

# **Ashtree Block Ventures LLC dba PECADO**

**Form ADV Part 2A Firm Brochure**

**September 14, 2022**

**CRD # 323257**

**680 S Cache St. Suite 100-7414**

**Jackson, WY 83001**

**<https://ashtreebv.com>**

This brochure provides you with information about the qualifications and business practices of Ashtree Block Ventures LLC dba PECADO ("PECADO"). If you have any questions regarding the contents of this brochure, please contact Eliseo Jojo Prisno (CRD # 4934789) at [pecado@pecapital.org](mailto:pecado@pecapital.org) or 888-9292825.

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.

PECADO is an SEC-registered investment adviser. However, registration as an investment adviser does not imply a certain level of skill or training. Additional information about Ashtree Block Ventures LLC is available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number known as a CRD number. The Firm's CRD number is 323257.

**FIRM BROCHURE**

**(Part 2A of Form ADV)**

Ashtree Block Ventures LLC

DBA

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Additional information about Ashtree Block Ventures LLC is available at <https://ashtreebv.com>. The IARD/CRD number for Ashtree Block Ventures LLC is 323257. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training

*Item #2:* **MATERIAL CHANGES**

**Annual Update**

The Material Changes section of this brochure will be updated annually.

**Material Changes**

To request the most recent Form ADV Part 2A Brochure in the future, please call us at 888-9292825.

No material changes as of September 2022.

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**Item #4: ADVISORY BUSINESS**

Ashtree Block Ventures LLC, dba PECADO ("PECADO" or the "Firm") was organized as a Wyoming as a limited liability corporation in August 2022. PECADO is a direct affiliate of P/E Capital Investment Management Partners, a State Registered Investment Advisory firm in the state of Illinois and California.

**Types of Advisory Services**

PECADO provides investment advisory services primarily through an interactive PECADO web platform and mobile application. The Firm may occasionally provide investment advice directly to Clients. PECADO provides discretionary asset management services and utilizes a separately managed account structure to direct investments on behalf of its Clients. PECADO's platform allows each Client to be provided individual accounts held with a custodian (opened by PECADO for the benefit of the Client), through which PECADO manages the Client's assets pursuant to each Client's Advisory Agreement.

Clients access the platform and provide information to PECADO about their total investable assets, risk tolerance for their investment, and their investment preferences. Clients may choose one or more of the digital assets presented based on their investment preferences and adjust the allocations of their digital asset portfolio. PECADO does not recommend specific digital asset investment but provides Clients with information about the assets to inform their decision-making. Clients can also impose reasonable restrictions on the management of the account by indicating any assets that should not be traded in their accounts. Clients can invest directly in digital assets with access provided by PECADO.

PECADO also enables Clients to invest in a unique type of digital investments that are backed by real world assets structured under the Investment Act of 1940 and the Securities Act of 1933. These digital investments are fractionalized ownership of real-world assets such as ownership interest in an enterprise, real estate pools or security investment funds. Through these investments, PECADO provides Clients with a relatively low-cost, low-friction, user-friendly entry point to digital asset investing.

**Account Maintenance and Trade Execution**

PECADO's proprietary algorithm also uses system-generated checks to monitor for inconsistencies and red flags in trading. PECADO reserves the right to delay execution of trades in the event that unusual activity is detected in order to determine the validity of the trade or allocation request. If such situation arises, PECADO will attempt to provide notice to the Client of the reason for the delay.

PECADO will not delay or attempt to delay any trades based on any opinion or estimation regarding the profitability, market price predictions or projected outcome of the trade. If the Client is seeking advisory services on individual trading decisions, they should not use PECADO's offerings. If a client holds various digital investments on their portfolio, a programmatic rebalancing may result in the addition of one or more digital assets, the removal of one or more assets, or a change to the relative holdings of each asset within the client's digital portfolio. PECADO will undertake to notify clients of any additions or deletions of digital assets available for placements. PECADO manages Client accounts and the portfolios using proprietary software owned and operated by PECADO. Rebalances are executed programmatically using PECADO's software.

Clients can log into their account portal (or "dashboard") to monitor their investments in real time and change their digital asset portfolio allocations as desired. The account portal also provides access to PECADO's research materials in relation to each digital asset. A core tenet of the PECADO experience is education; PECADO will strive to keep Clients apprised of important industry news, technological developments, regulation, and tax matters (although PECADO does not provide regulatory or tax advice). PECADO will update the portal whenever the Firm produces additional research.

PECADO generally communicates with Clients only through the platform. Staff of PECADO are available for consultation with Clients about their accounts and PECADO's management. Clients can also direct questions about their accounts, their digital asset portfolios, and their investments to [pecado@pecapital.org](mailto:pecado@pecapital.org).

### **Tailored Relationships**

PECADO does not tailor the digital asset portfolios to each Client. PECADO does not make recommendations as to Client allocations across the digital assets investments. Clients may provide PECADO with reasonable restrictions on their investing through the platform. PECADO prompts clients to revisit information and restrictions provided annually. As noted above, Clients may impose reasonable restrictions on the digital assets PECADO includes in a Client's account through the recommended digital assets investments by indicating any assets the Client does not want purchased for his or her account. This occurs during the onboarding process and through the dashboard.

### **Wrap Fee Programs**

PECADO is not treating the investment program offered through the platform as a wrap fee program, because Clients are charged certain administrative fees outlined below in addition to a Management Fee, as also described below. In addition, PECADO does not select any third-party managers; PECADO does all asset management itself. For the avoidance of doubt, however, PECADO is providing all the disclosures relevant to its business that would need to be disclosed with respect to a wrap fee program.

### **Assets Under Management**

Not applicable as of this initial filing.

## ***Item #5: FEES AND COMPENSATION***

### **Advisory Fees**

PECADO earns its fees and compensation by providing asset management services. PECADO's compensation consists of a fee based on a percentage of the Client's assets under management (the "Management Fee"). PECADO's Management Fee for each account is 1.8% (on an annual basis) of the closing amount of net assets under management.

Management / Advisory Fee 1.8% per annum

PECADO does not charge fees for managing individual portfolios above the Management Fee described above.

### **Fee Billing**

At the end of every month, PECADO directly bills Clients for Management Fees incurred. The Management Fee is assessed in arrears based on the Client's account balance at end of the prior month and deducted from the Client's account. If Clients terminate their accounts or transfer assets out of their accounts prior to the end of a month, they are still subject to any unbilled fees incurred at the time of account termination or transfer.



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

PECADO does not charge performance-based fees.

**Item #7: TYPES OF CLIENTS****Investment Advisory Clients**

The type of Clients to whom PECADO generally provides investment advice is retail investors. A retail investor, also known as an individual investor, is a non-professional investor. PECADO requires Clients to commit at least \$100 in order to open an account; Clients must then maintain an account minimum of \$25. If Clients' accounts drop below the threshold, Clients will not be able to place trades or otherwise adjust their holdings. They would only be able to liquidate or add funds to their accounts. PECADO may, in its sole discretion, raise or lower the minimum requirement with respect to certain Clients. PECADO will notify Clients of any change to these amounts through the platform.

**Item #8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS****Methods of Analysis and Investment Strategies****Investment Strategy**

PECADO offers investment exposure to digital assets originated as securities through the Investment Act of 1940 and/or the Securities Act of 1933 issued by a decentralized autonomous organization acting as sponsors. The origination of these digital assets may focus on the basic fundamentals of an enterprise, a real estate or a securities investment fund for fractional ownership. The individual assets that are available for investing may also be evaluated on the following: availability of asset custody, liquidity profile, risk/return profile, status of the asset as a security, and/or a restricted security, and other considerations based on the unique circumstances of each asset. PECADO continuously evaluates all available assets and creates a curated approved asset list.

**Methods of Analysis****Overview**

PECADO provides Clients with digital assets investment recommendations based on each Client's interests, goals, financial situation, and risk tolerance. Such information is collected during the Client onboarding stage and processed by PECADO's KYC (Know Your Customer) / AML (Anti-Money Laundering) software to suggest digital investment opportunities that a Client may choose.

PECADO will periodically review the available population of digital assets to identify the new assets and digital portfolios that align with interests, goals, and risk tolerance. Assets must be screened before they are eligible for inclusion in the PECADO investment platform. Assets are screened based on availability of custody, technology factors, or other considerations as deemed appropriate. The screening process may include evaluation of the company or team associated with the digital asset, any publicly available materials on the assets or individuals involved in the digital asset formation and competitive advantages of the assets.

Other criteria deemed important in the screening of assets offered through PECADO may be added to this list in the future as necessary to protect Client capital. A complete list of digital assets that are available for investment at any given time is available to view on the website/mobile app. PECADO only offers digital assets supported by PECADO's Custodians.

## **Risk of Loss of Securities Investing**

### **A Risks Associated with PECADO's Investment Strategy or Method of Analysis**

Investing in digital assets involves a high risk of loss that Clients should be prepared to bear. An investment in digital assets is suitable only for certain investors for whom such investment does not constitute a complete investment program, who are willing to assume, and have the financial resources necessary to withstand, the risks involved in investing in digital assets, and who can bear the potential loss of their entire investment on the platform. There is no assurance as to whether the investments will be profitable. Any investment made on the platform may result in a total loss of the investment. Notwithstanding the method of analysis or investment strategy employed by PECADO, the assets of each Client are subject to risk of devaluation or loss. Clients should note that many different events can affect the value of PECADO's digital asset offerings, including, but not limited to, market fluctuations, economic reports, terrorism, and natural disasters.

**Limited investment history** – Digital assets have only emerged as an investment opportunity in the past several years and are thus a relatively untested source of returns. It is unclear what the long-term profitability of digital assets will be, and their short history thus far is particularly unreliable for predicting future success. However, fractionalized ownership of established enterprises made available as originated securities may provide a historical track record that may predict expected returns with more certainty.

**Availability of digital assets** – PECADO will only be listing a limited number of types of digital assets on the platform. Therefore, Clients may not have exposure through the platform to many other digital asset investments. Additionally, as described above, if regulators find that the digital assets on the platform are not freely tradable it could negatively impact their value and decrease the number of digital assets available for investment on the platform.

**Key personnel** – PECADO depends, in part, on its ability to attract and retain key personnel. PECADO's future also depends on the continued contributions of the executive officers and other key personnel, each of whom would be difficult to replace. The loss of the services of any of PECADO's key principals or other personnel, and the process to replace them would involve significant time and expense and may significantly delay or prevent the achievement of PECADO's business objectives.

**Lack of established track record** – PECADO is a relatively new entity that has limited operating history upon which a prospective Client may base its investment decision. There can be no assurance that PECADO will be able to successfully implement its business plan. The success of PECADO should be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the inception of a business, operation in a competitive industry, and the continued development of advertising and a corresponding Client base. For these and other unforeseeable reasons, there can be no assurance that PECADO will achieve or sustain profitable operations. The performance of prior investment entities and business ventures associated with PECADO's key personnel and principals is not necessarily indicative of PECADO's future performance.

**Third Party Information** – PECADO will provide Clients information from third-party sources related to the digital assets listed on the platform. PECADO relies on these representations and does not independently verify this information. As a result, PECADO can make no assurances as to the completeness or accuracy of any such information.

**Platform information** – Although PECADO intends to provide accurate and timely information on the platform, the platform may not always be entirely accurate, complete or current and may also include technical inaccuracies or typographical errors. In an effort to continue to provide as complete and accurate information as possible, information may be changed or updated from time to time without notice, including without limitation information regarding PECADO's policies, products and services. Accordingly, Clients



should verify all information before relying on it, and all decisions based on information contained on the platform are solely the Client's responsibility and PECADO shall have no liability for such decisions.

**Competition** – There is increasing competition in the digital asset market. Participation by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments in the private sector, and the competition for investment opportunities is high. Some of PECADO's potential competitors may have greater financial and personnel resources than PECADO.

There is no guarantee that PECADO will successfully implement its proposed strategy and develop a viable business on (or off) the platform. If PECADO or the platform is not able to develop a viable business, then that could present a risk to the Client's investments held on the platform.

**Service Providers** – The institutions with which PECADO (directly or indirectly) does business, such as banks and other financial institutions, may encounter financial difficulties that impair the operational capabilities or the capital position of PECADO. PECADO relies heavily on various service providers to perform many of the functions required to fulfill its investment objective, including the Custodian. Should any of these service providers experience financial, regulatory, or other difficulties that affect their operations, PECADO's operational capabilities and financial position would be adversely affected. This is particularly acute in light of the changing regulatory landscape for digital assets, which could affect the regulatory standing of service providers, and may cause them to change their business models or cease providing services PECADO depends on altogether. In particular, if the Custodian is no longer able to successfully provide services to PECADO, and an appropriate alternate Custodian is not immediately available, this could have a negative impact on PECADO and the platform.

Some of the additional general risks that Clients should consider include, but are not limited to:

**Market Risk** – The value of the investments held in Clients' accounts is subject to changes in economic conditions, growth rates, profits, and the market's perception of these investments. The price of any instrument can decline for a variety of reasons outside of PECADO's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, regulatory changes, and domestic or foreign political, demographic, or social events.

**Effect of General Economic Conditions** – General economic conditions may affect the Firm's investment activities. Changing economic, political, and regulatory or market conditions, general levels of economic activity, the price of digital assets, and participation by other investors in the financial markets may affect the value and number of investments made by the Firm or considered for prospective investment. Different parts of the market and different types of investments can react differently to these developments. Every investment has some level of market volatility risk. Economic slowdowns or downturns could lead to financial losses in the Firm's investments. In addition, many of the Firm's investments may be similarly subject to the same economic conditions, which could adversely impact the Firm's investment returns.

**Cybersecurity Risk** – As the use of technologies, such as the internet, has become more common in conducting business, Client accounts have become potentially more susceptible to operational, information security and related risks through breaches in cybersecurity. Generally, a cyber incident may result from either intentional attacks or unintentional events and include, but are not limited to, gaining unauthorized access to secret keys or to digital systems, misappropriating assets or sensitive information, causing a Client account to lose proprietary information, corrupting data, or causing operational disruption, including denial-of-service attacks on websites. Additionally, digital assets pose their own cybersecurity risks. Blockchain miners or validators maintain the record of ownership of digital assets, and if these entities suffer from cyberattacks or other security incidents, or for financial or other reasons cease to perform these functions, the functioning of the blockchains on which the ownership of digital assets is recorded and the valuation based may be jeopardized. The types of incidents that might affect blockchain security include 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; the inadvertent transmission of computer viruses or other malware; or malfeasance or negligent acts of personnel, such as phishing attacks and other forms of social engineering. Any such interruption could result in impermissible transfers of digital assets and/or loss of digital assets and/or their value. A cybersecurity breach in PECADO's platform or to the entities involved in the recording and transfer of digital assets in turn could in turn could cause a Client account and/or the

Firm to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss. Cybersecurity failures or breaches of a third-party service provider that provides services to a Client account, such as the Custodian or an administrator, or issuers in whose digital assets a Client account invests in, may also subject a Client account and/or the Firm to these cybersecurity risks. The Firm has established policies and procedures reasonably designed to reduce the risks associated with cyber incidents, including the risk that federal securities laws are broken due to a cyber incident. However, there can be no assurance that these policies and procedures will prevent cyber incidents.

**Geopolitical Risk** – The impact of geopolitical events on the supply and demand for digital assets is uncertain. Digital assets are relatively new and are subject to supply and demand forces based in part upon the desirability of an alternative, decentralized means of buying and selling goods and services. It is unclear how such supply and demand will be impacted by geopolitical events, including regulatory changes. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of digital assets globally and/or locally. Large-scale sales of digital assets are likely to result in a reduction in the value of digital assets contained on the platform and may adversely affect a Client's investment in digital assets also held in their account.

### **Risks Associated with Digital Assets and Digital Asset Networks**

PECADO invests in digital assets; currently, digital assets are either unregulated or in the early stages of regulation by U.S. federal and state governments and self-regulatory organizations. As digital assets have grown in popularity, certain U.S. agencies, such as the SEC, the Financial Crimes Enforcement Network and the Commodity Futures Trading Commission ("CFTC"), have begun to examine digital assets and the operations of digital assets in depth. The SEC views a significant portion of digital assets as securities and has been involved in multiple enforcement actions, settlements, and federal court cases regarding the regulatory status of digital assets, their issuers, and intermediaries involved in the industry. The CFTC has declared that certain other digital assets are commodities and regulates those assets and in particular derivatives related to them. To the extent that any type of digital asset is determined to be a security, commodity, future, or other regulated asset where PECADO has not anticipated that treatment, or to the extent that a U.S. or foreign government or quasi-governmental agency exerts additional regulatory authority over the digital assets, PECADO's portfolios may be adversely affected. The effect of any future regulatory change on the Funds is impossible to predict, but such change could be substantial and adverse.

Some of the risks as they pertain to digital assets that Clients should consider include, but are not limited to:

**Concentration Risk.** Concentrating investments in the digital assets sector increases the risk of loss, because developments that adversely affect the sector as a whole may cause most if not all of PECADO's investments to decline in value.

**Digital Assets.** Digital assets represent a speculative investment and involve a high degree of risk. Supply is determined by a computer code, not by a central bank, and prices can be extremely volatile. Digital asset exchanges have been closed due to fraud, failure, security breaches, and legal noncompliance. Client assets held on an exchange that shuts down may be lost.

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

The prior performance of a digital asset is not necessarily indicative of future results. Many digital assets have experienced high levels of performance and rapid increases in price, followed by significant downturns in performance and similarly rapid decreases in price.

Digital assets are created, issued, transmitted, and stored according to protocols run by computers in the digital assets network. It is possible these protocols have undiscovered flaws which could result in the loss of some or all Client assets. There may also be network scale attacks against these protocols that result in the loss of some or all Client assets. Some assets may be created, issued, or

transmitted using experimental cryptography that could have underlying flaws. Advancements in quantum computing could break the cryptographic rules of protocols that may be negatively affected by technological advances that undermine the cryptographic consensus mechanism underpinning blockchain and distributed ledger protocols. PECADO makes no guarantees about the reliability of the cryptography used to create, issue, or transmit assets.

Certain digital assets may rely on or are built on a public or third-party blockchain, and the success of such blockchain may have a direct impact on the success of digital assets listed on the platform and recommended by PECADO. These digital assets are partly dependent on the effectiveness and success of such blockchains, as well as the success of other blockchain and decentralized data storage systems that are being used by the issuer of the digital assets. There is no guarantee that any of these systems or their sponsors will continue to exist or be successful. This could lead to disruptions of the operations of the issuer of the digital assets listed on the platform and could negatively affect any digital assets held by a Client from such issuer.

The digital asset market presents significant risks that could negatively impact PECADO's ability to purchase and sell digital assets on a Client's behalf. For example, the digital asset market frequently involves shallow trade volume, extreme hoarding, low liquidity, and high bankruptcy risk. Blocks of digital assets are often hoarded by a few owners and/or are kept out of circulation. Ownership concentration is high, which increases liquidity risk because large blocks of digital assets are difficult to sell in a timely and efficient manner.

**No FDIC or SIPC Protection** – Digital assets are not subject to Federal Deposit Insurance Corporation ("FDIC") or Securities Investor Protection Corporation ("SIPC") protections. Since PECADO and its Custodian are not members of the FDIC or SIPC, Client assets are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. While private insurance may be available at times, Client assets are not insured by PECADO.

**Legality of Digital Assets** – Owning, holding, selling, or using digital assets may be illegal now or in the future in one or more countries, including the United States. Countries may take regulatory actions in the future that severely restricts the right to acquire, own, hold, sell, or use digital currencies. Such an action may restrict PECADO's ability to hold or trade digital currencies and could result in termination and liquidation of Client accounts at a time that is disadvantageous to Clients.

**Custodians** – Entities that provide custody for digital assets are subject to evolving guidelines from regulatory authorities. Changes in regulation of digital assets or entities that custody digital assets, or changes in how regulators interpret existing regulation applicable to digital assets or entities that custody digital assets, could cause the Custodian to be deemed ineligible to hold digital assets on behalf of PECADO Clients or otherwise adversely affect the Custodian. In this event, PECADO would need to change custodians, change its business model or find other ways to comply with the changed regulatory requirements. These regulatory changes are difficult to predict because applicable regulation is still evolving and could adversely impact Client accounts.

**Digital Asset Exchanges** – The digital asset exchanges on which digital assets trade are relatively new and may not be registered as brokers, exchanges, or alternative trading systems. They may therefore be out of compliance with federal or state law. In addition, these exchanges may be more exposed to theft, fraud and failure than established, registered exchanges for other products. In general, digital assets exchanges are currently start-up businesses with no institutional backing, limited operating history and no publicly available financial information. Exchanges generally require cash to be deposited in advance to purchase digital assets and no assurance can be given that those deposit funds can be recovered. Additionally, upon sale of digital assets, cash proceeds may not be received from the exchange for several business days. The participation in exchanges requires participants to take on credit risk by transferring digital assets from a participant's account to a third-party's account. PECADO takes on the credit risk of an exchange every time it makes a transaction.

There are currently no U.S. exchanges registered with the SEC where digital assets that are securities can be legally listed and/or traded. While PECADO anticipates that such exchanges will exist in the United States in the future, PECADO cannot and does not guarantee that such exchanges will ever legally operate in the United States. In addition, even if other types of digital assets are able to successfully be listed on a registered exchange in the United States, there is no guarantee that such exchange will allow the digital assets traded within the portfolios to be listed on such a registered exchange. Thus, exchanges used by PECADO may not be registered with the SEC and/or in compliance with applicable securities laws, rules and regulations, and any regulatory action relating to the

unregistered status or non-compliance of the exchanges used by PECADO could adversely affect PECADO's business. Digital asset exchanges may impose daily, weekly, monthly or customer specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of and digital assets for fiat currency difficult or impossible. Additionally, digital assets prices and valuations on digital asset exchanges have been volatile and subject to influence by many factors including the levels of liquidity on exchanges and operational interruptions and disruptions. The prices and valuation of digital assets remain subject to any volatility experienced by digital asset exchanges, and any such volatility can adversely affect PECADO's investments.

Digital asset exchanges are appealing targets for cybercrime, hackers and malware. Even the largest exchanges have ceased operations due to theft, fraud, security breach, liquidity issues, or government investigation. In addition, banks may refuse to process wire transfers to or from exchanges. Over the past several years, many exchanges have, indeed, closed due to fraud, theft, government or regulatory involvement, failure or security breaches, or banking issues.

Any financial, security or operational difficulties experienced by such exchanges may result in PECADO's inability to recover money or digital assets being held by the exchange, or to pay Clients upon withdrawal.

The daily trade volume of digital assets on any given exchange may only be a small fraction of total digital assets. The lack of a regulated market for digital assets and related assets means that market participants do not have as many mechanisms to hedge or create the liquidity in the digital asset market that is typical of traditional capital markets. The digital asset market also currently lacks many institutional participants, which could help to stabilize the market. For these reasons, among others, PECADO may be unable to purchase or sell a digital asset as desired for an extended period of time.

**Trade Errors** - PECADO may possibly place trades incorrectly. If a trade error occurs, the Firm will notify the Client promptly regarding the error and its resolution. The Client will bear any financial gain or loss associated with trade errors in their accounts.

**Stolen or Incorrectly Transferred Digital Currencies and Digital Assets May be Irretrievable** – Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft of digital assets generally will not be reversible, and PECADO may not be able to seek compensation for any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, Clients' digital assets could be transferred in incorrect amounts or to unauthorized third parties. To the extent that PECADO is unable to seek a corrective transaction with such third party or is incapable of identifying the third party that has received the Funds' digital assets through error or theft, PECADO will be unable to revert or otherwise recover incorrectly transferred digital assets. To the extent that PECADO is unable to seek redress for such error or theft, such loss could adversely affect Clients' investments.

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

Many digital Assets are open-source projects and, although there may be an influential group of leaders in a specific Community, there may be no official developers or group of developers that formally control the applicable Network. For many Digital Assets, any individual can download the applicable Network software and make any desired modifications, which are proposed to the relevant Digital Asset's Community through software downloads and upgrades. However, the Community must usually consent to those software modifications by downloading the altered software or upgrade that implements the changes; otherwise, the changes do not become a part of that Network. A developer or group of developers could potentially propose a modification to a Network that is not

accepted by the applicable Community, but that is nonetheless accepted by a substantial portion of such Community. In such a case, a “fork” in the blockchain could develop and two separate Networks could result, one running the pre-modification software program and the other running the modified version (i.e., a second such Network in respect of the same digital asset). Such a fork in the blockchain typically would be addressed by Community-led efforts to merge the forked blockchains. This kind of split in a Network could materially and adversely affect the value of PECADO’s investments and, in the worst-case scenario, harm the sustainability of the applicable Digital Asset’s economy.

**Risk to Digital Assets Networks from Malicious Actors.** If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on certain digital assets networks, it may be able to alter the blockchain on which the digital assets transaction relies on by constructing alternate blocks if it is able to solve for such blocks faster than the remainder of the miners on the digital assets network can add valid blocks. In such alternate blocks, the malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new digital assets or transactions using such control. Using alternate blocks, the malicious actor could double spend its own digital assets and prevent the confirmation of other users’ transactions for so long as it maintains control. To the extent that such malicious actor or botnet does not yield its majority control of the processing power on various and digital assets networks or the digital assets community does not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. Such changes could adversely affect PECADO’s investments or the ability of PECADO to complete transactions.

**Forks and Airdrops** – A “fork” as described above or an airdrop (i.e., a free, unsolicited distribution of an asset to a recipient’s digital asset wallet) may affect the value of the original digital asset held by PECADO’s Custodian. PECADO’s custodian has sole discretion in electing to claim any new digital assets produced from forks or airdrops. The Custodian may (i) not accommodate the new digital asset; (ii) only accommodate the new digital asset after a significant period; or (iii) have a contractual right to claim the new digital asset for its own account. Additionally, PECADO may not have any systems in place to monitor or participate in forks or airdrops. As a result of the foregoing, Clients may not benefit from digital assets provided through airdrops, and digital assets subject to forks may be rendered useless or of no or little value.

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

**Broker-Dealer Registration** – PECADO believes that it is not acting as a broker-dealer required to register under federal or state law. If PECADO were deemed to be a broker-dealer, it would be subject to significant additional regulation. This could lead to significant changes with respect to the platform, how digital assets are listed on the platform, how digital assets listed on the platform are purchased and sold and other issues, and would greatly increase PECADO’s costs in creating and facilitating transactions in the digital assets listed on the platform. It could lead to the suspension and/or termination of the platform. In addition, a regulator could take action against PECADO if it views the digital assets listed on the platform and the platform itself as a violation of existing law.

Any of these outcomes would negatively affect the value of the digital assets listed on the platform and/or could cause PECADO to suspend and/or cease operations.

**State Regulations** – Regulation of digital assets in the United States varies by state, and the regulations of certain states may limit the ability of PECADO to operate within those states. Certain states require persons to obtain a license to conduct a digital asset business. Accordingly, PECADO does not intend to operate in states that require such licensing. If an individual is a resident of a state that requires such licensing, that individual will not be permitted to be a Client of PECADO. If PECADO were deemed to be conducting an unlicensed digital asset business, it would be subject to significant additional regulation and/or regulatory consequences. This could

lead to significant changes with respect to PECADO and the platform and could greatly increase the operating costs of PECADO and the platform.

Different state regulations could affect the transferability of digital assets. To the extent that state regulations differ, certain digital assets may only be tradable in specific states. This could decrease the demand for and market for digital assets.

**Tax** – The tax characterization of digital assets is uncertain. The purchase of digital assets may result in adverse tax consequences to a Client, including withholding taxes, income taxes, and tax reporting requirements. Clients are encouraged to review IRS Notice 2014-21 (the “Notice”) that sets forth published guidance from the U.S. Internal Revenue Service released in 2014 concerning the consequences of transacting in digital asset. If a digital asset is characterized as a “virtual currency” for income purposes, then, under the Notice, the general rules applicable to property transactions would apply.

Intellectual Property Rights Claims May Adversely Affect the Operation of the Digital Assets Network. Third parties may assert intellectual property claims relating to the operation of digital assets and their source code relating to the holding and transfer of such assets. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the digital asset’s long-term viability or the ability of end-users to hold and transfer digital assets may adversely affect PECADO’s investments. Additionally, a meritorious intellectual property claim could prevent PECADO and other end-users from accessing the digital assets network or holding or transferring their digital assets, which could force PECADO to terminate and liquidate its digital asset holdings.

The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in an investment with the Firm. Prospective Clients should read the entire Brochure as well as other materials that may be provided by the Firm and consult with their own independent, legal, tax, and accounting advisers prior to engaging the Firm’s services.

Past performance is not a guarantee of future returns. Investing in digital assets involves a risk of loss that each Client should understand and be willing to bear.

## **Item #9: DISCIPLINARY INFORMATION**

### **Legal or Disciplinary Events**

There are no legal or disciplinary events that are material to an evaluation by a client or prospective client of ABV LLC’s business or management. ABV LLC’s management and its registered persons have not been subject to criminal or civil actions, administrative proceedings, or self-regulatory organization (SRO) proceedings.

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

### **Financial Industry Activities**

PECADO is a direct affiliate of P/E Capital Investment Management Partners, a State Registered Investment Advisory firm in the state of Illinois and California. It also has international affiliates in the European Union/European economic area (EU/EEA), Ashtree Block Ventures UAB, a Lithuanian registered firm who holds a Global Virtual Assets Service Provider license issued by the Lithuanian Supervising Authority FIU. In Asia, PECADO is a direct affiliate of P/E Capital Investment SEA Pte Ltd of Singapore and Ashtree Consultancy, Inc., an SEC registered enterprise in the Philippines.

PECADO is not a registered futures commission merchant, commodity pool operator, or commodity trading advisor, and does not have an application pending to register as such. Furthermore, none of PECADO's management or supervised persons are registered as, or have applications pending to register as, an associated person of any such entity.

### **Other Material Relationships**

Neither PECADO nor any of its management persons have a relationship or arrangement that is material to the Firm's advisory business.

Clients have the option to purchase investment products that PECADO recommends through other intermediaries, brokers, or agents that are not affiliated with PECADO.

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

The Firm has adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Advisers Act. The Firm believes that high ethical standards are essential if the Firm is to earn and maintain the confidence of the Firm's investment partners.

The Code is designed to: (i) establish guidelines for professional conduct and personal trading procedures; (ii) prevent improper personal trading by the Firm employees; (iii) prevent improper use of material, non-public information about digital asset recommendations made by the Firm or digital asset holdings of Clients; (iv) identify conflicts of interest; and (v) provide a means to resolve any actual or potential conflict in favor of firm Clients, and other areas as described fully in the Code.

Compliance with the Code is a condition of employment. Every employee must acknowledge the terms of the Code of Ethics annually, or as amended.

Any employee found to have engaged in improper or unlawful activity faces appropriate administrative and legal action. It is the responsibility of each employee to ensure that they and those they manage are conducting business professionally and are complying with the procedures and policies governing the Firm's collective responsibility. Any employee becoming aware of others engaged in wrongdoing or improper conduct must immediately report such activity to a Managing Partner and/or the Firm's CCO. Failure to do so may result in additional action being taken against that individual.

The Firm endeavors to ensure that the investment management and overall business of the Firm complies with applicable U.S. federal and state securities laws and regulations.

Certain employees may invest in the same digital assets recommended by PECADO to its Clients. Our financial professionals may have personal accounts at our firm that are managed like Clients' and may also, with limited exception, have personal accounts held and managed outside of our firm. This could give rise to conflicts of interest if trading by Clients is expected to change the value of a digital asset to be purchased or sold by an employee. It could also incentivize employees to favor their personal accounts over Clients'. PECADO, as a fiduciary, endeavors to always make decisions in the best interest of its Clients if a conflict of interest arises between the Investment Manager's transactions on behalf of its Clients and those of the Investment Manager's personnel and related persons. In order to monitor any conflicts of interest, PECADO employees are required to pre-clear certain contemplated transactions in their personal accounts which may present the appearance of impropriety, including investing in digital assets traded through the PECADO platform, and must disclose on an initial and annual basis the holdings of all personal accounts, as well as all transactions on a quarterly basis.



Resolution of Conflicts of Interest. In the case of all conflicts of interest, the Firm's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Firm's best judgment, but in its sole discretion. The Firm seeks to address these potential conflicts through the use of:

- A robust Code of Ethics (which is described above).
- Annual requirement that Employees complete a questionnaire detailing their other activities and potential conflicts.
- Requirement that Employees pre-clear outside business activities (other than outside activities related to charities, non-profit organizations/clubs, civic/trade organizations).
- Disclosure of potential conflicts of interests and risks in this Form ADV. **Material Non-Public Information and Insider Trading.** The Firm has adopted Insider Trading Policies and Procedures designed to mitigate the risks of the Firm and its employees misusing and misappropriating any material non-public information that they may become aware of, either on behalf of the Firm's Clients or for their own benefit. The policy applies to every employee of the Firm and extends to activities both within and outside of their duties to the Firm, including for an employee's personal account. The Firm may from time to time acquire confidential, material non-public information ("MNPI") about issuers, corporations, or other entities and their digital assets. The Firm will not use MNPI obtained during making investment decisions for its Clients. Additionally, the Firm may not be free to divulge or to act upon such information with respect to its activities and, on occasion, may be restricted from buying or selling certain digital assets on behalf of Clients because of these circumstances. These restrictions may adversely impact the investment performance of Client accounts. The Firm has implemented procedures, including those described below relating to information barriers that prohibit the misuse of such information by the Firm, its employees, and on behalf of its Clients. Although the procedures do not provide absolute assurance as to the correct handling of MNPI, these procedures have been reasonably designed to aid the Firm's personnel in avoiding insider trading, and to aid the Firm in preventing, detecting and imposing sanctions against, insider trading.

## **Item #12: BROKERAGE PRACTICES**

### **Selection and Recommendation**

PECADO will select and recommend any brokers, exchanges, or custodians based on a number of factors, including, but not limited to, ease of administration, quality of execution, commission rates, and pre-existing agreements. Currently, PECADO has elected to use Gemini Trust Company, LLC ("Gemini" or the "Custodian"). PECADO may consider additional exchanges as Client needs arise.

PECADO will attempt to obtain the best execution of orders, considering all circumstances, but will not necessarily attempt to obtain the lowest possible commission for transactions to the account. This is in part because Gemini is one of only a few custodians that is a state-regulated trust company.

### **Research and Other Soft Dollar Benefits**

PECADO does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with Client digital asset transactions.

### **Brokerage for Client Referrals**

PECADO does not work with broker dealers. However, if the Firm ever needed the services of a broker dealer, PECADO does not consider whether it receives Client referrals from a broker-dealer or third party when it selects or recommends broker dealers to Clients.

## Order Aggregation

PECADO may aggregate sale and purchase orders of digital assets for Clients through an omnibus account PECADO keeps with Gemini. This means that while, as discussed below, Client assets are typically in segregated accounts held by PECADO for the benefit of Clients, in the period immediately before and after a trade, assets may be held in a pooled account held by PECADO for this purpose. At all times, PECADO tracks which assets belong to specific Clients. An omnibus account allows for managed trades of more than one person; transactions within the account are carried out in the name of PECADO. As a result, Clients' transactions are combined and executed in the name of PECADO, rather than designated separately.

This practice is reasonably likely to result in administrative convenience or an overall economic benefit to PECADO. Clients also benefit relatively with better purchase or sale execution prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors.

PECADO's policies and procedures mandate aggregating multiple orders. Aggregate orders will be allocated to Client accounts in a systematic manner with no account receiving preference over any other account.

## *Item #13:* REVIEW OF ACCOUNTS

### Periodic Reviews

Our Chief Operations Officer ("COO"), Chief Technology Officer ("CTO") and Digital Assets Officer ("DAO") review Client accounts on a daily basis. During the account reviews, these officers confirm that the Clients' investment portfolio meets the Clients' investment goals. They also verify whether the Firm has charged each Client with the correct amount of fees. This process does not involve rebalancing portfolios but instead is used to confirm that Client accounts match what the PECADO system indicates they should.

On a quarterly basis, PECADO prompts Clients to determine whether there have been changes in the client's financial situation or investment objectives and whether Clients wish to edit any reasonable restrictions on the management of the account. On an annual basis, PECADO reaches out to Clients to confirm whether the Clients have had any changes to their financial situation or investment objectives, and to confirm whether Clients would like to make changes to any reasonable restrictions on their accounts. At any time, Clients can also update this information on PECADO's software platform as well. Any changes to a Client's information may result in changes to his or her portfolio allocations. Clients are responsible for accepting or rejecting those changes.

### Intermittent Review Factors

The Digital Assets Officer ("DAO") will review accounts on an ad hoc basis if an extraordinary event causes extreme price changes of a model or an account's holdings. The intent of this review is to investigate any account discrepancies and not a review of the investments for advisory purposes for Clients.

### Client Reports

Clients may see reports on the value of their investments and portfolio performance in real-time by logging into their accounts on PECADO's software platform. In addition, on a quarterly basis, PECADO provides Clients a description of all activity in a Client's account, including all transactions made on behalf of the account, all contributions and withdrawals made by the client, all fees and expenses charged to the account, and the value of the account as of the beginning and end of each quarter.

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

PECADO does not receive an economic benefit (such as sales awards or other prizes) from any third party for providing investment advice or other advisory services to its Clients.

Pursuant to Rule 206(4)-1 of the Investment Advisers Act of 1940, as amended, PECADO may compensate third-parties for endorsements or testimonials, as defined by the rule. Such compensation arrangements include a referral program whereby current Clients of PECADO receive \$20 worth of digital assets deposited in their PECADO account for each referred prospect who creates and funds a new PECADO account. More details of the referral program are available on PECADO's website.

Prospective customers should be aware that a conflict of interest exists when individuals receive compensation in return for endorsements, testimonials, and/or referrals. For example, individuals may have an incentive to provide a favorable or more favorable description of their experience with or opinion of PECADO when being compensated for providing comments or referrals. Regardless of any endorsement, testimonial, or referral, all prospective customers should not rely solely on that third-party and are urged to make their own review of PECADO's services to determine if they are appropriate for their personal investment goals and circumstances.

**Item #15: CUSTODY**

PECADO has custody of Client assets because the Firm deducts fees directly from Clients' assets. Otherwise, PECADO holds all Client funds and assets at Gemini Trust Company, LLC ("Gemini"), a New York state registered trust company. PECADO holds an account with the Custodian for the benefit of each Client. As noted above, directly before and after a trade, Client assets may be held in an omnibus account for purposes of aggregating trades.

Clients are urged to carefully review activities in their accounts and compare them to the reports PECADO provides.

**Item #16: INVESTMENT DISCRETION**

PECADO maintains discretionary authority to manage portfolios on behalf of its Clients. Clients may place reasonable restrictions on PECADO's discretionary authority, as described above. To grant PECADO discretionary authority, Clients must sign an Investment Advisory Agreement that gives PECADO permission to place trades to and from Client accounts through PECADO's digital platform. As noted above, Clients provide PECADO information in order for PECADO to suggest the digital assets for investment placements.

**Item #17: VOTING CLIENT SERVICES**

PECADO generally does not invest in instruments that are considered normal public equity securities and will not accept authority to vote proxies for Client securities. Some digital asset features, including participation in governance activities, may be considered similar to participating in shareholder votes. Though some digital asset holders may vote on topics that directly or indirectly affect return on investment through on-chain governance, Gemini and PECADO's infrastructure does not support this capability and makes no promise of doing so in the future. As such, PECADO Clients are currently unable to participate in such activities through the website.

*Item #18:* **FINANCIAL INFORMATION**

**Balance Sheet Requirement**

PECADO does not require or solicit prepayment of more than \$1,200 in advisory fees per Client, six months or more in advance. Therefore, PECADO is not required to include a financial statement.

**Discretionary Authority**

PECADO has discretionary authority to manage Client's digital assets within its platform.

PECADO does not have any financial impairment that will preclude it from meeting contractual commitments to Clients.

**Bankruptcy Petition**

PECADO and its direct affiliates have not been the subject of a bankruptcy petition at any time during the past ten (10) years.