

**Item 1. Cover Page**

**HYPERSPHERE CAPITAL MANAGEMENT LP**

1111 Lincoln Rd, Suite 500  
Miami Beach, FL 33139

646-402-3594

Form ADV Part 2A  
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This brochure provides information about the qualifications and business practices of Hypersphere Capital Management LP (“HCM” or “the Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. 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. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

**Item 2. Material Changes**

In this Item, HCM is required to discuss any material changes that have been made to this brochure since the last annual amendment filed. The Firm has updated its address as reflected on the Cover Page of this brochure. The Firm has no other changes to disclose in relation to this Item.

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

- A. HCM, a Delaware limited partnership, began operating as an investment manager in October 2020 and filed for registration as an investment adviser in June 2021. John Platts is the Firm's founder and principal owner through his ownership of HCM's general partner, Hypersphere Capital LLC.
- B. HCM provides portfolio management for pooled investment vehicles (other than investment companies). Such management is provided on a discretionary basis.

As of the date of this brochure, the Firm provides such management to a single vehicle, the Hypersphere Capital Absolute Fund Ltd. ("the Fund"), a pooled investment vehicle organized as a Cayman Island exempted company. HCM is responsible for the business and affairs of the Fund, including the management of the Fund's portfolio.

Shares of the Fund ("the Shares") are offered to investors ("Shareholders") in multiple series ("Series") without registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"), in reliance on an exemption for "transactions by an issuer not involving any public offering," and without registration or qualification of the Shares under state laws in reliance on a related exemption.

The Fund has a board of directors (the "Board of Directors") that generally supervises the conduct of the affairs of the Fund. The Board of Directors currently consists of John Platts and Paul Parker. The Board of Directors has ultimate authority over the Fund's operations, although the Board of Directors has delegated authority pursuant to an investment management agreement between the Fund and HCM (the "Investment Management Agreement") to delegate certain general management and investment decisions to HCM.

- C. HCM's advisory services are provided to the Fund, pursuant to the terms of the Fund's relevant offering documents and based on the specific investment objectives and strategies as disclosed in the offering documents. The advisory services the Fund receives are tailored to its individual needs, specified investment objectives, and strategies as set forth in the Fund's offering documents. The Fund may impose restrictions on investing in certain types of assets in accordance with achieving their investment objectives and strategies.
- D. HCM does not participate in a wrap fee program.
- E. As of April 30, 2021, HCM had \$1,053,384,412 in regulatory assets under management, all of which it managed on a discretionary basis.

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

- A. HCM receives fees based upon a percentage of assets under its management. An affiliate of the Fund, Hypersphere Capital Holdings LP ("the Incentive Allocation Shareholder"), a Delaware limited partnership, receives performance-based fees.

### *Management Fee*

For its management of the Fund, HCM receives a monthly management fee, calculated at an annual rate of 2.0% (approximately 0.167% per month) based on the net asset value of each Series of Shares (the “Management Fee”). The Management Fee is calculated and paid monthly in advance, based on the value of each Series of Shares, as of the first day of the month. The Board of Directors may elect to reduce, otherwise modify, or waive the Management Fee with respect to any Shareholder. If subscriptions are made at any time other than at the beginning of a calendar month, a pro rata portion of the Management Fee will be paid to HCM in respect of such Shares (based on the actual number of days remaining in such partial month). If Shares are redeemed at any time other than at the end of a calendar month, the Management Fee will not be refunded to the Shareholder for such partial month.

### *Performance-Based Fee*

The Incentive Allocation Shareholder holds the allocation class Shares of the Fund (the “Allocation Shares”). The Incentive Allocation Shareholder receives from the Fund an incentive allocation (the “Incentive Allocation”), generally annually, equal to 20% of the realized and unrealized profits for each Series of Shares (including realized and unrealized gains and losses) of each Shareholder.

The Incentive Allocation with respect to each Series is calculated and accrued as of each date on which the net asset value per Share of that Series is calculated. It is generally determined as of December 31 of each year and, on the redemption of Shares, as of the effective date of the redemption, but only as to the Shares being redeemed. The Allocation Shares will not be subject to the Incentive Allocation.

Incentive Allocations are subject to a “high water mark” procedure. That is, the Incentive Allocation Shareholder will be eligible to receive an Incentive Allocation as to a Series as of a year end (or earlier date, if the fee is being paid as a result of an intra-year redemption) only if the appreciation in the net asset value per Share of that Series for the calendar year (or portion thereof) exceeds any depreciation in that net asset value for that Series that has not been recouped. The high water mark procedure prevents the Incentive Allocation Shareholder from receiving an Incentive Allocation on profits that simply restore previous losses.

The Board of Directors or HCM may elect to reduce, otherwise modify or waive the Incentive Allocation with respect to any Shareholder. The Board of Directors or HCM may also waive, reduce or rebate portions of those fees to offset fees the Fund agrees to pay third parties in respect of referrals of Shareholders or other services provided to the Fund.

- B. HCM and the Incentive Allocation Shareholder deduct fees and compensation from the Funds’ accounts by instructing the Funds’ administrator. Fees and compensation from the Funds are collected at the frequency discussed above for the management fee and Incentive Allocation described in response to Item 5.A. above.
- C. The Fund will incur expenses in connection with HCM’s advisory services, including, but not limited to, investment related expenses such as the Fund’s currency exchange fees, hardware and

physical vaults for storage of private keys, insurance for the assets of the Fund, interest on margin accounts and other indebtedness, bank service fees, withholding and transfer fees, taxes, systems and technology expenses, third party research tools, corporate licensing fees, legal and auditing expenses, accounting, fund administration, filing fees and expenses (including regulatory filings made in respect of the Fund such as Form PF preparation and filing expenses), outsourced risk management advisory and software, investment related consultants and travel costs that are research related, Fund related insurance costs and indemnification payments (including insurance for HCM), costs and expenses relating to the Fund's, HCM's regulatory compliance, including, without limitation, the costs of compliance programs, examinations, regulatory inquiries and regulatory filings (including Forms 13D, 13G and 13F, PF, and other regulatory and reporting forms relating to the Fund's trading and investing), costs of Foreign Account Tax Compliance Act ("FATCA") and other tax-related compliance including, without limitation, the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the "CRS"), fees and expenses (including director registration fees) of the directors and officers (including any AML officers and money laundering reporting officers) of the Fund, expenses incurred with respect to the preparation, duplication and distribution to Shareholders and prospective Shareholders of Fund offering documents, annual reports and other financial information, marketing and syndication expenses (including those incurred in marketing Shares in the European Union) and any other services or service provider expenses deemed necessary by the Board of Directors on behalf of the Fund. Expenses will generally be shared by all of the Shareholders of the Fund, including HCM, pro rata in accordance with their Shares, except as the Board of Directors may determine in its reasonable discretion.

At the option of the Board of Directors, organizational expenses of the Fund shall be amortized over a period of 60 months from the commencement of the Fund's operations. The amortization of organizational expenses over 60 months is not in accordance with U.S. generally accepted accounting principles ("GAAP") and could result in an exception in the auditors' opinion in the annual audited financial statements if the difference between amortization and recognition of these expenditures when incurred is deemed material from a financial statement point of view.

- D. As discussed in Item 5.A. above, HCM receives a monthly management fee paid monthly in advance. If Shares are redeemed at any time other than at the end of a calendar month, the Management Fee will not be refunded to the Shareholder for such partial month.
- E. Not Applicable. Neither HCM, nor any of its supervised persons (as defined in the Glossary of Terms to Form ADV) ("Supervised Persons") are compensated for the sale of securities or other investment products or mutual funds. Additionally, HCM does not charge advisory fees in addition to commissions or markup fees for the purchase and sale of securities for the Fund's portfolio.

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

As discussed in Item 5.A. above, HCM's affiliate, the Incentive Allocation Shareholder, receive a performance-based fee from the Fund in the form of an Incentive Allocation, which presents a conflict of interest for HCM. Specifically, the Incentive Allocation received by its affiliate, the Incentive Allocation Shareholder, could encourage HCM to make investments on behalf of the Fund that are riskier or more

speculative than it would in the basis of such a performance-based fee. Further, the Incentive Allocation Shareholder will receive Incentive Allocations as to unrealized gains that may never be realized and will not return an Incentive Allocation paid for a period in which there is a net profit, even if in a subsequent period the Fund does not earn a net profit or suffers a net loss. As a result, the Incentive Allocation may be greater than it would be if it were based solely on realized gains.

As the Fund is the only current client of the Firm, all clients of the Firm are subject to performance based fees.

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

As disclosed in Item 4.B., HCM's clients are pooled investment vehicles (other than investment companies).

Shares in the Fund are offered only to non-U.S. Persons and a limited number of U.S. Persons that are (i) "accredited investors" within the meaning of certain regulations under the Securities Act, as amended; (ii) "qualified clients" within the meaning of Rule 205-3 under the Investment Advisers Act of 1940, as amended, and (iii) exempt from U.S. federal income taxation. The Fund reserves the right to impose additional requirements for subscription by particular types of Shareholders and Shareholders resident in particular jurisdictions, and may decline to accept the subscription of any Shareholder or prospective Shareholder.

The minimum initial subscription to the Fund is \$500,000, subject to waiver at the discretion of the Board of Directors, and subject further to a minimum initial investment of \$100,000, or such other minimum as may be required by Cayman Islands regulation, and the minimum additional subscription is \$100,000, subject to waiver at the discretion of the Board of Directors.

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

### *Item 8.A.*

HCM's investment objective in managing the Fund is to generate absolute returns through opportunistic strategies and rigorous fundamental analysis of blockchain protocols. HCM seeks to achieve this objective for the Fund by closely monitoring and analyzing market sentiment in the cryptocurrency market, particularly related to layer one blockchain protocols, such as Ethereum, Polkadot and Solana, and by leveraging its experience and unique knowledge of the cryptocurrency industry. HCM makes strategic and opportunistic investing decisions based on fundamental knowledge in periods of heightened market volatility via block trades with high quality counterparties and brokers. HCM will further seek to achieve its objective for the Fund via algorithmic software and quantitative analysis. HCM may also have the Fund participate in staking of proof of stake tokens and other digital assets.

HCM may employ leverage to acquire additional tokens during periods of heightened volatility. HCM believes utilizing leverage will increase the overall risk profile of the Fund's portfolio because the leverage loan will be at least partially denominated in the cryptocurrency tokens and interest for the loan will be payable in dollars. HCM will exercise caution and employ risk management controls and scenario modeling to minimize the potential for margin calls on its leveraged long positions. For the purpose of managing risk

and hedging the long portfolio, HCM will employ additional financial checks and balances and may also employ options, futures, or other derivative assets. HCM will seek to enter relationships with the highest quality counterparties to access the leverage necessary to execute its strategy.

There can be no assurance that the Fund will achieve this objective or that substantial losses will not be incurred. Investing in digital assets, securities, and other financial instruments involves risk of loss that clients should be prepared to bear

*Item 8.B. and 8.C.*

HCM's investment strategy for the Fund involves significant risks, including, but not limited to, the risks set forth herein and in Item 8.C below. These risks do not purport to be exhaustive. Additional risks and uncertainties that are currently unknown or currently deemed immaterial may become known material factors that affect HCM's investment strategy for the Fund. Prospective investors should carefully consider the risks involved in HCM's investment strategy and of investments in the Fund, including but those discussed herein and in the Fund's offering documents. Prospective investors should consult their own legal, tax and financial advisers as to all these risks and as to an investment in the Fund generally.

General Investment and Trading Risks. An investment in the Fund involves a high degree of risk, including the risk that the entire amount invested may be lost. The Fund invests in digital assets and may invest in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. No guarantee or representation is made that the Fund's program will be successful. The Fund's investment program may utilize investment techniques including, but not limited to option transactions, margin transactions, short sales, forwards, leverage and derivatives trading, the use of which can, in certain circumstances, maximize the adverse impact to which the Fund may be subject.

Equity Investments. The Fund's equity investments may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There are no absolute restrictions in regard to the size or operating experience of the companies in which the Fund may invest (and relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth and companies with new products or services could sustain significant losses if projected markets do not materialize). Equity prices are directly affected by issuer-specific events, as well as general market conditions. In addition, investing in common stocks may be subject to heightened regulatory and self-regulatory scrutiny as compared to investing in debt or other financial instruments.

Use of Leverage and Financing. The Fund may leverage its capital because HCM believes that the use of leverage may enable the Fund to achieve a higher rate of return. Accordingly, the Fund may pledge or grant security over its digital assets or securities in order to borrow additional funds for investment purposes. The Fund may also leverage its investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings which the Fund may have outstanding at any time may be substantial in relation to its capital. There is no limit on the Fund's ability to borrow or use leverage. While leverage presents opportunities for increasing the Fund's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Fund would be magnified to the extent the Fund is leveraged. The cumulative effect of the use of leverage



by the Fund in a market that moves adversely to the Fund's investments could result in a substantial loss to the Fund which would be greater than if the Fund were not leveraged. The use of short-term margin borrowings results in certain additional risks to the Fund. For example, should the digital assets or securities pledged to brokers to secure the Fund's margin accounts decline in value, the Fund could be subject to a "margin call", pursuant to which the Fund must either deposit additional funds, digital assets or securities with the broker or suffer mandatory liquidation of the pledged digital assets or securities to compensate for the decline in value. In the event of a sudden drop in the value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to satisfy its margin requirements. The Fund may borrow by entering into reverse repurchase agreements. Under a reverse repurchase agreement, the Fund sells digital assets or securities and agrees to repurchase them at a mutually agreed date and price. Reverse repurchase agreements may involve the risk that the market value of the digital assets or securities retained in lieu of sale by the Fund may decline below the price of the digital assets or securities the Fund has sold but is obligated to repurchase. In the event the buyer of digital assets or securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the Fund's obligation to repurchase the digital assets or securities and the Fund's use of the proceeds of the reverse repurchase agreement may effectively be restricted pending such decision. To the extent that, in the meantime, the value of the digital assets or securities that the Fund has purchased has decreased, the Fund could experience a loss. The financing used by the Fund to leverage its portfolio is extended by digital assets or securities brokers and dealers in the marketplace in which the Fund invests. While the Fund attempts to negotiate the terms of these financing arrangements with such brokers and dealers, its ability to do so is limited. The Fund is therefore subject to changes in the value that the broker-dealer ascribes to a given digital asset, security or position, the amount of margin required to support such digital asset, security or position, the borrowing rate to finance such digital asset, security or position and/or such broker-dealer's willingness to continue to provide any such credit to the Fund. Because the Fund currently has no alternative credit facility which could be used to finance its portfolio in the absence of financing from broker-dealers, it could be forced to liquidate its portfolio on short notice to meet its financing obligations. The forced liquidation of all or a portion of the Fund's portfolio at distressed prices could result in significant losses to the Fund.

Derivative Investments. The Fund may invest and trade in a variety of derivative instruments, both to hedge the Fund's portfolio and for profit. Derivative instruments or "derivatives" include options and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying digital assets or securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular digital asset, security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset, and thus the Fund's ability to profit or avoid risk through investment or trading in derivatives will depend on HCM's ability to anticipate changes in the underlying assets, reference rates or indices. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading.

Risks of Investments in Options. Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case

of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

The Fund may buy or sell (write) both call options and put options, and when they write options, it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns digital assets or securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in digital assets or securities of the relevant class and amount. The Fund's option transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another digital assets or securities position) or a form of leverage, in which the Fund has the right to benefit from price movements in a large number of digital assets or securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, without taking into account other positions or transactions the Fund may enter into, the principal risks involved in options trading can be described as follows: When the Fund buys an option, a decrease (or inadequate increase) in the price of the underlying digital asset or security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying digital asset or security in the case of a put, could result in a total loss of its investment in the option (including commissions). The Fund could mitigate those losses by selling short, or buying puts on, the digital assets or securities for which it holds call options, or by taking a long position (e.g., by buying the digital assets or securities or buying calls on them) in digital assets and securities underlying put options.

When the Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying digital asset or security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, the Fund would forego the opportunity for profit on the underlying digital asset or security should the market price of the digital asset or security rise above the exercise price. If the price of the underlying digital asset or security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Fund might suffer as a result of owning the digital asset or security. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk.

Short Selling. Short selling involves selling digital assets, securities or other assets which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed digital assets, securities or other assets at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the digital assets or securities. The extent to which the Fund engages in short sales depends upon HCM's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security or other asset could theoretically increase without limit, thus increasing the cost to the Fund of buying those digital assets, securities or other assets to cover the short position. There can be no assurance that the Fund will be able to maintain the ability to borrow digital assets, securities or other assets

sold short. In such cases, the Fund can be “bought in” (i.e., forced to repurchase digital assets, securities or other assets in the open market to return to the lender). There also can be no assurance that the digital assets, securities or other assets necessary to cover a short position are available for purchase at or near prices quoted in the market. Purchasing digital assets or securities to close out the short position can itself cause the price of the digital assets, securities or other assets to rise further, thereby exacerbating the loss.

Reliance on Quantitative Models. HCM may employ a quantitative model in its investment strategy. In such event, HCM anticipates that such quantitative model will be tested in the future, but no assurance can be made that such models will perform the same in the future. Model-driven strategies employed by others have resulted in substantial losses in a short period of time.

Liquidation During Down Cycle. Because of the fixed term of the Fund, liquidation of the Fund may commence at a time when the markets in which the Fund invests generally, or the value of given investments, have entered a down cycle. Accordingly, the Fund may not be able to minimize losses or to realize gains to the same extent it might have been able to if the Fund were to wait indefinitely until the markets in which the Fund invests or the value of the given investments had rebounded from the down cycle. Even though HCM may take this factor into consideration when determining how quickly to liquidate a particular investment following commencement of the winding up process (which process may take up to a year or longer), there can be no assurance that the markets generally or the value of any given investment will improve prior to disposition.

Investing in Blockchain Technology Companies. Companies in the rapidly changing fields of blockchain technology and the digital assets markets face special risks. HCM 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. A portfolio company’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.

Digital Assets. Digital assets are loosely regulated and there is no central marketplace for currency exchange. Supply is determined by a computer code, not by a central bank, and prices can be extremely volatile. Digital asset exchanges have been closed due to fraud, failure or security breaches. Any of the Fund’s funds that reside on an exchange that shuts down may be lost.

Several factors may affect the price of digital assets, including, but not limited to: supply and demand, investors’ expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of digital currencies or the use of digital currencies 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 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 Fund. There may also be network scale attacks against these protocols which result in the loss of some or all assets held by the Fund. Some assets held by the Fund may be created, issued, or transmitted using experimental cryptography which could have underlying flaws. Advancements in quantum computing could break the cryptographic rules of protocols which support the assets held by the Fund. The Fund makes no guarantees about the reliability of the cryptography used to create, issue, or transmit assets held by the Fund.

Digital Asset Exchanges. The digital asset exchanges on which digital assets trade are relatively new and largely unregulated and may therefore be more exposed to theft, fraud and failure than established, regulated exchanges for other products. In general, digital asset exchanges are currently start-up businesses with no institutional backing, limited operating history and no publicly available financial information. Exchanges generally require cash to be deposited in advance in order to purchase digital assets, and no assurance can be given that those deposit funds can be recovered. Additionally, upon sale of digital assets, cash proceeds may not be received from the exchange for several business days. The participation in exchanges requires users to take on credit risk by transferring digital assets from a personal account to a third-party's account. The Fund will take credit risk of an exchange every time it transacts.

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 an investment in the Fund.

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

Any financial, security or operational difficulties experienced by such exchanges may result in an inability of the Fund to recover money or digital assets being held by the exchange, or to pay investors upon redemption. Further, the Fund may be unable to recover digital assets awaiting transmission into or out of the Fund, all of which could adversely affect an investment in the Fund. Additionally, to the extent that the digital asset exchanges representing a substantial portion of the volume in digital asset trading are involved

in fraud or experience security failures or other operational issues, such digital asset exchanges' failures may result in loss or less favorable prices of digital assets, or may adversely affect the Fund, its operations and investments, or the Shareholders.

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

Exchanges Operating Outside of the U.S. Digital asset exchanges generally operate outside of the United States. The Fund may have difficulty in successfully pursuing claims in the courts of such countries or enforcing in the courts of such countries a judgment obtained by the Fund in another country. In general, certain less developed countries lack fully developed legal systems and bodies of commercial law and practices normally found in countries with more developed market economies. These legal and regulatory risks may adversely affect the Fund and its operations and investments.

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

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

Hedging Transactions. HCM is not required to attempt to hedge portfolio positions in the Fund and, for various reasons, may determine not to do so. Furthermore, HCM may not anticipate a particular risk so as to hedge against it. The Fund may utilize financial instruments, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the Fund's investment portfolio resulting from fluctuations in the digital assets and securities markets and changes in interest rates; (ii) protect the Fund's unrealized gains in the value of the Fund's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Fund's portfolio; (v) hedge the interest rate or currency exchange rate on any of the Fund's liabilities or assets; (vi) protect against any increase in the price of any digital assets or securities the Fund anticipates purchasing at a later date; or (vii) for any other reason that HCM deems appropriate. The success of the Fund's hedging strategy is subject to HCM's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many digital assets and securities change as markets change or time passes, the success of the Fund's hedging strategy is also subject to HCM's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. While the Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in

a poorer overall performance for the Fund than if it had not engaged in any such hedging transactions. For a variety of reasons, HCM may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Fund from achieving the intended hedge or expose the Fund to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Fund's portfolio holdings.

Limited Diversification. There are no limits on the amount of the Fund's capital that may be committed to any single investment, industry or sector. At any given time, it is therefore possible that HCM may select investments that are concentrated in a limited number or types of investments. This limited diversity could expose the Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

Custody of Fund Assets. Custody of the Fund's digital assets shall be maintained with third- party custodians selected by HCM, on or within hot wallets on exchanges and/or by HCM. To the extent HCM maintains custody of any of the Fund's digital currencies, HCM shall select or generate the private keys that control movement of the currencies for cold storage/hardware and/or paper wallets, and/or on "air-gapped" computers utilized by the Fund. Several of the Fund's exchanges may be unable to provide for "cold wallet" storage. Such exchanges and wallets have developed security systems to maintain confidential access to the private keys that have been generated and which control movement of the currencies. HCM may not be able to obtain control of the private keys generated by the exchanges utilized by the Fund, because each exchange may use different methodologies and security systems. HCM employs a comprehensive due diligence process to select exchanges and wallets that it determines have developed sophisticated security systems, and will continue to reevaluate the due diligence process and the security systems of the various exchanges and wallets. However, the systems and methodologies of the exchanges and wallets utilized by the Fund may be subject to exposure from hacking, malware and general security threats. HCM is not liable to the Fund or to Shareholders for the failure or penetration of the security system absent gross negligence, fraud or criminal behavior on the part of HCM. To the extent that the security system is penetrated, any loss of the Fund's digital currencies may adversely affect a Shareholder's investment, and could result in total loss of capital.

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

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 currencies 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 Key. Digital assets are controllable only by the possessor of unique private keys relating to the addresses in which the digital assets are held. The theft, loss or 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 Fund. Any loss of private keys relating to digital wallets used to store the Fund's digital assets could result in the loss of the digital currencies and a Shareholder could incur substantial, or even total, loss of capital.

Proof of Stake Risk. The Fund may invest some of its 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 may also have the ability to govern and vote on how the protocol is controlled in the future. 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 may be illiquid for an extended period of time before there is any return on investment. Such illiquidity could have an adverse effect on the Fund. 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 which the stake is deposited on.

Stolen or Incorrectly Transferred Digital Assets May be Irretrievable. 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 Fund 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 Fund's digital assets could be transferred in incorrect amounts or to unauthorized third parties. To the extent that the Fund is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received the Fund's digital assets through error or theft, the Fund will be unable to revert or otherwise recover incorrectly transferred digital assets. To the extent that the Fund is unable to seek redress for such error or theft, such loss could adversely affect an investment in the Fund.

Risk of Loss Due to Incapacitation of Key Personnel. John Platts and/or Paul Parker, may be the sole individuals in possession of the unique private keys required to access some digital assets held by the Fund. All keys controlled by the Fund will have physical backups. HCM is responsible for taking such steps as it determines, in its sole judgment, to be required to maintain these backups, and prevent their loss, physical damage and general security threats. However, the simultaneous loss of physical backups and incapacitation of John Platts and/or Paul Parker could result in the loss of the private keys and, consequently, the loss of

the digital assets held by the Fund. In such an event, a Shareholder could incur substantial, or even total, loss of capital.

Technology and Security. The Fund must adapt to technological change in order to secure and safeguard client accounts. While HCM believes it has developed a proprietary security system reasonably designed to safeguard the Fund's digital assets from theft, loss, destruction or other issues relating to hackers and technological attack, such assessment is based upon known technology and threats. As technological change occurs, the security threats to the Fund's digital assets will likely adapt and previously unknown threats may emerge. Furthermore, HCM believes that the Fund may become a more appealing target of security threats as the size of the Fund's assets grows. To the extent that the Fund is unable to identify and mitigate or stop new security threats, the Fund's digital assets may be subject to theft, loss, destruction or other attack, which could have a negative impact on the performance of the Fund or result in loss of the Fund's 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 Fund's operations, the suspension of redemptions or a loss of Fund assets. While HCM 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 Fund, absent gross negligence, willful misconduct or fraud on the part of HCM.

Trading on Digital Asset Networks. The Fund will convert U.S. dollar contributions made by Shareholders to Bitcoins and other alternative digital assets over the Bitcoin Network or specific networks, as applicable. 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 Fund's digital wallets and the loss of the Fund's 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.

Amendments to a Digital Asset Network's Protocols and Software Could Adversely Affect the Fund's Investment and Trading Activities. Digital asset networks (collectively, "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 Fund's 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 Fund 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 bitcoins or transactions using such control. Using alternate blocks, the malicious actor could double spend its own bitcoins 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 Fund or the ability of the Fund to transact.

Digital Assets Miners May Cease to Solve Blocks. If the award of new digital assets, including Bitcoin or other Altcoins, as applicable, for solving blocks declines and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce the collective processing power on such digital asset network, as applicable, which would adversely affect the confirmation process for transactions (i.e., decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions) and make the Bitcoin Network more vulnerable to a malicious actor or botnet obtaining control in excess of fifty percent (50%) of the processing power on such network. Any reduction in confidence in

the confirmation process or processing power of such network may adversely impact an investment in the Fund.

Availability of Investment Opportunities. The business of identifying and structuring private equity transactions is highly competitive, and HCM can expect to face significant competition in identifying investment opportunities which meet the Fund's investment objectives. It is possible that the Fund will never be able to fully invest its capital if enough investment opportunities cannot be identified by HCM.

Limited Diversification. There are no limits on the amount of the Fund's capital that may be committed to any single investment, industry or sector. At any given time, it is therefore possible that HCM may select investments that are concentrated in a limited number or types of investments. The Fund may hold a significant portion of its portfolio in DOT tokens. This limited diversity could expose the Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

Non-U.S. Digital Assets and Securities. Investments in digital assets and securities of non-U.S. issuers pose a range of potential risks which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding digital assets and securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. issuers. Transaction costs of investing in non-U.S. digital assets and securities markets are generally higher than in the U.S. There is generally less government supervision and regulation of exchanges, brokers and issuers than there is in the United States. An issuer of digital assets or securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The Fund might have greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Fund's performance.

Third Party Involvement. The Fund may co-invest with third parties through special purpose vehicles, and at any given time substantially all of the Fund's assets may be invested in such special purpose vehicles. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals which are inconsistent with those of the Fund, or may be in a position to take action contrary to the interests and investment objectives of the Fund. There may be no restrictions on the allocations or movement of capital by such parties in a special purpose vehicle, and such movements of capital may materially adversely affect the investments held by the special purpose vehicle. In addition, the Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner.

No Assurance of Distributions, Appreciation or Liquidity. There can be no assurance that any distributions to the Shareholders will be made by the Fund or that aggregate distributions, if any, will equal or exceed the Shareholder's subscriptions to the Fund. Net investment proceeds in respect of an investment will be the principal source of distributable cash to the Shareholders. With respect to the Fund's equity positions, if any, there will be either no marketplace or a limited marketplace for the securities of a private portfolio

company, and the realization of the success of the investment may require the securities to be sold to other private investors or in a public offering, or for the portfolio company to be acquired. There can be no assurance that any of these types of transactions will take place with respect to a particular investment. Consequently, there is no assurance that the operations of the Fund will be profitable or as to when or whether cash or securities will be available for distribution to holders of Shares. In addition, HCM has absolute discretion in the timing of distributions to the Shareholders; however, the income tax liability of Shareholders depends on the profits of the Fund, regardless of whether distributions are made. Securities acquired by the Fund through equity investments will be held by the Fund and will be sold or distributed at the sole discretion of HCM.

Net Cash. The Fund may hold a portion of its portfolio in cash and cash equivalents. This may result in the Fund's investment results underperforming market indices.

Market Valuation. The public and private market valuation of digital assets and securities of companies engaged in the blockchain-based technology and other digital asset industries in which the Fund will may invest is extremely volatile. This volatility can increase the Fund's risks associated with direct investments in digital assets and equity securities.

High Risk Investments. While investments in companies in certain industries may offer the opportunity for significant capital gains, such investments generally involve a high degree of business, financial, technological and regulatory risk, which can result in substantial losses. Moreover, the Fund's portfolio is likely to include investments particularly subject to increased risk because they are in companies at an early stage of development, which have been or may go into bankruptcy, acquired as leverage buyouts subject to interest rate fluctuations, or engaged in highly competitive industries dominated by companies with substantially greater resources. As a result, the Fund may experience substantial volatility and potential for loss. HCM believes that its investment selection techniques moderate this risk. However, no guarantee or representation is made that its investments will be successful.

Counterparty Risk. Some of the markets in which the Fund may effect its transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Fund 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 Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Fund has no internal credit function that evaluates the creditworthiness of its counterparties. The ability of the Fund 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 Fund.

Unidentified Investments; Competitive Market for Investments. HCM may be very selective when seeking investments. The business of identifying and structuring certain transactions is competitive (and may become more competitive in the future), and involves a high degree of uncertainty. There can be no

assurance that HCM will be able to locate and complete attractive investments or that it will be able to adhere to the investment strategy outlined herein. Furthermore, there can be no assurance that HCM will be able to invest the entire amount of the Fund's assets or that suitable investment opportunities will otherwise be identified. If HCM is unable to identify adequate investments at any given time, a significant portion of the Fund's assets may be held in cash or equivalents, which produce low rates of return.

Information Sources. HCM may select investments for the Fund based in part on information and data that the issuers of such digital assets or securities file with various government agencies or make directly available to HCM, or that HCM obtains from other sources. HCM is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not readily available.

### **Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to prospective investors' evaluation of HCM'S advisory business or the integrity of the Firm's management. Accordingly, HCM has no disclosures in relation to this Item.

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

- A. Not applicable. Neither HCM nor its management persons (as defined in the Glossary of Terms to Form ADV) ("Management Persons") are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Not applicable. Neither HCM nor its Management Persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. HCM has a material relationship with the Incentive Allocation Shareholder, a related person (as defined in the Glossary of Terms to Form ADV) ("Related Person") of HCM. As discussed in Item 5.A. and Item 6, the Incentive Allocation Shareholder receives performance-based compensation (the Incentive Allocation Shares). Conflicts of interest associated with this arrangement are discussed therein, as well as in the Fund's relevant offering documents.

HCM also has a material relationship with Hypersphere Ventures, LLC ("Hypersphere Ventures"), a Related Person of HCM. Hypersphere Ventures is an investment manager exempt from registration as an investment adviser. Hypersphere Ventures manages the Hypersphere Fund I Ltd. ("Hypersphere Fund"), a pooled investment vehicle. The Hypersphere Fund may have investment objectives or may implement investment strategies similar or different to those of the Fund. In addition, Hypersphere Ventures may, through other investments, including other investment funds, have interests in investments in which the Fund invests as well as interests in investments in which the Fund does not invest. As a result of the foregoing, HCM has conflicts of interest in allocating investments among the Fund and the Hypersphere Fund and in effecting transactions for the Fund and the Hypersphere Funds. Neither HCM nor Hypersphere Ventures is obligated to make any particular investment opportunity available to the Fund and may take advantage of any opportunity,

either for other accounts HCM manages or for themselves. Additional discussion regarding this affiliation and the conflicts it presents are forth in the Fund's relevant offering documents.

Finally, HCM has material relationships with other Related Persons that do not provide investment management to other pooled investment vehicles that expect to provide fee-based consulting and other services regarding strategic and operational considerations and practices related to cryptocurrency, blockchain and other matters, including but not limited to staking and related services, transactional validating, (collectively, the "Services"), to various individuals, entities (including companies) and their affiliates (collectively, the "Hypersphere Customers"). The Hypersphere Customers may separately engage with the applicable Hypersphere Entities in respect of the specific Services to be provided to such Hypersphere Customer. In exchange for providing the Services, the Hypersphere Entities will be compensated by the Hypersphere Customers. HCM may invest Fund assets in the Hypersphere Customers or the cryptocurrencies and tokens that are staked by the Hypersphere Entities. HCM may also engage the Hypersphere Entities to provide staking services to the Fund and will cause the Fund to compensate the Hypersphere Entities in connection with any such staking services provided to the Fund. This presents a conflict of interest, in that the Hypersphere Entities may be directly or indirectly benefited by the Fund's investments in the Hypersphere Customers or the cryptocurrencies and tokens that are staked by the Hypersphere Entities, or by the Fund's engagement of the Hypersphere Entities to provide staking services. For the avoidance of doubt, the Services provided by the Hypersphere Entities are unrelated to the Fund, except as described herein. For the further avoidance of doubt, any compensation received by the Hypersphere Entities from the Hypersphere Customers (including the Fund, if applicable) in connection with the Services and which are not directly related to the Fund's investments in any Hypersphere Customers shall solely be the property of the relevant Hypersphere Entities, and neither the Fund nor the Shareholders shall have any right or entitlement therein.

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

### *Item 11.A.*

HCM has adopted a Code of Ethics (the "Code") under Rule 204A-1 under the Advisers Act designed to provide that HCM's Supervised Persons comply with applicable federal securities laws. The Code addresses, among other things, HCM's standard of business conduct, requirements and restrictions relating to personal securities trading, policy regarding political contributions, policy regarding gifts and entertainment and confidentiality. HCM employees must acknowledge, both initially upon employment and annually thereafter, in writing having received and read a copy of the Code. The Code requires all employees to report personal securities holdings (initially and annually) and certify quarterly personal trading activity. The Code places certain restriction on employees when transacting in the same investments as the Funds. The Code is monitored by HCM's Chief Compliance Officer and any exceptions to the Code need prior approval by HCM's Chief Compliance Officer. A copy of the Code is available to clients or Investors and prospective clients or Investors upon their individual request.

*Item 11.B., 11.C. and 11.D.*

HCM, as a fiduciary, endeavors to always make decisions in the best interest of its clients if a conflict of interest arises between its transactions on behalf of its clients and those of its personnel and related persons. In order to monitor any conflict of interest, HCM employees are required to pre-clear certain contemplated transactions in their personal accounts which may present the appearance of impropriety, and must disclose on an initial and annual basis the holdings of all personal accounts, as well as all transactions on a quarterly basis.

**Item 12. Brokerage Practices**

- A. The Firm allocates transactions to brokers. In selecting brokers to effect transactions, HCM considers the following factors: price, quality of execution, expertise in particular markets, the ability of the brokers to effect the transactions, the brokers' facilities, reliability, reputation, experience, financial responsibility in particular markets, familiarity both with investment practices generally and techniques employed by the Fund and clearing and settlement capabilities, subject at all times to principles of best execution, in accordance HCM's policies and procedures. HCM does not use soft dollars. In selecting broker/dealers to execute transactions, HCM need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. HCM does not participate in selecting or recommending broker-dealers in exchange for client referrals. HCM does not engage in directed brokerage by its clients.
- B. As the Fund is the only current client of the Firm, HCM does not aggregate the purchase or sale of digital assets, securities, or other financial instruments among its own client accounts.

**Item 13. Review of Accounts**

*Item 13.A. and 13.B.*

HCM reviews client holding on a regular basis to determine their conformity with their risk parameters, investment objectives, and guidelines. HCM regularly monitors the portfolio investments of the Funds. HCM's investment personnel periodically convene to evaluate each position's conformance with the relevant Fund's offering memorandum and any investment limitations, restrictions or risk parameters.

*Item 13.C.*

HCM sends Shareholders unaudited reports of the performance of the Fund on a quarterly basis, in addition to the annual audited financial statements discussed in Item 15 below. Such statements, reports and other communications (including but not limited to net asset value information, subscription and redemption activity and audited financial statements) relating to the Fund and the Shareholder's investment in the Fund may be sent in electronic form.

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

- A. Not applicable. HCM does not receive a direct economic benefit from any third party for providing investment advice or other advisory services to any of the Funds.
- B. Not applicable. HCM does not currently maintain any referral arrangements with individuals or entities that may be compensated, directly or indirectly, for referrals.

#### **Item 15. Custody**

HCM seeks to maintain the Fund's assets with a qualified custodian in an account in the name of the Fund or in accounts that contain only assets owned by the Fund, under HCM name as agent or trustee for the Fund. HCM custodies certain digital assets internally as well as with third party wallet providers. Although HCM is not a qualified custodian under the meaning of Rule 206(4)-2 under the Advisers Act, HCM has developed policies and procedures for safekeeping of digital assets that it self-custodies that it believes are consistent with the objectives of the Advisers Act's custody provisions. In addition, digital assets are held at exchanges, which take various measures to safeguard the digital assets held by such exchanges. HCM conducts due diligence on all third-party service providers, exchanges or qualified custodians prior to utilizing their services. Where HCM seeks to stake a Funds' assets, it may in its sole discretion delegate custody of the assets to be staked to the provider of the staking services.

The Fund is subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ("PCAOB") and audited financial statements of each Fund will be prepared in accordance with generally accepted accounting principles and distributed to investors within 120 days of the end of each Fund's fiscal year. Investors should carefully review the audited financial statements of the Funds upon receipt, and should compare these statements to any account information provided by HCM.

Additionally, although HCM is not a qualified custodian under the meaning of Rule 206(4)-2 under the Advisers Act, HCM has developed policies and procedures for digital assets that it self-custodies that it believes are consistent with the objectives of the Advisers Act's custody provisions, including providing quarterly account statements to Investors and distributing annual audited financial statements of the Funds. Investors should carefully review their account statements upon receipt, and should compare these statements to any account information provided by HCM.

Certain assets of the Funds may be 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**

HCM accepts discretionary authority to manage digital assets, securities, and other financial instruments on behalf of the Fund therefore, determine which digital assets, securities, and other financial instruments and the amounts of digital assets, securities, and other financial instruments it buys and sells for the Fund. This

authority has been granted to HCM by means of the execution of the relevant organizational and/or Investment Management Agreement which set forth the scope of HCM's discretion with respect to the Fund.

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

Pursuant to SEC Rule 206(4)-6, HCM maintains authority to vote investors' securities according to the best interest of the investors. To uphold its fiduciary duty, HCM will vote investors' securities in a way that best influences companies to make decisions that would benefit the Fund. Fund investors may obtain a copy of HCM's proxy voting policies and procedures upon request.

#### **Item 18. Financial Information**

- A. Not Applicable. HCM does not require nor solicit pre-payment of more than \$1,200 in fees per client, six months or more in advance.
- B. HCM is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitments to clients.
- C. Not Applicable. HCM has not been the subject of a bankruptcy petition at any time during the past ten years.