

**Item 1 – Cover Page**

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This brochure provides information about the qualifications and business practices of Passport Capital, LLC (“Passport” or “Adviser” or the “firm”) and Nimble Partners, LLC, a relying adviser of Passport (“Nimble”), and the information that follows below in this Form ADV applies to such relying adviser in addition to that of Passport, despite reference in certain cases to “Passport”. If you have any questions about the contents of this brochure, please contact us at (415) 321-4600. 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.

Passport is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information that assists you in determining whether to hire or retain an adviser.

Additional information about Passport is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and in the fund documents pertaining to any investment in a Passport-advised fund.

This brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities or interests in any of the entities described in this brochure. Any such offer or solicitation will be made solely to qualified investors by means of a private placement memorandum and related subscription documents.

## **Item 2 – Material Changes**

This brochure contains material changes to the disclosures Passport provided in the last update of the brochure dated March 30, 2020. These changes include:

- The following entities: Passport Special Opportunities Fund, L.P., Passport Special Opportunities Fund, Ltd. and Passport Special Opportunities Master Fund, L.P. are clients of Passport but in the process of liquidation. As such, they hold limited, private investments.

Please note that the above summary addresses only changes that Passport has determined to be material, and does not reflect all of the changes that have been made to this brochure since the last annual update.

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#### **Item 4 – Advisory Business**

Passport Capital, LLC is a global investment firm founded by John H. Burbank III. Nimble Partners, LLC serves as a relying adviser and the information that follows below in this Form ADV applies to such relying adviser in addition to that of Passport, despite reference in certain cases to “Passport”.

Passport has been managing client assets since August 2000. The firm’s advisory business is limited to serving as the investment manager to privately offered pooled investment vehicles (individually, the or a “Fund” and collectively, the “Funds” or “Clients”). Each Fund for which Passport or Nimble acts as the investment manager is accompanied by a private placement memorandum (“PPM”) and governed by an operating agreement and investment management agreement (“IMA”).

John H. Burbank III is the sole managing member of Passport and Nimble and controls 100% of the voting shares. Each of Passport and Nimble have one ordinary member who does not have voting rights. The Adviser employs 11 full-time employees.

The firm serves as discretionary investment adviser to Funds. The firm seeks to create portfolios for its Clients that generate compounded returns on a risk-adjusted basis over a long-term horizon. Its general areas of focus are the following: technology-enabled businesses in sectors including, but not limited to, consumer, enterprise, HealthTech, EdTech and adjacent industries as well as digital currency and blockchain technology. The firm’s investment strategies are further described in Item 8 below.

The Funds fall within one of the offered strategies as described in more detail in Item 8. Investors choose between the Funds based on their interests and desire for exposure to different sectors, investment types, and return and risk management objectives, among other factors. A particular Fund may have various share classes, which allow investors to choose between options for the length of the lock-up period and liquidity of underlying instruments and fee structures. Detailed descriptions of such share class options are outlined in each Fund’s offering documents.

In general, there are no material restrictions on the types of investments and/or strategies the Adviser may employ for the Funds. Descriptions of the Funds’ mandates and investment objectives and investment strategies are communicated to investors in the Funds’ offering documents.

The Adviser does not participate in any wrap fee programs.

As of December 31, 2020, the firm managed approximately \$309,149,599 of discretionary client assets and does not manage any non-discretionary client assets.

## **Item 5 – Fees and Compensation**

Passport receives an annual management fee calculated as a percentage of assets under management from the Funds. Nimble receives an annual management fee calculated as a percentage of committed capital from the Funds. The amount of the management fee may equal up to 1% per annum or a one-time management fee of up to 1%. Management Fees are calculated using one of the methods below and may be deducted from Client assets or invoiced for fees owed:

- calculated and payable quarterly as of the first day of each calendar quarter; or
- calculated and payable in advance as a one-time fee.

A detailed description of the management fee calculation is outlined in each Fund's PPM. Passport may waive or reduce the Management Fee in respect of any investor in its sole discretion.

The Funds each may also pay a performance-based fee to Passport or an affiliated entity such as Passport Ventures II, LLC or Nimble Partners GP, LLC as noted in Item 6 below.

The calculation and payment of the management fee for the Funds will be pro-rated for any period that is less than a full month or quarter, as applicable. Any prepaid fees not subsequently earned through continuing management services would be refunded.

The Adviser's fees are exclusive of brokerage commissions, brokerage fees, transaction fees, and other related costs and expenses, which will be incurred by the Client. Please see also Item 12-Brokerage Practices below. Clients may incur certain charges imposed by custodians, brokers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, hardware and physical vaults for private storage keys, and other fees and taxes on brokerage accounts and securities transactions. Exchange-traded funds ("ETFs") and certain other instruments and vehicles which can be held by a Fund also charge internal management fees, which are disclosed in the applicable offering document. Such charges, fees, and commissions are exclusive of, and in addition to the Adviser's management fee, and the Adviser does not receive any portion of these commissions, fees, and costs.

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

The Adviser manages Clients with a variety of fee arrangements and charges performance-based fees in respect of certain of its Clients, as noted in Item 5 above.

The Funds may pay a performance-based fee to Passport or an affiliated entity such as Passport Ventures II, LLC or Nimble Partners GP, LLC. The amount of performance-based fees paid or allocated to Passport or its affiliates is dependent on the investor's choice of Fund and share class and may equal up to 20% per annum of the profits allocated to the vehicle's investors. Performance-based fees are either paid or allocated at the end of the calendar year, when an investor withdraws or redeems, or at the termination of the Fund. The vehicle's general partner, board of directors or Adviser, as applicable, may waive or reduce the performance-based fee in respect of any investor at its discretion.

Performance-based fee arrangements may potentially create an incentive for the Adviser to favor Clients paying such performance-based fees versus other Clients, who do not pay such fees or may pay lower management fees and/or performance-based fees, when allocating investment opportunities. Such arrangements may also potentially create an incentive for the Adviser to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. The Adviser aims to design, implement and consistently apply procedures, including allocation procedures, to ensure that all Client accounts, over time, are treated equitably and fairly and that conflicts do not improperly influence the allocation of investment opportunities among Clients. However, there is no guarantee that a Client will participate in every investment opportunity identified by the Adviser. Passport periodically reviews the allocations among Client accounts in an attempt to determine that higher fee-paying accounts are not systematically favored.

## **Item 7 – Types of Clients**

The firm's advisory business is limited to serving as the investment manager to Funds.

The Funds can be structured as master/feeder funds, meaning that investors contribute to a feeder fund which then, along with one or more additional feeder funds, contributes all or substantially all of its assets to a master fund. The collective assets of the master fund are then invested in a pool of securities and/or other instruments as determined by Passport as discretionary investment adviser. The feeder fund offerings generally include a U.S. limited partnership option (the "Onshore Feeder Funds") and a British Virgin Islands business company or Cayman Islands exempted company option (the "Offshore Feeder Funds").

The Onshore Feeder Funds are made available to investors who are “Accredited Investors” as defined under the U.S. Securities Act of 1933, as amended, and, dependent on choice of Fund, also qualify as either “Qualified Clients” under Rule 205-3 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), or “Qualified Purchasers” within the meaning of the Investment Company Act of 1940, as amended. The Offshore Feeder Funds are made available to investors who are qualified non-U.S. investors or are considered qualified U.S. tax-exempt investors and who are both Accredited Investors and either Qualified Clients or Qualified Purchasers, dependent on choice of Fund.

In other cases, the Fund is a standalone entity not incorporated into a larger master-feeder structure.

Investors in the Funds include individuals, trusts, investment companies, pension plans, fund-of-funds, corporations, endowments, family offices and other types of business entities.

The minimum investment requirement for the Funds is generally \$250,000. The minimum subscription requirement may be waived by Passport or its affiliate in its sole discretion.

The Adviser may from time to time enter into letter agreements or other similar agreements (collectively, “Side Letters”) with one or more investors in the Funds which may provide such investor(s) with additional and/or different rights (including, without limitation, with respect to management fees, performance-based fees, withdrawals, access to information, minimum investment amounts, and liquidity terms) than such investors have pursuant to the general terms of the applicable Fund. The Adviser will not be required to notify, or provide copies to, any or all of the other investors of any such Side Letters or any of the rights and/or terms or provisions thereof, nor will the Adviser be required to offer such additional and/or different rights and/or terms to any or all of the other investors.

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

### **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

Set forth below is a description of the firm’s methods of analysis and investment strategies.

The Nimble Partners Fund strategy (the “Nimble Partners Fund”) intends to make privately-negotiated investments in venture capital funds and similar pooled investment vehicles (“Underlying Funds”) advised by third-party investment managers (the “Portfolio Managers”) that, in turn, invest in operating companies (“Portfolio Companies”) with technology-enabled business models. The Nimble Partners Fund may also make direct investments in Portfolio Companies with technology-enabled business models. Such direct

investments in Portfolio Companies will generally be made as co-investments with an Underlying Fund or a Portfolio Manager and such co-investments may be made through special purpose or similar vehicles established to invest in one or more Portfolio Companies. The Nimble Partners Fund will generally purchase equity and equity-related securities of Portfolio Companies, but may also purchase debt (including convertible debt) securities. There can be no assurance that the Nimble Partners Fund will achieve its investment objectives or avoid substantial or total losses.

Passport's Digital Network strategy (the "Digital Network Fund") intends to invest in digital assets, including Bitcoin and Ethereum, companies involved with or utilizing blockchain technology, third party managers focused on digital assets and blockchain technology as well as assets focused on the nascent technologies surrounding decentralized finance and NFTs.

Investing in the digital assets market is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for such investments change rapidly and are affected by a variety of factors, including regulation and general economic trends. In addition to these general investment risks, Passport may use investment techniques that subject the Fund to certain risks; some, but not all, of these risks are summarized below.

The Passport Special Opportunities strategy is in the process of liquidation. As such, its investments are limited, privately held securities.

The Digital Network Fund described in this Item 8 can, from time to time, involve frequent trading which can lower investment performance, particularly due to increased brokerage and other transaction costs and taxes.

There can be no assurance that the strategies, Clients or the risk management system employed by the Adviser will meet their objectives. Investing in securities involves a substantial and/or total risk of loss that investors should be prepared to bear.

## **RISK OF LOSS**

Each prospective investor should, prior to investing, thoroughly review the risk factors described in the offering document of the relevant Client, which provides an extensive, but non-exhaustive, list of applicable risk factors. A number of the material risks related to the various investment strategies and different types of securities or other investments used by the firm are also described further below in this Item 8. Not all possible risks are described below.

Investments in the Funds involve a high degree of risk. A Fund's portfolio may be subject to wide swings in value. Investing in securities and other assets involves a risk of loss that clients should be prepared to bear. The Adviser, will follow an investment policy that, if



unsuccessful, could involve substantial or total losses. Although the Adviser generally has the flexibility to react to changing market conditions, adverse changes in a company or issuer's situation could involve substantial losses that would be irreversible. The Adviser makes no guarantee, either oral or written, that any Fund's investment objective will be achieved. Under the applicable IMA, the Adviser is generally not liable for any error in judgment and/or for any investment losses a Fund may experience in the absence of bad faith, fraud, gross negligence, willful misconduct or a willful violation of applicable law.

Investors should consider the Funds as a supplement to an overall investment program and should only invest if they are willing to undertake the risks involved. An investment in a Fund involves significant risks that may not be associated with other investment vehicles. In addition, investors who are subject to income tax should be aware that an investment in a Fund may create taxable income or tax liabilities in excess of cash distributions to pay such liabilities.

## **MATERIAL RISKS**

Prospective investors should carefully consider, among other factors, the risks described below which relate to the various investment strategies and investments made by the firm. The risks involved for each Fund will vary based on the respective investment strategy and the type of securities or other investments held in the portfolio. These risk factors are not meant to be an exhaustive listing of all potential risks associated with an investment in a Fund.

**Reliance on the Adviser.** The Funds have limited operating histories. There can be no assurance that the Funds will achieve their investment and risk management objectives. The past investment performance of the Adviser and its respective employees and affiliates who are responsible for managing the portfolio of the Funds may not be indicative of the future results of an investment in any Fund. The success of a Fund's investment strategy will depend on the management, skill and acumen of the Adviser. There can be no assurance that the members of the investment management team will remain employed by the Adviser.

**No Input in Fund Affairs.** Investors in the Funds will have no right to take part in the conduct, management, operation or control of a Fund or any Fund's business. Investors will have extremely limited voting rights. There exists broad discretion to expand, revise, or contract the Fund's business without the consent of the investors. Any decision to engage in a new activity could result in the exposure of the Fund's capital to additional risks which may be substantial. Additionally, investors generally have no right to obtain information about a Fund's current investments or strategies. If the Adviser, in its sole discretion, grants an investor access to such information, such access may be subject to strict confidentiality provisions.

**Investment and Trading Risks in General.** All investments risk the loss of capital. The Adviser believes that the Funds' investment programs and research techniques attempt to moderate this risk to a certain degree through a selection of securities and risk management techniques. No guarantee or representation, however, is made that any Fund's program will be successful, and investment results may vary substantially over time. A Fund's investment program may in certain cases utilize such investment techniques as options, limited diversification, margin transactions and short sales, which practices can, in certain circumstances, magnify the adverse impact to which the Fund may be subject.

**Concentration of Investments; Investment Discretion.** The Funds are generally not limited with respect to the concentration of their investments in particular securities, industries, or sectors. The Funds may hold a relatively small number of positions, each representing a relatively large portion of the Fund's capital. Losses incurred in positions making up a significant percentage of a Fund's capital could have a material adverse effect on such Fund's overall financial condition.

**Epidemics and Pandemics.** Since 2003, the world has seen a number of outbreaks of new viral illnesses of varying severity, including Severe Acute Respiratory Syndrome (SARS), Middle East Respiratory Syndrome (MERS), the H1N1 Flu (Swine Flu), and COVID-19 caused by the novel Coronavirus known as SARS-CoV-2. The responses to these outbreaks have varied as has their impact on human health, local economies and the global economy, and it is impossible at the outset of any such outbreak to estimate accurately what the ultimate impact of any such outbreak will be. Protective measures taken by governments and the private sector, including the Adviser, to mitigate the spread of such illness, including travel restrictions and outright bans, quarantines, and work-at-home arrangements, and the spread of any such illness within the offices of the Adviser and/or Fund service providers, could severely impair the Adviser and/or Fund service providers' operational capabilities, potentially harming the Fund's business and its operating results.

**Risks Associated with Investing in Foreign Markets.** The Funds may invest in foreign companies that may be formed and/or operated outside of the United States. Such investments require consideration of certain risks typically not associated with investing in U.S. securities or property. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, impositions of exchange control regulation by the United States and foreign governments, U.S. and foreign withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries and political difficulties, including expropriation of assets, confiscatory taxation, and economic or political instability in foreign nations.

**Availability and Accuracy of Information.** The Adviser will select investments for the Funds on the basis of information and data derived from research by Passport and, for

public companies, filed by the issuers of such securities with the SEC or foreign exchanges or regulators. Although Passport intends to evaluate such information and data and to seek independent corroboration when Passport considers it appropriate and when it is reasonably available, Passport will not in many cases be in a position to confirm the completeness, genuineness, or accuracy of such information and data.

**Availability of, and Ability to, Acquire Suitable Investments.** While the Adviser believes that many attractive investments of the type in which the Funds may invest are currently available and can be identified, there can be no assurance that such investments will continue to be available or that available investments will meet the Funds' investment criteria. In addition, the Funds may be unable to find a sufficient number of attractive investment opportunities to meet their investment objective.

**Risks Associated with Private Company Investments.** Private company investments involve an extraordinarily high degree of business and financial risk, can result in substantial or complete losses and may be investments of a longer investment duration. Some portfolio companies in which the Funds may invest may be operating at a loss or with substantial variations in operating results from period to period and may need substantial additional capital to support expansion or to achieve or maintain competitive positions. Such companies may face intense competition, including competition from companies with much greater financial resources, much more extensive development, production, marketing and service capabilities and a much larger number of qualified managerial and technical personnel. Such companies may also provide less information than might otherwise be available from a publicly held company, and the management of such portfolio company might also be less experienced than that which might be found at a publicly held company. In addition, risks may be increased with holding a private company due to the more illiquid nature of the asset and need to hold the investment for a longer period of time. Passport can offer no assurance that the marketing efforts of any particular portfolio company will be successful or that its business will succeed. Furthermore, the Adviser will have the right at any time in its sole and absolute discretion and without notice to any investor, to modify, amend, renegotiate, extend, change or waive the terms of any private company investments the Funds make.

**Short Sales.** The Funds may engage in "short sale" transactions from time to time. A short sale involves the sale of a security that the Fund does not own in the hope of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. Short selling allows an investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities can result in a loss. Short sales of securities and financial instruments can, in certain circumstances,

substantially increase the impact of adverse price movements on a Fund's investments. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in the inability of the respective Fund to cover the short position, and of theoretically unlimited potential for loss to such Fund.

**Leverage.** The Funds may borrow from banks and other financial institutions in order to enhance their investment leverage. The Funds may also engage in other investment strategies (such as options and derivatives) that may result in leveraging the assets of the Fund. Loans may be secured by assets of the Fund pledged to lenders. Leveraging by means of borrowing may exaggerate the effect of any increase or decrease in the value of the assets of the Fund and money borrowed will be subject to interest and other costs (which may include commitment fees and/or the cost of maintaining minimum average balances), which may or may not exceed the income received from the instruments purchased with borrowed funds.

**Derivatives.** The Funds may also invest in derivatives, which generally include complex derivative instruments that seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the Funds. These investments are all subject to additional risks that can result in a loss of all or part of an investment—in particular, interest rate and credit risk volatility, world and local market price and demand, and general economic factors and activity. Derivatives may have very high leverage embedded in them that can substantially magnify market movements and result in losses greater than the amount of the investment. Some of the markets in which the Funds effect derivative 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 Funds to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. Although the Funds will attempt to limit their derivative transactions to well-known and well-capitalized firms, the Funds are not restricted from dealing with any particular counterparty or from concentrating all of its transactions with one counterparty.

**Derivatives are Difficult to Value.** Derivative instruments may be difficult to value accurately. Any mis-valuation could adversely affect the Funds and their investors.

**Representation on Boards of Directors.** The Funds may seek to designate a director to serve on the board of directors of the companies in which they invest. Such director may be a principal, employee, member, manager or other affiliate of the Adviser. The designation of directors could expose the assets of the Funds to claims by such companies,

their security holders and their creditors. While the Adviser intends to manage the Funds to minimize exposure to these risks, the possibility of successful claims against the Funds cannot be precluded.

**Default and Counterparty Risk.** Some of the markets in which the Funds will effect 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. Similarly, digital currency exchanges that the Funds may trade on are not SEC or CFTC-regulated and may subject the Fund to counterparty risks similar to those of trading with other counterparties. This exposes the Funds 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 Funds to suffer a loss. In addition, in the case of a default, the Funds could become subject to adverse market movements while replacement transactions are executed.

In situations where a Fund or an Underlying Fund places assets in the care of a custodian or is required to post margin or other collateral with a counterparty, the custodian or the counterparty may fail to segregate such assets or collateral, as applicable, or may commingle the assets or collateral with the relevant custodian’s or counterparty’s own assets or collateral, as applicable, even if contractually limited or prohibited from doing so. As a result, in the event of the bankruptcy or insolvency of any custodian or counterparty, the Fund’s excess assets and collateral may be subject to the conflicting claims of the creditors of the relevant custodian or counterparty, and the Fund or such Underlying Fund may be exposed to the risk of a court treating the Fund or such Underlying Fund as a general unsecured creditor of such custodian or counterparty, rather than as the owner of such assets or collateral, as the case may be. In certain cases, assets of the Fund or an Underlying Fund may be placed in the care of a non-U.S. custodian. In any such case, the bankruptcy or insolvency of such custodian will be governed under the laws of the local jurisdiction, which may be less favorable to the Fund or an Underlying Fund or provide less protection to the Fund’s or an Underlying Fund’s assets than U.S. law. The Digital Network Fund does not intend to engage the services of a prime broker.

The Fund may be subject to the risk that issuers of the instruments in which it invests and trades may default on their obligations under those instruments, and that certain events may occur which have an immediate and significant adverse effect on the value of those instruments. There can be no assurance that an issuer of an instrument in which the Fund invests will not default, or that an event which has an immediate and significant adverse effect on the value of an instrument will not occur, and that the Fund will not sustain a loss on a transaction as a result.

Transactions entered into by the Fund may be executed on various U.S. and non-U.S. exchanges, and cleared and settled through various clearing houses, custodians, depositories and prime brokers throughout the world. Although the Funds will attempt to execute, clear and settle the transactions through entities the Adviser believes to be sound, there can be no assurance that a failure by any such entity will not lead to a loss to the Funds.

**Limited Liquidity.** An investment in the Funds advised by Passport is suitable only for sophisticated investors who have no need for liquidity in their investment. An investment in the Funds provides limited liquidity. Interests in the Funds are not freely transferable and withdrawals and redemptions are subject to applicable lock-ups and other restrictions such as notice requirements and specified dates when withdrawals and redemptions are permitted. Withdrawal and redemption proceeds may be paid in-kind, in a form that may be illiquid, not easily disposable or readily marketable for an extended period of time. Withdrawals and redemptions are also subject to the withdrawal and redemption limits, suspension of withdrawals and redemptions and other restrictions described in the PPMs.

**Incentive Allocation or Performance-Based Fee.** The allocation to the Adviser or its affiliates of a percentage of each investor's net capital appreciation for a fiscal year, or the payment to the Adviser of a performance-based fee, may create an incentive for the Adviser to cause such Funds to make investments that are riskier or more speculative than would be the case if this special allocation or payment of performance fees were not made, as noted in Item 6 above. The incentive allocation made and performance-based fees paid by the Clients to the Adviser or its affiliate are set by the Adviser or its affiliates without negotiations with any third party.

**Valuation of the Fund's Assets.** The Adviser has delegated to an administrator (the "Administrator") the determination of the net asset value of certain of the Funds (with the exception of Passport Ventures, LLC and certain co-investment vehicles). In determining the net asset value, the Administrator will follow the valuation policies and procedures adopted by the Adviser. If and to the extent that the Adviser or its affiliates are responsible for or otherwise involved in the pricing of any of the Funds' portfolio securities or other assets, the Administrator may accept, use and rely on such prices in determining the net asset value of the Fund and shall not be liable to the Fund or any investor, or the Adviser, or any other person in so doing. Since the Funds may hold a significant portion of their assets in a form of illiquid, not readily marketable or non-publicly traded securities or other investments, the value assigned to such securities or other investments by the Adviser or its affiliates and/or the Administrator may materially differ from the actual value received

for such securities or other investments upon a happening of a liquidation event with respect to such securities or other investments.

Certain and many of the Fund's investments will be investments for which there is no, or a limited, liquid market. As a result, the fair value of such Fund investment may not be readily determinable.

Because such valuations, and particularly valuations with respect to loans and securities of Portfolio Companies, are inherently uncertain, they may fluctuate over short periods of time and may be based on estimates. As a result, the Adviser and its affiliates' determinations of fair value may differ materially from the actual values obtainable in an arm's-length sale of such Fund investments to a third party. The Fund's financial condition and results of operations could be adversely affected if the Fund's fair value determinations were materially higher than the values that the Fund ultimately realize upon the realization of such Fund investments.

**Early Stage Investments; Venture Stage Investments.** The Funds may directly or indirectly invest a portion of its assets in newly-formed or pre-revenue Portfolio Companies. Most of these types of investments are made at an early point in a company's life cycle. These "early stage" or "seed" investments can create value inherent in particular companies or situations that can be realized only with substantial effort or expense. Often the success of the investment will depend not only on the efforts of its management team, but also upon actions of other key individuals, or extraneous factors including political or economic developments over which the Adviser has little or no control. Many early stage companies face significant competition from other firms, both established and start-up, with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel. In all such cases, the Fund will be subject to the risks associated with the underlying businesses engaged in by Portfolio Companies.

Early stage investments are typically made in firms that are seeking to develop and bring to market new, unproven ideas or technology. This endeavor is subject to a number of risks, including, but not limited to: failure to develop or perfect the idea as planned; obsolescence; patent infringement and similar claims that prevent the idea or technology from being used or licensed; lack of market acceptance; and loss of key personnel. These companies are typically dependent on the abilities of key individuals, including founding entrepreneurs, owners or employees with critical technological skills or ownership of important patents or other intellectual property, and marketing and financial professionals. The growth and development of early stage companies may depend on the regular injection of additional capital and financing beyond that which the Fund is prepared or able to invest; such financing may not be available from other sources.

Venture stage companies are typically thinly staffed and may lack the internal resources or procedures and controls to detect and prevent accounting errors, or more serious losses caused by the misconduct or negligence of officers, employees or agents. The very significant returns that have been earned in a small portion of venture capital investments

have in large part resulted from the completion of highly successful IPOs or acquisitions that have permitted the venture investors to sell their equity interests at multiples of original cost. There can, of course, be no assurance that, at the time a given venture investment matures, the public securities markets will support an IPO to permit such returns or that the venture-backed company's fundamentals will warrant such returns.

**Restrictions Imposed on Exit Strategies.** Even if an exit strategy — for example, an IPO — is able to be implemented with respect to the Fund's direct or indirect investment in a Portfolio Company, the Fund itself — as an early stage investor — may be subject to material "holdback" restrictions which limit its ability to participate, perhaps until the price at which it would initially have participated has been significantly eroded.

**No Obligation to Hedge.** The Fund will take long positions in private companies. These Portfolio Companies will either succeed or fail, but the Fund will have no obligation to "hedge" the risk of its investments. In the case of publicly-traded companies, investors can attempt to hedge their risk by taking short positions, investing in comparable issuers, implementing "portfolio hedges" against overall stock movements, etc. In investing in private companies, none of these tools to protect against the risk of loss are available. The success of the Fund will depend entirely on the success of the private, high-risk issuers in which it invests.

**Investments in New Growth Industries.** The Fund's Portfolio Companies may operate in new growth industries such as those composing the Target Sector. Investments in such industries may involve risks greater than those generally associated with other industries and may experience significant fluctuations in returns. New growth industries are challenged by rapidly changing market conditions and participants, new competing products and services and improvements in existing products and services. A number of the Fund's Portfolio Companies may compete in this volatile environment. There is no assurance that products or services sold by such Portfolio Companies will not be rendered obsolete or adversely affected by competing products and services or other challenges. Instability, fluctuation or an overall decline within new growth industries may not be balanced by investments in other industries not so affected. In the event that the new growth industries decline, returns to Limited Partners may decrease.

**Emerging Technology Company Risks.** The possibility that the Portfolio Companies in which the Fund invests will not be able to commercialize their technology or product concept presents significant risk. Additionally, although some of such Portfolio Companies may already have a commercially successful product or product line at the time of investment, technology products and services often have a more limited market or life span than products in other industries. Thus, the ultimate success of these Portfolio Companies may depend on their ability to continually innovate in increasingly competitive markets.

**Cybersecurity Risk.** The Adviser's hardware and software systems are subject to threats from hackers and others, such as a malicious attack, malware or other event that leads to unanticipated interruption or malfunction of such systems. Any interruption of the Adviser's hardware or software functionality could lead to material or even complete



losses to a Client. Hackers could also theoretically access and steal the Adviser's research, models, trading programs or other software or data and implement such programs or software on their own behalf. This could lead to increased competition for, or elimination of, the investment opportunities sought by any of the Clients or otherwise render the models developed by the Adviser obsolete, possibly resulting in material or complete losses to a Client.

**Other Investment Activities.** The Adviser and their principals and respective affiliates may make investments in Underlying Funds or Portfolio Companies for their own accounts, and the Adviser and/or their affiliates may, in the future, manage accounts other than the Funds utilizing strategies and programs which may be the same as or different from the ones the Adviser utilizes in making investment decisions for an existing Fund. In addition, in proprietary investing, the Adviser, their principals and their affiliates may make investments that are the same as, different than or opposite to those of the Fund.

Without limiting the generality of the foregoing, certain personnel of the Adviser have invested, and may continue to invest, in various private investments in their personal trading accounts or foundations for which they may serve as a trustee. Such persons may hold interests in the Underlying Funds and/or direct interests in Portfolio Companies (whether held through co-investments or otherwise, and whether such investment is in the same series of stock or in another part of the capital structure of the Portfolio Company) that are expected to be the subject of an investment by the Fund. The trading activity of such persons may differ from or be inconsistent with activities undertaken for the account of the Fund in such Underlying Funds and Portfolio Companies. In addition, certain personnel of the Adviser have made, and may continue to make, seed investments in the Portfolio Managers of certain Underlying Funds in which the Fund invests, and such seed investments entitle such personnel to receive amounts in respect of management fees or performance compensation otherwise payable to the Portfolio Managers of such Underlying Funds. While such personal investments may give rise to conflicts of interest in that they may (i) influence the Adviser to make an investment on behalf of the Fund in an Underlying Fund that offers such a seed investment opportunity over another Underlying Fund that does not offer such an opportunity, (ii) create an incentive to cause the Fund to make an investment in such Underlying Funds in order to increase the likelihood that such Underlying Funds will be successful, and (iii) serve to reduce the "skin in the game" of the Underlying Fund's management team, such Adviser personnel will not receive any additional fees in connection with the Fund's investment in such Underlying Funds. Neither the Fund nor the limited partners will share in any of the fees, incentive allocations or other revenue attributable to such personnel's seed investments.

**Conflicts Associated with the Adviser's or its Affiliates' Other Activities.** The Adviser and/or its affiliates may also elect in the future to sponsor, manage or participate in other securities and other investment activities and programs unrelated to the Funds (some of which may compete with the Funds' investment activities). The Adviser and/or its affiliates may also engage in business ventures unrelated to the activities of the Funds and

business opportunities that relate to, or which they became aware of because of, investments made by a Fund(s) but which opportunities are deemed by the Adviser not to be suitable for the Fund's portfolio. Investors in the Funds will have no right to participate in such activities of the Adviser or its affiliates and will have no right to participate in any profits generated from such activities. The Adviser may in certain circumstances enter into agreements with companies owned by, or affiliated with, the Adviser or its principals, the expenses of which are borne by the Funds. The Adviser will enter into such arrangements only if it determines that such arrangements are made on arm's length and the fees to be paid are reasonable in relation to similar services available in the marketplace. The Adviser's or its affiliates' judgment may be affected by the conflicts of interests inherent in such relationships and activities. Examples of these conflicts include:

1. **Competing Time Pressures.** The other activities of the Adviser and its affiliates will create conflicts of interest with the Funds over the time devoted to managing the portfolios of the Funds versus the time devoted to other activities.
2. **Conflicting Fiduciary Duties.** Because the Adviser and its affiliates may have fiduciary duties to a Fund and to other clients, the interests of a Fund and the other clients in the selection, allocation, negotiation and administration of investments may conflict, and the Adviser and its affiliates will be subject to conflicting demands on their time and attention. The Adviser and its affiliates will attempt to resolve all such conflicts in a manner that is fair to all such interests.

Please also see Item 10 below "Other Financial Industry Activities and Affiliations" below for additional information regarding conflicts associated with the Advisers' or its affiliates' other activities.

**Allocation of Investment Opportunities.** The Adviser on behalf of the Funds, and in other capacities with other entities or for its own accounts, will have discretion in determining which investments will be made by the Funds, sold to others, or made by the Adviser or their affiliates with or without the participation of the Funds. In addition, the Adviser may be able to obtain more favorable compensation, cost reimbursement or risk-sharing arrangements in connection with some investments if a Fund does not participate and the Adviser or its affiliates may be influenced to refrain from causing a Fund to make such investments even though participation might benefit such Fund. Under the governing documents of a Fund (which investors and potential investors should carefully review) the Adviser or its affiliates may be permitted to make any investments, whether or not in competition with a Fund or in a manner that would limit or eliminate such Fund's opportunity to make the investment, without any accountability to such Fund.

When two or more Funds seek to purchase the same securities, the securities actually purchased or sold will be allocated among the Funds on a good faith equitable basis by the Adviser or its affiliates in their sole discretion in accordance with the respective investment objectives and policies of each Fund and the procedures adopted by the Adviser.

**Possible Effects of Withdrawals and Redemptions.** Substantial withdrawals or redemptions could require a Fund to liquidate investments more rapidly than would otherwise be desirable to raise the necessary cash to fund the withdrawals or redemptions and to achieve a market position appropriately reflecting a smaller equity base. Applicable withdrawal or redemption limits are intended to mitigate this risk, but will not eliminate it. This situation could adversely affect the value of interests in the Funds.

**Suspension of Withdrawals and Redemptions.** As more particularly described in the PPMs, the Adviser or its affiliates generally may suspend the right of any investor to withdraw capital or to receive a distribution from a Fund if, in the Adviser's judgment, such a suspension would be in the best interests of such Client.

**Limited Liquidity of Interests.** While the Funds intend to use commercially reasonable efforts to make withdrawal payments in cash upon an investor withdrawal, there can be no assurance that the Funds will have sufficient cash to satisfy withdrawal requests, or that it will be able to liquidate investments at favorable prices at the time of such withdrawal request. Substantial withdrawals by Fund investors within a limited period of time could require the liquidation of positions more rapidly than would otherwise be desirable, which could adversely affect the value of the equity interests of both withdrawing investors and remaining investors.

**Co-Investments; Broken Deal Expenses.** Certain of the Funds may offer certain investors the opportunity to co-invest alongside a Fund or a fund investment vehicle in an investment opportunity. In determining which investors will be offered co-investment opportunities, the Adviser will consider, among other things, whether an investor played a role in sourcing a particular opportunity, the ability of an investor to execute a co-investment transaction quickly and efficiently, the reliability and creditworthiness of an investor, an indication of interest from an investor in co-investment opportunities (it being understood, for the avoidance of doubt, that an investor's indication of its interest in co-investment opportunities will not ensure its consideration for any opportunity) and any other strategic considerations (including, but not limited to, the length of time that an investor has had an investment relationship with the Adviser and the amount of an investor's investment in the Fund or another Fund). If the Fund offers certain investors a co-investment opportunity, the size of the investment opportunity otherwise available to Fund may be less than it would have been. In addition, certain investors may participate in co-investment opportunities on the basis of no, or a reduced or increased, management fee,

incentive allocation or other performance-related compensation. Further, in the event co-investment vehicles or co-investors, including other vehicles managed or controlled by the Adviser, may have invested alongside the Fund in a deal that is ultimately not consummated, they generally will not bear their share of broken deal expenses (such as legal fees, reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses) for such unconsummated transactions. In certain circumstances a co-investor that has been identified by the Fund and has committed to be responsible for its share of broken deal expenses will be allocated a share of such expenses.

### **Risks Related to Digital Currencies**

The further development and acceptance of digital currencies, which are part of a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of such currencies may adversely affect an investment. The growth of this industry is subject to a high degree of uncertainty.

**Price Volatility of Digital Currencies.** Perhaps in part because of their youth, digital currencies have experienced sharp fluctuations in value. If such volatility continues, it may have an adverse effect on the willingness of parties, other than speculators, to receive digital currency units in a transaction.

**Limited Use in the Marketplace.** Digital currencies are not legal tender in the United States and many question whether they have intrinsic value. The price of many digital currencies is based on the agreement of the parties to a transaction. Currently, there is relatively limited use of any digital currency in the retail and commercial marketplace in comparison to relatively extensive use as a store of value, thus contributing to price volatility that could adversely affect an investment. Digital currency has only recently become selectively accepted as a means of payment for goods and services by many major retail and commercial outlets, and use of digital currency by consumers to pay such retail and commercial outlets remains limited. There can be no assurance that such acceptance will grow, or not decline, in the future.

**Scalability Risks.** Digital currencies face significant scaling obstacles that can lead to high fees or slow transaction settlement times, and attempts to increase the volume of transactions may not be effective. Many digital currency networks face significant scaling challenges.

**Valuation and Liquidity of Digital Currencies.** Digital currencies can be traded through privately negotiated transactions and through numerous digital currency exchanges around the world. The lack of a centralized pricing source for these types of assets often poses a variety of valuation challenges. Additionally, the dispersed liquidity of digital

currencies may pose challenges for market participants trying to exit a position, particularly during periods of stress.

Because of these factors and the greater uncertainty surrounding digital currency transactions, a Fund may face a meaningful possibility of substantial losses as a result of such risks. For example, a reduction in liquidity may impair a Fund's ability to acquire or dispose of its investments at a price and time that such fund deems advantageous, and may likewise reduce the pool of profitable investment strategies for such fund. A reduction in liquidity in a digital currency could also have a material adverse effect on the price of the currency and consequently the value of an investment. Additionally, the valuation challenges surrounding digital currencies could, among other things, cause adverse pricing for a Fund, thereby adversely affecting the performance of certain of the Fund's trading strategies. Valuation challenges with digital currencies may also involve uncertainties and discretionary determinations with respect to valuations of a Fund or an Underlying Fund's portfolio, which will affect the amount of the applicable management fee and incentive allocation.

**Opaque Spot Digital Currency Market.** Digital currency balances are generally maintained as an address on the blockchain and are accessed through private keys, which may be held by a market participant or a custodian. Although digital currency transactions are typically publicly available on a blockchain or distributed ledger, the public address does not identify the controller, owner or holder of the private key. Thus, unlike bank or brokerage accounts, digital currency exchanges and custodians that hold digital currencies do not always identify the owner. The opaque nature of the underlying or spot digital currency market poses asset verification challenges for market participants, regulators and auditors and gives rise to an increased risk of manipulation and fraud, including the potential for Ponzi schemes, bucket shops and pump and dump schemes. Any such manipulation or fraud could adversely affect an investment in a Fund. For example, an actual event of manipulation or fraud could lead to some or all of a Fund's digital currencies being lost, stolen, destroyed or inaccessible. The ability of such Fund to discover and recover such losses may be impaired as a result of the opaque nature of the spot market and the possible limited liability and resources of some market participants, digital currency exchanges and custodians. In addition, instances of manipulation or fraud could lead to a loss of confidence in digital currency networks and decrease the market price of a Fund or Underlying Fund's investments.

**Loss of Access Risks.** The loss or destruction of a private key required to access a Fund's or an Underlying Fund's digital currencies may be irreversible. The loss of access to the private keys associated with the Fund's or the Underlying Fund's digital currency assets could adversely affect an investment. Digital currencies are controllable only by the possessor of both the unique public key and private key or keys relating to the "digital

wallet” in which the currency is held. Private keys must be safeguarded and kept private in order to prevent a third party from accessing the digital currency while held in such wallet. To the extent a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Fund will be unable to access the digital currency held in the related digital wallet. Any loss of private keys relating to digital wallets used to store a Fund’s digital currency could adversely affect an investment.

**Irrevocability of Transactions.** Digital currency transactions are irrevocable and stolen or incorrectly transferred digital currencies may be irretrievable. As a result, any incorrectly executed digital currency transactions could adversely affect an investment. Digital currency transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction or, in theory, control or consent of a majority of the aggregate hashrate on the respective digital currency network. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of digital currency or a theft of digital currency generally will not be reversible, and a 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, a Fund’s digital currency could be transferred from custody accounts in incorrect quantities 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 that has received the Fund’s digital currency through error or theft, the Fund will be unable to revert or otherwise recover incorrectly transferred digital currency. 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.

**Risks of Flawed or Ineffective Source Code.** If the source code or cryptography underlying a digital currency held by a Fund or an Underlying Fund proves to be flawed or ineffective, malicious actors may be able to steal the Fund’s or such Underlying Fund’s digital currency assets. In the past, flaws in the source code for digital currencies have been exposed and exploited. Several errors and defects have been publicly found and corrected, including those that disabled some functionality for users and exposed users’ personal information. Discovery of flaws in, or exploitations of, the source code that allow malicious actors to take or create money in contravention of known network rules have occurred. In addition, the cryptography underlying a digital currency could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, if a Fund or an Underlying Fund holds the affected digital currency, a malicious actor may be able to steal the Fund’s or such Underlying Fund’s digital currency assets, which would adversely affect an investment in the Fund or Underlying Fund. Even if the Fund or an Underlying Fund did

not hold the affected digital currency, any reduction in confidence in the source code or cryptography underlying digital currencies generally could negatively affect the demand for digital currencies and therefore adversely affect an investment in the Fund or the Underlying Fund.

**Risk of a Blockchain “Fork”.** A temporary or permanent blockchain “fork” could adversely affect an investment. Some digital currencies, including Bitcoin and Ether, are open source, meaning that any user can download the software, modify it and then propose that the users and miners of the currency adopt the modification. When a modification is introduced and a substantial majority of users and miners consent to the modification, the change is implemented and the network remains uninterrupted. However, if less than a substantial majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a “fork” of the network, with one prong running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of the digital currency running in parallel, yet lacking interchangeability.

**Inability to Realize Benefits of Hard Forks or “Air Drops”.** A Fund or an Underlying Fund may not be able to realize the economic benefit of a hard fork or “air drop,” either immediately or ever, which could adversely affect an investment. If the Fund or an Underlying Fund holds a digital currency asset at the time of a hard fork into two digital currency assets, it would be expected to hold an equivalent amount of the old and new assets following the hard fork. However, the Fund or such Underlying Fund may not be able, or it may not be practical, to secure or realize the economic benefit of the new asset for various reasons. For instance, a custodian or security service provider may not agree to provide the Fund or such Underlying Fund access to the new asset. In addition, the Fund or such Underlying Fund may determine that there is no safe or practical way to custody the new asset, or that trying to do so may pose an unacceptable risk to the Fund’s or such Underlying Fund’s holdings in the old asset, or that the costs of taking possession and/or maintaining ownership of the new digital currency exceed the benefits of owning the new digital currency.

Additionally, laws, regulation or other factors may prevent a Fund or an Underlying Fund from benefitting from the new asset even if there is a safe and practical way to custody and secure the new asset. For example, it may be illegal for the Fund or an Underlying Fund to sell the new asset, or there may not be a suitable market into which the Fund or an Underlying Fund can sell the new asset (either immediately after the fork or ever).

In addition, a digital currency held by the Fund or an Underlying Fund may become subject to a similar occurrence known as an “air drop.” In an air drop, the promoters of a new digital currency announce to holders of another digital currency that they will be entitled to claim a certain amount of the new digital currency for free. The timing of any such occurrence is uncertain and a Fund’s or an Underlying Fund’s participation would be subject to the discretion of the Adviser or the relevant Underlying Fund manager, respectively. Any inability to recognize the economic benefit of a hard fork or an air drop could adversely affect an investment.

**Risks of Open-Source Structure.** The open-source structure of many of the digital currency network protocols means that certain core developers and other contributors may not be directly compensated for their contributions in maintaining and developing the network protocol. A failure to properly monitor and upgrade network protocol could damage the digital currency networks. Certain digital currency networks operate based on open-source protocol maintained by the groups of core developers. As these network protocols are not sold and their use does not generate revenues for development teams, core developers may not be directly compensated for maintaining and updating the network protocols. Consequently, developers may lack a financial incentive to maintain or develop the network, and the core developers may lack the resources to adequately address emerging issues with the networks. There can be no guarantee that developer support will continue or be sufficient in the future. Additionally, some development and developers are funded by companies whose interests may be at odds with other participants in the network or with investors’ interests. To the extent that material issues arise with certain digital currency network protocols and the core developers and open-source contributors are unable or unwilling to address the issues adequately or in a timely manner, the digital currency networks and an investment in a Fund or an Underlying Fund may be adversely affected.

**Governance Risks.** Lack of clarity in the corporate governance of many digital currencies systems may lead to ineffective decision-making that slows development or prevents a network from overcoming important obstacles. Governance of many digital currency systems is by voluntary consensus and open competition. Bitcoin, for example, has no central decision-making body or clear manner in which participants can come to an agreement other than through overwhelming consensus. The lack of clarity on governance may adversely affect Bitcoin’s utility and ability to grow and face challenges, both of which may require solutions and directed effort to overcome problems, especially long-term problems. To the extent lack of clarity in corporate governance of digital currency systems leads to ineffective decision-making that slows development and growth, the value of the interests may be adversely affected.



**Risks Associated with Engaging or Investing in Mining Activities.** The Fund may invest, directly or indirectly, in entities engaged in cryptocurrency “mining” activities. Mining is the process whereby new cryptocurrency is issued directly to competing miners in return for using their computers’ processing power to help ensure the integrity and security of the underlying system. Mining difficulty (*i.e.*, the amount of processing power required to successfully mine a given cryptocurrency) can increase or decrease over time depending on various factors, such as the number of other miners competing at the same time. Generally, as the computing power on a given cryptocurrency’s network increases, so too does mining difficulty. Accordingly, mining cryptocurrency may require continual investment in computer hardware and cause an increase in energy costs for the miners. Such investment and costs can adversely affect the profitability of engaging or investing in mining activities. Additionally, depending on the cryptocurrency being mined, specialized hardware, such as GPUs or ASICs, may be required to efficiently mine, and new increasingly efficient versions are typically released from time to time. There may be limited producers of, or otherwise limited availability of, such hardware. To the extent that a miner is not able to acquire new versions of specialized hardware, it may not be able to mine as profitably or be at all profitable anymore.

**Risks Related to Insufficient Mining Incentives.** With respect to digital currencies that are developed through mining, if the award of new units of digital currency for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivize miners, miners may cease expending processing power to solve blocks and confirmations of transactions on the blockchain could be slowed temporarily. A reduction in the processing power expended by miners on digital currency networks could increase the likelihood of a malicious actor or botnet obtaining control.

**Risks of Exclusion of Transactions.** To the extent that any miners exclude some or all transactions, significant increases in fees and widespread delays in the recording of transactions could result in a loss of confidence on the relevant digital currency networks, which could adversely affect an investment in a Fund or an Underlying Fund.

**Risks of Collusion of Miners.** Miners could act in collusion to raise transaction fees, which may adversely affect the usage of digital currency networks.

Miners, functioning in their transaction confirmation capacity, collect fees for each transaction they confirm. Miners validate unconfirmed transactions by adding the

previously unconfirmed transactions to new blocks in the blockchain. Miners are not forced to confirm any specific transaction, but they are economically incentivized to confirm valid transactions as a means of collecting fees. Miners have historically accepted relatively low transaction confirmation fees. If miners collude in an anticompetitive manner to reject low transaction fees, then digital currency users could be forced to pay higher fees, thus reducing the attractiveness of the digital currency network. Mining occurs globally and it may be difficult for authorities to apply antitrust regulations across multiple jurisdictions. Any collusion among miners may adversely affect the attractiveness of digital currency networks and may adversely affect an investment in a Fund or an Underlying Fund or the ability of the Fund or the Underlying Fund to operate.

**Nascent Development of Smart Contracts.** The nascent nature of smart contract development may magnify initial problems, increase volatility and reduce interest in smart contracts, which could have an adverse impact on the value of Ether or other digital currencies. Smart contracts are computer protocols that facilitate the negotiation or performance of a contract and have only very recently been implemented. Since smart contracts typically cannot be stopped or reversed, bugs in their programming can have catastrophic effects.

**NFTs.** NFTs are non-fungible tokens issued on a distributed ledger such as a blockchain. They are similar to cryptocurrencies like bitcoin in that they can be identified individually and are authenticated through a decentralized system of nodes via a consensus protocol. However, they differ from cryptocurrencies in that they are each unique, indivisible, and “non-fungible.” NFTs are stored in “smart contracts,” which are automatically executable code that run on top of the distributed ledger on which the NFT is recorded. They provide a method of “provable uniqueness” and ownership for pieces of digital art, images, music and other content. NFTs are provably unique because each image and piece of content is linked to a single token stored in a smart contract on the distributed ledger and its ownership can be irrefutably established. While others may have copies of the same content, only one person can own the specific token authenticating ownership of the content. Currently, most, but not all, NFTs operate on the Ethereum blockchain.

NFTs are stored in a digital asset wallet, whether a wallet you control or one provided by a third-party. As such, the same security and additional risks inherent to cryptocurrency exist in terms of security, theft, lost keys, and irreversible transactions exist in respect of NFTs. In most cases, the work is not actually stored on the blockchain and the NFT will “point” to a traditional internet site where the work is housed. Given the nascent stage of this asset class, there is uncertainty about the regulatory landscape for NFTs, including, but not limited to, whether they should be categorized as a security or commodity. Complying with the registration requirements of the Securities Act would be impracticably expensive, while offering restrictions could make NFTs unsuitable for certain anticipated use cases such as facilitating artists’ rights and royalties.

**Limited History of Digital Currencies.** Due to the limited history of digital currencies and the rapidly evolving nature of the digital currency market, it is not possible to know all the risks involved in making an investment in digital currency, and new risks may emerge at any time. Digital currencies have gained commercial acceptance only within the past decade and, as a result, there is little data on their long-term investment potential.

**Risks Related to the Exchange Markets and Service Ecosystems for Digital Currencies**

**New and Unregulated Digital Currency Exchanges.** The digital currency exchanges on which digital currencies trade are relatively new and, in many cases, largely unregulated and, therefore, may be more exposed to fraud and failure than established, regulated exchanges for other assets. Any fraud, security failure or operational problems experienced by the digital currency exchanges could result in a reduction in the value of the digital currency and adversely affect an investment in the Funds. Many such exchanges do not provide the public with significant information regarding their ownership structure, management teams, corporate practices or regulatory compliance. As a result, the marketplace may lose confidence in, or may experience problems relating to, digital currency exchanges, including prominent exchanges handling a significant portion of the volume of trading. Digital currency exchanges may impose daily, weekly, monthly or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of digital currency for fiat currency difficult or impossible. The participation in digital currency exchanges requires users to take on credit risk by transferring digital currency from a personal account to a third party's account.

Over the past several years, a number of digital currency exchanges have been closed due to fraud, failure or security breaches. In many of these instances, the customers of such digital currency exchanges were not compensated or made whole for the partial or complete losses of their account balances in such digital currency exchanges. While smaller digital currency exchanges are less likely to have the infrastructure and capitalization that make larger digital currency exchanges more stable, larger digital currency 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). In 2014, the largest Bitcoin exchange at the time, Mt. Gox, filed for bankruptcy in Japan amid reports the exchange lost up to 850,000 Bitcoins, valued then at over \$450 million.

Digital currency exchanges that are regulated typically must comply with minimum net worth, cybersecurity, and anti-money laundering requirements, but are not typically required to protect customers or their markets to the same extent that regulated securities

exchanges or futures exchanges are required to do so. For example, U.S. state and federal regulatory regimes for digital currency exchanges have no specific requirements that exchanges detect, report or prevent manipulative trading activity, such as spoofing.

A lack of stability in digital currency exchanges, manipulation of digital currency markets by digital currency exchange customers and the closure or temporary shutdown of such exchanges due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in the digital currencies generally and result in greater volatility in the market price of digital currencies. These potential consequences of an exchange's failure or failure to prevent market manipulation could adversely affect an investment in the Funds or the Underlying Funds.

**Transaction Fees.** Digital currency exchanges, wallet providers and other custodians and security vendors of digital assets may charge transaction fees that are higher relative to fees charged by custodians in many other financial markets. These relatively higher fees may be due to, among other factors, the significant scaling obstacles and security challenges that digital currencies, wallets and digital asset intermediaries face. Such high transaction fees could adversely affect the profitability of a Fund or Underlying Fund's investments and therefore the value of the interests in such fund. In addition, continued or increased high transaction fees could reduce the demand for and the price of digital currencies, which could adversely affect an investment in a Fund or an Underlying Fund.

**Digital Currency Derivatives Markets.** Regulated derivatives markets for digital currencies in the United States are developing as registered futures exchanges and swap execution facilitates, which are regulated by the CFTC, and are beginning to offer futures, options, and swaps on Bitcoin. Several CFTC-registered swap execution facilitates offer trading in digital currency swaps and both the CBOE and CME, which are registered futures exchanges do, or plan to, offer futures and options on digital currencies. There is, however, no assurance that any particular digital currency derivatives producers will be brought to market, that derivatives products will be created for digital currencies other than Bitcoin, or that trading in products that are offered will be liquid or at beneficial prices to the Funds or Underlying Funds. Additionally, digital currency "forks" or other similar events may pose significant challenges for derivatives exchanges or other markets to address. See "Risk of a Blockchain 'Fork,'" above.

The existence of regulated markets that offer trading in digital currency derivatives, the volume of transactions on those markets and the nature and sophistication of participants may impact a Fund's or an Underlying Fund's ability to take advantage of opportunities in the derivatives markets.

**Competition from Other Methods of Digital Currency Investing.** An investment in the Fund may be adversely affected by competition from other methods of investing in digital currencies, which could result in investor withdrawals and adversely affect an investment in the interests. The Fund will compete with other potential financial vehicles. Such competitors may invest in digital currencies, including through securities backed by or linked to digital currency exchange-traded products, or ETPs. Other competitors may invest in derivative financial products, which utilize digital currencies as the underlying asset. Market and financial conditions, and other conditions beyond the Fund's control, may make it more attractive for investors to withdraw interests in the Fund in order to invest in other such financial vehicles. Furthermore, more attractive investment products not currently on the market could develop, which may also lead to investors withdrawing interests in the Fund. Any such withdrawals may negatively affect the value of the interests in the Fund.

Prices for digital currencies may be affected by the sale of other digital currency financial vehicles that invest in and track the price of digital currencies. To the extent digital currency financial vehicles (other than the Funds and the Underlying Funds) tracking the price of digital currencies are formed and represent a significant proportion of the demand for digital currencies, large redemptions of the securities of these digital currency financial vehicles, or private funds holding digital currencies, could negatively affect prices, the Funds' holding of digital currencies and the value of the interests.

**Risks Relating to Availability of Banking Services.** Banks may not provide banking services, or may cut off banking services, to businesses that provide digital currency-related services or that accept digital currency as payment, which could damage the public perception of digital currency and the utility of digital currency as a payment system and could decrease the price of digital currency and adversely affect an investment in a Fund or an Underlying Fund.

### **Risks Related to Regulation of Digital Currency**

Regulatory changes or actions may alter the nature of an investment in a Fund or an Underlying Fund or restrict the use of digital currencies or the operation of digital currency networks or exchanges in a manner that adversely affects an investment in a Fund or an Underlying Fund.

While regulation of digital currency is still nascent, as Bitcoin and other digital currencies have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies have been examining digital currency networks and exchange markets. Many of these state and federal agencies have issued consumer advisories

regarding the risks posed by Bitcoin and other digital currencies to investors. In addition, U.S. federal and state agencies, and regulatory bodies in other countries have issued rules or guidance about the treatment of digital currency transactions or requirements for businesses engaged in digital currency activity. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the nature of an investment in a Fund or the ability of a Fund to continue to operate.

**Future Legislation and Regulation Worldwide Relating to Digital Currencies.** It may be or become illegal to acquire, own, hold, sell or use digital currencies in one or more countries, and ownership of, holding or transfer of the interests in the Fund or Underlying Funds may be considered illegal and subject to sanction in those countries. The Adviser believes that this uncertainty has had and will continue to have an adverse effect on the price of digital currencies and therefore the value of an investment in the Fund and any Underlying Funds.

**Risk of Loss, Theft or Restriction on Access of Digital Currencies.** Funds' and the Underlying Funds' digital currencies held in custody accounts will likely be an appealing target to hackers or malware distributors seeking to destroy, damage or steal the Funds' or Underlying Fund' digital currencies or private keys. Security breaches, cyber-attacks, computer malware and computer hacking attacks have been a prevalent concern for digital currency exchanges. Any cyber 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 harm a Fund's or an Underlying Fund's business operations or reputation, resulting in loss of the fund's assets. Digital currency exchanges may in particular be at risk of cyber security breaches orchestrated or funded by state actors.

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

Such storage systems and operational infrastructure may be breached due to the actions of outside parties, error or insider malfeasance of an employee of the Adviser or its custodians, or otherwise, and, as a result, an unauthorized party may obtain access to the Adviser's, a Fund's, or the Fund's custodians' or security vendors' storage systems, private keys, data or digital currencies. Additionally, outside parties may attempt to fraudulently induce employees of the custodians or the Adviser to disclose sensitive information in

order to gain access to a Fund's infrastructure. The Adviser, its custodians or any technological consultant engaged by them will periodically examine and propose modifications to storage systems, protocols and internal controls to address the use of new devices and technologies to safeguard the Fund's systems and digital currencies. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, the Adviser may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of a storage system occurs, a loss of confidence in digital currency networks may decrease the market price of the Fund's investments. An actual or perceived breach may also cause investors to seek to withdraw interests, which may harm the Fund's investment performances. In the event of an actual or perceived security breach of a storage system, the Fund may cease operations.

If a Fund's or an Underlying Funds' digital currencies are lost, stolen or destroyed under circumstances rendering a party liable to the Fund or the Underlying Fund, the responsible party may not have the financial resources sufficient to satisfy the Fund's claim. For example, as to a particular event of loss, the only source of recovery for a Fund or an Underlying Fund may be limited to the relevant custodian or, to the extent identifiable, other responsible third parties (for example, a thief or terrorist), any of which may not have the financial resources (including liability insurance coverage) to satisfy a valid claim of the Fund or the Underlying Fund.

It may not be possible, either because of a lack of available policies or because of prohibitive cost, for a Fund or an Underlying Fund to obtain insurance that would cover losses associated with certain digital currency assets. If an uninsured loss occurs or a loss exceeds policy limits, the Fund or the Underlying Fund could lose all of its assets.

**Risks Related to Security Protocols.** A Fund could experience unforeseen difficulties in operating and maintaining security procedures or other key elements of technical infrastructure. Security protocols have been designed specifically to provide security for the Fund's assets and may be expanded, updated and altered from time to time. Any effort to expand, update or alter the security system is likely to be complex, and unanticipated delays in the completion of these projects may lead to unanticipated project costs, operational inefficiencies or vulnerabilities to security breaches. In addition, there may be problems with the design or implementation of certain security protocols or with an expansion or upgrade thereto that are not evident during the testing phases of design and implementation, and that may only become apparent after the Fund has utilized the infrastructure. Any issues relating to the performance and effectiveness of the security

procedures used by the Fund, its custodians and security vendors to protect its digital currency assets, such as algorithms, codes, passwords, multiple signature systems, encryption and telephone call-backs, may have an adverse impact on an investment.

The security procedures implemented by the Adviser, the Fund and its custodians and security vendors are technical and complex, and the Fund depends on these security procedures to protect the storage, acceptance and distribution of data relating to digital currency assets and the digital wallets into which the Fund deposits its digital currencies. These security procedures may not protect against all errors, software flaws or vulnerabilities. Defects in the security procedures may only be discovered after a failure in the custodians' and security vendors' safekeeping and storage of the Fund's digital currency assets. Such custody and security systems may be implemented by the Adviser directly as well as by third party custody providers.

It is not uncommon for businesses in the digital currency space to experience large losses due to fraud and breaches of their security systems. For example, in September 2015, the global Bitcoin payment agent, BitPay, lost approximately \$1.8 million of Bitcoins due to a hacker's fraudulent impersonation of BitPay's Chief Financial Officer, or CFO, whereby the hacker was able to access the CFO's email account and successfully request BitPay's custodian to transfer funds.

Furthermore, a Fund's private keys required to transfer the Fund's digital currency assets could be stored on systems or vaults located across the world, depending on the practices and procedures of the Fund's custodians or security vendors, which could be subject to (i) hostile regulatory treatment of digital currencies, (ii) unforeseen social, economic or political unrest and (iii) natural or man-made disaster.

The Funds, the Adviser, the custodians, the security vendors and each of their agents will take measures to protect the Funds and their digital currency assets from unauthorized access, damage or theft. However, it is possible that the security procedures in place may not prevent the improper access to, or damage or theft of the Funds' digital currencies. A security breach could harm a Fund's reputation or result in the loss of some or all of the Fund's digital currency assets. A resulting perception that the security procedures do not adequately protect the Fund's digital currency assets may have an adverse impact on an investment in the Fund.

**Changing Security Needs.** The Funds' and Underlying Funds' custodians' and security vendors' ability to adopt technology in response to changing security needs or trends poses a challenge to the safekeeping of the Fund's and the Underlying Funds' digital currency



assets. Digital currency exchanges and large holders of digital currencies must adapt to technological change in order to secure and safeguard client accounts. The ability of the custodians and security vendors that are or will be employed by a Fund or an Underlying Fund (including, potentially, the Fund or the Underlying Fund itself, the Adviser, or affiliates of the Adviser) to safeguard the digital currencies that the Fund or Underlying Fund holds from theft, loss, destruction or other issues relating to hackers and technological attack, is based upon known technology and threats. As technological change occurs, the security threats to the custodial digital currency assets will likely adapt and previously unknown threats may emerge. Furthermore, the Adviser believes that the Funds and the Underlying Funds may become a more appealing target of security threats as the size of a Fund's or Underlying Funds' assets grows. If a custodian or security vendor is unable to identify and mitigate or stop new security threats, the custodial digital currency assets may be subject to theft, loss, destruction or other attack, which could have a negative impact on the performance of the Fund or Underlying Fund or result in loss of the Fund's or the Underlying Fund's assets.

**Trade Execution Risk.** A Fund's investment and trading strategies depend on its ability to establish and maintain an overall market position in a combination of financial instruments selected by the Adviser. A Fund's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, trading volume surges or systems failures attributable to the Fund, the Adviser, the Fund's counterparties, brokers, dealers, agents, or other market participants. In such event, the Fund might only be able to acquire or dispose of some, but not all, of the components of such position, or if the overall position were to need adjustment, the Fund might not be able to make such adjustment. As a result, the Fund would not be able to achieve the market position selected by the Adviser, which may result in a loss.

**Uncertain U.S. Federal Income Tax Treatment.** Due to the new and evolving nature of digital currencies and a general absence of clearly controlling authority with respect to digital currencies, many significant aspects of the U.S. federal income tax treatment of digital currencies (including with respect to the amount, timing and character of income recognition) are uncertain. The proper treatment for U.S. federal income tax purposes of swaps and certain other derivative financial instruments referencing digital currency is also not clear. There can be no assurance that the Internal Revenue Service (the "IRS") will agree with the positions taken by a Fund, any Underlying Fund or any Fund investment vehicle, and it is possible that the IRS will successfully challenge any of these positions. Moreover, it is possible that, with respect to certain issues, a Fund will take positions with respect to its direct investments that are different from the positions taken by one or more

Underlying Funds that are not managed by the Fund or any of its affiliates. In that case, the differing positions could increase the risk of an IRS audit.

**Litigation and Claims.** A Fund, the Adviser, and its affiliates as independent legal entities, may be subject to lawsuits or proceedings by government entities or private parties. Except in certain limited circumstances, expenses or liabilities of a Fund arising from any suit will be borne by such entities.

### **Fund-of-Funds Investment Risks**

**A Fund-of-Funds Does Not Participate in the Management of Underlying Funds.** A Fund that is a fund-of-funds or invests a portion of their assets in Underlying Funds will generally have no or limited rights and ability to participate in the management or control of the business of any Underlying Fund and thus must rely substantially upon the ability of the Underlying Fund managers with respect thereto and with respect to making and monitoring investments. There is no guarantee that the Underlying Fund managers will act in accordance with any disclosure documents or descriptive materials given by them to the Fund. In addition, such Fund will generally not have an opportunity to evaluate the specific investments made by any Underlying Fund manager or the terms of such investments.

**Payment of Performance Fees and Allocations to Underlying Fund Managers.** An Underlying Fund manager will receive any performance-based fees and allocations to which it is entitled, irrespective of the performance of the other Underlying Fund investments or the Fund as a whole. An Underlying Fund manager with positive performance may receive a performance-based fee or allocation indirectly from the Fund and the investors, even if the Adviser would not be eligible to receive an incentive allocation due to application of the high water mark.

**Lack of Coordination Among Investments.** No assurance can be given that the collective performance of the investments will result in profitable returns for a Fund that is a fund-of-funds. The good performance achieved by one or more investments may be neutralized by the poor performance experienced by other investments. The Fund and the Underlying Funds will invest independently of one another and may at times hold economically offsetting positions. Consequently, at any particular time, the Fund or an Underlying Fund may be purchasing investments that, at the same time, are being sold by another Underlying Fund or by the Fund. Investing in this manner could cause the Fund to incur directly or indirectly certain transaction costs without accomplishing any net investment result. Alternatively, the Fund and the Underlying Funds may employ similar strategies or

invest in some of the same assets, resulting in less diversification to the Fund than is desired.

**Reliance on Third-Party Fund Management.** A Fund that is a fund-of-funds intends to invest in Underlying Funds managed by Underlying Fund managers who are unrelated to the Adviser and its affiliates and, directly or indirectly, in investments selected by such unrelated Underlying Fund managers. The success of the Fund depends upon the ability of the Underlying Fund managers to develop and implement strategies that achieve the Fund's investment objective. Although the Adviser will attempt to evaluate each Underlying Fund based on criteria such as its investment strategy and past performance as well as past performance of its Underlying Fund manager with respect to other investment products, past performance may not be a reliable indicator of future results. Underlying Fund managers may not be registered as investment advisers with the SEC, making it more difficult for the Adviser to scrutinize such Underlying Fund managers' credentials. None of the Adviser, the General Partner or directors, as the case may be, or their affiliates will have an active role in the day-to-day management of the Underlying Funds in which the Fund invests. Moreover, the Adviser will generally not have the opportunity to evaluate the specific investments made by any unaffiliated Underlying Fund manager before they are made, and may not be able to dispose of an investment in an Underlying Fund if the Adviser is dissatisfied with such Underlying Fund's performance. Accordingly, the returns of the Fund will depend on and could be substantially adversely affected by the performance of such unrelated Underlying Fund managers.

**Potential Layering of Fees.** The Fund may access Portfolio Companies indirectly by investing in Underlying Funds managed by third-party Portfolio Managers that, in turn, invest in Portfolio Companies. The Fund's investments in Underlying Funds will be subject to asset and performance-based fees to the Portfolio Managers of those Underlying Funds as well as a pro rata share of expenses. Investors also pay the management fee and carried interest at the Fund level. This results in a layering of fees and expenses at each level of investment in which the Fund invests. This layering of fees and expenses may result in a higher cost of investment than would be associated with a direct investment.

## **Item 9 –Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of Adviser's management.

The Adviser has no information applicable to this Item.

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

Neither Passport nor Nimble or their management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

In addition to serving as the investment adviser for the Funds, John Burbank serves as the managing member to various affiliated entities, and Passport Holdings, LLC, Passport Ventures II, LLC and Nimble Partners GP, LLC, affiliates of Passport, each serve as general partner to a number of private investment funds. In addition, Mr. Burbank is expected to spend time overseeing his own personal investments. As a result, conflicts of interest will arise, including in allocating management time, services and functions between the Funds in which the general partner's or the adviser's affiliates, employees, officers, directors, principals or members may have a greater financial interest.

Personnel of the adviser may invest in various investments including securities, commodities, private companies, cryptocurrencies and related instruments and/or Underlying Funds in their personal trading accounts or foundations for which they may serve as a trustee. Such persons hold interests in the Underlying Funds that are expected to be the subject of an investment by the Digital Network Fund. The trading activity of such persons may differ from or be inconsistent with activities undertaken for the account of the Digital Network Fund in such Underlying Funds and instruments. For example, personnel of the Adviser may purchase a digital currency-related instrument for their personal accounts at a time when a Fund is selling the same instrument. Alternatively, personnel of the Adviser may take a short position in a digital currency-related instrument on behalf of their own accounts while the Fund maintains a long position in the same instrument.

In addition, personnel of the Adviser may make seed investments with respect to certain Underlying Funds, and such seed investments may entitle such personnel to receive amounts in respect of Management Fees or performance compensation otherwise payable to the managers of such Underlying Funds. While such personal investments may give rise to a conflict of interest in that they may create an incentive to cause the Digital Network Fund to make an investment in such Underlying Funds in order to increase the likelihood that such Underlying Funds will be successful, the personnel will not receive any additional fees in connection with the Digital Network Fund's investment in such Underlying Funds.

There can be no assurance that actions taken with respect to the personal accounts of Adviser personnel will not adversely affect the Funds and, indirectly, the Funds' investors. It is often difficult to anticipate or predict all circumstances under which the interests of the Funds and the Funds' investors, on the one hand, and personnel of the Adviser, on the other hand, may come into conflict.

Passport does not recommend or select other investment advisers for its Clients from which it directly or indirectly receives compensation.

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

The Adviser has adopted a Code of Ethics for all supervised persons describing its standards of business conduct. The Code of Ethics includes provisions relating to the confidentiality of investor information, personal securities trading, acceptance of gifts, and participation in outside business interests, among other things. All supervised persons at the firm must acknowledge the terms of the Code of Ethics annually and when amended. A copy of the Adviser's Code of Ethics is made available to investors and prospective investors upon request.

The Adviser anticipates that, in appropriate circumstances, consistent with Clients' investment objectives, it may cause accounts over which it has management authority to purchase or sell securities in which Passport, its affiliates and/or Clients, directly or indirectly, may have a position of interest. Passport anticipates that in most, but not necessarily all, circumstances it may also recommend such purchases or sales of securities to Clients. The determination and resolution of any conflict will be addressed by the Chief Compliance Officer.

All employees and other supervised persons are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, the Adviser and its members, owners, directors, officers and employees, and their immediate families to the extent residing in the same household may trade for their own accounts in securities that are recommended to and/or purchased for Passport's Clients. The Code of Ethics is designed to prevent the personal securities transactions, activities and interests of employees and other supervised persons from interfering with their duty to act in the best interest of the Adviser's Clients. However, actual or apparent conflicts of interest may exist. Personal trading is periodically monitored under the Code of Ethics in an attempt to reasonably prevent conflicts of interest between the Adviser and its Clients. The Code of Ethics requires pre-clearance of many transactions and restricts trading in close proximity to Client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit the Adviser and its employees and other supervised persons to invest in the same securities as Clients, or in securities that the Adviser determines is not appropriate for a Client due to certain parameters of the investment strategy for such Client, there is a possibility that supervised persons might benefit from market activity by a Client in a security also held by a supervised person or benefit from a security that is not otherwise held by a Client.

The Adviser manages portfolios on behalf of its Clients for which certain securities or investment opportunities may be appropriate for more than one Client. Passport has adopted an Allocation Policy that applies to all portfolios managed by the firm, which is reasonably designed to ensure that trades and investment opportunities are allocated on a basis Passport believes to be fair and equitable. This policy is reviewed and updated as needed on a periodic basis.

In allocating investment opportunities among Clients, Passport will consider several factors including:

- a. The investment objectives of the respective Client;
- b. The current exposure of each Client to that particular position or that particular sub-sector and available investable funds of the Client;
- c. The target allocation of each Client for that particular position or that particular sub-sector;
- d. Any investment guidelines of the Client, including those related to diversification, concentration and minimum and maximum size; and
- e. The liquidity profile of the investment opportunity.

There are currently no Funds whose investment strategies anticipate participation in initial public offerings ("IPOs). However, Passport nonetheless adopts and maintains formal, written policies and procedures for all existing and new Funds that address eligibility and allocation in regard to such opportunities, with special attention to the suitability of such investments for a particular Fund in light of the investment objectives and strategies of such Fund, as set forth below.

From time to time, the Adviser may obtain limited investment opportunities in certain securities in an amount that the Adviser determines to be appropriate for some or all of the Funds, including certain Funds that may be formed for the purpose of participating in co-investment opportunities, and the remaining portion of which, if any, the Adviser may elect to make available for co-investment (each, a "Co-Investment Opportunity") to current and prospective investors. In addition, the Adviser and/or its affiliates and personnel may separately participate in the Co-Investment Opportunities offered to Funds and investors. As such, the Adviser and/or its affiliates, including personnel, may hold the same securities as are held by a Fund or certain of the investors therein, and this may create a conflict of interest among the Adviser, such affiliated holders and the respective Fund or investor. In cases where the portfolio manager deems the investment opportunity appropriate for a Fund, the Adviser would make the Co-Investment Opportunity available to individual

investors once the Funds have been allocated their appropriate share of the available investment opportunity.

From time to time, the Adviser may accept as investors in a Fund certain affiliated entities and individuals, including Passport and its affiliates, as well as other private investment vehicles of which Passport is a general partner, manager, or investment adviser. For example, Passport, its employees or a related entity will generally have an investment in the Funds Passport manages. As discussed above in Item 10, personnel of the Adviser may make seed investments with respect to certain Underlying Funds, which may lead to certain conflicts of interest although the personnel will not receive any additional fees in connection with the Fund of Funds. Therefore, Passport, its employees or a related entity may participate, indirectly, in transactions effected for private investment vehicles. Due to the relationship between Passport and such private investment vehicles, Passport could be considered to have recommended the investment should a person who is otherwise a Client of Passport invest.

Periodically, Passport may seek to adjust or rebalance Client investment accounts or portfolios by effecting cross trades between or among such Client investment accounts, including accounts of Funds in which Passport and/or its affiliates are invested (i.e., causing one or more such Funds to sell securities to one or more such Funds. Cross trades may involve conflicts of interest between or among Passport and the accounts of Clients participating in the cross trades as well as among the participating Client accounts. In effecting cross trades, Passport seeks to reduce the transaction costs to its participating Clients with respect to such account adjustments. All such cross trades will be consistent with the investment objectives and policies of each Fund involved in the trades and typically will be effected at a current independent market price of the securities involved in the trades determined by Passport or by an authorized representative of any Passport-advised Fund involved in the cross trade. If no independent market price is available, a cross trade will not be effected subject to limited exceptions requiring express approval of an alternative pricing methodology by Passport's compliance group. Notwithstanding the foregoing, if the assets of any Client account are deemed to be "plan assets" under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Passport will not effect cross trades with respect to that Client's account unless Passport determines that the account's participation in cross trades would not result in a prohibited transaction under ERISA. In addition, certain Passport strategies do not participate in cross trades.

The Adviser or its affiliates may enter into "principal transactions" with Clients within the meaning of Section 206(3) of the Advisers Act in which any of the Adviser or such affiliates act as principal for its own account with respect to the sale of a security to or purchase of a security from a Client. Principal transactions and other significant transactions between a

Client and the Adviser or its affiliates will be done in compliance with applicable law. In analyzing such trades, the Adviser will have a conflict between acting in the best interests of the applicable Client and assisting itself or its affiliate by selling or purchasing a particular security. The determination and resolution of any conflict will be addressed by the Chief Compliance Officer.

## **Item 12 – Brokerage Practices**

Federal law requires Passport to deal fairly and honestly with and on behalf of its Clients. While Passport is not required to obtain the lowest available commission rate for executing a given trade, it is Passport's fiduciary obligation to use its "best efforts" to obtain a reasonable commission rate in relation to the quality of the execution and the value of brokerage services received from the executing broker. Therefore, Passport has adopted standards with respect to executing trades.

It is Passport's policy for the Chief Operating Officer, in consultation with the portfolio managers and traders, to assess a new broker-dealer relationship using some or all of the following performance factors:

- Execution capability;
- Commissions and pricing;
- Block trading coverage for a particular security;
- Effective communications;
- Ability to position the proposed trade (for example: the trading of odd lots)
- Distribution and underwriting capabilities;
- Use of electronic efficiencies;
- Ability to settle trades efficiently;
- Financial stability;
- Ancillary services; and
- General reputation.

No relationship may be initiated or maintained with a broker-dealer that is:

- Suffering business continuation difficulties that have been publicly reported upon that in the opinion of the Chief Compliance Officer impacts its ability to perform.
- A party to litigation or the subject of government investigation that in the opinion of the Chief Compliance Officer impacts its ability to perform.

Passport evaluates existing broker-dealer relationships using the assessment factors itemized above.



**Research and Other Soft Dollar Benefits.** Passport does not utilize soft dollars.

### **Item 13 – Review of Accounts**

Mr. Burbank is responsible for the review of the Special Opportunities Fund. Seth Spalding, Portfolio Manager of the Passport Digital Network Fund, reviews the account on a regular basis to review performance, allocations, general macro trends and liquidity. Ken Wallace along with the rest of the Investment Committee reviews the Nimble Partners Fund to review performance, allocations, general macro trends and liquidity.

Investors in the Funds receive quarterly statements of their holdings in the Funds managed by the Adviser.

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

**Third Party Solicitor Arrangements.** Passport may enter into third party solicitor arrangements whereby it pays a referral fee for investor referrals. Any such arrangements are consistent with Rule 206(4)-3 of the Advisers Act. Clients of Passport whose accounts involve third party solicitor arrangements are advised of the arrangement in writing and do not pay higher fees as a result of the arrangement.

These third party solicitor arrangements involve potential conflicts of interest that prospective investors should carefully consider before investing in a Fund. For example, compensation for referrals, whether prospective or actual, may provide such solicitors with an incentive to favor sales of interests in such Funds over sales of other interests in other vehicles that have lower or no fees. Prospective investors may wish to take such potential fee arrangements into consideration when considering any recommendations relating to investing in a Fund.

### **Item 15 – Custody**

Due to the nature of certain affiliations Passport or certain of its related persons has with the general partners or directors of certain Funds and/or its service as general partner or managing member of certain Funds, Passport is considered to have custody of the client funds and securities of such Funds under Rule 206(4)-2 under the Advisers Act (the “Custody Rule”).

With the exception of certain instruments evidencing ownership of certain privately issued securities, custody of the securities of each Fund is maintained under clearing broker

arrangements with one or more clearing brokers or banks (the “Custodian”) selected by Passport in its sole discretion, each of whom is a “qualified custodian” as required under the Custody Rule. Such instruments evidencing ownership of privately issued securities are maintained in accordance with the Custody Rule. Passport enters into a Disbursement Procedures Agreement with each Fund’s Custodian, which restricts the Custodian from making any fee or allocation payments to Passport or its affiliates from any account maintained by the Custodian unless they receive a duly signed request from the outside Administrator of the Fund in conjunction with an authorized signatory of Passport with the exception of Passport Ventures where Passport has sole authorization. Passport also engages an independent public accountant registered with, and regularly examined by, the Public Company Accounting Oversight Board to conduct annual financial audits of its Funds prepared in accordance with U.S. Generally Accepted Accounting Principles and deliver the audited financial statements directly to investors in such Funds within 120 days (or 180 days for fund of funds) of the end of the Funds’ fiscal year.

Custody of a Fund’s digital currencies will be maintained by the Adviser and/or third-party custodians selected by the Adviser. To the extent the Adviser maintains custody of any of a Fund’s digital currencies, the Adviser will hold the private keys that control movement of the currencies. The Adviser may also determine, in its sole discretion, to generate the private keys and custody certain digital assets internally as well as with third party wallet providers. Currency exchanges may also require the Adviser to provide control of the private keys when the exchange is utilized by a Fund. Digital assets held at exchanges take various measures to safeguard the digital assets held by such exchanges. The Adviser 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. To the extent that the security system is penetrated, any loss of a Fund’s digital currencies may adversely affect an investor’s investment, and could result in total loss of capital.

To the extent available, the Adviser will maintain the Fund’s digital assets with a qualified custodian in an account in the name of the Fund or in an omnibus account under the name of the Adviser as agent or trustee for the Adviser. The Adviser has developed policies and procedures for safekeeping of such digital assets. In addition, digital assets may be held at exchanges, which take various measures to safeguard the digital assets held by such exchanges but are subject to additional risks as described herein.

## **Item 16 – Investment Discretion**

The Adviser has full discretionary authority over assets held by the Funds, limited only by

the investment guidelines set forth in each Fund's governing documents, PPM and IMA.

### **Item 17 – Voting Client Securities**

Passport accepts and exercises proxy voting authority with respect to securities held in the pooled investment vehicles. Applicable law states that it is a fraudulent, deceptive or manipulative act for Passport to exercise voting authority with respect to the Funds' securities without first adopting and implementing written policies and procedures that are reasonably designed to ensure that proxies are voted in the best interest of its Clients. Potential or actual conflicts of interest that exist between the Adviser (or its principals or employees) and the Fund's best interests may require that either Client consent to vote the proxy is obtained or that Passport delegate voting authority back to the Client or a qualified third party. Generally, Clients are not able to direct the vote in a particular situation. Policies and procedures are implemented by Passport to ensure its compliance with all regulatory requirements and are made available to investors in the Funds upon request.

Upon written request to a member of Passport's Chief Compliance Officer, Passport will promptly provide an Investor in a Fund information as to how the Client voted (or declined to vote) a proxy(s) relating to a security(s) held by the Client, including the date of such action and the basis for the vote or decision not to vote a proxy(s).

### **Item 18 – Financial Information**

Passport does not require or solicit pre-payment of fees six months or more in advance. Passport has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy proceeding.

### **Item 19 – Requirements for State-Registered Advisers**

This section is not applicable to Passport.