economics that result in a determination that the underlying potential value exceeds the current value.
- Buy and Hold: In certain circumstances, Distributed Global will attempt to achieve favorable returns through investing in what the Firm believes to be potentially "best-in-class" Digital Assets, and will seek to hold such assets for extended periods of time, regardless of price fluctuations.
- Diversification: For certain Clients, Distributed Global may make investment allocations into established protocols and emerging protocols; however, Client portfolios may or may not be diversified, as provided in each Client's Governing Documents.

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

### **Material Risks Involved in Distributed Global's Strategies**

An investment in a Client involves a high degree of risk. No guarantee or representation is made that the Clients' investment programs will be successful, or that the Clients' returns will exhibit low correlation with an Investor's traditional securities portfolio. An Investor should be aware that it may lose all or part of its investment in a Client.

Prospective Investors should carefully consider the risks involved in determining whether an investment in a Client is a suitable investment, including the risks discussed below. Prospective Investors should consult their own legal, tax and financial advisers to determine whether to invest in a Client.

For a more complete description of the specific risk factors and conflicts of interest relevant to an investment in a Client, Investors should refer to the relevant Client's Governing Documents.

#### General Market Risk

**Risk of Loss.** An Investor could incur substantial, or even total, losses on an investment in a Client. Client interests are only suitable for persons willing to accept this high level of risk.

**Risks of Investments Generally.** All investments risk the loss of capital. No guarantee or representation is made that a Client's investment program will be successful. Certain investment techniques of a Client can, in certain circumstances, substantially increase the impact of adverse

market movements to which a Client may be subject. In addition, a Client's investments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where a Client invests its assets. A Client's methods of minimizing such risks may not accurately predict future risk exposures. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

**Availability of Investment Opportunities.** The success of the Clients depends largely on the ability of Distributed Global to locate, analyze, select and make investments that it believes meet the investment objectives and guidelines of the relevant Client. The availability of suitable opportunities will depend upon (among other things) financial, market, business and economic conditions. The Clients may not be able to obtain the opportunity to invest and complete investments which satisfy such Clients' investment criteria. There will be other parties competing to acquire assets targeted by Distributed Global and there is no certainty that the Clients will be able to purchase certain assets that Distributed Global believes present attractive investment opportunities. There also can be no assurance that the Clients will succeed in realizing profits from their investments which are sufficient to yield positive returns to such Clients' Investors. Clients may not be able to fully invest their capital.

**Limited Number of Investments.** The Clients will own a limited number of investments and, as a consequence, the aggregate return of each Client may be substantially and adversely affected by the unfavorable performance of a single investment or a small number of investments. Although the Governing Documents provide for certain investment restrictions, Distributed Global will have discretion within such restrictions in selecting investments for the relevant Client.

**Market Disruptions.** Clients may incur major losses in the event of disrupted markets where liquidity is diminished in the market. If the liquidity of the investments a Client acquires is reduced due to disrupted markets, such Client may have to hold investments for longer periods of time than it otherwise would. Alternatively, such an event may force such Client to sell assets in illiquid markets and at distressed prices, which may result in substantial losses to such Client. In addition, market disruptions and other extraordinary events can result in strategies performing with unprecedented volatility and risk.

**Other Accounts.** Distributed Global or its Affiliates may, in the future, sponsor or manage other private investment funds and accounts ("**Other Accounts**") that implement strategies that are substantially similar to or overlapping with those implemented on behalf of the Clients. The investment activities of such Other Accounts could adversely affect the Clients. Certain of these Other Accounts may have different business terms and/or operating structures than the Clients, and such differences could operate to the disadvantage of the Clients.

#### Risks of Investment in the Clients

**Limited or No Operating History; Past Performance Not Indicative of Future Results.** Certain of the Clients are recently formed entities and have no or only limited operating histories upon which prospective Investors can evaluate their performance. There can be no assurance that a Client will achieve its investment objective. Past performance, including the past performance

of other investments made by Distributed Global's investment team, is not indicative of future results.

**Reliance on Distributed Global and no Authority by Investors.** All decisions regarding the management and affairs of the Clients will be made exclusively by Distributed Global. Accordingly, no person should purchase Client interests unless such person is willing to entrust all aspects of management of the Client to Distributed Global. Investors will have no right or power to take part in the management of the Clients. As a result, the success of the Clients for the foreseeable future depends solely on the abilities of Distributed Global.

**Dependence on Key Personnel.** Distributed Global is dependent on the services of its principals and key personnel. The success of the Clients will depend to a great extent on the investment skills of the Firm's principals and key personnel. The Clients could be adversely affected if, because of illness, resignation or other factors, the services of the relevant people were not available for any significant period of time.

**Changes in Investment Strategies.** Distributed Global has broad discretion to expand, revise or contract a Client's business without the consent of Investors. A Client's investment strategies may be altered, without prior approval by, or notice to, Investors, if Distributed Global determines that such change is in the best interest of the Client.

**Undisclosed Investing Strategy.** Distributed Global's investment strategy and the techniques it will employ to attempt to reach the Clients' goals are proprietary and will not be disclosed to potential Investors (or to Investors). As a result, a potential Investor's decision to invest in the Clients must be made without the benefit of being able to review and analyze Distributed Global's strategy and techniques.

**Lack of Liquidity and Transferability.** A Client's redemption provisions place certain restrictions on the right to redeem all or part of its interests, transfer its interests and pledge or otherwise encumber its interests. Thus, it is unlikely that a holder of Client interests will be able to liquidate its interests in the event of an unanticipated need for cash. Interests may not be transferred or pledged except in compliance with significant restrictions on transfer as required by federal and state securities and commodities laws and as provided in the applicable Governing Documents. The Governing Documents do not permit an Investor to transfer or pledge all or any part of its interests to any person without the prior written consent of Distributed Global, the granting of which is in the Firm's sole and absolute discretion. These limitations, taken together, will significantly limit an Investor's ability to liquidate an investment in a Client quickly. As a result, an investment in a Client would not be suitable for an Investor who needs liquidity.

A Client may invest part of its assets in investments that Distributed Global believes either lack a readily assessable market value or should be held until the resolution of a special event or circumstances. A Client may not be able to readily dispose of certain investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. For accounting purposes, certain investments and other assets and liabilities for which no such market prices are available (including loans) will generally be carried on the books of a Client at fair value as reasonably determined by Distributed Global. There is no guarantee that fair value

will represent the value that will be realized by a Client on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. A withdrawing Investor with an interest in certain investments will not receive any amount in respect of such interest until the related investment is realized or deemed realized.

**In-Kind Distributions.** The Clients generally expect to distribute cash to Investors upon a withdrawal or distribution. However, there can be no assurance that the Clients will have sufficient cash to satisfy withdrawal requests or distributions, or that they will be able to liquidate investments at the time of such withdrawal request or distribution at favorable prices or for other reasons (such as the illiquidity of, or restrictions on, an investment). Although the Clients do not currently intend to make distributions in-kind, Investors may receive in-kind distributions from the Clients and any such investments so distributed may not be readily marketable or saleable and may have to be held by such Investor for an indefinite period of time. The risk of loss and delay in liquidating these distributed investments will be borne by the Investor.

Although Distributed Global expects to liquidate all of the Clients' investments prior to the termination of the Clients and distribute only cash to Investors, there can be no assurance that the Clients will meet this objective. In addition, under certain circumstances, Distributed Global may deem it disadvantageous to a Client to liquidate the Client's positions at the time a withdrawal is requested or a distribution is made, for example, when significant withdrawals are requested and when the Client may only be able to liquidate positions at prices which Distributed Global believes do not reflect their true value. Under such circumstances, the withdrawing Investor may receive in-kind distributions. Such instruments may not be readily marketable or salable and may have to be held by the Investor, or by Distributed Global in trust for the Investor, for an indefinite period of time.

**Effect of Substantial Redemptions.** Substantial redemptions by Investors within a short period of time could require a Client to liquidate its investments more rapidly than would otherwise be desirable, possibly reducing the value of the Client's assets and/or disrupting the Client's investment strategies. Reduction in a Client's size could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Client's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

**Suspension of Redemption and Deferment of Redemption Proceeds.** In certain circumstances, Distributed Global, in its sole and absolute discretion, may suspend the valuation of a Client's property, the right or obligation to redeem interests (including the right to receive redemption proceeds), and/or extend the period for payment on redemption. In addition, Distributed Global may suspend the right of withdrawal or postpone the date of payment for any period during which there is an extraordinary circumstance as determined in good faith by the Firm.

**Undistributed Income.** Distributed Global in its sole discretion may, but is not required to, make distributions to Investors during the terms of the Clients. Taxable income realized in any year by the Clients will be taxable to Investors in that year regardless of whether they have received any distributions from the Clients. Accordingly, Investors may recognize taxable income for federal, state, and local income tax purposes without receiving any or a sufficient distribution from the

Clients with which to pay the taxes thereon. Distributed Global may consider such possible tax liability of Investors when determining whether to make distributions, but no assurance is given that distributions, if made, will equal the amount of any Investor's tax liability.

**Effect of Carried Interest Distributions and Performance Allocations.** Distributed Global will receive a carried interest distribution or performance allocation from the Clients based on a percentage of any net realized and/or unrealized profits. Performance allocations may create an incentive for Distributed Global to make investments that are riskier or more speculative than would be the case in the absence of such incentive compensation arrangements. In addition, Distributed Global's carried interest distributions and performance allocations may be based on unrealized as well as realized gains. There can be no assurance that any such unrealized gains will, in fact, ever be recognized. Furthermore, the valuation of unrealized gain and loss may be subject to material subsequent revision.

**Lack of Insurance.** The assets of the Clients are not insured by any government or private insurer except to the extent portions may be deposited in bank accounts insured by the Federal Deposit Insurance Corporation or with brokers insured by the Securities Investor Protection Corporation and such deposits and securities are subject to such insurance coverage. Therefore, in the event of the insolvency of a depository or custodian, the Clients may be unable to recover all of their funds or the value of their securities so deposited.

**Indemnification.** The Governing Documents provide that the Clients will indemnify Distributed Global from losses or expenses suffered in certain instances. Please see each Client's Governing Documents for a description of any such instances.

**Limited Withdrawal Rights.** An investment in the Clients is suitable only for certain sophisticated Investors who have no need for liquidity in the investment. Distribution of proceeds upon an Investor's withdrawal may be limited where, in the view of Distributed Global, the disposal of all or part of the Clients' assets, or the determination of the value of an Investor's capital account, among other reasons, would not be reasonable or practicable or would be prejudicial to the non-withdrawing Investors.

**Limited Reporting.** The Clients will provide quarterly unaudited reports of the Clients' activity. As a result, holders of the Clients' interests will not be able to evaluate the Clients' activity at shorter intervals.

**New Issues.** The Clients may trade in "new issues" (initial public offerings of equity securities). Certain Investors will be subject to limitations or prohibitions, under applicable Financial Industry Regulatory Authority Inc. ("FINRA") rules, on participating in the profits and losses generated by "new issues." In addition, the Clients may limit the participation of certain Investors in "new issues" to an extent not required by FINRA. In addition, the current treatment of "initial coin offerings" and "initial token offerings" (collectively, "ICOs") is unclear under FINRA rules, but Investors that are precluded from participating in new issues will likely be precluded from participating in many, if not all, ICOs as well.

## Risks of Investments

**Digital Assets.** Digital Assets are loosely regulated and there is no central marketplace for currency exchange or other private Digital Assets. Supply is determined by a computer code, not by a central bank, and prices have been extremely volatile. Digital Asset exchanges have been closed due to fraud, failure or security breaches. Any of the Clients' assets that reside on an exchange that shuts down may be lost. Digital Assets, generally, may also be subject to fraud, security breaches or theft.

A potential Investor in the Clients should note that the prices of Digital Assets, and other instruments in which the Clients, directly or indirectly, invest may be unavailable. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets and related investments to move rapidly.

Several factors may affect the price of Digital Assets, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of Digital Assets or the use of Digital Assets as a form of payment. There is no assurance that Digital Assets will maintain their long-term value in terms of purchasing power in the future, or that acceptance of Digital Asset payments by mainstream retail merchants and commercial businesses will continue to grow.

Digital Assets are created, issued, transmitted, and stored according to protocols run by computers in the Digital Asset network. It is possible these protocols have undiscovered flaws which could result in the loss of some or all assets held by the Clients. There may also be network scale attacks against these protocols which result in the loss of some or all of assets held by the Clients. Some assets held by the Clients may be created, issued, or transmitted using experimental cryptography which could have underlying flaws. Advancements in computing could break the cryptographic rules of protocols which support the assets held by the Clients. The Clients make no guarantees about the reliability of the cryptography used to create, issue, or transmit assets held by the Clients.

**Investing in Blockchain Technology Companies.** Companies in the rapidly changing fields of blockchain technology and the Digital Assets markets face special risks. Distributed Global has no control over and limited visibility into future technological developments. The rapid pace of technological development creates the risk that an issuer's products and services become obsolete, fail to gain meaningful market share, or fall out of favor as more appealing and advanced technologies and products emerge. An issuer's intellectual property rights may be subject to legal challenge. Many companies in the blockchain technology and Digital Assets space have limited operating histories. Such a company may be unable to engage and retain sufficient skilled engineering, marketing and management personnel to allow it to maintain its technological edge

and develop the corporate infrastructure required to sustain and grow its business. Some Digital Asset or blockchain industries may be subject to greater governmental regulation than other sectors, and changes in governmental policies and the need for regulatory approvals may materially and adversely affect the business of companies in those sectors. For these and other reasons specific to particular industries and companies, investments in companies in blockchain technology industries pose greater risks than those in certain other sectors.

**Lack of Operating History of Issuers and Portfolio Companies.** Certain Clients expect to invest in issuers or portfolio companies that have relatively limited operating histories. Generally, very little public information exists about these companies, and the Clients will rely on the ability of Distributed Global to obtain adequate information to evaluate the potential returns. If Distributed Global is unable to uncover all material information about these companies, the Clients may not make a fully informed investment decision, and may lose money on their investments. These companies may be particularly vulnerable to U.S. and foreign economic downturns and may have limited access to capital. These businesses also frequently have less diverse product lines and a smaller market presence than larger competitors and may experience substantial variations in operating results. They may face intense competition, including from companies with greater financial, technical, operational and marketing resources, and typically depend upon the expertise and experience of a single individual executive or a small management team. Clients' investment success depends, in large part, upon the abilities of the key management personnel of such companies, who are responsible for the day-to-day operations of such companies. Competition for qualified personnel is intense at any stage of a company's development. The loss of one or more key personnel can hinder or delay a company's implementation of its business plan and harm its financial condition. Such companies may not be able to attract and retain qualified managers and personnel. In addition, such companies may compete with each other for investment or business opportunities and the success of one could negatively impact the other. Furthermore, some such companies do business in regulated industries and could be affected by changes in government regulation. Accordingly, these factors could impair their cash flow or result in other events, such as bankruptcy, which could limit their ability to repay their obligations to the Clients, and may materially and adversely affect the return on, or the recovery of, the Clients' respective investments. As a result, a Client may lose its entire investment in any or all of such companies.

**Economic Risks of Issuers and Portfolio Companies.** The business and operating results of issuers and portfolio companies may be impacted by worldwide economic conditions. Any conflict or uncertainty, including due to natural disasters, public health concerns, political unrest or safety concerns, could harm their financial condition and results of operations and cash flows. In addition, if the government of any country in which products are developed, manufactured or sold sets technical or regulatory standards for products developed or manufactured in or imported into their country that are not widely shared, it may lead some of their customers to suspend imports of their products into that country, require manufacturers or developers in that country to manufacture or develop products with different technical or regulatory standards and disrupt cross-border manufacturing, marketing or business relationships which, in each case, could harm the business of such companies. In addition, such companies may be susceptible to economic slowdowns or recessions.

**Risks Relating to Due Diligence of and Conduct at Portfolio Companies.** Before making portfolio investments, Distributed Global will typically conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each portfolio investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. When conducting due diligence and making an assessment regarding a portfolio investment, Distributed Global will rely on the resources available to it, including information provided by the target of the investment. In addition, investment analyses and decisions by Distributed Global may be undertaken on an expedited basis in order to make it possible for a Client to take advantage of short-lived investment opportunities. In such cases, the available information at the time of an investment decision may be limited, inaccurate and/or incomplete. Furthermore, Distributed Global is unlikely to have sufficient time to evaluate fully such information even if it is available. The due diligence investigation that Distributed Global carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, no such investigation will guarantee that such portfolio investment will be successful or ensure a return of invested capital. Any failure by a Client, or Distributed Global on its behalf, to identify relevant facts through the due diligence process may cause it to make inappropriate investment decisions, which may have a material adverse effect on a Client's business, financial conditions, results of operations and therefore the overall assets of the Client.

There can be no assurance that a Client will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor a portfolio investment on an ongoing basis. In the event of fraud by any portfolio company or any of its affiliates, a Client may suffer a partial or total loss of capital invested in that portfolio company. Conduct occurring at portfolio companies, even activities that occurred prior to a Client's investment therein, could have an adverse impact on that Client.

**Failure of an Issuer or Portfolio Company.** Although the issuers and portfolio companies are carefully selected by Distributed Global, it is possible that a Client may lose all or a portion of its investment in some such companies. No assurance can be given that the failure of one or more such companies will not have a material adverse effect on the Clients' respective overall performance.

**Smart Contracts.** Certain Digital Assets in which the Clients invest utilize smart contracts. Smart contracts are computer codes that can be created and run by the users of the network on which such smart contract is based. A smart contract can take information as an input, process that information through the rules defined in the computer code and execute certain actions, such as digital currency or Digital Asset transactions, that have been programmed into the smart contract. The Clients' Digital Assets may at times be locked in a smart contract resulting in limited liquidity. The use of smart contracts creates risk exposure because smart contracts use experimental cryptography. The occurrence of code errors, software bugs or other flaws cannot be ruled out and could potentially result in the theft or destruction of funds or for the smart contract to execute differently than as anticipated.



## Investment and Trading Risks

**Liquidity Risk.** Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing the Clients from selling out of these illiquid investments at an advantageous price.

**Diversification Policies.** The Clients have no diversification policies and may concentrate investments in particular types of positions. The investment risk of a portfolio that is concentrated in particular positions is greater than if the portfolio is invested in a more diversified manner.

**Hedging Transactions.** Distributed Global on behalf of the Clients will not, in general, attempt to hedge all market or other risks inherent in the Clients' portfolio positions, and will hedge certain risks, if at all, only partially. The Clients may choose not, or may determine that it is economically unattractive, to hedge certain risks – either in respect of particular positions or in respect of their overall portfolios. The Clients' portfolio composition will commonly result in various directional market risks remaining unhedged. Even if Distributed Global is successful in reducing or controlling risk through hedging, the cost of hedging may have the effect of reducing returns. Furthermore, it is possible that Distributed Global's hedging strategies will not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged, increasing rather than reducing both risk and losses.

**Lack of Diversification.** Although the Clients' will structure their portfolios so that investments (both individually and in the aggregate) have desirable risk/reward characteristics and so that the Clients may be able to satisfy Investors' requests for withdrawals, the Clients are not subject to any restrictions. The Clients will have non-diversified portfolios, with all or substantially all of the Clients' assets invested in Digital Assets. Such lack of diversification substantially increases the risk of loss associated with an investment in the Clients.

**Custody of Clients' Digital Assets.** Distributed Global may maintain custody of some or all of the Clients' Digital Assets, by generating the private keys that control movement of the various Digital Assets. In addition to maintaining custody of the Clients' Digital Assets in a "cold wallet" or other manner, Distributed Global may store the Clients' Digital Assets on various Digital Asset exchanges and with other custodians. Digital Asset exchanges and custodians may also require Distributed Global to provide control of the private keys when the exchange or custodian is utilized by the Clients. Distributed Global is responsible for taking such steps as it determines, in its sole judgment, to be required to maintain access to these keys, and prevent their exposure from hacking, malware and general security threats. Distributed Global is not liable to any Client or to Investors for the failure or penetration of the security system absent gross negligence, fraud or criminal behavior on the part of the Firm. Please see Item 15. Custody for additional considerations regarding custody.

**Digital Asset Trading is Volatile and Speculative.** Digital Assets represent a speculative investment and involve a high degree of risk. As relatively new products and technologies, Digital Assets have not been widely adopted as a means of payment for goods and services by major retail

and commercial outlets. Conversely, a significant portion of the demand for Digital Assets is generated by speculators and investors seeking to profit from the short or long-term holding of Digital Assets. The relative lack of acceptance of Digital Assets in the retail and commercial marketplace limits the ability of end-users to pay for goods and services with Digital Assets. A lack of expansion by Digital Assets into retail and commercial markets, or a contraction of such use, may result in increased volatility.

**Risk of Loss of Private Keys.** Various Digital Assets are controllable only by the possessor of unique private keys relating to the addresses in which the Digital Assets are held. The theft, loss or destructions of a private key required to access a Digital Asset is irreversible, and such private keys would not be capable of being restored by the relevant Client. Any loss of private keys relating to digital wallets used to store such Client's Digital Assets could result in the loss of the Digital Assets and an Investor could incur substantial, or even total, loss of capital.

**Risk of Loss Due to Incapacitation of Key Personnel.** Certain personnel of Distributed Global are the sole individuals in possession of the unique private keys required to access the Digital Assets held by the Clients. The simultaneous incapacitation of such personnel would likely result in the loss of the private keys and, consequently, the loss of the Digital Assets held by the Clients. In such an event, an Investor could incur substantial, or even total, loss of capital.

**Technology and Security.** The Clients must adapt to technological change in order to secure and safeguard Client accounts. While Distributed Global believes they have developed an appropriate security system reasonably designed to safeguard the Clients' Digital Assets from theft, loss, destruction or other issues relating to hackers and technological attack, such assessment is based upon known technology and threats. Certain of Distributed Global's and the Clients' activities will be dependent upon systems operated by third party service providers, and the Firm may not be in a position to verify the risks or reliability of such third-party systems. As technological change occurs, the security threats to the Clients' Digital Assets will likely adapt and previously unknown threats may emerge. Furthermore, Distributed Global believes that the Clients' may become a more appealing target of security threats as the size of the Clients' assets grows. To the extent that the Clients are unable to identify and mitigate or stop new security threats, the Clients' Digital Assets may be subject to theft, loss, destruction or other attack, which could have a negative impact on the performance of the Clients or result in loss of the Clients' assets.

**Security Breaches.** Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could result in the halting of the Clients' operations, the suspension of redemptions or a loss of the Clients' assets. While Distributed Global believes it has developed a proprietary security system, it is not impenetrable and may not be free from defect, and any loss due to a security breach or software defect will be borne by the Clients, absent gross negligence, willful misconduct or fraud on the part of Distributed Global.

**Operational and Information Security Risk from Cyberattacks.** The Clients, Distributed Global and their service providers may be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting

data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting the Clients, Distributed Global, the Clients' fund administrators, the Clients' prime brokers, custodians and other third-party service providers may adversely impact the Clients. For instance, cyberattacks may interfere with the processing of Investor transactions, cause the release of private Investor information or other confidential information, subject the Clients and their service providers to regulatory fines or financial losses and cause reputational damage. Similar types of cybersecurity risks are also present for other market participants, which may have material adverse consequences for the Clients, and may cause the Clients' investments to lose value. The Clients and their service providers may incur additional costs relating to cybersecurity preparations, and such preparations, though taken in good faith, may be inadequate. Cyberattacks are viewed as an emerging risk and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuing change.

**Trading on Digital Asset Networks.** The Clients will convert U.S. dollar contributions made by limited partners to Digital Assets over specific networks, as applicable. The Clients may use certain Digital Assets to purchase other Digital Assets. Many Digital Asset networks are online end-user-to-end-user networks that host a public transaction ledger, known as the blockchain, and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. In many Digital Asset transactions, the recipient of the Digital Asset must provide its public key, which serves as an address for a digital wallet, to the party initiating the transfer. In the data packets distributed from Digital Asset software programs to confirm transaction activity, each Digital Asset user must "sign" transactions with a data code derived from entering the private key into a "hashing algorithm," which signature serves as validation that the transaction has been authorized by the owner of such Digital Asset. This process is vulnerable to hacking and malware, and could lead to theft of the Clients' digital wallets and the loss of the Clients' Digital Assets. Many Digital Asset exchanges have been closed due to fraud, failure or security breaches. In many of these instances, the customers of such Digital Asset exchanges were not compensated or made whole for the partial or complete losses of their account balances in such Digital Asset exchange.

**Yield Farming.** Certain Clients may engage in decentralized finance ("DeFi") yield farming strategies with certain Digital Assets. Yield farming is composed of liquidity providers and liquidity pools, typically in the form of smart contracts. Clients participating in yield farming act as liquidity providers by depositing Digital Assets in liquidity pools, in exchange for a return yield of additional Digital Assets. Yield farming strategies in Digital Assets are a recent development and have significant risks, including, among others, smart contract risk, liquidation risk (when collateral is no longer enough to cover the amount of the loan, causing a liquidation penalty to the collateral), impermanent loss risk (when a particular Digital Asset market experiences sharp volatility, liquidity providers may lose value with respect to their Digital Assets that are subject to yield farming), and composability risk (when a particular Digital Asset on one platform is invested into another platform, thus exposing the Digital Asset to smart contract and other risks on both platforms).

**Intellectual Property Rights Claims May Adversely Affect the Operation of Digital Asset Networks.** Third parties may assert intellectual property claims relating to the operation of various Digital Assets and their source codes relating to the holding and transfer of such assets. Regardless

of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in a Digital Asset's long-term viability or the ability of end-users to hold and/or transfer Digital Assets may adversely affect an investment in the Clients. Additionally, a meritorious intellectual property claim could prevent the Clients and other end-users from accessing a Digital Asset network or holding or transferring their Digital Assets, which could force the Clients to terminate and liquidate the Clients' Digital Assets (if such liquidation of the Clients' Digital Assets is possible). As a result, an intellectual property claim against the Clients could adversely affect an investment in the Clients.

**Limited Liquidity of Digital Assets.** Markets for Digital Assets may have limited liquidity or may experience significant falloffs in liquidity for a number of reasons including technological developments, political events and trends, currency exchange rates, regulatory policy, consumer demand, and innumerable other factors. The Clients may invest into "young" Digital Assets that may operate with limited liquidity for extended periods of time, before a liquid market develops, with no guarantees that one will develop. Future adverse developments could result in the complete inability of the Clients to dispose of their investments. In addition, the Clients may hold a significant number of Digital Assets for which no market exists and they may be able to dispose of these Digital Assets only at substantial discounts or losses, if at all. Liquidity limitations may cause the Clients to be unable to sell assets and/or investments in their portfolios or may only allow them to do so at unfavorable prices, and may prevent the Clients from realizing investment gains or limiting investment losses in a timely manner. Such "liquidity risk" could adversely impact the value of the Clients' investments, and may be difficult or impossible to hedge against. Because of the nature of the Clients' investment strategies, certain investments may have to be held for a substantial period of time before they can be liquidated and some investments may be impossible to liquidate. Client investments may experience sudden and irreversible declines in value. The Clients may also make certain speculative purchases of Digital Assets, which Distributed Global believes to be undervalued. There can be no assurance that Digital Assets which Distributed Global believes to be undervalued are, in fact, undervalued, nor can there be any assurances that undervalued Digital Assets will ever increase in value.

**Bitcoin and Similar Digital Asset Protocols and Networks Could Change.** The administrators of, for example, the bitcoin network's source code could propose amendments to the bitcoin network's protocols and software that, if accepted and authorized by the bitcoin network's Community (as defined below), could adversely affect an investment in the Clients' interests. The bitcoin network is based on a cryptographic, algorithmic protocol that governs the end-user-to-end-user interactions between computers connected to the bitcoin network. The code that sets forth the protocol is managed by a development team that is independent and any association with the bitcoin network's purported creator, Satoshi Nakamoto, is unknown. The development team can propose amendments to the bitcoin network's source code through one or more software upgrades that alter the protocols and software that govern the bitcoin network and the properties of bitcoins, including the irreversibility of transactions and limitations on the mining of new bitcoins. To the extent that a significant majority of the users and miners on the bitcoin network install such software upgrade(s), the bitcoin network would be subject to new protocols and software that may adversely affect an investment in the Clients' interests. If less than a significant majority of the users and miners on the bitcoin network install such software upgrade(s), the bitcoin network could "fork," causing divergent paths in the bitcoin network (as described further below under "Network

Patches and Updates May not be Universally Adopted”). Digital Assets with a design similar to that of bitcoin may be subject to the same risk. These same risks may also apply to other Digital Asset protocols and cryptocurrencies.

**Proof of Stake.** Certain of the Clients invest assets through protocols that verify transactions through a concept known as Proof of Stake (“**PoS**”). PoS generally allows holders of a Digital Asset to verify future transactions in a protocol based on various factors, depending on the rules of the protocol. Some protocols allow holders with a larger amount of the Digital Asset (i.e., stakes) deposited in the protocol to be awarded with additional Digital Assets through the verification of future transactions. Those with stakes in some protocols have the ability to govern and vote on how the protocol is controlled in the future. Distributed Global generally believes that constructing a diversified portfolio of Digital Assets that use the PoS consensus mechanism provides benefits to the Clients. As PoS typically requires storing a large amount of the relevant Digital Asset for a potentially long period of time in order to verify future transactions on the protocol, such investments would be illiquid for an extended period of time before there is any realized return on investment. Such illiquidity could have an adverse effect on Clients that invest in these assets. To the extent any of the Clients invest any of their assets through PoS-based protocols, there is a risk that a protocol assesses a penalty against any such Client in connection with the Client’s activities in verifying transactions in such protocol, which could result in a loss of some or all of the Client’s Digital Assets that have been deposited in the protocol. Further, PoS is subject to the same risks associated with Digital Assets in general including, but not limited to, equipment failure, regulatory control, and a failure of the network on which the stake is deposited.

Staking increases the risk of loss of such Digital Assets through increasing vulnerabilities to hacking and risk of slashing. Staking also generally requires delegating staked Digital Assets to a custodian, which raises certain risks described in “Custody of Clients’ Digital Assets.” In addition, staking is expected to generate income that is treated as effectively connected income or unrelated business taxable income and that is expected to create negative tax implications for certain Investors in a Client. In those circumstances, Distributed Global will seek to accommodate Investors who seek to minimize these sources of income.

**Network Patches and Updates May Not Be Universally Adopted.** The acceptance of bitcoin network software patches or upgrades by a significant, but not overwhelming, percentage of the users and miners in the bitcoin network could result in a “fork” in the blockchain, resulting in the operation of two separate networks until such time as the forked blockchains are merged, if ever. The temporary or permanent existence of forked blockchains could adversely impact an investment in the Clients’ interests. Bitcoin is an open source project and, although there is an influential group of leaders in the bitcoin network Community including developers, there is no official developer or group of developers that formally controls the bitcoin network. Any individual can download the bitcoin network software and make any desired modifications, which are proposed to users and miners on the bitcoin network through software downloads and upgrades. However, miners and users must consent to those software modifications by downloading the altered software or upgrades implementing the changes; otherwise, the changes do not become a part of the bitcoin network. Since the bitcoin network’s inception, changes to the bitcoin network have been accepted by the vast majority of users and miners, ensuring that the bitcoin network remains a coherent economic system. However, a developer or group of developers could

potentially propose a modification to the bitcoin network that is not accepted by a vast majority of miners and users, but that is nonetheless accepted by a substantial population of participants in the bitcoin network, such as what happened with Bitcoin Cash during 2017. In such a case, a fork in the blockchain could develop and two separate bitcoin networks could result, one running the pre-modification software program and the other running the modified version (i.e., a second “bitcoin” network). Such a fork in the blockchain might be addressed by Community-led efforts to merge the forked blockchains; but there is no guarantee that any given forked blockchain will be merged back together into a single blockchain. This kind of split in the bitcoin network could materially and adversely affect the value of bitcoins (and thus the value of the Clients’ interests) and, in the worst case scenario, harm the sustainability of the bitcoin economy. Digital Assets with a design similar to that of bitcoin may be subject to the same risk.

**Initial Coin Offerings Risk and Pre-Sale Initial Coin Offering Risk.** The Clients may invest some of their Digital Assets in ICOs. ICOs allow for investors to purchase certain Digital Assets offered or created by blockchain-based companies on various platforms in exchange for dollars or already established Digital Assets which can then be converted to dollars on a Digital Asset exchange. Prior to an ICO, many blockchain-based companies offer presale tokens or Digital Assets. Presale tokens or currencies may be sold or used to buy additional tokens or currencies at a later point in time for a potentially higher value than originally purchased for. The Clients may invest in all stages, including presale rounds of ICOs. ICOs and various token presales are currently unregulated and are subject to fraud, security breaches, regulatory developments, enforcement actions, and technological developments. There is no guarantee that the token or currency purchased will have any value or worth. ICOs can at any point become subject to federal and state securities laws, federal commodity laws, and various international regulations, among other restrictions. The SEC has issued a release stating that, depending on the specific facts and circumstances of the Digital Asset in question, some ICOs may fall under securities regulation. Such future restrictions may have an adverse impact on the Clients’ assets or on the Clients’ ability to sell their assets. As investors can purchase new tokens with already existing Digital Assets, investments in ICOs and presales subject the Clients to all risks associated with Digital Assets in general.

As ICOs and presale tokens may arise at unpredictable intervals, there is a risk that a Client’s investments may become concentrated in a single (or limited number of) Digital Assets. Such limited diversification may result in the concentration of risk, which, in turn, could expose the Clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements with respect to such Digital Assets. In addition, the Clients may be forced to hold cash for significant periods of time (until the occurrence of an ICO or presale token opportunity).

Digital Assets acquired by the Clients in connection with ICOs and presale tokens may also entail promises to sell within, or hold for, a specified time period. As a result, the Clients may be forced to sell an investment at an inopportune time, or hold an investment at times where it would otherwise be advantageous to sell. Digital Assets sold through ICOs and presales have experienced high levels of performance and rapid increases in price. While past performance is generally not indicative of future results, this is especially the case with respect to Digital Assets purchased through ICOs and presales of tokens, which are relatively new and untested products. In addition,

there is not yet sufficient information to determine whether such high levels of performance are sustainable and/or how the Digital Asset market will react in the short- or long-term to the proliferation of ICOs and presale token offerings currently taking place.

**ICO and Presale Token Valuation Risks.** ICOs and presales of tokens may offer a Client the ability to purchase Digital Assets at discounted prices. Digital Assets purchased by a Client will generally be valued at cost until active trading in such Digital Assets develops. Any such Digital Assets may also be revalued in the event the respective Client's General Partner or Distributed Global believes such valuation does not accurately reflect the value of the applicable Digital Assets because there are subsequent offerings of such Digital Assets at higher values, as reported by the relevant issuer during the applicable financing round. Such values will be deemed accurate and will be used in determining the value of the applicable Digital Assets held by the relevant Client. Accordingly, while Investors who invest in a Client prior to any revaluation or the emergence of such active trading, as applicable, may receive the benefit of purchasing such Digital Assets at discounted prices, any withdrawal proceeds paid to Investors who withdraw from a Client prior to any revaluation or the emergence of such active trading will reflect the lower, discounted prices and not the adjusted valuation price or expected trading price of such Digital Assets on any active exchange or other market, as applicable.

**Fraudulent ICOs and Presale of Tokens.** ICO and token presale campaigns in which the Clients may participate are unregulated and may turn out to be fraudulent. There is no guarantee that funds lost due to such fraudulent actions will be recovered by the Clients.

**ICO Ineligibility.** The Clients may be ineligible to participate in certain ICOs (particularly, ICOs issued by non-U.S. sponsors that limit participation to non-U.S. persons or entities). While the Clients may seek to participate in ICOs through a non-U.S. subsidiary, there is no guarantee that a non-U.S. subsidiary of any of the Clients will be permitted to take part in an ICO that generally limits participation to non-U.S. persons or entities.

**Non-Fungible Tokens.** Non-fungible tokens ("NFTs") are unique Digital Assets (often in the form of art or collectibles) that cannot be exchanged for the same amount of the same kind of asset because each holds different characteristics. Unlike digital currencies, NFTs are differentiated from others of its kind in code and each may hold several different functionalities and characteristics. Similar to digital currencies, there are risks associated with using internet-based assets, including, but not limited to, the risk of source code, hardware, software and Internet connections failure or problems. The source code relating to the holding and transfer of such assets is vulnerable to software failure, hacking, and malware, and could lead to theft and loss of the Funds' assets. NFTs are created, issued, and transmitted according to their respective protocols run by computers in the NFT network. These protocols may have underlying flaws that may result in the loss of some or all assets held by the Clients. These protocols may also be subject to network scale attacks that result in the loss of some or all assets held by the Clients.

In general, these protocols are currently start-up businesses with no institutional backing, limited operating history and no publicly available financial information. The participation in such protocols requires users to take on risk by transferring digital currency and Digital Assets from a personal account to a third-party's account. In particular, NFTs are traded peer-to-peer in

decentralized online marketplaces or platforms; therefore, it may be difficult or impossible to verify the identity of third-party buyers and sellers, or whether a third-party buyer or seller is a bona fide participant in the network. This creates credit risk that the unknown counterparty will not perform its obligations under the related agreement. It also increases the risk of fraudulent transactions, in that an unscrupulous market participant could use hidden wallets to sell and/or buy assets to or from itself at inflated prices, thereby seeming to create gains that in reality do not exist.

These platforms may also impose daily, weekly, monthly or customer-specific transaction or distribution limits or suspend access or withdrawals entirely, rendering the exchange of such Digital Assets for fiat currency difficult or impossible. Additionally, Digital Asset prices and valuations on such platforms have been volatile and subject to influence by many factors including the levels of liquidity on protocols and operational interruptions and disruptions. The prices and valuation of Digital Assets remain subject to any volatility experienced by digital currency and Digital Assets protocols, and any such volatility can adversely affect the Clients.

**NFT Valuation Risks.** The unique nature of NFTs presents an inherent difficulty in the valuation of the Digital Assets. Each NFT is comprised of its own data, which defines its characteristics in the context of its network; therefore, without a liquid market of comparable assets, the valuation of the current market price of the NFT will likely be less precise. The value of NFTs may be based on certain criteria within the context of its network and often on the appreciation of its respective Community of network participants. Valuation of certain NFTs thus may require identifying the criteria and distinguishing characteristics that define its value within its native network. The value of NFTs may also be dependent upon the use or public interest in the creation and development of distributed networks and related applications surrounding the NFTs. A lack of use or public interest in the creation of such networks and ecosystems of applications may negatively impact the potential value or utility of the NFTs and adversely affect the Clients' investment in NFTs.

**Uncertain Legal Status of Decentralized Autonomous Organizations (“DAOs”).** DAOs are organizations that rely on smart contracts and distributed ledger technology (“DLT”) (such as blockchain) to govern their operations. Membership interests in DAOs can generally be purchased or allocated as a reward (such as in the form of a token) in exchange for capital, services, use, or resources. Membership in a DAO gives participants the specific rights enumerated in such DAO's technological building blocks, which may include participation in profits or losses; the right to access, manage, or transfer assets or services; or specific privileges, such as the ability to participate in the entity's decision-making processes.

The legal status of, and laws and regulations applicable to, DAOs is still developing and may vary based on jurisdiction, organizational structure (or lack thereof) and other factors such as the DAO's purpose or level of decentralization. The SEC has taken the position for certain DAOs that the issuance of their membership interests were unexempt offerings of unregistered securities. In addition, given the uncertain legal status of DAOs in certain jurisdictions, there is a risk a DAO would be deemed a general partnership, thus exposing its participants to unlimited joint and several personal liability for the DAO's debts and obligations. Due to the untested nature of DAOs and the risks inherent in Digital Assets in general, a Client's investment or participation in DAOs could be adversely affected, which could result in loss to the Client.



In 2021, Wyoming became the first state in the United States to allow DAOs to file for legal status as a specific form limited liability company. Other DAOs have organized as a corporations, limited liability companies or other existing legal entities (a “wrapped” DAO) in an attempt to fall within a recognized legal status and shield members from personal liability.

**Distributed Governance and Lack of Infrastructure in DAOs.** DAOs rely on DLT and smart contracts for governance instead of traditional corporate structures with clear fiduciaries and decision-makers (e.g., a board of directors for a corporation). Most early DAOs are managed by distributed consensus, while other methods for governance such as delegated authority are currently being tested. There is no consensus as to which of these approaches to governance, if any, will be effective. Thus, DAO infrastructure as currently constituted is extremely kinetic and unsettled. Furthermore, assets held by DAOs remain subject to smart contract risk and hack. Due to the emerging nature of DAOs, DAO governance and infrastructure remains fluid and untested.

**Regulatory Risks of DAOs.** Participation in a DAO often is evidenced through a blockchain-based “token” that is coupled with the smart contracts that govern the organization. DAO tokens are generally increasingly designed to provide their holders with the right to govern the DAO’s activities through consensus voting and execution mechanisms. Whether or not such tokens are considered securities, commodities, commodity interests, or other regulated assets is an open question and may vary on a case-by-case basis. Furthermore, even if the tokens themselves are not deemed to be regulated assets, investments in other regulated assets (such as securities) would subject the DAO to certain securities regulations. A failure to comply with such laws and regulations could subject the DAO to enforcement actions and other penalties. Such regulatory actions could adversely affect the Clients and their Investors by restricting a Client’s ability to hold or trade digital currencies, Digital Assets, or securities, and/or resulting in the forfeiture of the Client’s investment in such DAO.

**Fraudulent Investment Opportunities.** Distributed Global seeks to invest in companies and technologies related to Digital Assets, for which there may be incomplete or limited information. While Distributed Global seeks to evaluate such investment opportunities in which the Clients may participate prior to investment, some investment opportunities may turn out to be fraudulent and/or persons involved in such investment opportunities may engage in fraud or other malfeasance. There is no guarantee that funds lost due to such fraudulent actions will be recovered by the Clients.

**Stolen or Incorrectly Transferred Digital Assets May be Irrecoverable.** Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of Digital Assets or a theft of Digital Assets generally will not be reversible and the Clients 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 Clients’ Digital Assets could be transferred in incorrect amounts or to unauthorized third parties. To the extent that a Client is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received the Clients’ Digital Assets through error or theft, the Clients will be unable to revert or otherwise recover incorrectly transferred Digital Assets. To the extent that the Clients are unable to seek redress for such error or theft, such loss could adversely affect an investment in the Clients.

**Amendments to a Digital Asset Network’s Protocols and Software Could Adversely Affect the Clients’ Investment and Trading Activities.** Networks are typically based on protocols that govern peer-to-peer interactions between computers connected to a Digital Asset’s network. Generally, the code that sets forth a Digital Asset’s protocol is informally managed by a development team known as the core developers. A Digital Asset’s core developers, miners, and/or users (each such core group in respect of a particular Digital Asset, the “**Community**”) can propose amendments to a network’s source code through one or more software upgrades that alter such Digital Asset’s protocols, the software that govern its network and the properties of the Digital Asset itself, including, but not limited to, the irreversibility of transactions and limitations on the mining/creation of new Digital Asset units. To the extent that a majority of a Community installs such software upgrade(s), such Digital Asset’s network could be subject to new protocols and software that may adversely affect the Clients’ investment and trading activities. If less than a majority of a Community installs such software upgrade(s), such Digital Asset’s network could “fork.”

Many Digital Assets are open source projects and, although there may be an influential group of leaders in a specific Community, there may be no official developers or group of developers that formally control the applicable network. For many Digital Assets, any individual can download the applicable network software and make any desired modifications, which are proposed to the relevant Digital Asset’s Community through software downloads and upgrades. However, the Community must usually consent to those software modifications by downloading the altered software or upgrade that implements the changes; otherwise, the changes do not become a part of that network. A developer or group of developers could potentially propose a modification to a network that is not accepted by the applicable Community, but that is nonetheless accepted by a substantial portion of such Community. In such a case, a “fork” in the blockchain could develop and two separate networks could result, one running the pre-modification software program and the other running the modified version (i.e., a second such network in respect of the same Digital Asset). Such a fork in the blockchain typically would be addressed by Community-led efforts to merge the forked blockchains. This kind of split in a network could materially and adversely affect the value of Client investments and, in the worst-case scenario, harm the sustainability of the applicable Digital Asset’s economy.

**Risk to Digital Asset Networks from Malicious Actors.** If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on certain Digital Asset networks, it may be able to alter the blockchain on which the Digital Asset transaction relies by constructing alternate blocks if it is able to solve for such blocks faster than the remainder of the miners on the Digital Asset network can add valid blocks. In such alternate blocks, the malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new Digital Assets or transactions using such control.

Using alternate blocks, the malicious actor could double spend its own Digital Assets and prevent the confirmation of other users’ transactions for so long as it maintains control. To the extent that such malicious actor or botnet does not yield its majority control of the processing power on various Digital Asset networks or the Digital Asset Community does not reject the fraudulent

blocks as malicious, reversing any changes made to the blockchain may not be possible. Such changes could adversely affect an investment in the Clients or the ability of the Clients to transact.

**Investment into New Digital Assets.** The Clients may invest in brand new Digital Assets, even before they are launched (through ICOs or otherwise), based on information available to Distributed Global on web pages or online communities or forums. When such an investment is made, there is a risk that such Digital Asset might not be launched as expected due to technical or other unforeseen issues. The failure of a Digital Asset to launch may result in a loss of the Clients' investment in that project. Likewise, given the competition among various ICOs, the Digital Assets offered in any particular ICO may not gain favor among investors or end-users and may become worthless, which could result in losses to the Clients.

**Market Manipulation.** The Digital Asset markets are new and unregulated. In the past, such markets have been targets of market manipulation, which could adversely affect holders of the underlying assets, and thus the Clients. Digital Asset transaction validators or other syndicates could collude to raise and lower prices artificially. Individuals, entities, or groups could conspire to manipulate prices through "pump and dump" strategies, or other tactics. Other schemes, syndicates, groups, or individuals could play a part in manipulating markets to the detriment of the Clients.

**Global Supply of Digital Assets.** If the global supply of the Digital Assets owned by the Clients increases, either suddenly or over a longer time period, the price of those Digital Assets could decrease, causing an adverse effect on the Clients. Distributed Global cannot know or predict the reasons for changes in the global supply of Digital Assets. Reasons could include, but are not limited to: (i) the inherent properties of some Digital Assets possibly allowing for a large or even unlimited supply, and more coins may enter the market via transaction validation activities, Digital Assets founders or others increasing the number of coins in existence, or other reasons, (ii) transaction validators dumping a large volume of Digital Assets on the market, either because transaction validation incentives are not high enough and validators need funds, or for another reason, (iii) other large holders dumping a large volume of Digital Assets on the market, such holders possibly including the Digital Asset's creators, seed investors, transaction validators, banks, institutional investors, private and public funds, and others, and (iv) the number of Digital Assets increasing, as new Digital Assets are created and additional ICOs occur.

**Global Demand for Digital Assets.** There is no guarantee that there will be continued demand for Digital Assets. Distributed Global cannot know or predict the reasons for changes in global demand of Digital Assets. Some reasons could include, but are not limited to: (i) other technologies or stores of value may prove better choices for consumers and investors, (ii) global economic, political, regulatory, and other situations and events may halt or reduce demand, either temporarily or permanently, (iii) the ability to obtain, buy, deposit, hold, store, withdraw, transfer, sell, exchange or otherwise use Digital Assets becomes limited, and (iv) the cost to obtain, buy, deposit, hold, store, withdraw, transfer, sell, exchange or otherwise use Digital Assets increases.

**Exchange Issues.** The online and offline exchanges on which Digital Assets trade are relatively new and largely unregulated and may therefore be more exposed to fraud and failure than established, regulated exchanges for other products. To the extent that the exchanges representing

a substantial portion of the volume in Digital Asset trading are involved in fraud or experience security failures or other operational issues, such exchanges' failures may result in a reduction in the value of Digital Assets and can adversely affect an investment in the Clients' interests.

Errors in pricing, communication, recording transactions, or other errors may occur frequently. Some Digital Asset exchanges have been closed due to fraud, failure (lack of sufficient capitalization or low profit margins), security breaches or operational difficulties. In many of these instances, the customers of such exchanges were not compensated or made whole for the partial or complete losses of their account balances in such exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that make larger exchanges more stable, larger exchanges 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).

Digital Asset exchanges may impose daily, weekly, monthly or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of Digital Assets for fiat currency difficult or impossible. Additionally, Digital Asset prices and valuations on Digital Asset exchanges have been volatile and subject to influence by many factors including the levels of liquidity on exchanges and operational interruptions and disruptions. The prices and valuation of Digital Assets remain subject to any volatility experienced by Digital Asset exchanges, and any such volatility can adversely affect a Client investment.

Clients are exposed to liquidity risk where their Digital Assets are held by a Digital Asset custodian (each a "**Digital Asset Custodian**"). Typically, a Digital Asset Custodian will retain full control over the assets in its custody and as such, it is possible for it to rehypothecate those Digital Assets, even where it is not contractually permitted to do so. Should such Digital Assets be lost or otherwise rendered inaccessible through the Digital Asset Custodian engaging in staking or other transactions such as lending, where the Digital Asset Custodian faces a significant number of withdrawal requests, the Digital Asset Custodian may face liquidity issues that could affect a Client's ability to freely transact in its Digital Asset holdings. Because certain liquid Digital Assets are intangible and possess limited or no fundamental value other than that which the market is prepared to support, the market pricing of such Digital Assets is extremely volatile. Therefore, in a declining market, there is a risk that a Client may be in a position where it is unable to find a market to close its Digital Asset positions. This poses liquidity risk where the Client may not have sufficient liquid assets to meet its obligations. Given the unique characteristics of Digital Assets, this risk may be greater than that of a client that is not specialized in Digital Assets.

A lack of stability in the Digital Asset exchanges and the closure or temporary shutdown of exchanges due to fraud, business failure, or hackers or malware may reduce confidence in Digital Assets and result in greater volatility in the value of Digital Assets. These potential consequences of an exchange's failure could adversely affect an investment in the Clients.

**Digital Asset Custodian and Exchange Insolvency Risk.** The Clients utilize the services of Digital Asset Custodians to hold such Client's Digital Assets and to place trades of Digital Assets. Typically a Digital Asset Custodian will assign depositors with a corresponding share of a centralized "pool" of Digital Assets and will record users' holdings using internal ledgers. The

Digital Asset Custodian retains control over the private keys to utilize these Digital Assets, and therefore retains control and potentially legal ownership over such Digital Assets. Consequently, in the event of the insolvency of the Digital Asset Custodian, a Client's claims over Digital Assets held by the Digital Asset Custodian will only be equivalent to that of a general, unsecured creditor. This could lead to significant losses for a Client where the Client is unable to recover from an insolvent Digital Asset Custodian.

Centralized Digital Asset exchanges will typically also incorporate a custody component, particularly to facilitate fiat-to-Digital Asset transactions. Consequently, risk of failing to recover Client assets following insolvency is also applicable to these service providers and could affect a Client where such exchanges are utilized.

As centralized Digital Asset Custodians and exchanges retain control over users' Digital Asset deposits, while not permitted contractually, it is possible that such Digital Asset Custodians and exchanges may rehypothecate assets to high-risk purposes that may not be consistent with a Client's investment policy without the Client's knowledge or approval. Additionally, the lack of regulatory standards applicable to such Digital Asset service providers means that such transactions may be entered into without the conduct of appropriate levels of diligence. This may expose such Digital Asset service providers to higher-than-expected levels of insolvency risk, which exposes a Client to the risk of loss of assets when transacting with Digital Assets Custodians and exchanges. In addition, the absence of applicable regulation also means that a suitable risk management or "wind-down plan" may not be in place to facilitate such an insolvency or to minimize downside exposure or losses. Therefore, Digital Asset Custodian or exchange insolvency could cause significant damage to the holdings of a Client. Further, in a Digital Asset Custodian or exchange insolvency proceeding, withdrawals or transfers of assets out of the insolvent Digital Asset Custodian or exchange within the applicable periods under the insolvency laws may, subject to potential defenses, be subject to being avoided and "clawed" back (i.e., the recipient may be required to turn over the withdrawn assets) and may instead receive a claim for such assets against the insolvent Digital Asset Custodian or exchange that may receive a distribution from such insolvent entity pursuant to the applicable priorities that may be pro rata with all general unsecured creditors.

For example in November 2022, FTX, formerly a major custodial exchange, became insolvent as user deposits were allegedly deployed for the purposes of investment and were lost due to a lack of adequate internal processes. FTX is now going through a complicated bankruptcy process and there is uncertainty around whether users of the platform will be able to recover their original deposits or be subject to a "clawback" of any withdrawals or transfers.

**Errors in Execution of Transactions.** Digital Asset transactions are generally irrevocable, and stolen or incorrectly transferred Digital Assets are likely irretrievable. As a result, any incorrectly executed Digital Assets transactions could adversely affect an investment in the Clients. Digital Asset transactions are not normally, from an administrative perspective, reversible. Once a transaction has been verified and recorded, an incorrect transfer of Digital Assets or a theft of Digital Assets generally will not be reversible and the Clients will normally not be capable of seeking compensation for any such transfer or theft. Although the Clients' transfers of Digital Assets may be regularly made to or from the Clients' accounts, it is possible that, through computer

or human error, or through theft or criminal action, the Clients' Digital Assets could be transferred from the Clients' accounts in incorrect quantities or to unauthorized third parties. To the extent that the Clients are unable to seek a corrective transaction with such third party or are incapable of identifying the third party which has received the Clients' Digital Assets through error or theft, the Clients will be unable to revert or otherwise recover incorrectly transferred Client Digital Assets. It is more likely than not that the Clients will be unable to seek redress for such error or theft, and such loss could adversely affect an investment in the Clients.

**Effect of Inability to Effectively Monitor, Maintain, or Update Digital Assets Protocols, Software, or other Technology.** The software, protocols, or other technology associated with a Digital Asset can sometimes prove insufficient to handle the volume, speed, or type of transactions demanded by users of that Digital Asset. In these cases, a change or upgrade in the network's protocol, software or technology may be required. If there is no centralized authority to determine the required changes, the peers in the network (transaction validators), or other actors, must determine what change is to occur and how that change will be handled. If one group of transaction validators does not agree with another on the type of protocol/software change/upgrade that should occur, a fork can occur. If a disagreement occurs, this can negatively affect the value of one or more Digital Assets. There may also be a lack of incentive for transaction validators to work on solutions for network protocol, software, or other issues. If transaction validators are not compensated sufficiently for their work on such solutions, they may not attempt to create a solution. It is also possible that groups of transaction validators could collude to create a solution that would negatively affect the value of one or more Digital Assets. It is also possible that a new update is successfully launched, but the new update turns out to negatively affect the value of one or more Digital Assets. It is also possible that protocol or software upgrades fail due to limitations inherent in a specific Digital Asset's underlying technology or structure. Regardless of whether a Digital Asset's governance and/or ledgering is centralized or decentralized, it may encounter similar or different difficulties in monitoring, maintaining, or updating protocols, software, or other technology.

**Execution of Orders.** The Clients' trading strategies depend on the ability to establish and maintain an overall market position in a combination of financial instruments selected by Distributed Global. The Clients' trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to employees, brokers, agents or other service providers. In such events, the Clients might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the Clients might not be able to make such adjustment. As a result, the Clients would not be able to achieve the market position selected by Distributed Global, and might incur a loss in liquidating their positions.

**Counterparty Risk.** Some of the markets in which Distributed Global may effect transactions are "over-the-counter" ("OTC") or "interdealer" markets. The participants in such markets are typically not subject to the same credit evaluation and regulatory oversight as are members of "exchange-based" markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such OTC transactions. This exposes the Clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the

contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Clients to suffer a loss. Distributed Global is not restricted from dealing with any particular counterparty or from concentrating any or all of the Clients' transactions with one counterparty. The ability of the Clients 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 Clients.

**Financial Institution Risk; Distress Events.** An investment in a Client is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "**Financial Institution**") of some or all of the Client's assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty (each, a "**Distress Event**"). Distress Events can be caused by factors including, but not limited to, eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, Distributed Global, a General Partner, a Client or one or more of the Client's investments may be unable to access deposits, trading accounts, custodial accounts, borrowing facilities or other services, either permanently or for an extended, potentially indeterminate, period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by government-sponsored organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the stated amounts are subject to risk of total loss, and any non-U.S. Financial Institutions or any unregulated Digital Asset exchanges and custodians that are not subject to similar regimes pose comparable risk of loss. While in recent years governmental intervention has resulted in additional protections for certain depositors and counterparties in connection with Distress Events, there can be no assurance that such intervention will occur in connection with any future Distress Event or that any such intervention undertaken will be successful or avoid the risks of loss, delays or negative impacts on banking or brokerage conditions or markets.

Any Distress Event could have a potentially adverse effect on the ability of a General Partner to manage a Client and its investments, and on the ability of the General Partner, the Client and any investment to maintain operations, which, in each case, could result in additional operational burdens, as well as significant losses and in unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event the Client is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Client to access capital contributions or otherwise); the inability of the Client to acquire or dispose of investments, including at prices that the General Partner believes reflect the fair value of such investments; and the inability of Distributed Global to make payroll, fulfill obligations or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that Distributed Global will experience additional operational burdens and expenses, and the Client or a portfolio company will incur additional expenses or delays, or incur additional expenses, in putting in place alternative arrangements, or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, availability, access to capital or otherwise). To the extent the General Partner is

able to exercise contractual remedies under agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses, delays or other negative impacts. The Client and its portfolio companies are subject to similar risks as well as additional risks, including an enhanced risk of Investor defaults, if a Financial Institution utilized by Investors or by suppliers, vendors, contractors, service providers or other counterparties of the Client or a portfolio company becomes subject to a Distress Event, which could have a material adverse effect on the Client and/or one or more of its investments.

Many Financial Institutions require, as a condition to using certain of their services (often including lending services), that the General Partner and/or the Client maintain all or a set amount or percentage of their respective accounts or assets with that Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although the General Partner seeks to do business with Financial Institutions that it believes are established, well-capitalized and capable of fulfilling their respective obligations to the Client, the General Partner is under no obligation to use a minimum number of Financial Institutions with respect to the Client or to maintain account balances at or below the relevant insured amounts. Under certain circumstances, such as receiving capital contributions pursuant to a capital call or proceeds from a disposition, the Client will not be able to maintain account balances at or below any relevant insured amounts.

### Regulatory Risks

**Regulations Under Investment Company Act.** The Clients' operations are similar to an investment company as defined under the Investment Company Act because the Clients engage in the business of purchasing assets that may be deemed to be securities for investment. The Clients are currently not required to register under the Investment Company Act due to either the Section 3(c)(1) exemption for entities which are beneficially owned by not more than one hundred (100) persons or the Section 3(c)(7) exemption for entities which are owned by "qualified purchasers", and in both cases, which do not intend to make any public offering of their securities. Accordingly, the provisions and extensive regulations of the Investment Company Act, which might otherwise govern the activities of the Clients, will not be applicable.

**Custody Rule.** The "Custody Rule" under the Advisers Act (as defined herein) requires registered investment advisers such as Distributed Global to maintain client "funds and securities" with a qualified custodian. Since some Digital Assets may not be "funds [or] securities," it remains an open question whether and which Digital Assets are subject to the Custody Rule. On this point, in February 2023 the SEC put forth proposed amendments to the Custody Rule, which, if enacted into law, would broaden the rule to cover client "funds, securities, or other positions held in a client's account." While this proposed change does not expressly include Digital Assets, SEC staff suggested that the proposed catch-all language is intended to encompass all Digital Assets. If adopted as proposed, the implication of this change would mean that registered investment advisers maintaining client Digital Assets must comply with the Custody Rule and place client Digital Assets with qualified custodians.



As of the date of this Brochure, there are a limited number of qualified custodians with the ability to provide custody of Digital Assets. In addition, there remains an unsettled interpretative question whether state-chartered trust companies meet the definition of “bank” for purposes of the definition of a qualified custodian under the Advisers Act. In November 2020, SEC staff issued a statement encouraging interested parties to engage with the SEC staff directly on the application of the Custody Rule to Digital Assets, including with respect to the definition of “qualified custodian” under the Custody Rule. To the extent Distributed Global is unable to identify a qualified custodian to custody Digital Assets subject to the Custody Rule, such assets would not be held with a qualified custodian consistent with the requirements of the Custody Rule. Please see Item 15: Custody for additional considerations regarding custody.

**Future Regulatory Change is Impossible to Predict.** The securities and derivatives markets are subject to comprehensive statutes, regulations and margin requirements. In addition, the SEC, the Commodity Futures Trading Commission (“CFTC”), and the exchanges are authorized to take extraordinary actions in the event of a market emergency, including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily price limits and the suspension of trading.

The regulation of securities and derivatives both inside and outside the United States is a rapidly changing area of law and is subject to modification by government and judicial action. The Clients invest primarily in Digital Assets which are currently either not regulated, or are in the early stages of regulation by U.S. federal and state governments, or self-regulatory organizations. As Digital Assets have grown in popularity, certain U.S. agencies, such as the Financial Crimes Enforcement Network and the CFTC, have begun to examine Digital Assets and the operations of Digital Assets in depth. Currently, the SEC has not formally asserted regulatory authority over Digital Assets. The CFTC has declared that some Digital Assets are commodities, but currently, only certain kinds of Digital Assets may be subject to CFTC jurisdiction. To the extent that any type of Digital Asset is determined to be a security, commodity, future or other regulated asset, or to the extent that a US or foreign government or quasi-governmental agency exerts additional regulatory authority over Digital Assets, the Clients may be adversely affected.

Also in the United States, the SEC and its staff have taken the position that certain Digital Assets fall within the definition of a “security” under the US federal securities laws, and current SEC Chair Gary Gensler has stated, and continues to reaffirm, his belief that the “vast majority” of crypto tokens are securities. The legal test for determining whether any given Digital Asset is a security is a highly complex, fact-driven analysis that may evolve over time, and the outcome is difficult to predict. The SEC generally does not provide advance guidance or confirmation on the status of any particular Digital Asset as a security. Furthermore, the SEC’s views in this area have evolved over time and it is difficult to predict the direction or timing of any continuing evolution. It is also possible that a change in the governing administration or the appointment of new SEC Commissioners could substantially impact the views of the SEC and its staff. Public statements made by senior officials at the SEC indicate that the SEC does not intend to take the position that Bitcoin and Ethereum are securities (as currently offered and sold). However, such statements are not official policy statements by the SEC and reflect only the speakers’ views, which are not binding on the SEC or any other agency or court and cannot be generalized to any other Digital Asset. Further, current SEC Chair Gensler has suggested that Ethereum could now be characterized

as a security as a result of its transition to a “proof of stake” network. These rulings and statements are not definitive or final and Distributed Global cannot be certain as to how future regulatory developments will impact the treatment of Digital Assets under the law.

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

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

**Future CFTC or SEC Regulation.** Current and future legislation, CFTC and SEC rulemaking and other regulatory developments may impact the manner in which Digital Assets are treated for classification and clearing purposes. In particular, various Digital Assets may not be excluded from the definition of a “commodity future” or “security” by such future CFTC and SEC rulemaking, respectively. As of the dates of the Clients’ Governing Documents, Distributed Global is not aware of any rules that have been proposed to further regulate Digital Assets as commodity futures or securities. As the CFTC has declared that some Digital Assets are commodities, currently, only certain kinds of Digital Assets may be subject to CFTC jurisdiction. Additionally, an SEC release has stated that certain Digital Assets may be securities, depending on the specific facts and circumstances of the Digital Asset in question. Distributed Global cannot be certain as to how future regulatory developments will impact the treatment of Digital Assets under the law.

To the extent that Digital Assets are deemed to fall further within the definition of a commodity future or further within the scope of CFTC jurisdiction pursuant to subsequent rulemaking by the CFTC, the Clients and Distributed Global may be required to register and comply with additional regulation under the Commodity Exchange Act. Moreover, Distributed Global may be subject to further requirements with the CFTC through the National Futures Association. Such additional registrations or disclosures may result in extraordinary, non-recurring expenses of the Clients. If Distributed Global determines not to comply with such additional regulatory and registration requirements, the Clients will terminate and liquidate at a time that may be disadvantageous to Investors.

To the extent that Digital Assets are deemed to fall within the definition of a security pursuant to subsequent rulemaking by the SEC, the Clients and Distributed Global may be required to register and comply with additional regulation under the Investment Company Act or similar state investment advisory statutes. Such additional registrations may result in extraordinary, non-recurring expenses of the Clients. If Distributed Global determines not to comply with such additional regulatory and registration requirements, the Clients will terminate and liquidate at a time that may be disadvantageous to Investors.

**No FDIC or SIPC Protection.** Digital Assets held by the Clients are not subject to FDIC or SIPC protections. The Clients are not banking institutions or otherwise a member of the Federal Deposit Insurance Corporation (“**FDIC**”) or Securities Investor Protection Corporation (“**SIPC**”) and, therefore, deposits held with or assets held by the Clients are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. The undivided interest in the Clients’ Digital Assets represented by the Clients’ interests are not insured.

**Legality of Digital Assets.** It may be illegal, now or in the future, to own, hold, sell or use Digital Assets in one or more countries, including the United States. Although currently most Digital Assets are not regulated or are lightly regulated in most countries, including the United States, one or more countries may take regulatory actions in the future that severely restricts the right to acquire, own, hold, sell or use Digital Assets or to exchange Digital Assets for fiat currency. Such an action may restrict the Clients’ ability to hold or trade Digital Assets, and could result in termination and liquidation of the Clients at a time that is disadvantageous to Investors, or may adversely affect an investment in the Clients.

**Tax Considerations and Risks.** The tax aspects of an investment in the Clients are complicated and each Investor should have them reviewed by professional advisers familiar with such Investor’s personal tax situation and with the tax laws and regulations applicable to the Investor and private investment vehicles. The Clients are not intended and should not be expected to provide any tax shelter, but certain Clients are organized as limited partnerships to permit any distributions they might make to be made without being taxed as dividends.

The Clients may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the IRS, an Investor might be found to have a different tax liability for that year than that reported the Investor’s federal income tax return.

In addition, an audit of the Clients may result in an audit of the returns of some or all Investors, which examination could result in adjustments to the tax consequences initially reported by the Clients and affect items not related to an Investor’s investment in the Clients. If such adjustments result in an increase in an Investor’s federal income tax liability for any year, such Investor may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Clients’ tax returns will be borne by the Clients. The cost of any audit of an Investor’s tax return will be borne solely by the Investor.

The taxation of partnerships and partners is complex. Potential Investors are strongly urged to review each Client’s Governing Documents and to consult their own tax advisors.

**Accounting for Uncertainty in Income Taxes.** ASC 740, “Income Taxes” (in part formerly known as “FIN 48”), which is part of GAAP, provides guidance on the recognition of uncertain tax positions. ASC 740 may require an entity reporting in accordance with GAAP to reserve a liability for income taxes on its books. ASC 740 prescribes the minimum recognition threshold that a tax position is required to meet before being recognized in an entity’s financial statements. It also provides guidance on recognition, measurement, classification and interest and penalties with respect to tax positions. A prospective Investor should be aware that, among other things,

ASC 740 could have a material adverse effect on the periodic calculations of the net asset value of the Clients, including reducing the net asset value of the Clients to reflect reserves for income taxes that may be payable in respect of current and/or prior periods by the Clients (including entities they own). This could cause benefits or detriments to certain Investors, depending upon the timing of their entry and exit from the Clients.

**Conflicts Arising from the Tax Treatment of the Performance Allocation.** Pursuant to changes in U.S. tax laws under the Tax Cuts and Jobs Act of 2017, it is anticipated that Distributed Global will generally not receive the benefits of “long-term capital gain” tax rates with respect to performance allocations unless and to the extent the Clients’ positions are held for more than three years. As a result, Distributed Global may have a conflict of interest in determining whether to sell positions held by the Clients that are approaching a three-year holding period. Notwithstanding such conflict of interest, Distributed Global does not intend to cause the Clients to continue to hold such positions for the sole benefit of Distributed Global to the extent that continuing to do so would be reasonably likely to have an adverse effect on the Clients.

**Tax-Exempt Entities.** Certain prospective Investors may be subject to federal and state laws, rules and regulations which may regulate their participation in the Clients, or their engaging, directly or indirectly through an investment in the Clients, in investment strategies of the types which the Clients utilize from time to time. Each type of exempt organization may be subject to different laws, rules and regulations, and prospective Investors should consult with their own advisers as to the advisability and tax consequences of an investment in the Clients. In particular, exempt organizations should consider the applicability to them of the provisions relating to “unrelated business taxable income.” Investments in the Clients by entities subject to the Employee Retirement Income Security Act and other tax-exempt entities require special consideration.

**Business and Regulatory Risks of Private Investment Funds.** Legal, tax and regulatory changes could occur during the terms of the Clients that may adversely affect the Clients. The regulatory environment for private funds is evolving, and changes in the regulation of private funds may adversely affect the value of investments held by the Clients and the ability of the Clients to obtain the leverage they might otherwise obtain or to pursue their trading strategies. In addition, the securities markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Clients could be substantial and adverse.

#### Other Risks

**Force Majeure.** A Client’s performance and its investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social

instability, etc.). Some force majeure events may adversely affect the ability of a party (including the Clients or a counterparty to the Clients) to perform its obligations until it is able to remedy the force majeure event and/or prompt precautionary government-imposed closures of certain travel and business. In addition, forced events, such as the cessation of the operation of machinery for repair or upgrade, could similarly lead to the unavailability of essential machinery and technologies. These risks could, among other effects, adversely impact a Client's returns, cause personal injury or loss of life, disrupt global markets, damage property, or instigate disruptions of service. In addition, the cost to the Clients of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on a Client's expected returns. Certain force majeure events (such as war, terrorism, or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Clients may invest and the markets the Clients may trade specifically. Military action or governmental sanctions prompted by certain force majeure events may further impact general economic conditions and market liquidity internationally or in the specific markets in which the Clients invest. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over industry assets, could result in losses to a Client, including if its investments are canceled, unwound or acquired (which could be without adequate compensation).

**Public Health Risk.** The Clients could be adversely affected by the effects of a widespread outbreak of contagious disease, such as the outbreak of a novel coronavirus (e.g., “COVID-19”). Public health crises can develop rapidly and unpredictably, which may prevent governments, companies or others (including Distributed Global and the Clients) from taking timely or effective steps to mitigate or reduce any adverse impacts. Any outbreak of contagious diseases and other adverse public health developments, together with any resulting disruptions or restrictions on travel or quarantines imposed, could have a material and adverse effect on the Clients and their investments, including by disrupting or otherwise adversely affecting the human capital, business operations or financial resources of Distributed Global, the Clients, counterparties in respect of the Clients' investments (which could, in turn, adversely impact the ability of such counterparties to perform any contracts they have with the Clients or relating to investments), or the Clients' administrator or other service providers (which could, in turn, adversely impact the ability of such providers to fully support the administration and operation of the Clients). In addition, a significant outbreak of contagious diseases in the human population, and any containment or other remedial measures imposed, could result in a widespread health crisis that could severely disrupt global, national and/or regional economies, resulting in an economic downturn that could adversely affect the performance of the Clients and their investments. For example, the spread of COVID-19 has led to significant uncertainty and extreme volatility in the financial markets, including volatility in Digital Asset prices. The performance of the Clients may be affected by particular issues affecting their investments, including risks associated with potential disruptions in the technological infrastructure involved in, inter alia, trading, custodying, transferring, and securing the investments. The extent of any such impacts will depend on future developments, which are highly uncertain and cannot be predicted at this time, including the effectiveness of efforts, among others, by U.S. or other governments to restrict the spread of COVID-19.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Clients. Prospective Investors should read each Client's Governing Documents and consult with their own advisers before deciding whether to invest in the Clients. In addition, as the Clients' investment programs develop and change over time, an investment in the Clients may be subject to additional and different risk factors.

## **ITEM 9: DISCIPLINARY INFORMATION**

Distributed Global and its supervised persons have no reportable disciplinary events to disclose.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Item 10.A. Broker Dealer Affiliations**

Distributed Global and its management persons are not registered (and do not have an application pending to register) as a broker-dealer or a registered representative of a broker-dealer.

### **Item 10.B. Commodity or Futures Industry Affiliations**

Distributed Global and its management persons are not registered, and have not applied to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, futures commission merchant, or an associated person of any of the foregoing entities.

### **Item 10.C. Affiliate Relationships**

The General Partners and the Managing Member serve as general partner and managing member to the Clients and are entitled to carried interest distributions, performance allocations, and performance fees from the Clients, which are performance-based fees.

The primary principals of Distributed Global are also minority owners of Coin Operated Group, LLC ("COG"), an independent entity established to acquire, incubate and build digital platforms at the intersection of finance, crypto and games, and to take large strategic positions in companies that it believes represent the future of these categories. While we do not anticipate that COG's investments will overlap with those of the Clients, to the extent that they do, Distributed Global and its principals will take reasonable measures to allocate investment opportunities fairly between COG and the relevant Client(s). One of the Clients managed by the Firm has an investment in COG as well. From time to time, a Client may want to invest in a company in which COG has an ownership interest. In such circumstances, the Firm will take appropriate steps to mitigate that conflict of interest, including, but not limited to, getting approval from the limited partner advisory committee (or similar body) of such Client.

Distributed Global has retained certain service providers (the "Affiliated Service Providers") to provide various back-office functions, responsibilities, and portfolio management platforms to the Firm and its Clients. An indirect minority owner of the Firm has substantive ownership in the

Affiliated Service Providers. This indirect minority owner of the Firm also has substantive ownership of an entity with whom Distributed Global has contracted for the use of office space.

#### **Item 10.D. Investment Adviser Recommendations**

Distributed Global and its supervised persons do not recommend or receive compensation for the selection of other investment advisers for the Clients.

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

#### **Item 11.A. Code of Ethics Generally**

Distributed Global has adopted a Code of Ethics (the “**Code**”), which sets forth standards of conduct that are expected of Distributed Global’s directors, officers, principals and employees and addresses certain conflicts of interests. The Code generally sets the standard of ethical and professional business conduct that Distributed Global requires of its personnel, sets forth the fiduciary obligations that Distributed Global and its personnel owe to the Clients, and requires personnel to comply with applicable federal securities laws and regulations.

The Code places certain requirements and/or restrictions on Distributed Global personnel with respect to personal trading transactions in certain securities, as well as certain transactions in Digital Assets, private placements, limited offerings, ICOs and initial public offerings. Distributed Global personnel must also report personal securities and Digital Asset holdings annually and personal securities and Digital Asset transactions on a quarterly basis. Personal securities and Digital Asset transactions by personnel who manage Client accounts are required to be conducted in a manner that does not disadvantage the Clients. Additionally, the Code and the Firm’s Compliance Manual (the “**Manual**”) include policies and procedures with respect to material non-public information and other confidential information, political contributions, gifts and entertainment and other matters related to certain potential conflicts of interest.

A copy of the Code is available to any Investor or prospective Investor upon request by using the contact information provided on the cover page of this Brochure.

#### **Item 11.B through Item 11.D. Related Person Transactions**

Because Distributed Global manages multiple Client accounts, there may be conflicts of interest over the time devoted to managing any one Client account and allocating investment opportunities among all Client accounts that it manages. For example, Distributed Global selects investments for each Client based primarily on investment considerations for that Client. Different Clients may have differing investment strategies and expected levels of trading and investments. Distributed Global may buy or sell an investment for one Client but not for another or may buy (or sell) an investment for one type of Client while simultaneously selling (or buying) the same security for another Client. Distributed Global attempts to resolve all such conflicts in a manner that is fair and equitable to all Clients.

Distributed Global may make investment decisions for, and take action on behalf of, any of its Clients that differs from the investment decisions it makes or the timing or nature of action that it takes on behalf of any other Client. It is Distributed Global's policy, to the extent practicable, to allocate investment opportunities to Clients fairly and equitably over time. Distributed Global is not obligated to acquire for any Client any investment that the Firm or its personnel may acquire for its or their own accounts or for any other Client, if in Distributed Global's absolute discretion, it is not practical or desirable to acquire a position in such investment for that Client.

Distributed Global and certain of its personnel make investments directly in the Clients. The Firm's and certain employees' financial interests in the Clients could create a potential conflict in that it could cause Distributed Global to make different investment decisions than if such parties did not have such financial ownership interests. However, Distributed Global believes that these financial interests align Distributed Global's and its personnel's incentives with those of the Investors.

Distributed Global's personnel may participate in other activities outside of the Firm. Conflicts may arise as a result of such activities. The possibility exists that the companies with which one or more of the Firm's investment professionals or other personnel are involved could engage in transactions that would be suitable for the Clients, but in which the Clients might be unable to invest.

## **ITEM 12: BROKERAGE PRACTICES**

### **Item 12.A. Soft Dollars, Brokerage for Client Referrals, and Directed Brokerage**

Typically, transactions in Digital Assets by Distributed Global on behalf of the Clients will be either privately-placed, on digital exchanges or OTC without the use of a broker-dealer. However, certain liquid investments that are publicly-traded will be transacted via a broker-dealer. In the event Distributed Global requires the services of a broker-dealer, the Firm will seek to obtain best execution for such transactions.

To inform Distributed Global's decisions in placing transactions with broker-dealers, digital exchanges or in assessing the quality of an OTC counterparty, Distributed Global considers the following factors: speed of execution, ability to handle various trades and orders, liquidity, reliability, transaction fees, pricing, customer services, security and geography, among other criteria.

Distributed Global does not currently engage in the use of soft dollars.

Distributed Global does not participate in selecting or recommending broker-dealers in exchange for Client referrals. However, Distributed Global may direct brokerage from the Clients' trades to broker-dealers that introduce Investors to the Firm, subject to applicable regulations. In addition, Distributed Global does not engage in directed brokerage by its Clients.



## **Item 12.B. Order Aggregation and Allocation**

Transactions implemented by the Firm for Client accounts may be effected independently or on an aggregated basis. When transacting in publicly-traded Digital Assets and/or securities on behalf of more than one Client, Distributed Global may, but shall be under no obligation to, aggregate (to the extent permitted by applicable law and regulations) the Digital Assets to be purchased or sold in order to seek more favorable prices, lower commissions or more efficient execution. Transactions may be combined for all such Clients, and if any order is not filled at the same price, they may be allocated on an average price basis, in the discretion of Distributed Global. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, Digital Assets and/or securities may be allocated among the different accounts on a basis which Distributed Global or its affiliates consider fair and equitable. There is a risk that the Clients may receive varied pricing for the same or similar assets as certain Digital Asset exchanges may not provide for bulk trading or delayed settlement. In such a case, average pricing between the Clients may not be offered, and Distributed Global may only be able to execute orders for each participating Client separately. Each such Client would receive the pricing attributable to its own executed order and such pricing may vary materially among the participating Clients. Distributed Global will determine the appropriate number of transactions to place with exchanges and will select the appropriate counterparties based upon its determination of who will likely provide best execution. The Firm may at times determine that certain investments will be suitable for acquisition by more than one Client. Distributed Global may face actual or potential conflicts of interest when allocating investment opportunities among Client accounts. Distributed Global will endeavor in good faith to allocate investment opportunities among the applicable Client accounts in a fair and equitable manner and in accordance with the terms of its trade allocation policies and the applicable Governing Documents for such Clients; provided, however, that such allocations shall be reviewed periodically to confirm no Client is systematically disadvantaged.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **Item 13.A. and 13.B. Review of Accounts**

Client holdings are reviewed on a regular basis to determine their conformity with such Client's risk parameters, investment objectives, and guidelines. Distributed Global regularly monitors the investments of the Clients. Distributed Global's investment personnel periodically convene to evaluate each position's conformance with the relevant Client's Governing Documents, including the offering memorandum and any investment limitations, restrictions or risk parameters.

### **Item 13.C. Client Reports**

Investors in the Clients will typically receive, among other things, a quarterly report with respect to the applicable Client's portfolio investments and audited financial statements on an annual basis. Distributed Global may also, from time to time and in its sole discretion, provide additional information relating to the Clients to one or more Investors as it deems appropriate.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **Item 14.A. Other Compensation**

Distributed Global does not receive any economic benefits from any person who is not a Client for providing investment advice or advisory services to the Clients.

### **Item 14.B. Client Referrals**

Distributed Global has engaged a broker-dealer to serve as placement agent for certain Clients and in such role, facilitate the sale of interests in such Clients. Distributed Global will pay the placement agent a placement fee equal to a percentage of the fees and allocations Distributed Global receives from the relevant Client with respect to the referred Investors. Due to the arrangement Distributed Global has with the placement agent, the placement agent has an incentive to recommend the Clients, resulting in a material conflict of interest. Distributed Global has structured the arrangement with the placement agent, and intends to structure any future placement agent arrangements, in compliance with Advisers Act Rule 206(4)-1.

Neither Distributed Global nor its related persons directly or indirectly compensate any person who is not a supervised person for Client referrals.

## **ITEM 15: CUSTODY**

Whenever possible, Distributed Global seeks to maintain each Client's assets with a qualified custodian. Where a qualified custodian is either not available to hold a particular Digital Asset or does not meet our internal standards, Distributed Global custodies such Digital Assets internally, or at exchanges or other third-party service providers, including, but not limited to, on or within hot wallets on exchanges, cold storage/hardware, and/or on "air-gapped" computers utilized by a Client. On occasion, Distributed Global may also utilize proprietary storage methods developed by Distributed Global designed to maximize safekeeping of Client assets. Distributed Global may also incorporate multi-signature storage solutions if Distributed Global, in its discretion, deems this appropriate. Although neither Distributed Global nor certain of such third-party service providers are qualified custodians under the meaning of Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"), Distributed Global has developed policies and procedures for safekeeping of Digital Assets that it self-custodies that it believes are consistent with the Custody Rule's objectives. In addition, from time-to-time, certain Digital Assets are held at exchanges, which take various measures to safeguard the Digital Assets held by such exchanges. It is Distributed Global's policy to conduct due diligence on all service providers, exchanges or qualified custodians prior to utilizing their services. However, the systems and methodologies of the exchanges and wallets (including self-custodied wallets) utilized by Clients may be subject to exposure from hacking, malware, and general security threats, among others, and while Distributed Global believes it has adopted appropriate policies and procedures to mitigate these threats, such arrangements may not afford such assets the same level of protection as a qualified custodian. The nature of custodial arrangements, and associated risks, are described in the Governing Documents for the relevant Clients.

With respect to self-custodied assets, Distributed Global seeks independent assessment of its safeguarding practices. Such assessments may include: third-party compliance consultant assessments; third-party information security consultant assessments; obtaining an internal control report prepared by an independent public accountant (or an equivalent review); and/or penetration testing.

In accordance with the Custody Rule, the Clients will be subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements of the Clients will be prepared in accordance with generally accepted accounting principles, consistently applied, and will be distributed to Investors within 120 days of the end of each Client's fiscal year. Investors should carefully review the audited financial statements of the Clients upon receipt, and should compare these statements to any account information provided by Distributed Global or third-party fund administrators.

For Clients that are audited on an annual basis, certain assets are exempt from the requirement to be held by a qualified custodian where: (1) the assets are acquired from the issuer in a transaction or chain of transactions not involving any public offering; (2) the assets are uncertificated, and ownership thereof is recorded only on the books of the issuer in the name of the Client; and (3) the assets are transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer.

## **ITEM 16: INVESTMENT DISCRETION**

Distributed Global has discretionary authority to manage the Clients' accounts. As explained in Item 4.B. above, each Client's investment strategy is set forth in detail in the applicable Client's Governing Documents. Investors do not have the ability to impose limitations on this discretionary authority. Investors must execute a subscription agreement for the relevant Client in which they make various representations, including representations regarding their suitability to invest in the applicable Client.

## **ITEM 17: VOTING CLIENT SECURITIES**

To the extent that Distributed Global has discretion to vote proxies on behalf of a Client, Distributed Global will vote any such proxies in the best interests of the applicable Client(s) and in accordance with its proxy voting policies and procedures outlined in the Firm's Manual. While the Digital Asset investments made by the Clients are not typically the subject of proxies, there could be certain circumstances where Distributed Global, having discretionary authority over the Clients, may be asked to vote the investments of the Clients on certain matters. Under certain circumstances, Distributed Global may abstain from voting specific proxies if it believes that doing so is in the best interests of the applicable Client(s).

In the event of a material conflict of interest, Distributed Global will follow the written policies and procedures detailed in the Manual. Although not intended to be used on a regular basis, Distributed Global may retain an independent third party to vote proxies in certain situations (including situations where a material conflict of interest is identified).

Investors do not have the ability to direct proxy votes. Investors or prospective Investors may obtain additional information regarding how Distributed Global voted proxies and may obtain a copy of Distributed Global's proxy voting policies and procedures by contacting the Firm. Distributed Global's contact information is provided on the cover page of this Brochure.

## **ITEM 18: FINANCIAL INFORMATION**

### **Item 18.A. Balance Sheet**

Distributed Global does not require nor solicit pre-payment of more than \$1,200 in fees per Client, six months or more in advance.

### **Item 18.B. Financial Condition**

Distributed Global is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitments to Clients.

### **Item 18.C. Bankruptcy Petitions**

Distributed Global has not been the subject of a bankruptcy petition at any time during the past ten years.