



Part 2A of Form ADV: Firm Brochure

**AP Capital Delaware LLC
405 Lexington Avenue, Room 865
New York, New York 10174
Phone – (929) 354-3757**

November 4, 2022

This brochure provides information about the qualifications and business practices of AP Capital Delaware LLC. If you have any questions about the contents of this brochure, please contact us at (929) 354-3757. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

AP Capital Delaware LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about AP Capital Delaware LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

This is AP Capital Delaware LLC's (the "Adviser") Annual Amendment to its ADV which was filed on March 21, 2023. There are no material changes in this brochure from the last annual updating amendment on March 29, 2022, of AP Capital Delaware LLC.

Pursuant to SEC rules, the Adviser will ensure that its clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of its business fiscal year. The Adviser may further provide other ongoing disclosure information about material changes as necessary.

Currently, the Brochure may be requested by contacting Mr. Wayne Wen, the Adviser's Chief Compliance Officer at compliance@apcapitalinvestment.com.

Item 3 - Table of Contents

Item 2 - Material Changes	ii
Item 3 - Table of Contents	iii
Item 4 - Advisory Business.....	4
Item 5 - Fees and Compensation	6
Item 6 - Performance-Based Fees and Side-By-Side Management.....	8
Item 7 - Types of Clients	9
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9 - Disciplinary Information.....	34
Item 10 - Other Financial Industry Activities and Affiliations.....	35
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading..	36
Item 12 – Brokerage Practices	37
Item 13 - Review of Accounts	38
Item 14 - Client Referrals and Other Compensation	39
Item 15 - Custody	40
Item 16 - Investment Discretion	41
Item 17 - Voting Client Securities	41
Item 18 - Financial Information.....	43

Item 4 - Advisory Business

- A. AP Capital Delaware LLC (the “Adviser”), a company incorporated under the laws of the United States, was previously an Exempt Reporting Advisor (ERA) effective July 28, 2021 and is a newly registered advisory firm located in New York, New York.

The Adviser is a wholly owned subsidiary of AP Capital Asset Management Limited (the “Parent Company”). The Parent Company is wholly owned by AP Technology Holdings (Cayman) Limited. Tai Ho Leung is the principal owner of AP Technology Holdings (Cayman) Limited.

- B. The Adviser is an investment management firm that provides advisory services on a discretionary basis to privately offered pooled investment vehicles (each, a “Fund” and collectively, the “Funds”). The Funds are offered to certain qualified investors (each, an “Investor” and collectively, the “Investors”).

The Funds include:

- AP Capital Absolute Return Fund, a Cayman Islands exempted limited liability company (the “Absolute Return Fund”)
- AP Capital SPC (the “SPC”), an exempted limited liability company in the Cayman Islands together with AP Capital Blockchain Fund SP (“Blockchain Fund”) and Stable Fixed Income SP (“Fixed Income SP”), segregated portfolios of AP Capital SPC (collectively “AP Capital SP Funds”)

AP Capital Management Limited (the “Investment Manager”) serves as the Investment Manager to the Funds and the Managing Member to the Absolute Return Fund. The Investment Manager is a related person of and under common control with the Adviser. While the Investment Manager retains management authority over the Funds’ business and affairs, the Adviser has been delegated the role of Investment Adviser to the Funds.

The Funds’ investment objective is to achieve absolute return in equity and fixed income markets and make investment in private shares and digital currency such as Bitcoin (BTC), Bitcoin Cash (BCH), Ethereum (ETH), Electro-Optical System (EOS), and Litecoin (LTC) (referred to herein as “Digital Assets”). The Funds’ aim to produce capital gains and sustainable growth with minimal volatility. Further, the objective is to achieve for its shareholders long-term capital appreciation primarily through investing in digital assets (either through the relevant trading platforms or over-the-counter transactions), related derivatives, unlisted equities and fund of funds. Additional information regarding the Adviser’s investment strategies is provided in Item 8 below.

- C. The Adviser’s only Clients are the Funds. As such, the Adviser follows the investment strategy described in each Client’s private placement memorandum and/or other offering documents, investment advisory agreement, limited partnership agreement, limited liability company agreement, or other governing documents (collectively, the “Governing Documents”).
- D. The Adviser does not participate in wrap fee programs.

- E. As of December 31, 2021, the Adviser manages approximately \$162,548,908 in discretionary regulatory assets under management and \$0 in non-discretionary regulatory assets under management.

Item 5 - Fees and Compensation

- A. Below is a discussion of how the Adviser is compensated in connection with providing advisory services to the Clients. In the future, the Adviser may enter into different fee arrangements on a client-by-client basis. It is critical that all clients, and investors in all clients, refer to the applicable client's Offering Documents for a complete understanding of how the Adviser and its affiliates are compensated for advisory services. The following information is a summary only and is qualified in its entirety by the Funds' Offering Documents:

Management Fee. With respect to an Investor in the Absolute Return Fund Class A, the Adviser will be entitled to receive from the Fund a monthly management fee calculated at an annual rate of 1% of the net asset value of Class A Shares of the Fund. No Management fee will be charged to Investors in the Absolute Return Fund Class B. The Adviser will be entitled to receive from the Absolute Return Fund Class C Investors a monthly Management fee of 2% of the net asset value of Class C Shares of the Fund. The Adviser is also entitled to receive a monthly management fee from Investors in each of the segregated portfolios, AP Capital SP Funds. Specifically, AP Capital Blockchain Fund SP will pay a 2% Management fee to the Adviser.

For the Absolute Return Fund – Class A and Class D, Management Fees are one twelfth (1/12) of one (1) per cent per month of the opening Net Asset Value of the opening Class A Shares (before making any deduction for any accrued Performance Fees) as at the beginning of each calendar month. For Class B, no Management Fee is charged. For Class C shares, Management Fees are one twelfth (1/12) of two (2) percent of the opening NAV of Class C Shares at the beginning of each calendar month. The Investment Manager may waive or reduce Management Fee and/or Performance Fee with regard to certain shareholders that are directors, officers, employees, affiliates or connected persons of the Investment Manager and/or the Sub-Managers or are strategic investors.

The Investment Manager, in its sole discretion, has and in the future may reduce, otherwise modify, or waive the management fee with respect to any Investor.

- B. Management Fees are payable by the Fund to the Adviser pursuant to the Investment Management Agreement. Management Fees are payable monthly in advance. If the Investment Manager is not acting as Investment Manager for an entire month, the Management Fee payable for such calendar month will be prorated to reflect the portion of such calendar month. The Management Fee will be paid to the Investment Manager as soon as reasonably practicable before the beginning of each month.
- C. As set forth in the Funds' Offering Documents, the Funds generally bear costs and expenses relating to the operation and management of the funds, including, but not limited to: organizational expenses, the fees and expenses payable to service providers and all expenses related to its investment program, including: (a) brokerage commissions; (b) expenses related to buying and selling securities, including any issue or transfer taxes chargeable in connection with any securities transactions; (c) interest on borrowings, including borrowings from any prime broker and custodian and borrowing charges on securities sold short; (d) expenses incurred by the Investment Manager in connection with the provision of its investment management services including, but not limited to, research related expenses, expenses related to monitoring investments and costs incurred in carrying out due diligence regardless of whether a particular transaction is consummated (including

reasonable travel and accommodation costs); (e) fees and expenses of the Execution and Clearing Agent, escrow agent and other investment related service providers appointed by the Fund.

The Fund will also bear expenses incurred in connection with its operations including: (i) fees and expenses of advisors and consultants; (ii) the Management Fee and Performance Fee; (iii) indemnification expenses and the cost of insurance against potential indemnification liabilities; (iv) legal, administrative, accounting, tax, audit and insurance expenses; (v) all taxes and corporate fees payable to governments or agencies (vi) communication expenses with respect to investor services, including all expenses of meetings of Shareholders and of preparing, printing and distributing financial statements and other reports, proxy forms, offering memoranda and similar documents; (vii) Directors' fees (if any) and expenses, (viii) litigation or other extraordinary expenses; and (ix) costs of periodically updating the Memorandum.

- D. As stated in Item 5.A. above, any Management Fees are payable monthly in advance. Clients generally cannot obtain refunds of pre-paid fees if the advisory contract is terminated before the end of the billing period.
- E. Other than as described above, neither the Adviser nor any of its supervised persons receive any compensation from the sale of securities or other investment products.

Item 6 - Performance-Based Fees and Side-By-Side Management

As stated in Item 5 above, the Adviser's clients are charged a management fee and may also be charged a performance-based fee or allocation.

Performance-based fees and allocations could motivate AP Capital, due to its relationship with its affiliates, to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. In addition, because performance-based fees or allocations with respect to the Funds may be calculated on a basis that includes both realized and unrealized appreciation in the Funds' portfolios based upon values assigned by the Adviser, the Firm faces a conflict of interest in valuing the portfolio. Certain individual employees and affiliates of the Firm who are compensated to some extent based upon investment profits for which they are responsible face the same potential conflicts. AP Capital addresses these conflicts through full and fair disclosure in the applicable governing and/or offering documents.

Item 7 - Types of Clients

As described in Item 4, the Adviser provides investment advisory services only to the Clients, which are investment partnerships, or similar entities, which are exempt from registration under the Investment Company Act of 1940, as amended. Each investor in each Fund must be a “qualified purchaser” for Investment Company Act purposes and a “qualified client” for Advisers Act purposes. The Funds’ interests may generally be offered to high-net-worth individuals, fund of funds, pension funds, endowments, and other institutions. Each Fund generally has a minimum investment amount for potential Investors as provided in each Fund’s Governing Documents. Such minimum investment amounts may be waived by the Adviser or the General Partner at their sole discretion.

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

- A. The Adviser seeks to connect its knowledge in digital assets and blockchain technology and the traditional finance markets. The Adviser also develops multi-strategies to minimize the impact of market turbulence and improve liquidity, as well as aim to gain risk adjusted capital.

Absolute Return Fund

The investment objective of the Absolute Return Fund is to achieve absolute return in equity and fixed income markets and make investment in private shares and Digital Currency. The Absolute Return Fund aims to produce capital gains and sustainable growth with minimal volatility. The scope of investing countries will include, but not limited to, developed, emerging and frontier markets as may be determined by the Investment Manager and Adviser from time to time.

The Absolute Return Fund will seek to achieve the investment objective by employing multiple strategies and identifying mispricing in the investing markets. Strategies will include, but will not be limited to, market neutral arbitrage, relative value strategies, fixed income arbitrage and macro/fundamental investments. Both quantitative and fundamental proprietary models can be employed in the strategies.

The Absolute Return Fund has flexibility to invest in a wide range of instruments, including but not limited to, listed and unlisted equities, preferred stocks, convertible securities, equity-related instruments, debt securities and obligations (which may be below investment grade), currencies, commodities, futures, options, warrants, swaps, and other derivative instruments. Derivative instruments may be exchange-traded or over the counter. The Absolute Return Fund may engage in short sales, margin trading, hedging and other investment strategies. The Absolute Return Fund may retain amounts in cash or cash equivalents (including money market funds) pending reinvestment, for use as collateral/loans/deposits or as otherwise considered appropriate to the investment objective.

The Absolute Return Fund has not imposed any particular investment restrictions in regard to the investment assets of the Absolute Return Fund. In the event that the Directors decide to seek a listing for the Participating Shares of any Class on any stock exchange, the Absolute Return Fund may adopt such investment restrictions as shall be required to comply with the listing rules of the relevant exchange without approval of, or notice to, Shareholders.

The SPC

The two segregated portfolios of the SPC are the AP Capital SP Funds. The investment objective of the Fixed Income SP is to achieve a steady stream of interest with a target interest rate of 15% per annum, by way of entering into a perpetual loan agreement with the appropriate counterparties. There are no particular investment restrictions in regard to investment of assets of Fixed Income SP. The investment objective of AP Capital Blockchain Fund SP is to achieve for its shareholders long-term capital appreciation primarily through investing in Digital assets (either through the relevant trading platforms or over-the-counter transactions), related derivatives, unlisted equities and fund of funds. The following investment restrictions apply to the investments for the account of AP Capital Blockchain Fund SP: (1) The Segregated Portfolio will only invest in cryptocurrency with a market cap above US\$50 million, (2) The Segregated Portfolio shall not grant loans or act as a guarantor on behalf of third parties. However, the Segregated Portfolio may

grant loans to affiliated entities of the SPC or to its directors, and (3) The Segregated Portfolio may use leverage.

- B. Investment in the Funds carry substantial risk. There can be no assurance that the Funds' investment objective will be achieved, and investment results may vary substantially over time. The value of the Participating Shares may go down as well as up and an Investor should be aware that it may lose all or part of its investment in the Fund(s).

Potential investors should carefully consider the risk factors when considering whether an investment in the Fund is suitable for them in light of their circumstances and financial resources. Investors are advised to seek independent professional advice on the implications of investing in the Fund(s).

Absence of regulatory oversight

Although the Fund is a regulated mutual fund under the Mutual Funds Act, it is not required to, nor does it intend to, register under the laws of any other jurisdiction. Consequently, the securities laws of other jurisdictions (which may provide certain regulatory safeguards to investors) generally will not apply. Accordingly, shareholders may not have the benefit of all the protections afforded to them by the securities laws of their home jurisdiction or other relevant jurisdictions.

Business and regulatory risks of investment funds

Legal, tax and regulatory changes during the term of the Fund may adversely affect it. The regulatory environment for hedge funds is evolving. Changes in the regulation of hedge funds may adversely affect the value of the Fund's investments. They may also adversely affect the Fund's ability to obtain the leverage it might otherwise have obtained or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations, and margin requirements. Regulators and self-regulating organizations and exchanges are authorized to take extraordinary actions in cases of market emergencies. The regulation of derivative transactions and funds that engage in those transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Fund could be substantial and adverse.

Cross class liability

Separate records will be established in the books of the Fund for each Class for the purpose of allocating assets and liabilities of the Fund to the relevant Class. However, if the liabilities attributable to a Class exceed its assets, creditors of the Fund may have a recourse to the assets attributable to other Classes.

Cross portfolio liability

The Fund may maintain separate portfolios of securities representing investments made with the proceeds of the issue of Participating Shares of a particular Class or Classes. Each portfolio will have a different investment objective and strategies, may employ leverage to a greater or lesser extent and may invest in different asset types, industry sectors, geographical regions, and countries. Consequently, each portfolio may have a materially different risk profile. Although separate accounting records will be maintained in respect of each portfolio, there is no legal

segregation of the assets and liabilities attributable to each portfolio. Accordingly, if the liabilities attributable to a portfolio exceed its assets, creditors of the Fund may have recourse to the assets attributable to other portfolios.

Dependence on key personnel

The investment performance of the Fund will be substantially dependent on the expertise of the Adviser, its principals and employees. In particular, the departure for any reason of the key individuals who will be primarily responsible for managing the investment of the assets of the Fund may have a materially adverse effect on the performance of the Fund.

Illiquidity of Participating Shares

It is not anticipated that there will be an active secondary market for the Participating Shares, and it is not expected that such a market will develop. Participating Shares are not transferable without the approval of the Directors. Consequently, Shareholders may not be able to dispose of their Participating Shares except by means of redemption. Redemptions may be subject to an overall limit by reference to the Net Asset Value may be suspended in certain circumstances. The Fund may establish a liquidating trust, account, or entity to hold the relevant investments until they are liquidated at a later date. As such, a Shareholder may not receive cash proceeds on redemptions in a timely manner. In addition, Designated Investment Shares may not be redeemed at the option of the Shareholders.

In-kind distributions

A redeeming Shareholder may, in the discretion of the Directors, receive securities owned by the Fund in lieu of or in combination with cash. The value of securities distributed may increase or decrease before the securities can be sold and the investor will incur transaction costs in connection with the sale of those securities. Additionally, securities distributed to a Shareholder in connection with a redemption may not be readily marketable. In those circumstances, the investor bears the risk of loss and delay in liquidating those securities with the result that it may ultimately receive less cash than it would otherwise have received if it had been paid in cash alone for its Participating Shares on the date of redemption.

Lack of operating history

The Fund has a relatively new operating history that a prospective investor can evaluate before making an investment in the Fund. The investment results of the Fund are reliant upon the success of the Adviser and no guarantee or representation is made in this regard. There can be no assurance that the Fund will achieve its investment objective.

Limited rights of holders of Participating Shares

An investment in the Fund should be regarded as a passive investment. Shareholders have no right to participate in the day-to-day operations of the Fund, nor are they entitled to receive notice of, attend or vote at general meetings of the Fund, other than a general meeting to vote on a proposed variation of the rights attaching to their Participating Shares. Consequently, they have no control over the management of the Fund or over the appointment and removal of its directors and service providers. As a holder of the Management Shares, the Investment Manager controls all of the voting interest in the Fund, other than in respect of a proposal to vary the rights attaching to the Participating Shares. Consequently, the Investment Manager may make any changes to the

Articles that it considers appropriate including increasing the share capital consolidating the shares and sub-dividing the shares. Only the Investment Manager can appoint and remove the Directors of the Fund and, in turn, only the Directors can terminate the services of the service providers to the Fund, including the Investment Manager.

No separate counsel; No independent verification

Stuarts Walker Hersant Humphries acts as the legal counsel to the Investment Manager, the Adviser and the Fund as to matters of Cayman Island laws. The Directors and the Fund do not have counsel separate and independent from the counsel to the Investment Manager and the Sub-Managers. Stuarts Walker Hersant Humphries does not represent investors in the Fund, and no independent counsel has been retained to act on behalf of the Shareholders or any Directors. Stuarts Walker Hersant Humphries is not responsible for any acts or omissions of the Investment Manager, the Adviser, the Fund (including their compliance with any guidelines, policies, restrictions or applicable law, or the selection, suitability, or advisability of their investment activities), the Execution and Clearing Agent, or any administrator, accountant, custodian/prime broker or other service provider to the Investment Manager, the Adviser or the Fund. Stuarts Walker Hersant Humphries has not independently verified that information

Possible effect of substantial redemptions

Substantial redemptions by one or more investors in the Fund at any one time could require the Fund to liquidate its positions more rapidly than otherwise desired in order to raise the cash necessary to fund those redemptions. The Fund may find it difficult to liquidate its positions on favorable terms in such a situation, possibly reducing the value of the Fund's assets and/or disrupting the investment strategies. The Fund is permitted to borrow for the purposes of redeeming Participating Shares and may pledge assets as collateral security for the repayment of that borrowing. In such circumstances, the continuing Shareholders will bear the cost and risk of any such borrowing.

Risk Target Return may not be met

The Target Return offered to Class B Shares is subject to the performance of all Participating Shares. Where the performance of all Participating Shares is low, resulting in the Target Return not being met, the Net Asset Value of Class C Shares will be decreased, and the Net Asset Value of Class B Shares will be increased to achieve the Target Return. However, where the Net Asset Value of Class C Shares falls to zero (0), the Fund will not be able to provide the Target Return for Class B Shares. In this instance, Class B Shares will be redeemed at the option of the Fund and Class A Shares will be the only remaining Class.

Receipt of non-public information

From time to time, the Adviser may come into possession of non-public information concerning specific companies although internal structures are in place to prevent the receipt of such information. Under applicable securities laws, this may limit the Adviser's flexibility to buy or sell portfolio securities issued by such companies which may have an impact on the investment strategies of the Fund.

Side letters

From time to time the Fund may enter into agreements (**Side Letters**) with certain prospective or existing holders of Participating Shares. A Side Letter with a prospective or existing Shareholder may,

for example give that Shareholder: (i) special rights to make future investments in the Fund, other investment vehicles or managed accounts; (ii) special redemption rights relating to frequency, period of notice, redemption fees payable (whether in the form of a reduction or rebate) or other terms, or any combination of these; (iii) rights to receive reports from the Fund on a more frequent basis or that include information not provided to other Shareholders (including, without limitation, more detailed information regarding portfolio positions); and (iv) such other rights as may be negotiated by the Fund and that Shareholder. The terms of any Side Letters are in the sole discretion of the Fund. They may be based on amongst other things: (i) the size of the Shareholder's investment in the Fund; (ii) an undertaking by the Shareholder to maintain its investment in the Fund for a significant period of time; or (iii) some other similar undertaking by the Shareholder to the Fund.

Valuation of Investments

Valuation of the securities and other investments of the Fund may involve uncertainties and judgmental determinations. If a valuation is incorrect, the Net Asset Value per Share may be adversely affected. Independent pricing information about some of the securities and other investments of the Fund may not always be available. If the value assigned to an investment differs from its actual value, the Net Asset Value per Share may be either understated or overstated to the extent of that difference. Consequently, if the actual value of some of the securities and other investments of the Fund is higher than the value assigned to them, a Shareholder who redeems all or part of its Participating Shares while they are so undervalued may be paid less than if they were correctly valued. Conversely, if the actual value of some of the securities and other investments of the Fund is lower than the value assigned to them, the Shareholder may, in effect, be overpaid. Furthermore, an investment in the Fund by a new Shareholder (or an additional investment by an existing Shareholder) may dilute the value of the investments of the Fund for the other Shareholders if those investments are undervalued. Conversely, a new Shareholder (or an existing Shareholder who makes an additional investment) could pay too much if the Fund's investments are overvalued by the Fund. If either of these scenarios happens, the Fund does not intend to adjust the Net Asset Value per Share retroactively. Additionally, as the fees of a number of the service providers to the Fund are tied to the Net Asset Value, any discrepancy in valuation may result in overpayment or underpayment to those service providers. Neither the Fund, the Directors or the Administrator will be liable if a price or valuation used in good faith in connection with any of the above procedures, later proves to be incorrect or inaccurate.

Accounts of the Fund

While the bank account used for receiving cash subscriptions and paying redemptions proceeds to Shareholder will be controlled by the Administrator (jointly with the Investment Manager), any other Fund accounts opened at the Execution and Clearing Agent, or any broker, and/or custodian are, or if not yet opened, will be solely controlled by the Investment Manager and/or authorized signatories appointed by it. In this situation, there may be a risk that the Execution and Clearing Agent or relevant broker/custodian does not distinguish between trading transactions and third-party payments. In such case, the Administrator cannot control such third-party payments as it will not be a signatory on the Execution and Clearing Agent or other broker/custodian account.

Epidemic and Pandemic Risks

There is an outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a "Public Health Emergency of International Concern." The outbreak of COVID-19 has resulted in numerous deaths, adversely

impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses have also implemented similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the Funds and their investments and could adversely affect the Funds' ability to fulfill their investment objective. The extent of the impact of any public health emergency on the Funds' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, 18 regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of the Funds' investments, the Funds' ability to source, manage and divest investments and the Funds' ability to achieve their investment objective, all of which could result in significant losses to the fund. In addition, the Funds' operations may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

Risks associated with the investment strategy

Duration of Investment Positions

Many of the transactions involve acquiring related positions in a variety of different instruments or markets at or about the same time. Frequently, optimizing the probability of being able to exploit the pricing anomalies among these positions requires holding periods of significant length – often many months to a year or more. Actual holding periods depend on numerous market factors which can both expedite and disrupt price convergences. There can be no assurance that the Fund will be able to maintain any particular position, or group of related positions, for the duration required to realize the expected gains, or avoid losses, from such positions.

Relative Value Strategies

The success of the relative value investments is dependent on the ability to identify and benefit from differences in valuation among similar companies and/or securities. Although relative value positions are considered to have a lower risk profile than directional trades as the former attempt to exploit price differentials and not overall price movements, relative value strategies are by no means without risk. Valuation differences, even if correctly identified, may not converge within the time frame within which the Fund maintains the positions. Even pure “riskless” arbitrage – which is rare - can result in significant losses if the arbitrage is not able to be sustained (due, for example, to margin calls) until expiration. The relative value strategies are subject to the risks of

disruptions in historical price relationships, the restricted availability of credit and the obsolescence or inaccuracy of its or third-party valuation models. Market disruptions may also force the Fund to close out one or more positions. Such disruptions have in the past resulted in substantial losses for funds employing relative value strategies.

Derivatives

The Investment Manager and/or the Adviser may invest in various derivative instruments which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Use of derivative instruments presents various risks, including the following:

- *Liquidity.* Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Investment Manager and/or the Adviser may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative positions limits on exchanges on which the Investment Manager and/or the Adviser may conduct its transactions in certain derivative instruments may prevent prompt liquidation of positions, subjecting the portfolio to the potential of greater losses.
- *Leverage.* Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments may magnify the gains and losses experienced by the Fund and could cause the Fund's net asset value to be subject to wider fluctuations than would be the case if the Investment Manager and/or the Adviser did not use the leverage feature in derivative instruments
- *Over-the-Counter Trading.* Derivative instruments that may be purchased or sold for the portfolio may include instruments not traded on an exchange. Over the-counter options, unlike exchanged-traded options, are two-party contracts with price and other terms negotiated by the buyer and seller. The risk of non-performance by the obligor on such an instrument may be greater and the ease with which the Investment Manager and/or the Adviser can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities may exist between "bid" and "asked" prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

Highly Volatile Instruments

The prices of financial instruments in which the Fund may invest can be highly volatile. Price movements of high yield debt obligations, currency and other instruments in which the Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and financial instrument options. Such intervention often is intended to influence prices directly and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Fund's investments also are subject to the risk of the failure of any exchange on which its positions trade or of their clearinghouses.

Credit Default Swaps

The Fund may purchase and sell credit derivatives contracts – primarily credit default swaps – both for hedging and other purposes. The typical credit default swap contract requires, in the event that a particular reference entity experiences specified credit events, the seller to either: (i) pay to the buyer the difference between the notional amount of the contract and the value of individual obligations issued by the reference entity; or (ii) to purchase, at face value, qualifying obligations of the reference entity, which will be delivered to the seller. In return, the buyer agrees to make periodic payments equal to a fixed percentage of the notional amount of the contract. As a buyer of credit default swaps, the Fund is subject to certain risks. In circumstances in which the contract is settled by physical delivery and in which the Fund does not own the corporate debt securities that are deliverable under corporate credit default swaps, the Fund is exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze”. Certain credit default swaps require cash settlement and are not subject to the aforementioned risks. In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a “credit event” triggering the seller’s payment obligation had occurred. In either of these cases, the Fund would not be able to realize the full value of the credit default swap upon a default by the reference entity. As a seller of credit default swaps, the Fund incurs leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. However, the Fund will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity’s debt obligations. In addition, in the event the swap is settled by physical delivery, the credit default swap buyer will have broad discretion to select which of the reference entity’s debt obligations to deliver to the Fund following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the Fund. It should be noted that credit default swaps are generally covered by certain protocols set forth by the International Swaps and Derivatives Association (**ISDA**), the trade group for derivatives. Those protocols provide that determinations by an ISDA committee as to whether a credit event has occurred or whether and how credit default swaps will be cash-settled will be binding on all swap participants.

Diversification

Although the Fund seeks to maintain diversification, it may from time to time hold a few, relatively large securities positions in relation to its capital. The result of such concentration of investment is that a loss in any such position could significantly reduce the Fund’s value.

Market Risks in General

Certain general market conditions could materially reduce the Fund’s profit potential. The particular or general types of market conditions in which the Fund may incur losses or experience unexpected performance volatility cannot be predicted, and the Fund may materially underperform other investment funds or managed accounts with substantially similar objectives and approaches. In particular, the current financial markets have exhibited increased volatility. Market participants may react quickly to unconfirmed reports or information and as a result there may be drastic unexpected market movements (up or down) in short periods of time. While this may create opportunities to identify undervalued investments, it also may make it more difficult than in the past to anticipate or predict future market movements. Certain investments may have to be held for longer periods of time until their value potential can be realized, if at all. Changes in government regulations may impact investment and trading opportunities in ways that are hard to

anticipate. In addition, the recent withdrawal of credit from financial markets may also add to price volatility and make it more difficult for to access sources of leverage.

Hedging

The Fund may utilize certain financial instruments and investment techniques for risk management or hedging purposes. There is no assurance that such risk management and hedging strategies will be successful, as such success will depend on, among other factors, the Adviser's and/or the Investment Manager's ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Fund's hedging strategies may also be subject to the Adviser's and/or the Investment Manager's ability to correctly readjust and execute hedges in an efficient and timely manner. There is also a risk that such correlation will change over time rendering the hedge ineffective. It may be more difficult to hedge a position in a smaller cap issuer than a larger-cap issuer. The Fund's portfolio is not expected to be completely hedged at all times and at various times the Investment Manager and/or the Adviser may elect to be more fully hedged and at other times hedged only to a limited extent, if at all. Accordingly, the Fund's assets may not be adequately protected from market volatility and other conditions.

Counterparty Risk

The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. The Investment Manager will monitor the creditworthiness of firms (including the prime brokers and custodians) with which the Fund enters into repurchase agreements, interest rate swaps, caps, floors, collars or other over-the-counter derivatives on an ongoing basis. If there is a default by the counterparty to such a transaction, the Fund will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual remedies may involve delays or costs which could result in the Net Asset Value of the Fund being less than if the Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent. For example, in September 2008, Lehman Brothers Holdings Inc., a major investment bank based in the United States, filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code, and Lehman Brothers Inc., its principal US broker dealer subsidiary, became subject to a liquidation proceeding under the United States Securities Investor Protection Act. In addition, certain Lehman Brothers subsidiaries, including Lehman Brothers International (Europe) (LBIE) have been placed under administration for the purposes of winding down their respective businesses. If one or more of the Fund's counterparties were to become insolvent or the subject of liquidation proceedings in the United States (either under the United States Securities Investor Protection Act or the United States Bankruptcy Code), there is a risk that the recovery of the Fund's securities and other assets from such counterparty will be delayed or be of a value less than the value of the securities or assets originally entrusted to such counterparty. In addition, the Fund may use counterparties located in various jurisdictions around the world like LBIE. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Fund's assets will be subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Fund and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Fund, which could be material.

Swap Transactions

The Fund may enter into swap agreements with respect to securities, indexes of securities and other assets or other measures of risk or return. Swap agreements are typically two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to many years. In a standard “swap” transaction, two parties agree to exchange the returns (or the differential in rates of return) earned or realized on particular predetermined investments, instruments or indices. The gross returns to be exchanged or “swapped” between the parties are generally calculated with respect to a “notional amount”. Whether the Fund’s use of swap agreements will be successful will depend on the Adviser’s and/or the Investment Manager’s ability to select appropriate transactions for the Fund. Swap transactions may be highly illiquid. Moreover, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Fund’s ability to terminate existing swap transactions or to realize amounts to be received under such transactions. Swaps and certain other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Total return swaps are another form of swap transaction that the Fund may utilize in its investment program. A total return swap allows the total return receiver to receive the change in market value of an asset (whether a security, interest rate, form of debt, currency or other asset) from the total return payer in return for paying a floating or fixed interest-rate on a predetermined amount. The total return payer is synthetically short, and the total return receiver is synthetically long. Thus, total return swap agreements may effectively add leverage to the Fund’s portfolio because, in addition, to its total net assets, the Fund would be subject to investment exposure on the notional amount of the swap agreement.

Forward Trading

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements, and speculative position limits are not applicable. For example, there are no requirements with respect to record keeping, financial responsibility or segregation of customer funds or positions. In contrast to exchange-traded futures contracts, interbank traded instruments rely on the dealer or contracting counterparty to fulfil its contract. As a result, trading in interbank foreign exchange contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which the Fund has forward contracts. Although the Adviser and the Investment Manager seek to trade with responsible counterparties, failure by a counterparty to fulfil its contractual obligation could expose the Fund to unanticipated losses. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices with an unusually widespread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any currency market traded by the Fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the Investment Manager and/or the Adviser

would otherwise recommend, to the possible detriment of the Fund. Market illiquidity or disruption could result in significant losses to the Fund.

Leverage; Interest Rate Risk

The Fund may borrow substantial amounts of money, using as collateral the securities that the Fund owns from time to time. Leverage may also be obtained through other means including the use of forwards, futures, total return equity swaps, credit default swaps, and, in effect, through the entry into repurchase agreements. Thus, the Fund may be in a highly leveraged position and the amount of borrowing that it may have outstanding at any one time may be large in relation to its capital. Consequently, the level of interest rates generally, and the rates at which the Fund, in particular, is able to borrow, may strongly affect its operating results. As in the case of other leveraged investments, losses may result that exceed the amount of the capital or assets of the Fund. The use of short-term margin borrowings may result in certain additional risks to the Fund. For example, should the securities pledged to brokers to secure the Fund's margin decline in value, the Fund could be subject to a "margin call" pursuant to which it would either have to deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the Fund's assets, these assets might not be able to be liquidated quickly enough to pay off the margin debt and the Fund may therefore also suffer additional significant losses as a result of its default.

Financial Failure of Intermediaries

There is always the possibility that the institutions, including brokerage firms, banks and futures commission merchants, with which the Fund does business, or to which securities have been entrusted for custodial purposes, will encounter financial difficulties that may impair their operational capabilities or result in losses to the Fund.

Short Sales

The Investment Manager and/or the Adviser will engage in short sales as part of hedging transactions and when it believes securities are overvalued. Short sales are sales of securities the Fund borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease, and the Fund will be able to make a profit by purchasing the securities at a later date at the lower prices. The Fund may also conduct short sale transactions with respect to high-yield bonds. The Fund will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a "long" position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss. Short sale transactions have been subject to increased regulatory scrutiny in Hong Kong in response to recent market events, including the imposition of restrictions on short selling certain securities and reporting requirements. The Fund's ability to execute a short-selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior trading activities of the Fund. Additionally, the Hong Kong Securities and Futures Commission (SFC), its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SFC might

impose different limitations and/or prohibitions on short selling from those imposed by regulatory authorities in other countries. These different regulations, rules or interpretations might have different effective periods.

Regulatory authorities may impose restrictions that adversely affect the Fund's ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, the Fund may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. The Fund may also incur additional costs in connection with short sale transactions, including in the event that it is required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and the Fund is subject to strict delivery requirements. The inability of the Fund to deliver securities within the required time frame may subject the Fund to mandatory close out by the executing broker-dealer. A mandatory close out may subject the Fund to unintended costs and losses. Certain action or inaction by third parties, such as executing broker-dealers or clearing broker-dealers, may materially impact the Fund's ability to effect short sale transactions. Such action or inaction may include a failure to deliver securities in a timely manner in connection with a short sale effected by a third-party unrelated to the Fund.

Purchase of Distressed Securities, etc.

The Fund may purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganizations and liquidation proceedings. Although such investments may produce significant returns, they involve a high degree of risk over a potentially lengthy period of time, as well as less liquidity than many other investments. Investment in these types of securities requires sophisticated analysis and there can be no assurance that various factors that could affect the prospects of a successful restructuring will be accurately predicted. Many of these investments ordinarily remain stagnant until the company reorganizes and/or emerges from bankruptcy proceedings, and, as a result, may have to be held for an extended period of time.

Foreign Securities

Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the Fund's books are typically maintained) and the various foreign currencies in which the Fund holdings will typically be denominated, and costs associated with conversion of investment principal and income from one currency into another; and (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation. (See also "*Currency Risk*" below.)

Sovereign Risk

The Fund may invest in sovereign debt, and securities and instruments of developing or emerging market issuers which are or may become nonperforming and/or where the issuer is in default, at the time of purchase, of principal repayment obligations. The foreign debt securities which the Fund may own may be subject to restructuring arrangements, which may adversely affect the value of such investments. If a foreign sovereign defaults on its foreign debt, the Fund may have limited legal recourse against the issuer and/or guarantor.

Currency Risk

The Fund may invest in securities and instruments denominated in non-U.S. currencies. Such investments are subject to the risk that the value of a particular currency will change in relation to the U.S. Dollar, which is the operational currency of the Fund. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. To the extent currency risk is unhedged, the value of the Fund's assets will fluctuate with U.S. dollar exchange rates as well as with price changes of the Fund's investments in various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Fund makes its investments will reduce the effect of increases and magnify the U.S. dollar equivalent of the effect of decreases in the prices of the Fund's securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of the Fund's non-U.S. dollar securities. Forward currency contracts and options may be utilized to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Unregulated Transactions

Certain instruments that may be traded in the Fund generally are not traded on exchanges, nor is such trading regulated by any government agency. Accordingly, the protections accorded by such regulation will not be available to the Fund in making such investments. Such investments may constitute a material portion of the Fund's assets.

Convertible Debt

The Fund may invest in convertible bonds, bonds that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company or that are indexed to an unmanaged market index at the option of the holder during a specified time period. Prior to conversion, convertible bonds have the same general characteristics as non-convertible bonds. As with all debt securities, the market value of convertible bonds tends to decline as interest rates increase and conversely, increase as interest rates decline. Convertible bonds, however, also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates.

Corporate Debt Obligations

The Investment Manager may invest in corporate debt obligations, including commercial paper. Corporate debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk). The Investment Manager may intend to actively expose the Fund to credit risk. However, there can be no guarantee that the Fund will be successful in making the right selections and thus fully mitigate the impact of credit risk changes on the Fund.

Debt Securities

The Fund may take positions in debt securities that rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Fund may take positions in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The Fund may invest in securities which are moral

obligations of issuers or subject to appropriations. The Fund will therefore be subject to credit and liquidity risks.

Interest Rate Risk

Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The Investment Manager may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no expectation or guarantee that the Investment Manager will be successful in fully mitigating the impact of interest rate changes.

Investment Flexibility

The Fund has broad and flexible investment authority. In particular the Fund is not required to invest any particular percentage of its portfolio in any type of investment, sector or region, and the amount of the Fund's portfolio which is invested in any type of investment, or which is weighted in different countries or different sectors can change at any time based on the availability of attractive market opportunities. Accordingly, at any time, the Fund may have significant investments in strategies, sectors or instruments which present certain risks which are not specifically described in the Memorandum.

General Economic and Market Conditions

The success of the Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect, among other things, the level and volatility of securities' prices, the liquidity of the Fund's investments and the availability of certain securities and investments. Volatility or illiquidity could impair the Fund's profitability or result in losses. The Fund may maintain substantial trading positions that can be materially adversely affected by the level of volatility in the financial markets – the larger the positions, the greater the potential for loss.

In recent years, global markets have experienced unprecedented volatility and illiquidity, conditions which have led to extensive governmental interventions. Such interventions have in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have led to significant regulatory activity, including rules and regulations that are still under consideration and which could impact the Adviser, the Investment Manager and/or the Fund. It is impossible to predict what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Adviser's and/or the Investment Manager's strategies.

Transaction Execution and Costs

As the Adviser and the Investment Manager expect to actively manage the Fund's portfolio, purchases and sales of investments may be frequent and may result in higher transaction costs to

the Fund. In addition, in many cases relatively narrow spreads may exist between the prices at which the Fund will purchase and sell particular positions. The successful application of the Fund's investment strategy will therefore depend, in part, upon the quality of execution of transactions, such as the ability of the Execution and Clearing Agent or broker-dealers to execute orders on a timely and efficient basis. Although the Fund will seek to utilize brokerage firms that will afford superior execution capability to the Fund, there is no assurance that all of the Fund's transactions will be executed with optimal quality. Furthermore, due to the degree of trading, total commission charges and other transaction costs may be expected to be high. The level of commission charges, as an expense of the Fund, may therefore be expected to be a factor in determining future profitability of the Fund.

Broker Risk

The Clients' assets may be held in one or more accounts maintained for the Client by the Execution and Clearing Agent, or at prime brokers, other brokers or custodian banks, which may be located in various jurisdictions. The Execution and Clearing Agent, prime brokers, other brokers (including those acting as sub-custodians) and custodian banks are subject to various laws and regulations in the relevant jurisdictions that are designed to protect their customers in the event of their insolvency. Accordingly, the practical effect of the laws protecting customers in the event of insolvency and their application to the Clients' assets may be subject to substantial variations, limitations and uncertainties. For instance, in certain jurisdictions execution and clearing agents or brokers could have title to the Clients' assets or not segregate customer assets. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of an execution and clearing agent, prime broker or another broker, it is impossible further to generalize about the effect of the insolvency of any of them on the Fund and its assets. Investors should assume that the insolvency of any of the execution and clearing agents, prime brokers, local brokers or custodian banks may result in the loss of all or a substantial portion of the Clients' assets or in a significant delay in the Clients having access to those assets.

Risk Factors related to investments in Digital Currencies and blockchain companies

Risk of total loss of capital

While all investments risk the loss of capital, investments in Digital Currencies should be considered substantially more speculative and significantly more likely to result in a total loss of capital than most other investment funds. A nascent asset class with limited history guarantees, unforeseen risks factors will likely emerge, and investors risk all capital in the Fund. There is no assurance that the Fund will be able to generate returns.

Risks Relating to Digital Currency Price Volatility

One of the key risks in trading Digital Currencies is the rapid fluctuation of its market price. Digital Currencies have demonstrated significant volatility. For example, the exchange rate of Bitcoin into US dollars has been very volatile, including dropping by more than fifty per cent (50%) in a single day. The value of the Interests directly correlates to the value of the Digital Currencies held by the Fund and fluctuations in the price of Digital Currencies could adversely affect the value of the Fund. The price of Digital Currencies may be affected by a wide variety of complex and difficult to predict factors such as Digital Currency supply and demand; rewards and transaction fees for the recording of transactions on the blockchain; difficulties with converting cryptocurrency to fiat currencies; availability and access to Digital Currency service providers

(such as payment processors), exchanges, miners or other Digital Currency users and market participants; perceived or actual Digital Currency network or Digital Currency security vulnerability; inflation levels; fiscal policy; interest rates; and political, regulatory natural and economic events

Political, Legal and/or Regulatory Risk

General

The legal status of certain Digital Currencies (such as Bitcoin and Ether) may be uncertain. It is unclear whether they constitute property, assets, or rights of any kind. Digital Currencies are not backed by governments, and accounts and value balances are not subject to any statutory or government protections. Investors are responsible for knowing and understanding how Digital Currencies will be addressed, regulated, and taxed under applicable law. Regulation of Digital Currency and cryptocurrency exchanges are currently undeveloped and likely to rapidly evolve. It is likely that some countries are already considering or may in the future put in place laws, regulations or other actions which may severely impact the Fund's ability to invest, gain market share or otherwise manage its operations. This is particularly the case as cryptocurrency assets have grown in popularity and market size. New or changing laws and regulations may adversely impact the Fund's ability to earn returns on investments.

United States

Cryptocurrency is not legal tender in the U.S., and federal, state or foreign governments may restrict the use and exchange of cryptocurrency at any time. While cryptocurrency generally is not currently regulated as a currency, security or similar asset/instrument in the U.S., it has attracted the attention of U.S. regulatory agencies, and future regulation is likely. To the extent that new regulations are imposed, or regulatory authorities find ways to apply existing regulations to cryptocurrency in unanticipated ways, the Fund's investments may be materially adversely affected. Further, the taxation of cryptocurrencies is uncertain in many jurisdictions, and those jurisdictions that have formulated a position have reached varying (and continuously evolving) conclusions.

Risks of buying or selling Digital Currency

The Fund may transact with private buyers or sellers or Digital Currency exchanges. The Fund will take on credit risk every time it purchases or sells Digital Currencies, and its contractual rights with respect to such transactions may be limited. Although the Fund's transfers of Digital Currency or cash will be made to or from a counterparty which the Investment Manager believe is trustworthy, it is possible that, through computer or human error, or through theft or criminal action, the Fund's Digital Currency or cash could be transferred in incorrect amounts or to unauthorized third parties. To the extent that the Fund is unable to seek a corrective transaction with such third-party or is incapable of identifying the third-party which has received the Fund's Digital Currency or cash (through error or theft), the Fund will be unable to recover incorrectly transferred Digital Currency or cash, and such losses will negatively impact the Fund. Certain Digital Currency exchanges may place limits on the Fund's transactions, or the Fund may be unable to find a willing buyer or seller of Digital Currency. To the extent the Fund experiences difficulty in buying or selling Digital Currency, investors may experience delays in subscriptions or payment of redemption proceeds, or there may be delays in liquidation of the Fund's Digital Currency, thereby potentially adversely affecting the net asset value of the Fund.

Risks Related to Digital Currency Exchanges

The Digital Currency exchanges on which Digital Currencies trade are relatively new and can be unregulated. These exchanges are third-party service providers that convert Digital Currencies to fiat currencies (*i.e.*, currency a government considers to be legal tender) or other virtual currencies. Digital Currencies are bought, sold, and traded with publicly disclosed (but often-changing) valuations on virtual currency exchanges, where the majority of Digital Currency buying and selling activity occurs. Virtual currency exchanges provide the most data with respect to prevailing valuations of Digital Currencies. Market participants can choose which exchange on which to buy or sell a Digital Currency, although these exchanges may charge significant fees for processing transactions. The virtual currency exchanges on which Digital Currencies trade are relatively new and largely unregulated and therefore may be more exposed to theft, fraud and failure than established, regulated exchanges for other products. The Fund will take credit risk of an exchange every time it transacts.

In general, Digital Currency exchanges are currently start-up businesses with no institutional backing, limited operating history and no publicly available financial information. Exchanges generally require cash to be deposited in advance in order to purchase Digital Currencies, and no assurance can be given that those deposit funds can be recovered.

Digital Currency exchanges may impose daily, weekly, monthly or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of virtual currency for fiat currency difficult or impossible.

Digital Currency exchanges may be targets for cybercrime, hackers and malware. It is possible that such exchanges may cease operations due to theft, fraud, security breach, liquidity issues, or government investigation. In addition, banks may refuse to process wire transfers to or from exchanges. Exchanges may even shut down or go offline voluntarily, without any recourse to investors. Any financial, security or operational difficulties experienced by such exchanges may result in an inability of the Fund to recover money or Digital Currency being held by the exchange, or to pay investors upon redemption. Further, the Fund may be unable to recover Digital Currency awaiting transmission into or out of the Fund, all of which could adversely affect an investment in the Fund.

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

Development of Digital Currency and associated risks

Cryptography refers to the mathematical proofs on which a Digital Currency such as Bitcoin is based. Because "mining" a Digital Currency requires the user to solve a complicated proof, the cryptography basis is intended to provide the relevant network a high level of security. Such security, in turn, is designed to permit network users to control transactions and prevent double spending (*i.e.*, when a unit of virtual currency would be concurrently sent to and accepted by two different recipients). For example, the Bitcoin network hosts (provides a forum for) the blockchain and Bitcoin mining. These latter two concepts are necessary to create a consensus on the network about which transactions will be confirmed and be considered valid.

The development team and administrators of a Digital Currency network's source code could propose amendments to the network's protocols and software that, if accepted and authorized, or not accepted, by the Digital Currency network community, could adversely affect the supply, security, value, or market share of the Digital Currency and thus an investment in the Fund. Further the Fund may be adversely affected by a manipulation of the Digital Currency source code.

Further, the growth of the Digital Currency industry in general, as well as the Digital Currency networks is subject to a high degree of uncertainty. The factors affecting such growth include (i) worldwide growth in the adoption and use of Digital Currency technologies, (ii) government and quasi-government regulation of Digital Currencies and their use or restrictions on or regulation of access to and operation of Digital Currency networks or similar systems, (iii) the maintenance and development of the open-source software protocol of the Digital Currency networks, (iv) changes in consumer demographics and public tastes and preferences, (v) the availability and popularity of other forms or methods of buying and selling goods and services or trading assets including new means of using fiat currencies or existing networks, (vi) general economic conditions and the regulatory environment relating to cryptocurrencies, or (vii) a decline in the popularity or acceptance of the Digital Currency networks. The slowing or stopping of the development or acceptance of the Digital Currency networks would have an adverse material effect on an investment in the Fund.

Cryptography is an art, not a science and the state of the art can advance over time. Advances in code cracking, or technical advances such as the development of quantum computers, could present risks to cryptocurrencies, which could result in the theft or loss of Digital Currencies.

Mining generally

Mining is the process of validating and adding transaction records to a virtual currency's (such as Bitcoin) public ledger of past transactions (i.e., the blockchain). Each block is an independent mathematical proof which depends on the previous block. As an incentive to update the blockchain, Bitcoin miners may collect transaction fees for the transactions they confirm, along with newly created Bitcoin (i.e., rewards). Only the first miner to compute the proof is rewarded with Bitcoin, while the rest of the miners have to start over on a new block. Bitcoin supply is increased with every new block of transactions that is added to the blockchain. Currently, the reward is twenty-five (25) Bitcoin for each block that is added to the blockchain. The reward for solving a block is automatically adjusted so that roughly every four years of operation of the Bitcoin network, half the amount of Bitcoin created in the prior four years are created. It is understood (but not guaranteed) that the total number of Bitcoin in existence will never exceed 21 million. Mining is currently very expensive and time-consuming, and miners must dedicate substantial resources to continuously power and cool devices. The mining reward system is designed to ensure miners are compensated for their efforts and new Bitcoin enters into public circulation. The Bitcoin network's mining protocol is intended to make it more difficult to solve for new blocks in the blockchain as the processing power dedicated to mining increases. Therefore, the Bitcoin mining process is designed to incentivize people to be efficient and use as little power as possible to create blocks and validate the transactions. Given the time and resources that must be dedicated to mining, miners "pool" their efforts and act cohesively to combine their processing power to solve blocks. These efforts are called mining "pools"—and pool members generally split any resulting rewards based on the processing power they each contributed to solve for such blocks.

Malicious Actor or Botnet

Malware is software used or programmed by malicious actors to disrupt computer operation, gather sensitive information or gain access to private computer systems. "Botnet" refers generally to a group of computers that use malware to compromise computers whose security defenses have been breached. To the extent that a malicious actor, cyber-criminal, computer virus, hacker, or botnet (e.g., ZeroAccess) obtains a majority of the processing power on the Digital Currency network; alters the source code and blockchain on which all Digital Currency transactions rely; or prevents the use, transfer, ownership, or integrity of a Digital Currency, an investment in the Fund could be adversely effected.

Forking

To the extent that a significant majority of users and miners on a Digital Currency network install software that changes the Digital Currency network or properties of a Digital Currency, including the irreversibility of transactions and limitations on the mining of new Digital Currencies, the Digital Currency network would be subject to new protocols and software that may result in a "fork" of the Digital Currency network, adversely affecting an investment in the Fund. Similarly, if less than a significant majority of users and miners on the Digital Currency network install such software, the Digital Currency network could "fork," which may adversely affect an investment in the Fund. To the extent that any temporary or permanent forks exist in the blockchain, an investment in the Fund may be adversely affected including due to the fact that the Fund may or may not be entitled to receive additional assets that are recorded on new blockchains. There is no guarantee that merchants, wallets or exchanges will support, or that a market will develop for, future Digital Currencies that may arise from the forks, which may also compete with the legacy Digital Currency (negatively affecting its value). In addition, hard "forks" may carry further risks, including, without limitation, (i) that legacy Digital Currency networks heavily decline in value or that the combined value of the competing versions of the relevant Digital Currency is less than the value of the single legacy Digital Currency network (particularly, if the "fork" is interpreted as a general failure to reach a consensus regarding the particular Digital Currency network), (ii) that developers, service providers and users choose one version of the particular Digital Currency (the subject of the fork) over another and (iii) that the division of mining power makes each version of the particular Digital Currency blockchain slower and/or less secure.

Mining Incentives

If rewards and transaction fees are not properly matched to the efforts of miners, miners may not have an adequate incentive to continue mining. Miners ceasing operations could reduce the collective processing power on the Digital Currency network, adversely affect the validation process for transactions, and, generally, make the network more vulnerable. Further, if a single miner or a mining pool gains a majority share in the Digital Currency network's computing power, the integrity of the blockchain may be affected. A miner or mining pool could reverse Digital Currency transactions, make double-spend transactions, prevent confirmations or prevent other miners from mining valid blocks. Each of these scenarios could reduce confidence in the validation process or processing power of the network, and adversely affect an investment in the Fund.

To the extent that any miners cease to record transactions in solved blocks, transactions that do not include the payment of a transaction fee will not be recorded on the blockchain until a block is solved by a miner who does not require the payment of transaction fees. Any such delays in the recording of transactions could result in a loss of confidence in the Digital Currency network, which could adversely impact an investment in the Shares.

Illiquidity

The Digital Currency (such as Bitcoin and Ether) marketplace may be illiquid, insufficiently liquid or highly volatile from time to time, and may shift quickly.

Counterparty and custodian wallet risk

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

Risk of holding Digital Currencies

Digital Currencies are new and highly speculative assets. Digital Currencies held by the Fund are commingled and investors have no specific rights to any specific Digital Currency. In the event of the Fund's insolvency, its assets may be inadequate to satisfy a claim by an investor. No guarantee or representation is made that this investment program will be successful. Digital Currencies are extremely volatile and investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past investment results of the Investment Manager (or investments otherwise made by the investment professionals of the Investment Manager) are not necessarily indicative of their future performance.

Risk of Uninsured Losses

Though the Fund may seek to ensure its Digital Currency holdings, it may not be possible, either because of a lack of available policies or because of prohibitive cost, for the Fund to obtain insurance of any type that would cover losses associated with Digital Currencies. If an uninsured loss occurs or a loss exceeds policy limits, the Fund could lose a portion or all of its assets.

Risk of Rapid Adoption and Increased Demand

If a particular Digital Currency is rapidly adopted, the demand for that Digital Currency could rise dramatically and at a pace that exceeds the rate with which the miners can create new tokens of that Digital Currency. Under such a scenario, the entire platform for that Digital Currency could become destabilized, due to the increased cost of running distributed applications. In turn, this could dampen interest in that Digital Currency. Instability in the demand of for a Digital Currency may lead to a negative change of the economical parameters of that Digital Currency which could cause substantial losses for the Fund.

Valuation of The Investments

Valuation of the Digital Currencies may involve uncertainties and judgmental determinations. If a valuation is incorrect, the value of the Fund adversely affected. In extreme circumstances, independent pricing information about some of the Digital Currencies invested in by the Fund may become unavailable.

Risks Relating to Digital Currency Security

The Fund intends to use third-party wallet providers to secure the Fund's Digital Currencies. The Fund may, however, employ other systems to safeguard Digital Currency holdings, such as "cold storage" or "deep storage," which will increase the time required to access certain Digital Currencies, and may, therefore, delay liquidation of the Fund's Digital Currencies or payment of redemption proceeds, which could have a material adverse effect on the net asset value of the Fund. The systems in place to secure the Digital Currencies may not prevent the improper access to, or damage or theft of the Fund's Digital Currencies. Further, a security breach could harm the Fund's reputation or result in the loss of some or all of the Fund's Digital Currencies, which may represent the Fund's only asset. Any such security breach or leak of non-public information relating to the security of Digital Currencies may adversely affect an investment in the Fund.

Risks Relating to Digital Currency Hackers

Hackers or malicious actors may launch attacks to steal, compromise, or secure Digital Currencies, such as by attacking the Digital Currency network source code, exchange servers, third-party platforms, cold and hot storage locations or software, or Digital Currency transaction history, or by other means. The Fund may be in control and possession of one of the more substantial holdings of Digital Currencies. As the Fund increases in size, it may become a more appealing target of hackers, malware, cyber-attacks or other security threats. As a result, the Fund will undertake efforts to secure and safeguard the Digital Currencies in its custody from theft, loss, damage, destruction, malware, hackers or cyber-attacks, which may add significant expenses to the operation of the Fund. There can be no assurance that such securities measures will be effective. At this time, there is no U.S. or foreign governmental, regulatory, investigative, or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen Digital Currencies. Consequently, the Fund may be unable to replace missing Digital Currencies or seek reimbursement for any theft of Bitcoin, adversely affecting an investment in the Fund.

Risks Relating to Lack of Transparency

Given the type and extent of the security measures necessary to adequately secure Digital Currencies, Shareholders may not fully know how the Fund stores or secures its Digital Currencies or the Fund's complete holding of Digital Currencies at any time.

Risks Relating to Reliance on Digital Currency Service Providers

Due to audit and operational needs, there will be individuals who have information regarding the Fund's security measures. Any of those individuals may purposely or inadvertently leak such information. Further, several companies and financial institutions (including banks) provide support to the Fund related to the buying, selling, and storing of Digital Currency. To the extent service providers no longer support the Fund or cannot be replaced, an investment in the Fund may be adversely affected.

Risks Relating to Irrevocable Digital Currency Transactions

Just as the blockchain creates a permanent, public record of Digital Currency transactions, it also creates an irrevocable one. Transactions that have been verified, and thus recorded as a block on the blockchain, generally cannot be undone. Even if the transaction turns out to have been in error, or due to theft of a user's Digital Currency, the transaction is not reversible. Further, at this time, there is no governmental, regulatory, investigative, or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen Digital Currency. Consequently, the Fund may be unable to replace missing Digital Currencies or seek reimbursement for any erroneous transfer or theft of Digital Currencies. To the extent that the Fund is unable to seek redress for such action, error or theft, such loss could adversely affect an investment in the Fund.

Risks associated with ICOs

Investments in ICOs may be very sensitive to movements in related markets and trends and ICO markets including regulatory developments, enforcements actions, security concerns and technological developments.

Anonymity and Illicit Use

Although Digital Currency transaction details are usually logged on the blockchain, a buyer or seller of a Digital Currency may never know to whom the public key belongs or the true identity of the party with whom it is transacting. Transacting with a counterparty making illicit use of a Digital Currency could have a material adverse effect on the Fund.

Special Risks associated with a fund investing into another investment fund

Investment in an investment fund generally

As the Fund may invest in other investment fund, the value of an investment in the Fund may be affected by the investment policies and decisions of the investment manager(s) of the other investment fund(s). Neither the other investment funds nor the investment manager of such investment fund makes any guarantee or representation that the Fund's investment approach will be successful.

Combination or “layering” of multiple risks

Although the various risks discussed herein are generally described separately, investors should consider the potential effects of the interplay of multiple risk factors. When more than one significant risk factor is present, the risk of loss to an investor may be significantly increased.

Multiple levels of fees and expenses

By investing in the underlying investment funds (indirectly through the Fund), the investor bears expenses at the Fund level, in addition to fees and expenses at the underlying investment fund level. Thus, an investor in the Fund may be subject to higher operating expenses than if he or she invested in the underlying invest funds directly.

Conflicts of Interest

The Directors, the Investment Manager, the Adviser, the Administrator, the Execution and Clearing Agent, any prime broker and custodian, any broker and their respective directors, officers and employees appointed by or in respect of the Fund may, from time to time, act as director, promoter, manager, investment manager, the Adviser, registrar, administrator, transfer agent, trustee, custodian, broker, distributor or placing agent to, or be otherwise involved in, other collective investment schemes which have similar investment objectives to those of the Fund. Similarly, the Adviser may provide discretionary fund management any one or more of them may provide ancillary administration, custodian or brokerage services to investors with similar investment objectives to those of the Fund. Consequently, any of them may, in the course of their business, have potential conflicts of interests with the Fund. Each will at all times have regard to its obligations to the Fund and will endeavor to resolve such conflicts fairly.

Investment Manager and the Adviser

The Investment Manager and the Adviser are engaged in the business of management and advising clients, which may include other investment vehicles, in the purchase and sale of securities and financial instruments. In managing other clients' assets or advising other clients, the Investment Manager and/or the Adviser may use the information and trading strategies which it obtains, produces or utilizes in the performance of services for the Fund.

The Fund has appointed the Adviser to manage the discretionary management of the securities as set out in paragraph 3 of Schedule 2 to the Securities Investment Business Act (2021 Revision).

For the avoidance of doubt, the appointment of the Investment Manager excludes any discretionary management of securities as set out in paragraph 3 of Schedule 2 to the Securities Investment Business Act (as Revised) which shall be delegated to the Adviser under the terms of the Sub-Management Agreements and to carry on its general administration and to undertake certain corporate duties for the Fund as hereinafter contained. The abovementioned discretionary management of the Fund should be without prejudice to the general segregation requirements applicable to the Fund as prescribed under the Companies Act (2021 Revision) of Cayman Islands.

The Investment Manager and/or the Adviser may have conflicts of interest in managing the portfolio of the Fund because its compensation for managing and/or advising other investment vehicles or accounts may exceed its compensation for managing the portfolio of the Fund, thus providing an incentive to prefer such other investment vehicles or accounts. Moreover, if the Adviser makes trading decisions in respect of such investment vehicles or accounts and in respect of the Fund at or about the same time, the Fund may be competing with such other investment funds or accounts for the same or similar positions. The Adviser will endeavor to allocate all investment opportunities on a fair and equitable basis between the Fund and those other investment vehicles and accounts.

The Adviser and/or any of their associates may invest, directly or indirectly, in assets which may also be purchased or sold by the Fund. The Adviser nor any of its associates shall be under any obligation to account to the Fund in respect of (or share with the Fund or inform the Fund of) any such transaction or any benefit received by any of them from any such transaction.

The Fund has been established and promoted at the request of the Investment Manager and the Adviser. Accordingly, the selection of the Investment Manager and the Adviser and the terms of their appointment, including the fees and compensation payable under the Investment Management Agreement, are not the result of arms-length negotiations. However, the Directors

believe that such fees and compensation are consistent with normal market rates for investment funds of a similar type to the Fund.

Directors

Cheuk Man Chiu and Kunming Zhao are directors of the Investment Manager which receives a Management Fee and may receive a Performance Fee in respect of its services as Investment Manager of the Fund. The fiduciary duties of the Directors may complete with or be different from the interests of the Investment Manager.

The Fund has entered into director service agreements with each of Cheuk Man Chiu and Kunming Zhao, pursuant to which Cheuk Man Chiu and Kunming Zhao have agreed to act as Directors. Each of Cheuk Man Chiu and Kunming Zhao may serve as a director of other investment vehicles and, subject to any applicable confidentiality requirements, may use information which he or she obtains, produces or utilizes in the performance of services for the Fund in respect of such other investment vehicles.

At all times so far as practicable the Directors will have regard to their obligations to act in the best interests of the Fund and will seek to ensure that any conflict of interest is resolved fairly.

A Director may be a party to, or otherwise interested in, any transaction or arrangement with the Fund or in which the Fund is otherwise interested. The Director will not be liable to account to the Fund for any profit he derives from such a transaction or arrangement provided the nature and extent of any material interest has been disclosed to the other Directors.

A Director who has an interest in any particular business to be considered at a meeting of the Directors may be counted for the purpose of determining whether the meeting is duly constituted and may vote at such meeting provided that the interest has been disclosed.

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

C. See Item 8.B. above.

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 a client's evaluation of an adviser or the integrity of an adviser's management.

There are no legal or disciplinary events that are material to an evaluation of the Adviser's advisory services or the integrity of its management.

Item 10 - Other Financial Industry Activities and Affiliations

- A. The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.
- B. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.
- C. The Investment Manager serves as the Investment Manager to the Funds and is the Managing Member to the Absolute Return Fund. The Investment Manager has appointed the Adviser, along with AP Capital Management (Hong Kong) Limited (together “the Sub-Managers”) to provide certain advisory and discretionary management services in relation to the assets of the Funds. Other than these affiliates, the Adviser has no relationships or arrangements with any related person listed in the instructions to Item 10.C. that are material to its advisory business or to its Clients.
- D. The Adviser and its supervised persons do not recommend or receive compensation for the selection of other investment advisers for Fund investors.

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

- A. The Adviser has adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser’s employees. The Code contains policies and procedures that are reasonably designed to ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility. The Adviser prohibits personal trading on certain securities or instruments; requires pre-clearance of personal trades in certain circumstances, including certain personal securities transactions, an IPO, a new private placement, and other limited offerings; requires periodic reporting of employees’ personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

As part of its Code, the Adviser has established procedures reasonably designed to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non-public information and, therefore, such professionals may not trade on the basis of that information.

The Adviser will provide a copy of the Code to any Fund investor or prospective Fund investor upon request.

- B. Neither the Adviser nor any of its related persons recommend to its Clients investments in which the Adviser or any related persons have a material financial interest.
- C. The Adviser, as well as the employees and officers thereof, may buy and sell securities for their own account or the account of others, but may not buy securities from or sell securities to the Fund. As discussed in Item 11.A. above, the Adviser has established policies and procedures to avoid conflicts of interest that may arise due to personal trading activities.
- D. See Item 11.C. above.

IT IS CRITICAL THAT FUND INVESTORS REVIEW THE FUND’S OFFERING DOCUMENTS FOR A DETAILED DESCRIPTION OF POTENTIAL CONFLICTS OF INTEREST RELATED TO AN INVESTMENT IN THE FUND. THE INFORMATION CONTAINED HEREIN IS A SUMMARY ONLY, DRAFTED IN ACCORDANCE WITH THE GENERAL INSTRUCTIONS FOR PART 2 OF FORM ADV, AND INVESTORS AND PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY REVIEW ALL CONFLICTS OF INTEREST SET FORTH IN THE RELEVANT OFFERING AND GOVERNING DOCUMENTS.

Item 12 – Brokerage Practices

- A. The Digital Assets or securities that the Adviser generally invests the Fund are privately placed, on digital exchanges or over the counter (“OTC”), without the use of a broker-dealer. To inform the Adviser’s decisions on placing transactions with digital exchanges or in assessing the quality of an OTC counterparty, the Adviser considers the following factors: creditworthiness of counterparty, ability to minimize market impact, quotes/pricing, ability to handle various trades and orders, liquidity, reliability, transaction fees, client services, security and geography, among other criteria.

Certain of the securities in which certain funds invest are public equity investments which are principally purchased and sold through brokerage firms in the United States. The Adviser may in its sole discretion choose the broker or dealer through which purchases or sales of securities for such Funds are made. In selecting brokers to effect portfolio transactions, the Adviser considers such factors as price, quality of execution, expertise in particular markets, the ability of the brokers to effect the transactions, the brokers’ facilities, reliability, reputation, experience, financial responsibility in particular markets, familiarity both with investment practices generally and techniques employed by a Fund and certain brokerage or research services (“soft dollar items”) provided by such brokers and clearing and settlement capabilities, subject at all times to principles of best execution, in accordance with the Adviser’s policies and procedures. In selecting broker/dealers to execute transactions, the Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

The Fund may be deemed to be paying for these services with “soft” dollars. Although the Adviser believes that the Fund will demonstrably benefit from the services obtained with "soft" dollars generated by trades, the Fund does not benefit from all of these "soft" dollar services. The Adviser and other accounts managed by the Adviser or its affiliates also derive substantial direct or indirect benefits from these services, particularly to the extent that the Adviser uses "soft" dollars to pay for expenses the Adviser would otherwise be required to pay itself.

The Adviser does not participate in selecting or recommending broker-dealers in exchange for client referrals. In addition, the Adviser does not engage in directed brokerage by its clients.

- B. When transacting in publicly traded Digital Assets on behalf of more than one Fund, the Adviser may, but shall be under no obligation to, aggregate (to the extent permitted by applicable law and regulations) the Digital Assets to be purchased or sold in order to seek more favorable prices, lower commissions or more efficient execution. In such cases, the Adviser will place an aggregate order with the digital exchange on behalf of all such Funds to confirm that all Funds are treated fairly; provided, however, that trading shall be reviewed periodically to confirm no Fund is systematically disadvantaged by this policy. The adviser will determine the appropriate number of transactions to place with digital exchanges and will select the appropriate exchanges based upon the determination of who will likely provide best execution.

Item 13 - Review of Accounts

- A. The Adviser maintains comprehensive review procedures for the ongoing monitoring of the Fund's Digital Assets and investment portfolio. The Principals perform intraday, daily, weekly or monthly reviews of the Fund's investment objectives and goals, reviews individual investment performance and recommends changes when appropriate.
- B. See Item 13.A. above.
- C. The Adviser provides written periodic financial reports, such as audited annual financial statements, to the Investors in the Fund. This reporting includes customary financials relating to the business and operations of the Fund. The Adviser may also, from time to time and in its sole discretion, provide additional information relating to the Funds to one or more Investors as it deems appropriate.

Item 14 - Client Referrals and Other Compensation

- A. The Adviser does not receive any economic benefit, including sales awards or prizes, from any third-party for providing advisory services to the Fund.
- B. Currently, neither the Adviser nor its related persons directly or indirectly compensate any person who is not advisory personnel for Client referrals. If in the future the Adviser enters into such arrangements, this Brochure will be appropriately amended.

Item 15 - Custody

Wherever possible, the Adviser seeks to maintain each Fund's assets with a qualified custodian in an account in the name of the respective Fund or in accounts that contain only the assets owned by the Fund, under the Adviser's name as agent or trustee for the Fund. The Adviser maintains certain Digital Assets internally as well as with third-party wallet providers. For Digital Assets stored internally, the Adviser has developed an internal custody platform that incorporates dedicated hardware, encryption, and redundancy into its architecture that it believes are consistent with the objectives of the Advisers Act's custody provisions as provided in Rule 206(4)-2 under the Advisers Act. Digital Assets are also held at exchanges, which take various measures to provide safekeeping for the assets held by those exchanges. The Adviser conducts due diligence on such exchanges prior to utilizing such services. See the "Custody of Fund Assets" discussion in "Item 8: Methods of Analysis, Investment Strategies and Risk of Loss" for risks related to custody of Digital Assets. The nature of custodial arrangements, and associated risks, are also described in the Governing Documents for the relevant Funds.

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

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

Item 16 - Investment Discretion

The Adviser exercises discretion in managing the investments of the Fund, based on the Fund's investment objectives, policies and strategies disclosed in its governing documents (such as the Offering Documents and investment management agreement). The limitations on such authority are described in such documents. The Adviser contractually assumes discretionary authority over the assets of the Fund under an investment management agreement entered into among the Adviser, the Fund and other affiliates. Investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in the applicable Fund.

Item 17 - Voting Client Securities

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

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

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

Item 18 - Financial Information

- A. The Adviser does not require or solicit prepayment of any fees greater than six months in advance. As such, the Adviser is not required to include a balance sheet with this Brochure.
- B. The Adviser does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Funds.
- C. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.