

ITEM 1. COVER PAGE

BKCM LLC

1603 Capitol Avenue
Suite 319
Cheyenne, WY 82001
(307) 316-6050

Attention: Brian Kelly
info@bkcm.co

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This brochure provides information about the qualifications and business practices of BKCM LLC ("BKCM"). If you have any questions about the content of this brochure, please contact us at (307) 316-6050. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about BKCM also is available on the SEC's website at www.adviserinfo.sec.gov.

Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

There are no material changes that require notification in this section of the brochure.

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BKCM LLC (the “Registrant,” “BKCM” or the “Manager”) is an investment adviser that is registered with the SEC under the Investment Advisers Act of 1940 (the “Advisers Act”). This brochure explains the investment advisory services we provide to our clients (collectively, the “advisory business”) and provides important information about us.

ITEM 4. ADVISORY BUSINESS

Registrant was established on May 6, 2013 and serves as an investment adviser to the private funds BKCM Digital Asset Fund LLC (the “U.S. Fund”), a Delaware limited liability company, BKCM DeFi Fund LLC, a Delaware limited liability company (the “DeFi Fund,” and together with the U.S. Fund, the “U.S. Funds”) and BKCM Digital Asset Offshore Fund Ltd., a Cayman Islands exempted company (the “Offshore Fund,” and together with the U.S. Funds, the “Funds”). BKCM also serves as investment adviser to BKCM Digital Asset Master Fund, Ltd., a Cayman Islands exempted company (the “Master Fund”) (collectively the Funds and the Master Fund are referred to as the “BKCM Funds”). Our principal business involves providing asset management services to the BKCM Funds. We have investment discretion with respect to the BKCM Funds and we select and monitor investments for the BKCM Funds pursuant to the terms of an investment management agreement (the “Management Services Agreement”). In the future we may provide asset management services to additional clients, including private funds and/or managed accounts.

This section of the brochure describes our advisory business, including:

- Our ownership structure;
- The types of advisory services we provide; and
- The amount of assets that we manage.

A. Ownership Structure

Registrant is a Delaware limited liability company. Brian Kelly is the sole manager of the Registrant and owns 70% of the Registrant. Derek Kim and Kevin Lu each own 15% of the Registrant.

B. Advisory Services

BKCM’s advisory business primarily consists of providing discretionary advisory services to the BKCM Funds. We currently provide investment advice only with respect to a limited type of investments although in the future we may provide advice on additional types of investments.

BKCM Funds

The U.S. Fund seeks capital appreciation by investing in, among other things, cryptocurrencies (such as bitcoin), digital assets, virtual coins and tokens (collectively, “Digital Assets”), as well as various financial instruments and other investments in or related to emerging blockchain networks or systems. The U.S. Fund may also invest in other types of Digital Assets, including options and futures on Digital Assets.

In addition to investing in Digital Assets, the U.S. Fund may also invest a portion of its assets on an opportunistic basis in a variety of other securities and other instruments, including securities from issuers outside of the digital currency and Digital Asset markets, although the Manager does not anticipate that such investments will constitute a targeted focus of the U.S. Fund’s investment program.

The U.S. Fund may also invest in commodities, options and futures, derivatives, securities (including restricted securities), debt instruments, cash and cash equivalents and other assets and securities. When deemed appropriate by the Manager, in its sole discretion, the U.S. Fund may maintain higher levels of cash and cash equivalents than are necessary to meet short-term cash needs. The U.S. Fund may also invest in U.S. government securities, money market funds, commercial paper, certificates of deposit and bankers' acceptances. The U.S. Fund may also engage in short selling, margin trading, hedging and other investment strategies.

The U.S. Fund has issued Founders interests ("Founders Interests") and Class A Interests ("Class A Interests") and expects to issue additional Class A Interests and any other classes of interests established from time to time (collectively, the "Interests"). A holder of Interests may simultaneously hold Founders Interests, Class A Interests and any other class that may be issued in the future. Each holder of Interests is referred to herein as an "Interest Holder."

The Offshore Fund seeks capital appreciation by investing in, among other things, Digital Assets, as well as various financial instruments and other investments in or related to emerging blockchain networks or systems. The Offshore Fund may also invest in other types of Digital Assets, including options and futures on Digital Assets.

In addition to investing in Digital Assets, the Offshore Fund may also invest a portion of its assets on an opportunistic basis in a variety of other securities and other instruments, including securities from issuers outside of the digital currency and Digital Asset markets, although the Manager does not anticipate that such investments will constitute a targeted focus of the Offshore Fund's investment program.

The Offshore Fund may also invest in commodities, options and futures, derivatives, securities (including restricted securities), debt instruments, cash and cash equivalents and other assets and securities. When deemed appropriate by the Manager, in its sole discretion, the Offshore Fund may maintain higher levels of cash and cash equivalents than are necessary to meet short-term cash needs. The Offshore Fund may also invest in U.S. government securities, money market funds, commercial paper, certificates of deposit and bankers' acceptances. The Offshore Fund may also engage in short selling, margin trading, hedging and other investment strategies.

The Offshore Fund has issued Founders participating shares ("Founders Participating Shares") and Class A participating shares ("Class A Participating Shares") and expects to continue to offer Class A Participating Shares and any other class of participating shares established from time to time (collectively, the "Participating Shares"). A shareholder may simultaneously hold Founders Participating Shares and Class A Participating Shares and any other class that may be issued in the future. Each holder of Participating Shares is referred to herein as a "Participating Shareholder".

The DeFi Fund seeks capital appreciation by investing in decentralized finance Digital Assets and other emerging blockchain technologies within the Digital Assets industry. The DeFi Fund may also invest in other types of Digital Assets, including options and futures on Digital Assets.

In addition to investing in Digital Assets, the DeFi Fund may also invest a portion of its assets on an opportunistic basis in a variety of other securities and other instruments, including securities from issuers outside of the digital currency and Digital Asset markets, although the Manager does not anticipate that such investments will constitute a targeted focus of the DeFi Fund's investment program.

The DeFi Fund may also invest in commodities, options and futures, derivatives, securities (including restricted securities), debt instruments, cash and cash equivalents and other assets and securities. When

deemed appropriate by the Manager, in its sole discretion, the DeFi Fund may maintain higher levels of cash and cash equivalents than are necessary to meet short-term cash needs. The DeFi Fund may also invest in U.S. government securities, money market funds, commercial paper, certificates of deposit and bankers' acceptances. The DeFi Fund may also engage in short selling, margin trading, hedging and other investment strategies.

The DeFi Fund had issued Founders interests ("Founders Interests"), Class A interests ("Class A Interests") and Class B interests ("Class B Interests"). In 2022 these interests were consolidated into one class of interests, and the DeFi Fund expects to issue this single class of interests going forward (the "Interests"). Each holder of DeFi Interests is referred to herein as a "Interest Holder." Together, Interest Holders of the U.S. Funds and Participating Shareholders are referred to herein as "Investors".

The Funds may make and hold investments directly or through one or more subsidiaries in instances in which the Manager deems that it would be appropriate for the BKCM Funds to do so for tax, regulatory or operational reasons. The U.S. Fund and the Offshore Fund have invested and intend to continue to invest substantially all of their assets in, and conduct their investment program through, the Master Fund. This structure is intended to facilitate investment in a manner which may be tax advantaged and otherwise more efficient for certain U.S. tax-exempt and non-U.S. investors. Unless specified otherwise, references herein to the U.S. Fund's and the Offshore Fund's investments and investment program also include the Master Fund's investments and investment program.

C. Assets Under Management

As of January 31, 2023, the Registrant had approximately \$130,582,092 in regulatory assets under management, a significant portion of which is managed on a discretionary basis through the BKCM Funds.

ITEM 5. FEES AND COMPENSATION

A. Collecting Our Advisory Fees

The Registrant receives compensation for providing advisory services to the Funds. The Registrant receives an asset-based fee and a performance-based fee or allocation, as applicable, as described in each of the Funds' offering documents. Capitalized terms used but not defined in this section have the meanings ascribed to them in the U.S. Fund's offering memorandum (the "U.S. Memorandum"), the Offshore Fund's offering memorandum (the "Offshore Memorandum") or the DeFi Fund's offering memorandum (the "DeFi Memorandum"), as applicable.

The U.S. Fund

On the first day of each month, the U.S. Fund will pay a monthly management fee (the "Management Fee") to the Manager equal to: (i) 1.0% per annum of the beginning balance of each Founders Capital Account for the month, and (ii) 2.0% per annum of the beginning balance of each Class A Capital Account for the month. The Management Fee will be calculated on the basis of the actual number of days in a year consisting of 365 days. In addition, a pro rata portion of the Management Fee will be paid out of any capital contributions made by new or existing Investors on any date other than the first day of a month, based on the actual number of days remaining in such partial month. Such fee will be paid upon contribution of the additional funds to the U.S. Fund.

The Manager shall have the right to waive or reduce, from time to time, all or part of the Management Fee with respect to one or more Investors, without waiving or reducing the Management Fee with respect to other Investors. This could result in one or more Investors receiving a greater or lower return on their investment relative to other similarly situated Investors in the same Class.

In addition to the Management Fee, the Manager will be entitled to receive an incentive allocation (the “Incentive Allocation”). In the case of the U.S. Fund, the Incentive Allocation will be equal to (a) 10.0% of the net profit allocated to the Founders’ Capital Accounts, and (b) 20.0% of the net profit allocated to the Class A Capital Accounts (subject in the case of all Interests to such allocations exceeding the Preference Amount), but, in each case, only to the extent such net profits are in excess of any balance in the related Loss Recovery Account for the relevant Allocation Period (as such terms are defined in the U.S. Memorandum), as appropriately adjusted for redemptions and distributions. Once the Preference Amount has been fully allocated, the Manager will be entitled to a catch-up allocation so that the Incentive Allocation, in the aggregate, is achieved.

The Preference Amount means 10.0% return per annum on invested capital.

The Manager may waive or reduce, from time to time, all or part of the Incentive Allocation with respect to one or more Investors, without waiving or reducing the Incentive Allocation with respect to other Investors. This could result in one or more Investors receiving a greater or lower return on their investment relative to other similarly situated Investors in the same Class.

In the case of a withdrawal by an Investor on a date other than the last day of an Allocation Period, the U.S. Fund will pay the Manager a pro rata portion of the Incentive Allocation, if any, accrued as of the Withdrawal Date in respect of the related Sub-Account redeemed, and the U.S. Fund may deduct such pro rata portion of the Incentive Allocation from the amount paid to the withdrawing Investor.

The Manager may assign or distribute its right to the Incentive Allocation to BKCM Management LLC, an affiliated entity of the Manager.

The U.S. Fund shall bear its own operating and other expenses, and, as a shareholder in the Master Fund, shall bear its pro rata share of the Master Fund’s operating and other expenses.

The Offshore Fund

On the first day of each month, the Offshore Fund will pay a monthly management fee (the “Management Fee”) to the Manager equal to: (i) 1.0% per annum of the beginning balance of each Founders Series Account for the month, and (ii) 2.0% per annum of the beginning balance of each Class A Series Account for the month. The Management Fee will be calculated on the basis of the actual number of days in a year consisting of 365 days. In addition, a pro rata portion of the Management Fee will be paid out of any capital contributions made by new or existing Investors on any date other than the first day of a month, based on the actual number of days remaining in such partial month. Such fee will be paid upon contribution of the additional funds to the Offshore Fund.

The Manager shall have the right to waive or reduce, from time to time, all or part of the Management Fee with respect to one or more Investors, without waiving or reducing the Management Fee with respect

to other Investors. This could result in one or more Investors receiving a greater or lower return on their investment relative to other similarly situated Investors in the same Class.

In addition to the Management Fee, the Manager will be entitled to receive an incentive allocation (the “Incentive Allocation”). In the case of the Offshore Fund, the Incentive Allocation will be equal to (a) 10.0% of the net profit allocated to the Founders Series Accounts and (b) 20.0% of the net profit allocated to the Class A Series Accounts (subject in each case to the net profit exceeding the Preference Amount), but, in each case, only to the extent such net profits are in excess of any balance in the related Loss Recovery Account for the relevant Allocation Period (as such terms are defined in the Offshore Memorandum), as appropriately adjusted for redemptions and distributions. Once the Preference Amount has been achieved, the Manager will be entitled to catch up so that the Incentive Allocation in the aggregate is achieved.

The Preference Amount means 10.0% return per annum on invested capital.

The Manager may waive or reduce, from time to time, all or part of the Incentive Allocation with respect to one or more Investors, without waiving or reducing the Incentive Allocation with respect to other Investors. This could result in one or more Investors receiving a greater or lower return on their investment relative to other similarly situated Investors in the same Class.

In the case of a redemption by an Investor on a date other than the last day of an Allocation Period, the Offshore Fund will pay the Manager a pro rata portion of the Incentive Allocation, if any, accrued as of the Redemption Date in respect of the series of Participating Shares redeemed, and the Offshore Fund may deduct such pro rata portion of the Incentive Allocation from the amount paid to the redeeming Investor.

The Manager may assign or distribute its right to the Incentive Allocation to BKCM Management LLC, an affiliated entity of the Manager.

The Offshore Fund shall bear its own operating and other expenses, and, as a shareholder in the Master Fund, its pro rata share of the Master Fund’s operating and other expenses.

The DeFi Fund

On the first day of each quarter, each DeFi Fund Interest Holder will pay a quarterly management fee (the “Management Fee”) to the Manager equal to 0.125% (approximately 0.5% per annum) of the beginning balance of its Capital Account for the quarter. In addition, a pro rata portion of the Management Fee will be paid out of any capital contributions made by new or existing Investors to the DeFi Fund on any date other than the first day of a quarter, based on the actual number of days remaining in such partial quarter. Such fee will be paid upon contribution of the additional funds to the DeFi Fund.

The Manager shall have the right to waive or reduce, from time to time, all or part of the Management Fee with respect to one or more Investors, without waiving or reducing the Management Fee with respect to other Investors. This could result in one or more Investors receiving a greater or lower return on their investment relative to other similarly situated Investors.

In addition to the Management Fee, and affiliate of the Manager, BKCM DeFi Management LLC (the “DeFi Manager”), will be entitled to receive an incentive allocation (the “Incentive Allocation”) equal to 20% of

the amount by which the Profits (including realized and unrealized gains and losses) of the DeFi Fund otherwise allocable to each Interest Holder's Capital Account in the applicable Fiscal Period exceed the Unrecouped Losses of that Capital Account. The Incentive Allocation is made to the DeFi Manager at the end of each Fiscal Year (and on any withdrawal by or distribution of funds to an Interest Holder during a Fiscal Year).

The Incentive Allocation contains what is known as a "high water mark" by including an offset for "Unrecouped Losses". This "high water mark" provision is intended to provide the Incentive Allocation from each Interest Holder's Capital Account to the DeFi Manager only after that Capital Account has recouped prior Losses. Losses occurring subsequent to a Fiscal Period in which the DeFi Manager receives an Incentive Allocation do not reduce the Incentive Allocation that was made in the previous Fiscal Period. If an Interest Holder withdraws from its Capital Account, the Unrecouped Losses of that Capital Account are reduced proportionately based on the amount withdrawn.

The DeFi Manager may waive or reduce, from time to time, all or part of the Incentive Allocation with respect to one or more Investors, without waiving or reducing the Incentive Allocation with respect to other Investors. This could result in one or more Investors receiving a greater or lower return on their investment relative to other similarly situated Investors.

If a withdrawal is permitted on a date other than December 31 of a year, the DeFi Fund will pay the DeFi Manager a pro rata portion of the Incentive Allocation, if any, accrued as of the date of such withdrawal in respect of the Interests withdrawn.

The DeFi Fund will bear its own operating and other expenses.

The fees and allocations described above do not include brokerage commissions, transaction fees, service provider fees, and other related costs and expenses which will also be incurred by the BKCM Funds.

B. Other Non-Advisory Fees and Expenses You May Incur

To the extent not prohibited by the Management Services Agreement, each of the BKCM Funds will incur costs and expenses, other than our Management Fee and Incentive Allocation, which are generally borne pro rata by the BKCM Funds' Investors, unless otherwise provided under the BKCM Funds' offering documents.

The U.S. Fund and the Offshore Fund shall each bear their own and shall each bear its pro rata share of the Master Fund's operating and other expenses. All such expenses include, as applicable, but are not limited to, the Management Fee, investment expenses (e.g., expenses that the Manager reasonably determines to be related to the investment of the U.S. Fund's and the Offshore Fund's assets, such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, initial and variation margin, bank service fees and interest expenses); investment-related travel expenses; legal expenses; consulting, advisory and other professional fees (including, without limitation, expenses of consultants and experts) relating to investments; the costs of third-party pricing services and price quotation services; the costs and expenses incurred in connection with the Master Fund, including without limitation, the costs of monitoring compliance therewith (including, without limitation, the costs of any computer software used for such purposes), and the costs of any placement, commitment, rating agency, trustee, underwriting and legal fees and expenses; expenses associated with the operations of the U.S. Fund and the Offshore Fund; accounting expenses (including the cost of accounting software packages);

auditing and tax preparation expenses; costs of printing and mailing reports and notices; directors' fees; costs of directors' and officers' insurance policies for the benefit of the directors and officers of the Manager and the Master Fund; entity-level taxes; corporate licensing; regulatory expenses (including filing fees); organizational expenses; fees and expenses of the administrator; expenses incurred in connection with the offering and sale of the Interests and Participating Shares and other similar expenses related to the U.S. Fund and the Offshore Fund; and extraordinary expenses. To the extent that any of the foregoing expenses relate to the operations of the U.S. Fund or the Offshore Fund and one or more other funds or accounts managed by the Manager or any of its affiliates, the Manager will attempt to allocate such expenses based on a good faith determination of the relative benefits of such expenses to all such funds and accounts benefiting from such expenses.

The DeFi Fund bears all costs and expenses of its organization and ongoing operation including, without limitation, (a) all trading and transaction costs and expenses (such as, for example, trading commissions and charges, transaction fees for blockchain transactions, and custodial and service fees), (b) all interest and commitment fees on loans and debit balances (on margin or otherwise), (c) all costs and expenses of any data feeds, data sets, research (including third-party research services and information) hardware, software related to the DeFi Fund's investments, (d) all costs and expenses of negotiating and entering into contracts and arrangements, making, conducting due diligence on, and securing Investments (such as legal, accounting, and other professional and consulting fees and expenses arising from particular Investments and potential Investments and all costs and expenses associated with cybersecurity and other similar expert professional services for the DeFi Fund's assets, including costs of hiring third party service providers) and similar expenses in terminating those contracts and arrangements and disposing of the DeFi Fund's Investments, (e) all costs and expenses associated with regulatory registration, licensing and filings of the DeFi Fund, the Manager, the DeFi Manager or their Affiliates relating to the DeFi Fund, (f) all costs and expenses associated with registering the DeFi Fund's restricted securities, (g) all costs and expenses incurred in attempting to protect or enhance the value of the DeFi Fund's Investments (including the costs and expenses of instituting and defending lawsuits, engaging in any custody or other security measures with respect to the Fund's assets or engaging blockchain experts and other service providers), (h) all income taxes, withholding taxes, transfer taxes and other governmental charges and duties, (i) all fees and charges of exchanges, custodians, clearing agencies, banks and other blockchain service providers, (j) all administration, bookkeeping, recordkeeping, legal, accounting, auditing, tax preparation and all professional, expert and consulting fees and expenses arising in connection with the DeFi Fund's activities (including (1) research, consulting and legal expenses related to investigative due diligence on potential investments, (2) expenses of counsel for the DeFi Fund, the DeFi Manager, or one or more of its officers or managers, (3) service contracts related to protecting and enhancing the value of the DeFi Fund's investments, including research, (4) administrator fees charged for providing middle and back office services and (5) all fees, costs and expenses of accounting, bookkeeping and recordkeeping services of the DeFi Fund's administrator or any similar service provider retained by the DeFi Manager or Manager to assist it in performing services for the DeFi Fund), (k) all fees, costs and expenses of offering and selling Interests and communicating with existing and prospective Interest Holders (including, without limitation, legal and accounting fees and expenses, governmental and self-regulatory agency filing fees, and travel expenses, such as airfare, hotel accommodations and meals), (l) all premiums and other costs and expenses of insurance policies as the Manager or DeFi Manager considers appropriate, insuring the DeFi Fund, the DeFi Manager, the Manager and their Affiliates against liabilities that may arise in connection with the business or management of the DeFi Fund, (m) any contingencies for which the DeFi Manager determines reserves are required, (n) any extraordinary expenses (such as litigation expenses), (o) the costs and expenses of maintaining any appropriate registrations of the DeFi Fund, and (p) the costs and expenses related to the dissolution and ultimate liquidation of the DeFi Fund.

The Manager and the DeFi Manager will provide office space and utilities and certain secretarial, clerical and other personnel to the BKCM Funds. Each of the Manager and the DeFi Manager will bear all of its own overhead costs and expenses to the extent that such costs and expenses are not borne by the BKCM Funds (or other funds or accounts) as provided above. To the extent that expenses to be borne by the BKCM Funds are paid by the Manager or DeFi Manager in excess of its ratable share, the BKCM Funds may reimburse the Manager or the DeFi Manager for such expenses.

The BKCM Funds' transactions can be expected to generate brokerage commissions (or dealer markups and markdowns) and other compensation, all of which each Fund, not the Manager, will be obligated to pay. Please refer to the "Brokerage Practices" section below for a more detailed discussion of brokerage and other transaction costs.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

A performance fee or performance allocation is a fee representing an investment adviser's compensation for managing an account (such as the BKCM Funds), which is based upon a percentage of the net positive performance of the account being managed. With respect to the BKCM Funds, the Manager receives typically a 20% performance-based fee or allocation for advisory services. With respect to the U.S. Fund and the Offshore Fund, the Manager may assign or distribute its right to the Incentive Allocation to BKCM Management LLC, an affiliated entity of the Manager. With respect to the DeFi Fund, the DeFi Manager receives the performance-based allocation with respect to the DeFi Fund.

The carried interest/performance-based fee or allocation creates inherent conflicts of interest with respect to the management of assets. Specifically, our entitlement to a carried interest/performance-based fee or allocation in managing the BKCM Funds may create an incentive for us to take risks in managing the BKCM Funds that we would not otherwise take in the absence of such an arrangement. Additionally, since the carried interest/performance-based fee or allocation rewards us for performance in the BKCM Funds, we may have an incentive to favor the BKCM Funds over other potential accounts or funds in the future which may not be subject to a performance fee/allocation or carried interest. The BKCM Funds currently do not utilize placement agents but may do so in the future.

The Manager, the BKCM Funds, any placement agents and their respective officers, directors, stockholders, members, employees, affiliates and agents may be subject to certain potential or actual conflicts of interest in connection with the activities of, and investments by, the BKCM Funds. Placement agents that may solicit Investors on behalf of the Funds, or introduce Investors to the BKCM Funds, are subject to a conflict of interest because they would be compensated in connection with their solicitation activities.

The Manager and its affiliates may provide investment management services to managed accounts and other investment funds (collectively, "Clients"), some of which may have investment objectives identical or similar to those of the BKCM Funds. The Manager and its affiliates may give advice and/or take actions with respect to Clients, or for their own accounts, that may be similar to or differ from action taken by the Manager or its affiliates on behalf of other Clients. As these situations may represent a potential conflict of interest, the Manager and its affiliates have adopted policies and procedures wherever deemed appropriate to detect and mitigate or prevent potential conflicts of interest. The Manager will devote to the BKCM Funds as much time as the Manager deems necessary and appropriate to manage the BKCM Funds' business.

Side-by-side management of various types of portfolios raises the possibility of favorable or preferential treatment of one fund or account over another, arising from differences in fee arrangements or otherwise. As described above, we maintain and implement procedures in furtherance of our efforts to treat all portfolios fairly and we believe that portfolios subject to side-by-side management will receive fair and equitable treatment over time.

Neither the Manager nor any of the Manager's affiliates have any affirmative obligation to offer any investments to the BKCM Funds or to inform the BKCM Funds of any investments before offering any investments to other Clients. The Manager and its affiliates may also make investments on their own behalf without offering such investment opportunities to the BKCM Funds. Furthermore, the Manager and its affiliates may be bound by affirmative obligations, at present or in the future, whereby it or they are obligated to offer certain investments to Clients before or without the Manager or its affiliates offering those investments to the BKCM Funds. Alternatively, the Manager and its affiliates may offer certain investments to Clients simultaneously with or in addition to offering those investments to the BKCM Funds. Thus, Clients could become co-investors with the BKCM Funds. Co-investment opportunities may be subject to, among other things, regulatory approvals and advisory board and independent board member approvals of the relevant Client, the receipt of which, if sought, cannot be assured. Any such co-investments or related transactions may raise potential conflicts of interest, particularly if the BKCM Funds and such other Client invest in different classes or types of securities of the same investment. In that regard, actions may be taken by such other Client that are adverse to the BKCM Funds. In addition, it is possible that in a bankruptcy proceeding the BKCM Funds' interest may be subordinated or otherwise adversely affected by virtue of such other Client's involvement and actions relating to their investment.

When it is determined that it would be appropriate for the BKCM Funds, on the one hand, and one or more other investment accounts managed by the Manager, on the other hand, to participate in an investment opportunity, the Manager will seek to execute orders for all of the participating investment accounts, including the BKCM Funds, on a fair and equitable basis, taking into account such factors including, but not limited to, the investment objectives and guidelines of the participating investment accounts, the relative amounts of capital available for new investments, relative exposure to market trends, transaction costs, the portfolio positions of the participating investment accounts or other structural requirements and the manner in which the investment in question is likely to affect the amount of available capital after the investment is made. Orders may be combined for all such accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities or Digital Assets may be allocated among the different accounts on a basis which the Manager considers equitable. Nevertheless, it is possible that the BKCM Funds may not be given the opportunity to participate in certain investments made by Clients advised by the Manager and its affiliates.

As the investment manager for the BKCM Funds, the Manager may purchase assets from affiliates or otherwise engage in affiliated transactions; provided, however that any such transactions will only be done in a manner consistent with the requirements of Section 206 of the Advisers Act and the policies and procedures adopted by the Manager.

BKCM may cause a Client to engage in cross trades with one or more other Clients where BKCM effects the sale of an asset between Client accounts or where BKCM acts as the broker for both the seller and purchaser of an asset and either the seller or the purchaser is a Client ("agency cross transactions"), in order to further the Client's and such other funds' or accounts' respective investment programs, or for

other reasons consistent with the investment and operating guidelines of Clients and such other funds or accounts. Generally, the value of any positions that are cross-traded in this manner will be determined in a manner that is consistent with the fair valuation methodologies that are used by BKCM.

All BKCM personnel are required to bring such potential transactions to the Chief Compliance Officer, who will determine how to proceed. No agency cross transactions may be effected when the Manager, or any person controlling, controlled by or under common control with the Manager, recommended the transaction to both the seller and the purchaser.

BKCM may also effect principal transactions between itself or its affiliates and Clients. A principal transaction is a transaction in which accounts of BKCM and its affiliates or other accounts controlled by BKCM or its affiliates transact with Client accounts. BKCM and/or its affiliates control an account if at least 25% is comprised of interests held by BKCM and/or its affiliates. Any transaction effected between Clients and the Manager or its affiliates on a principal or agency basis shall be conducted at arm's length for fair market value and on terms as favorable to Clients as would be the case in a transaction with an independent third party and in accordance with any obligation of the Manager under applicable law.

The Manager must identify any potential principal transaction prior to effecting the transaction and must contact the Chief Compliance Officer. The Chief Compliance Officer will review the transaction and determine whether or not the trade would constitute a principal transaction, and if so, how to ensure that all required notice and consent requirements are satisfied. This includes disclosing to such Client or investor in writing, before undertaking such transaction, the capacity in which the Manager is acting, obtaining the prior consent of the Client or investor to such transaction and providing sufficient disclosure regarding the potential conflicts of interest and terms of the transaction. Such disclosure and consent is required for each transaction, as any form of blanket disclosure and consent is not permitted. The Chief Compliance Officer will then notify management as to whether the transaction can be effected and if so, the appropriate timing and manner of execution.

ITEM 7. TYPES OF CLIENTS

Currently the Registrants' clients primarily include the BKCM Funds. The Registrant may become investment adviser to other funds or accounts in the future. The requirements for investing in the Funds are described in the Funds' offering documents. The minimum dollar amount of an investment is set at \$250,000, which may be reduced upon the written consent and approval of BKCM.

In the United States, the Participating Shares in the Offshore Fund may be offered to certain persons (including Tax-Exempt Investors) that are "accredited investors" (as defined in Rule 506 of Regulation D promulgated under the Securities Act). The Participating Shares may be offered outside of the United States in reliance on Regulation S promulgated under the Securities Act to persons who are not "U.S. persons" (as defined in Regulation S).

All Investors in the U.S. Funds and U.S. Investors in the Offshore Fund must be "accredited investors" as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act. In addition, the total number of beneficial owners of Investors in the U.S. Fund (along with U.S. Investors in the Offshore Fund) and the total number of beneficial owners of Investors in the the DeFi Fund will each be limited to not more than 100 in accordance with Section 3(c)(1) of the Investment Company Act. Each U.S. purchaser in the U.S. Funds and the Offshore Fund will be required to represent that it is a "qualified client" as defined in Rule 205-3 under the Advisers Act

The subscription documents for the Funds contain questions relating to these qualifications. However, the Manager may nevertheless decline to admit Investors who meet these suitability requirements.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The U.S. Fund, the Offshore Fund and the Master Fund

The U.S. Fund, the Offshore Fund and the Master Fund seek capital appreciation by investing in Digital Assets. The strategy seeks to provide exposure to this emerging asset class. The Manager will seek to actively manage the funds' portfolio to provide exposure to bitcoin, emerging blockchain technologies and other Digital Assets in order to achieve capital gains and current income.

The Manager's research efforts focus on identifying the trends in Digital Assets. The Manager initially performs a top down analysis of the Digital Asset class and its most likely path in the short, medium and long term. Once the top down analysis is concluded, the Manager identifies the Digital Assets that will benefit from the emerging trends. The Manager meets with the development teams of the Digital Asset to determine operational viability, technological knowledge and management skill. The Manager further employs a technical due diligence on the underlying protocol to determine its long term viability.

Digital Assets are an emerging investment class currently dominated by bitcoin. While the Manager is agnostic to the underlying protocol, it recognizes that bitcoin has a significant network effect advantage and as such will represent a large portion of the portfolio until and if a viable competitive network emerges. The funds' portfolio may have less diversification and may be more exposed to bitcoin than other Digital Assets.

The Manager's investment mandate is to provide exposure to the emerging asset class of digital currencies, assets and blockchain technology. To that end, the Manager invests in a range of Digital Assets. These Digital Assets are typically listed on independent digital asset exchanges that may or may not be regulated. As well, the Manager may invest in initial coin offerings ("ICOs") and security token offerings ("STOs"), which may have a significant delay between asset purchase and the development of a liquid secondary market

The manager may seek to both mitigate and enhance the impact foreign currency fluctuations on the global macro portfolio. Through the use of the interbank foreign currency market the Manager expects to buy and sell foreign currency to gain the desired exposure.

The nature of the funds' investment strategy may require a substantial period of time before its investments appreciate in value or become liquid. The funds may invest a significant portion of its assets in instruments that are not publicly traded and that are subject to legal or other contractual restrictions on transfer or for which no liquid market exists. The funds may not be able to readily dispose of such non-publicly traded instruments and, in some cases, may be contractually prohibited from disposing of such instruments for a specified period of time. The market prices, if any, for such assets tend to be volatile; and the funds may not be able to sell them at a fair price, or at any price, at a time when it is desirable to do so. Moreover, an investment in the funds provides limited liquidity since the Interests and Participating Shares are not freely transferable and Interest Holders and Participating Shareholders have limited redemption rights.

The Manager's global investment strategies are continually evolving, and new strategies and trading techniques may be implemented. The Manager is not restricted from using the funds' capital for purposes of developing and incubating new strategies, even if the Manager has limited experience in the type of strategy or in the markets or instruments involved. The strategies developed by the Manager may not be successful and the resources devoted to the implementation of new strategies may diminish the effectiveness of the Manager's implementation of the Manager's established strategies.

In addition to investing in Digital Assets, a portion of the funds' assets may be invested on an opportunistic basis in a variety of other securities and other instruments, including securities from issuers outside of the digital currency and Digital Asset markets, although the Manager does not anticipate that such investments will constitute a targeted focus of the fund's investment program.

The Manager may also invest the funds' assets in commodities, options and futures, derivatives, securities (including restricted securities), debt instruments, cash and cash equivalents and other assets and securities. When deemed appropriate by the Manager, in its sole discretion, the funds may maintain higher levels of cash and cash equivalents than are necessary to meet short-term cash needs. The funds may also invest in U.S. government securities, money market funds, commercial paper, certificates of deposit and bankers' acceptances. The funds may also engage in short selling, margin trading, hedging and other investment strategies.

The DeFi Fund

The DeFi Fund seeks capital appreciation by investing principally, but not solely, in decentralized finance digital assets (as determined by the Manager), other emerging blockchain technologies and other Digital Assets.

To aid its investment process, the Manager typically conducts primary research as it deems appropriate, including, as it deems appropriate for the particular investment, by drawing on a fundamental review of the underlying technology for the applicable investment, meeting with development teams and conducting such other due diligence it deems appropriate. In analyzing available data, the Manager expects to typically place a heavy emphasis on factors such as, but not limited to, (1) experience of the development team, (2) size of the addressable market, (3) competitive landscape and (4) suitability for the Manager's investment thesis. On account of the rapid developments and changes in the Digital Asset industry, the Manager expects that its research and factor analysis will continue to evolve and develop, and it may conduct any level of research and consider any factors it considers appropriate in making investments.

The Manager aims to construct a portfolio to provide exposure to Digital Assets that typically do not rely on central financial intermediaries, and instead utilize smart contracts for peer-to-peer lending and borrowing of funds. Active participation via interaction with the various protocols is not expected to be the initial focus of the DeFi Fund.

Given the rapid pace of innovation present in the industry, the Manager anticipates managing the portfolio as it deems necessary to maintain exposure to the most promising decentralized finance assets.

The DeFi Fund may also engage in various mining and/or staking operations as a means of generating additional income.

In addition to investing in Digital Assets, the DeFi Fund may also invest a portion of its assets on an opportunistic basis in a variety of other securities and other instruments, including securities from issuers outside of the digital currency and Digital Asset markets, although the Manager does not anticipate that such investments will constitute a targeted focus of the DeFi Fund's investment program.

The DeFi Fund may also invest in commodities, options and futures, derivatives, securities (including restricted securities), debt instruments, cash and cash equivalents and other assets and securities. When deemed appropriate by the Manager, in its sole discretion, the DeFi Fund may maintain higher levels of cash and cash equivalents than are necessary to meet short-term cash needs. The DeFi Fund may also invest in U.S. government securities, money market funds, commercial paper, certificates of deposit and bankers' acceptances. The DeFi Fund may also engage in short selling, margin trading, hedging and other investment strategies.

The Manager may seek to both mitigate and enhance the impact foreign currency fluctuations on the portfolio, if any. The Manager may use leverage to enhance investment returns, including any futures and options that may be available on Digital Assets for hedging

Risk of Loss

An investment in the BKCM Funds entails a high degree of risk, including the risk of loss of the entire amount invested. Therefore, an investment in the BKCM Funds should be undertaken only by Investors capable of evaluating the merits and risks of the BKCM Funds and bearing the potential consequences of the risks it represents. Prospective Investors should carefully consider the following risk factors, and should consult their own legal, tax and financial advisers, in connection with a purchase of Interests or Participating Shares. The following list is not a complete enumeration of all risks involved in connection with an investment in the BKCM Funds. There can be no assurance that the BKCM Funds will be able to achieve their investment objectives or that Investors will receive a return on, or return of, their capital. Investors should be aware that it is possible for them to lose all or a portion of their investment in the BKCM Funds.

General Risks

Operating History. The BKCM Digital Asset Fund LLC, has operated since June 2017; the Offshore Fund and the Master Fund have operated since December 2017, and the DeFi Fund was launched in March 2021. The related operating history of the BKCM Funds is the only available historical basis upon which prospective Investors may base an evaluation of the past performance of the BKCM Funds. No assurance can be made that the BKCM Funds will, or will continue to, achieve their objectives.

Business Dependent Upon Key Individuals. The Investors will have no authority to make decisions or to exercise business discretion on behalf of the Fund. The authority for all such decisions is delegated to the Manager. The success of the BKCM Funds is expected to depend significantly upon the expertise of the Manager. In the event of the death, disability or departure of any key personnel, the business of the BKCM Funds may be adversely affected and could lead to premature termination of the BKCM Funds. The

Manager will not be required to devote all or any specified portion of its time to managing the BKCM Funds' affairs, but only to devote so much time as it determines to be necessary.

Absence of Regulatory Oversight. The U.S. Funds are not required and do not intend to register as investment companies under the Investment Company Act (in reliance on an exclusion from registration available to certain privately offered investment companies). The U.S. Funds are expected to rely on the exemption provided in Section 3(c)(1) of the Investment Company Act, each limiting the number of Investors who are beneficial owners of the Interests (together with U.S. investors in the Offshore Fund in the case of the U.S. Fund) to not more than 100 persons. Accordingly, the provisions of the Investment Company Act (which provide certain regulatory safeguards to investors in regulated investment companies) will not be applicable to the U.S. Funds.

The Offshore Fund is not required and does not intend to register as an investment company under the Investment Company Act (in reliance on an exclusion from registration available to certain privately offered investment companies). The Offshore Fund is expected to rely on the exemption provided in Section 3(c)(1) of the Investment Company Act, limiting the number of U.S. investors (together with investors in the U.S. Fund) who are beneficial owners of the Participating Shares to not more than 100 persons. Accordingly, the provisions of the Investment Company Act (which provide certain regulatory safeguards to investors in regulated investment companies) will not be applicable to the Offshore Fund.

The offering of the Interests and Participating Shares will not be registered under the Securities Act or under any other federal securities laws. These registrations provide investors with certain protections, including on-going filing requirements, potential review by regulators and certain disclosure requirements. Because the Funds and the offering of the Interests and Participating Shares will not be registered under the Securities Act, many of the requirements attendant to such registration processes will not apply.

Risk of Higher Allocation of Administration Expenses. The Funds have had a number of closings to date and expect to have additional closings where additional subscriptions, or increases to existing subscriptions, may be accepted by or on behalf of the Funds. In addition, existing Investors may withdraw from the Funds from time to time. The absence of additional closing dates and periodic withdrawals by Investors would result in the total capital in the Funds declining.

The Funds will incur ongoing administrative expenses including, but not limited to, the fees and expenses of the administrator and the Funds' external auditor. Certain of the administrative expenses may be subject to minimum annual amounts under the agreements between the Funds and providers of such administrative services. The administrative expenses could be significant when compared to the overall amount of invested capital in the Funds. In the event that the total capital in the Funds decline, the remaining Investors may bear a proportionally greater amount of the ongoing administrative expenses and a reduced total return.

Master-Feeder Structure. The "master-feeder" fund structure through which the U.S. Fund and the Offshore Fund invest may present certain additional risks to the Investors. For example, a smaller feeder fund investing in the Master Fund may be materially affected by the contributions and/or withdrawals of capital by a larger feeder fund. Different tax considerations may also create conflicts of interest between the different feeder funds or among their respective investors.

No Segregation of Liabilities or Claims Against the BKCM Funds. The BKCM Funds may issue Interests or Participating Shares in separate classes; however each of the BKCM Funds is a single legal entity and the assets of each BKCM Fund will be available to satisfy the obligations and liabilities of such BKCM Fund

without allocation or segregation by class or series. The liabilities and obligations of the BKCM Funds will not be segregated or allocated to any particular class or series of Interests or Participating Shares. Accordingly, any liabilities or obligations that might otherwise be attributable to any one class or series will not be segregated or limited to that particular class or series and may be paid out of assets that would otherwise be available to make payments to other classes or series.

Limited Liquidity. An investment in the Funds is suitable only for sophisticated Investors who have no need for current liquidity. An investment in the Funds provides limited liquidity since the Interests and Participating Shares are not freely transferable and Investors may only make withdrawals from their Capital or Series Accounts as of each applicable withdrawal date upon the required prior written notice to the relevant Fund in advance of the applicable withdrawal date, subject to certain additional limitations described more fully in the memorandum for each of the U.S. Funds, the Offshore Fund and the DeFi Fund.

In addition, certain Investors may invest on terms with respect to liquidity rights that differ from the terms generally applicable to other Investors and may be able to request withdrawals at a time when other Investors cannot.

Certain investments may be deemed as “Designated Investments.” While Management Fees are payable on Designated Investments, Incentive Allocations on Designated Investments will accrue but will not be payable until a deemed realization. Investors will not be able to withdraw the portion of their capital that constitutes a Designated Investment until the assets of the Designated Investment have been liquidated.

With respect to any staking operations (as described in the Funds’ offering documents) in which the BKCM Funds may engage or invest, to the extent that the BKCM Funds stake coins, those coins may be ineligible for sale and may be locked up for a period of time, which would negatively impact the liquidity of these investments.

Limited Withdrawal Rights; Possible Effect of Withdrawals. Investors have only a limited right to withdraw all or any portion of their Capital Accounts or redeem Participating Shares as described in the Funds’ private offering memoranda.

A significant withdrawal of the Interests or Participating Shares from the Funds could require the Funds to liquidate investments more rapidly than otherwise desirable to raise the necessary cash to fund the withdrawals and to achieve an investment allocation appropriately reflecting a smaller equity. This may cause a temporary imbalance in a Fund’s portfolio, which may adversely affect the remaining Investors. The Funds may distribute cash or securities to withdrawing Investors.

Where a redemption request is accepted, the Participating Shares of the Offshore Fund will be treated as having been redeemed with effect from the relevant Redemption Date irrespective of whether or not such redeeming Participating Shareholder has been removed from the Offshore Fund's register of members or the redemption price has been determined or remitted. Accordingly, on and from the relevant Redemption Date, Participating Shareholders in their capacity as such will not be entitled to or be capable of exercising any rights with respect to Participating Shares being redeemed (including any right to receive notice of, attend or vote at any meeting of the Offshore Fund) save the right to receive the redemption price and any dividend which has been declared prior to the relevant Redemption Date but not yet paid (in each case with respect to the Participating Shares being redeemed). Such redeemed Participating Shareholders will be creditors of the Offshore Fund with respect to the redemption price. In an insolvent liquidation, redeemed Participating Shareholders will rank behind ordinary creditors but ahead of other Participating Shareholders.

Mandatory Withdrawals or Redemptions. Investors may be required to withdraw all or a portion of their investment for any reason on prior written notice. Such required withdrawals may be to minimize or avoid tax, economic, regulator or other issues as the Manager may determine.

Contingency Reserves and Holdbacks. The BKCM Funds may establish reserves or holdbacks for contingencies (including general reserves or holdbacks for unspecified contingencies). The establishment of such reserves or holdbacks will not insulate any portion of the BKCM Funds' assets from being at risk, and such assets may still be traded by the BKCM Funds. A pro rata portion of any reserve or holdback may be withheld from distribution to withdrawing Investors.

No Distributions and In-Kind Distributions. The BKCM Funds may, but do not intend to, make distributions to Investors in the ordinary course of the BKCM Funds' activities. Cash that might otherwise be made available for distributions will typically be reinvested and will also be reduced by payment of the BKCM Funds' obligations and expenses and for the establishment of appropriate holdbacks and reserves. Although the BKCM Funds expect to distribute only cash to the Investors in satisfaction of withdrawals, they are not obligated to do so. In addition, if significant withdrawals are requested, the BKCM Funds may be able to liquidate investments only at prices which do not reflect the true value of such investments and which would adversely affect the Investors. Under the foregoing circumstances, or such other circumstances or as the BKCM Funds deem appropriate, the Investors may receive in-kind distributions, if permitted by law. Securities and instruments distributed may not be readily marketable or salable and may be required to be held by the Investors for an indefinite period of time, during which depreciations in value may occur. Notwithstanding the foregoing, the Offshore Fund will not make in-kind distributions to Participating Shareholders subject to the provisions of ERISA and/or the prohibited transaction provisions of Section 4975 of the Code to the extent such distribution could result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code with respect to such Participating Shareholder.

Side Letters. The Manager of the U.S. Funds may, without any further act, notice to, approval or vote of any Investors, on its own behalf and/or on behalf of the U.S. Funds, enter into, amend and/or terminate, on its own behalf and/or on behalf of the U.S. Funds, any side letter or other similar agreement with one or more Investors that has the effect of altering or supplementing terms described in the limited liability company agreement relating to the U.S. Funds or the applicable subscription agreement or establishing rights not described therein or otherwise benefiting such Investor in a manner more favorable to such Investor than the rights and benefits established under the applicable limited liability company agreement or the applicable subscription agreement. Such arrangements may include but are not limited to, varying fee structures, providing for more favorable liquidity terms, allowing for varying arrangements with respect to scope and frequency of information provided about the U.S. Funds, and precluding investments by similarly situated potential investors in the U.S. Funds. As a result, a potential investor or an existing Investor may be precluded from investing or further investing, as the case may be, in the U.S. Funds because of these arrangements with another Investor. Differing rights of withdrawal may have adverse effects on the U.S. Funds' investments and may cause material portfolio disruption.

The Manager of the Offshore Fund may, on its own behalf and/or on behalf of the Offshore Fund, without any further act, notice to, approval or vote of any Participating Shareholders, enter into, amend and/or terminate any side letter or other similar agreement with one or more Participating Shareholders that has the effect of altering or supplementing terms described in the articles for the Offshore Fund or the applicable subscription agreement or establishing rights not described therein or otherwise benefiting such Participating Shareholder in a manner more favorable to such Participating Shareholder than the rights and benefits established under the articles or the applicable subscription agreement. Such arrangements may provide for terms such as, but not limited to, varying fee structures, providing for more

favorable liquidity terms, allowing for varying arrangements with respect to scope and frequency of information provided about the Offshore Fund, and precluding investments by similarly situated potential investors in the Offshore Fund. As a result, a potential investor or an existing Participating Shareholder may be precluded from investing or further investing, as the case may be, in the Offshore Fund because of these arrangements with another Participating Shareholder. Differing rights of redemption may have adverse effects on the Offshore Fund's investments and may cause material portfolio disruption.

Incentive Allocation. The Incentive Allocation to the Manager may create an incentive for the Manager to make investments that are riskier or more speculative than would otherwise be the case in order to increase the likelihood that the Investors receive the applicable rate of return upon which the Manager is paid the Incentive Allocation. In addition, because the Incentive Allocation is calculated on a basis that includes unrealized appreciation of the BKCM Funds' assets, it may be greater than if such allocation were based solely on realized gains.

Handling of Mail. Mail addressed to the Master Fund and received at its registered office will be forwarded unopened to the forwarding address supplied by the Manager to be dealt with. None of the Master Fund or its directors, officers, advisors or service providers (including the organization which provides registered office services in the Cayman Islands) will bear any responsibility for any delay, howsoever caused, in mail reaching the forwarding address. In particular, the directors will only receive, open or deal directly with mail which is addressed to them personally (as opposed to mail which is addressed just to the U.S. Fund, Offshore Fund or the Master Fund).

Investment and Trading Risks in General. All investments by the BKCM Funds will have the risk of a loss of capital. The Manager believes that the BKCM Funds' investment programs and research techniques will moderate this risk through a careful selection of Digital Assets and other financial instruments and investments. No guarantee or representation is made that the BKCM Funds' investment programs will be successful. The BKCM Funds' investment programs may utilize such investment techniques as margin transactions, short sales, leverage and the use of synthetic instruments, such as credit default swaps, interest rate swaps, other swaps, options on securities, forward contracts and other derivative instruments, which techniques can, in certain circumstances, magnify the adverse impact of losses to the BKCM Funds.

Limited Diversification. The Manager may concentrate the BKCM Funds' investments in particular types of assets, industries and/or companies. Losses incurred in the portfolio's more concentrated positions could have a material adverse effect on the BKCM Funds' overall financial condition. In addition, if the price of any of the BKCM Funds' investments decrease and the Manager is unable for any reason to liquidate the position quickly or at a relatively advantageous price, the effect of such decrease on the BKCM Funds' portfolio would be greater as a result of the concentration of investments in such a position. Such effects could have the result of decreasing the BKCM Funds' returns.

Developments in Markets. The BKCM Funds intend to identify and invest opportunistically. If the Manager misjudges opportunities, sectors, market or political developments or mistimes identified developments or relevant markets move adversely to the direction anticipated by the Manager, the BKCM Funds may fail to achieve their investment objectives and Investors may lose value. While the BKCM Funds' investment program is intended to take advantage of anticipated market volatility, there can be

no assurance that the Manager will accurately or timely identify opportunities to meet the investment program.

Asset Valuation and Market Volatility. Unexpected market illiquidity may occur from time to time in one or more markets in which the BKCM Funds are invested. Many different factors may contribute to illiquidity, and the Manager may be unable to accurately anticipate developing liquidity issues.

Illiquidity in any markets in which the BKCM Funds are invested may result in the BKCM Funds being unable to sell out of positions, limit losses or recognize gains. Concentration of assets or lack of diversity may result in increased losses or inability to recognize gains to the extent that the related positions are in markets that become illiquid or are otherwise subject to dysfunction that inhibits or limits trading.

United States commodity exchanges impose limits on the amount the price of some, but not all, futures contracts may change on a single day. Once a futures contract has reached its daily limit, it may be impossible for the BKCM Funds to liquidate a position in that contract if the market has moved adversely to the BKCM Funds until the limit is either raised by the exchange or the contract begins to trade away from the limit price.

Lack of liquidity in the markets may impair the ability of the administrator to determine the value of assets in the BKCM Funds. In turn, lack of reliable valuation data may impair the ability of the BKCM Funds to provide accurate valuation information to Investors and may limit withdrawals.

Possible Licensing Requirements. The BKCM Funds or the Manager may be required to obtain various licenses in order to make, hold or dispose of certain investments. The BKCM Funds or the Manager, as the case may be, may not have applied and may in the future determine not to apply for any such licenses. Applications for licenses may be time consuming and costly. There is no assurance that the BKCM Funds or the Manager will obtain all of the licenses that either of them desire or that such licenses can be obtained in a timely manner in order to permit the BKCM Funds to accomplish its investment objectives in respect of which such licenses are sought. The BKCM Funds or the Manager may be subject to various requirements in order to maintain any licenses once obtained and the failure to comply with such requirements may result in the loss of such licenses.

Use of Leverage. The BKCM Funds may establish leverage, through prime brokerage arrangements or otherwise, although there can be no assurance that any such financing will be established or that it will be available on favorable terms. The BKCM Funds may also use derivative contracts, futures and options which may have an imbedded element of leverage to the extent that the value at risk in such investments exceeds the cost, including collateral or margin posting. If the BKCM Funds are unable to enter into these arrangements on acceptable terms and at reasonable cost, the BKCM Funds may not realize positive returns to the same extent that they might otherwise attain if the forms of leverage were otherwise available on favorable terms. In addition, the use of leverage could cause the value of the BKCM Funds to be subject to more frequent and wider fluctuations and potentially greater losses than would be the case if they did not use leverage.

Cybersecurity Risk. The BKCM Funds, the Manager and third-party service providers are all subject to risks associated with a breach in cybersecurity. A cybersecurity breach could expose the BKCM Funds and the Manager to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity services, identity theft, unauthorized access to and use of proprietary information, litigation, the dissemination of confidential and proprietary information, and reputational damage), civil liability, and regulatory inquiry and/or action.

While the Manager has established a business continuity plan and cybersecurity policy including risk management strategies, systems, and policies and procedures to seek to prevent cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, and policies and procedures including the possibility that certain risks have not been identified. In addition, since the Manager does not directly control the cybersecurity systems of third-party service providers, there can be no assurance that the cybersecurity practices of these providers will protect the BKCM Funds or the Manager from any potential breaches.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the BKCM Funds. Prospective investors should read the entire brochure, the Funds' offering documents, and all other accompanying materials provided by the Manager before deciding whether to invest. In addition, as the Manager's investment philosophy develops and changes over time, an investment in the BKCM Funds may be subject to additional and different risk factors. The Manager will promptly amend this brochure if and when any information regarding its investment risks becomes materially inaccurate.

Risks Associated with Investments in Digital Assets, Digital Asset Networks, and Other Blockchain Assets

An investment in Digital Assets, as well as various financial instruments and other investments in or related to emerging blockchain networks or systems is speculative in nature and suitable only for sophisticated investors who are aware of the risks involved in an investment. Investors must have the ability and willingness to accept (i) the risk of the potential total loss of their entire investment in the Interests or Participating Shares, (ii) the potentially illiquid nature of investment in the Interests or Participating Shares, and (iii) the potentially illiquid nature of some of the investments. Prospective investors should consider carefully the risks described below before making an investment decision.

The price of Digital Assets and the trading practices of participants in the market remain volatile. There are cybersecurity risks relating to the hacking of blockchain networks or platforms, trading platforms for Digital Assets as well as for Digital Asset wallets in the spot market. There is also a degree of risk with respect to trading Digital Assets through fraudulent schemes to inflate valuations, insider trading, false disclosure, and other forms of investor fraud and market manipulation.

The loss or destruction of, or inability to access, private keys to digital wallets used to store Digital Assets may be irreversible. Loss or destruction of, or inability to access, the BKCM Funds' private keys could adversely affect the Interests and the Participating Shares. Digital Assets are controllable only by the possessor of both the unique public and private keys relating to the local or online digital wallet in which the Digital Assets are held, which wallet's public key or address is reflected in the Digital Asset network's public blockchains. The BKCM Funds or a custodian acting on behalf of the BKCM Funds publishes the public key relating to digital wallets in use by the BKCM Funds or the custodian(s) when they verify the receipt of transfers of Digital Assets and disseminates such information into the Digital Asset networks or platforms, but are required to safeguard the private keys relating to such digital wallets. To the extent private keys are lost, destroyed, cannot be accessed or are incorrectly generated, the BKCM Funds or a custodian(s) acting on behalf of the BKCM Funds will be unable to access the related Digital Assets and such private keys will not be capable of being restored by the blockchain networks or platforms. Any loss of private keys relating to digital wallets used to store the BKCM Funds' Digital Assets could adversely affect the Interests and the Participating Shares.

In addition, to the extent private keys are incorrectly generated or otherwise compromised, the BKCM Funds may be unable to access the related Digital Assets and such private keys will not be capable of being restored by the blockchain system or network. Any compromise of private keys relating to digital wallets

used to store the BKCM Funds' Digital Assets could adversely affect the Interests and the Participating Shares.

The procedure that a custodian uses to safeguard its private key is outside of the BKCM Funds' control. As such, the BKCM Funds do not have access to the private key in the event of it being incorrectly generated, lost, destroyed or otherwise compromised. For example, the BKCM Funds may invest in a cryptocurrency exchange or Digital Asset venture that manages its platform on a personally encrypted laptop or in personally maintained offline cold wallets. In the event of a private key being incorrectly generated, lost, destroyed or otherwise compromised, those who are affiliated with and have invested in the exchange or venture may not have access to the Digital Assets if the proprietor fails to implement an adequate private key recovery plan.

The further development and acceptance of Digital Asset networks or systems are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of Digital Assets and blockchain networks or systems may adversely affect the Investors. Digital currencies, which may be used, among other things, to buy and sell goods and services, form part of a rapidly evolving industry of which Digital Asset networks or systems are a prominent part. The growth of the Digital Asset industry in general, and the Digital Asset networks or systems in particular, is subject to a high degree of uncertainty. The factors affecting the further development of the Digital Asset industry, as well as the Digital Asset networks, include:

- continued worldwide growth in the adoption and use of Digital Assets, and other blockchain technologies;
- government and quasi-government regulation of Digital Assets and their use, or restrictions on or regulation of access to and operation of the Digital Asset networks or systems or similar digital currencies;
- changes in consumer demographics and public tastes and preferences;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using sovereign currencies; and
- general economic conditions and the regulatory environment relating to Digital Assets.

A decline in the popularity or acceptance of the Digital Assets or blockchain networks or systems could harm the value of the Interests and the Participating Shares.

Currently, there is relatively small use of Digital Assets in the retail and commercial marketplace, which could contribute to price volatility that could adversely affect the Investors.

The administrators of a Digital Asset networks' or systems' source code or protocol (rules) could propose amendments that, if accepted and authorized, could adversely affect the Investors. The Digital Asset networks or systems are based on a cryptographic, algorithmic protocol that governs the end-user-to-end-user interactions between computers connected to the Digital Asset network or system ("nodes"). Digital Assets typically are an open source project and, although there is generally an influential group of leaders in a Digital Asset network community including developers, there is no official developer or group of developers that formally controls the network. Any individual can download the network's software and make any desired modifications, which are proposed to users and miners on the network through software downloads and upgrades. To the extent that a significant percentage of the nodes install such

software upgrade(s), while other nodes continue to use the old software, a “hard fork” occurs such that a new Digital Asset network or platform is formed that is subject to new protocols and software. A hard fork could materially and adversely affect the price of the Digital Assets and the value of the Interests and the Participating Shares, and, in a worst-case scenario, harm the sustainability of a particular Digital Asset network.

If a malicious actor or botnet compromises the network or system, that actor or botnet could manipulate the source code of the Digital Asset network or system in a manner that adversely affects the Interests and the Participating Shares. To the extent that a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) alters the source code or unique ID of a transaction to be confirmed on a Digital Asset network or platform, these changes could adversely affect the Interests and the Participating Shares.

In the event of an attack on a Digital Asset platform or network or Digital Asset exchange, the network or exchange has full discretion to suspend transactions, which is outside of the BKCM Funds’ control. In the event of an attack on a Digital Asset network or exchange in which the BKCM Funds have invested, the proprietor of the network or exchange has discretion to halt all transactions, withdrawals, and deposits that are associated with the Digital Asset at risk. Accordingly, any investments that the BKCM Funds have in the Digital Asset network or exchange may be materially affected as the Digital Asset may be inaccessible and the exchange may suspend operations for an extended period of time.

As the number of Digital Assets awarded for solving a block in a blockchain network decreases, the incentive for miners to continue to use and contribute to a particular network could transition from a set reward to a transaction fee. Higher transaction fees may decrease demand for Digital Assets and potentially prevent the expansion of the Digital Asset networks to retail merchants and commercial businesses, resulting in a reduction in the price of Digital Assets. If transaction fees paid for the recording of transactions in particular blockchain networks becomes too high, the marketplace may be reluctant to accept certain Digital Assets as a means of payment and existing users may be motivated to switch from one Digital Asset to another Digital Asset or to a sovereign currency. Decreased use and demand for Digital Assets may adversely affect their value and result in a reduction in the price of Digital Assets.

If transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce the collective processing power on the Digital Asset networks, which would adversely affect the confirmation process for transactions and make the Digital Asset networks more vulnerable to a malicious actor or botnet. Any reduction in confidence in the confirmation process or processing power of the Digital Asset networks may adversely impact an investment in the Interests and the Participating Shares.

In connection with staking activities, validators may not earn or receive rewards in the form of Digital Assets from time to time under certain circumstances such as double-spending penalties, slashing penalties against the validator for failing to comply with certain rules or laws of a blockchain platform, or other safety faults.

Intellectual property rights claims may adversely affect the operation of the Digital Asset networks. Third parties may assert intellectual property claims relating to Digital Assets and their source code relating to the holding and transfer of such assets. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the networks’ long-term viability or the ability of end-users to hold and transfer Digital Assets may adversely affect the Interests and the Participating Shares. Additionally, a meritorious intellectual property claim could prevent the BKCM Funds and other end-users from accessing the networks or holding or transferring their Digital Assets, which could force

the Manager to terminate the BKCM Funds and liquidate the BKCM Funds' Digital Asset (if such liquidation of the BKCM Funds' Digital Asset is possible). As a result, an intellectual property claim against the BKCM Funds could adversely affect the Interests and the Participating Shares.

Additional risks exist for DeFi Digital Assets. The DeFi Fund expects to invest in decentralized finance ("DeFi") investments in the Digital Asset industry. DeFi gives participants the ability to borrow and lend Digital Assets outside of centralized institutions such as banks. As some of these assets are linked to fiat currencies such as the U.S. Dollar, DeFi platforms allow lending and borrowing without the traditional barriers that are in place in the traditional finance market. Although some of these protocols do not rely on one central party, many still do in practice have one or more important parties. Although the DeFi Fund does not initially intend to actively participate in the DeFi industry via interaction with the various protocols, various unique risk characteristics are attributed to DeFi that could affect the value of the DeFi Fund's DeFi Digital Assets, including:

- users must be technologically savvy to use these services safely as the software is more complex than other blockchain applications, which are themselves already complex;
- limited ability of a blockchain to process transactions (which are potentially addressed with innovations like Ethereum 2.0);
- collateral is typically in other Digital Assets, which may not adequately collateralize loans;
- comparatively low levels of liquidity;
- current reliance on the Ethereum protocol, which could create issues if the Ethereum network cannot scale to accommodate future growth;
- security and smart contract vulnerabilities, which may lead to hacks and other thefts; and
- regulatory uncertainties.

Additional risks for Stablecoin Digital Assets. The BKCM Funds' may use stablecoins in their investment strategy. Stablecoins generally aim to maintain a stable value relative to a specified asset, or a pool or basket of assets. For example, Tether aims to maintain a stable 1:1 peg to US Dollars. Most commonly, stablecoin issuers purport to back stablecoins with fiat currency, assets or other Digital Assets. These are called asset-linked stablecoins. Other stablecoins, algorithm-based stablecoins, seek to use algorithms to increase or decrease the supply of stablecoins in response to changes in demand.

There can be no assurance that any particular stablecoin will be able to maintain the asset value that the Manager expects. Further, issuers of stablecoins may engage in bad acts or the markets may lose faith in the value of a particular stablecoin. For example, there have been numerous allegations of fraud and other bad acts (including an investigation in New York) related to the current largest stablecoin, Tether, and Tether has admitted that it does not back each Tether token with US Dollar reserves as originally claimed. If a stablecoin's value relative to another asset falls quickly, the BKCM Funds' expected return from a transaction may not materialize and the BKCM Funds could experience material losses.

Risk Factors Related to the Digital Asset Exchange Market and the Price of Digital Assets

The value of the Interests and the Participating Shares relates directly to the value of the Digital Assets held by the BKCM Funds and fluctuations in the price of Digital Assets could adversely affect the Interests and the Participating Shares. The price of Digital Assets has been volatile and has fluctuated widely over the recent past. Several factors may affect the value of Digital Assets, including, but not limited to:

- global Digital Asset supply;
- global Digital Asset demand, which is influenced by the growth of retail merchants' and commercial businesses' acceptance of Digital Assets as payment for goods and services, the security of online Digital Asset exchanges and digital wallets that hold Digital Assets, the perception that the use and holding of Digital Assets is safe and secure, and the lack of regulatory restrictions on their use;
- investors' expectations with respect to the rate of inflation;
- interest rates;
- currency exchange rates, including the rates at which Digital Assets may be exchanged for sovereign currencies;
 - interruptions in service from or failures of major Digital Asset and security token exchanges on which Digital Assets, including security tokens are traded;
- investment and trading activities of large investors, including private and registered funds, that may directly or indirectly invest in Digital Assets;
- monetary policies of governments, trade restrictions, currency devaluations and revaluations;
- regulatory measures, if any, that restrict the use of Digital Assets;
- global or regional political, economic or financial events and situations; and
- expectations among Digital Asset economy participants that the value of Digital Assets will soon change.

In addition, Investors should be aware that there is no assurance that Digital Assets will maintain their long-term value or that the acceptance of Digital Assets as payments by mainstream retail merchants and commercial businesses will continue to grow.

The value of Digital Assets may be subject to momentum pricing whereby the current price of Digital Assets may reflect speculation regarding future appreciation in value. Momentum pricing may subject the value of the Interests and the Participating Shares to significant volatility. Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Momentum pricing of Digital Assets has resulted, and may continue to result, in speculation regarding future appreciation in the value of Digital Assets, inflating and making more volatile the price of Digital Assets. As a result, Digital Assets may be more likely to fluctuate in value due to changing investor confidence in future appreciation in the price of Digital Assets, which could adversely affect the Interests and the Participating Shares.

Pricing on any Digital Asset exchange can and should be expected to be volatile and can adversely affect the Interests and the Participating Shares. The price of Digital Assets on public exchanges has a limited history. During such history, Digital Assets prices on the exchange market as a whole, and on individual exchanges, have been volatile and subject to influence by many factors including the levels of liquidity on exchanges. Even the largest exchanges have been subject to operational interruption (e.g., the temporary shutdown of Mt. Gox due to distributed denial of service attacks ("DDoS Attacks") by hackers and/or malware), limiting the liquidity on the exchange market and resulting in volatile prices and a reduction in confidence in the Digital Asset networks and the exchange market. Such volatility and potential future lack of confidence in the networks can adversely affect the Interests and the Participating Shares.

Additionally, a decrease in the price of a single Digital Asset may cause volatility in the entire Digital Asset industry and may affect other Digital Assets. For example, a security breach that affects purchaser or user confidence in one Digital Asset may affect the industry as a whole and may cause the price of other Digital Assets to fluctuate. Such volatility in the price of a Digital Asset may materially affect the Interests and the Participating Shares over an extended period of time.

In addition, there are a limited number of exchanges on which Digital Assets trade, which could adversely affect the ability, speed and price at which the BKCM Funds may trade such Digital Assets.

The exchanges on which Digital Assets trade are relatively new and in some jurisdictions are unregulated. They may, therefore, be more exposed to fraud and failure than established, regulated exchanges for other products. To the extent that the exchanges representing a substantial portion of the volume in Digital Asset trading are involved in fraud or experience security failures or other operational issues, such Digital Asset exchanges' failures may result in a reduction in the price of Digital Assets and can adversely affect the Interests and the Participating Shares. Over the past few years, many Digital Asset exchanges have been closed due to fraud, failure or security breaches. In many of these instances, the customers of such Digital Asset exchanges were not compensated or made whole for the partial or complete losses of their account balances in such Digital Asset exchanges. While smaller Digital Asset exchanges are less likely to have the infrastructure and capitalization that make larger Digital Asset exchanges more stable, larger Digital Asset exchanges are more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems).

A lack of stability in the Digital Asset exchange market and the closure or temporary shutdown of Digital Asset exchanges due to fraud, business failure, or hackers or malware may reduce confidence in the Digital Asset networks and result in greater volatility in the price of Digital Assets. Furthermore, the closure or temporary shutdown of Digital Asset exchanges where the BKCM Funds buy and sell Digital Assets may result in a loss of confidence in the use of Digital Assets. These potential consequences of a Digital Asset exchange's failure could adversely affect the Interests and the Participating Shares.

In addition, Digital Asset exchanges may have limited functionality, which may delay the Manager's ability to purchase or sell digital assets at a particular time or at a particular price. Some Digital Assets trade on multiple exchanges while others may trade on a limited number of exchanges; the few exchanges on which a Digital Assets trades, the less potential liquidity that asset has. An outage on one exchange can also dramatically impact liquidity of Digital Assets.

Political or economic crises may motivate large-scale sales of Digital Assets, which could result in a reduction in the price of Digital Assets Price and adversely affect the Interests and the Participating Shares. As an alternative to sovereign currencies that are backed by central governments, Digital Assets are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of Digital Assets either globally or locally. Large-scale sales of Digital Assets would result in a reduction in the price of Digital Assets and adversely affect the Investors.

The popularity of Digital Assets and Digital Asset offerings may decrease in the future, which could have a material impact on the Digital Asset industry, the BKCM Funds' operations and financial conditions, and may adversely affect the Interests and the Participating Shares. In recent years, Digital Assets and Digital Asset offerings have become more widely accepted among investors and financial institutions, but have also been faced with complex legal and regulatory challenges. However, any significant decrease in the popularity of Digital Assets and Digital Asset offerings may have a material impact on the BKCM Funds' operations and financial conditions, and may adversely affect the Interests and the Participating Shares.

The BKCM Funds and their investment ventures are subject to cyberattacks, security risks and risks of security breaches. The BKCM Funds and their investment ventures are all subject to cyberattacks, security risks and risks of security breaches. An attack or a breach of security of any of them could result in a loss of private data, unauthorized trades, and an interruption of trading for an extended period of time. Any

such attack or breach could adversely affect the ability of the BKCM Funds to effectively manage their portfolio and conduct their own mining and staking operations or their investment in the mining or staking operations of others. Any such attack or breach on any one of the BKCM Funds' investment ventures could adversely affect the Interests and the Participating Shares. Additionally, any data or personally identifiable information associated with the BKCM Funds and typically stored on information systems may be compromised in the event of an attack or breach. Any attack or breach could have a materially adverse effect on the BKCM Funds' operations and financial conditions.

Risk Factors Related to the Regulation of the BKCM Funds and the Interests and the Participating Shares

The United States tax rules applicable to an investment in the Interests in the U.S. Funds and the underlying Digital Assets are evolving and the tax consequences to an Investor of an investment in the Interests could differ from the Investor's expectations.

Regulatory changes or actions may alter the nature of an investment in the Interests and the Participating Shares or restrict the use of Digital Assets or the operation of the Digital Asset networks in a manner that adversely affects an investment in the Interests and the Participating Shares. As Digital Assets have grown in popularity and in market size, certain US agencies (e.g., FinCEN, the SEC and the CFTC) have begun to examine the operations of the Digital Asset networks, Digital Asset users and the Digital Asset exchange market. There is a possibility of future regulatory change altering, perhaps to a material extent, the nature of an investment in the Interests or the ability of the U.S. Funds to continue to operate.

The SEC has found that Digital Assets that are offered or sold in the United States and traded in the United States may be subject to the federal securities laws. The CFTC has asserted jurisdiction when a virtual currency is subject to a derivatives or options contract, or if there is fraud or manipulation involving a virtual currency traded in interstate commerce. To the extent that Digital Assets are determined to be a security, commodity future or other regulated asset, or to the extent that a United States or foreign government or quasi-governmental agency exerts regulatory authority over the Digital Asset network or Digital Asset trading and ownership, trading or ownership in Digital Assets or the Interests or the Participating Shares may be adversely affected.

To the extent that future regulatory actions or policies limit the ability to exchange Digital Assets or utilize them for payments, the demand for Digital Assets will be reduced. Furthermore, regulatory actions may limit the ability of end-users to convert Digital Assets into sovereign currency (e.g., United States Dollars) or use Digital Assets to pay for goods and services. Such regulatory actions or policies could result in a reduction in the price of the Interests and the Participating Shares.

Digital Assets currently face an uncertain regulatory landscape in not only the United States but also in many foreign jurisdictions. Various foreign jurisdictions have (and others can be expected to) in the future, adopt laws, regulations or directives that affect Digital Asset networks and users, particularly with respect to digital tokens/coins and Digital Asset exchanges and service providers that fall within such jurisdictions' regulatory scope. Such laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of Digital Assets by users, merchants and service providers outside of the United States and may therefore impede the growth of the Digital Asset economy.

Various legislative and executive bodies in the United States and in foreign jurisdictions may in the future adopt laws, regulations, or guidance, or take other actions, which may severely impact the permissibility of Digital Assets and the technology that underlies them. Failure by the BKCM Funds and any venture that the BKCM Funds have invested in to comply with any laws, rules, and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse

consequences, including civil penalties and fines. The effect of any future regulatory change on the BKCM Funds or Digital Assets is impossible to predict, but such change could be substantial and adverse to the BKCM Funds and/or the value of the Interests and the Participating Shares.

If it may be illegal now, or in the future, to acquire, own, hold, sell or use Digital Assets in one or more countries, and ownership of, holding or trading in Interests and the Participating Shares may also be considered illegal and subject to sanction. Certain countries have taken regulatory actions and others may follow suit in the future, which actions may severely restrict the right to acquire, own, hold, sell or use Digital Assets or to exchange Digital Assets for sovereign currency. Such an action may also result in the restriction of ownership, holding or trading in the Interests and the Participating Shares. Such a restriction could result in the termination and liquidation of the BKCM Funds at a time that is disadvantageous to Investors, or may adversely affect the Interests and the Participating Shares.

If regulatory changes or interpretations of the BKCM Funds' activities require the regulation of the BKCM Funds as a money transmitter under the regulations promulgated by FinCEN under the authority of the US Bank Secrecy Act, the BKCM Funds may be required to register and comply with such regulations. To the extent that the BKCM Funds continue, the required registrations and regulatory compliance steps may result in extraordinary, recurring expenses to the BKCM Funds. The BKCM Funds may also be terminated. Any termination of the BKCM Funds in response to the changed regulatory circumstances may be at a time that is disadvantageous to Investors. Current and future legislation, rulemaking and other regulatory developments may impact the manner in which Digital Assets are treated for classification and clearing purposes. The BKCM Funds cannot be certain as to how future regulatory developments will impact the treatment of Digital Assets under the law.

If regulatory changes occur under the Commodities Exchange Act by the CFTC and/or under the Securities Act and the Securities Exchange Act of 1934, as amended, by the SEC, the BKCM Funds may be required to comply with such regulations. To the extent that the BKCM Funds continue, the regulatory compliance steps may result in extraordinary, recurring expenses to the BKCM Funds. The BKCM Funds may also be terminated. Any termination of the BKCM Funds in response to the changed regulatory circumstances may be at a time that is disadvantageous to Investors. Current and future legislation, rulemaking and other regulatory developments may impact the manner in which Digital Assets are treated for classification and clearing purposes. The BKCM Funds cannot be certain as to how future regulatory developments will impact the treatment of Digital Assets under the law.

Risks Associated with Other Types of Investments that May be Held by the BKCM Funds

The capital contributions from Investors are expected to be invested primarily in a portfolio of Digital Assets and other investments in or related to emerging blockchain protocols and which may include options and futures in respect of these types of assets as those options and futures become available in the market. The following risks specific to various types of investments may be amended, superseded or supplemented by risk factors in respect of specific types of investments to the extent permitted pursuant to and as further described in the relevant offering documents.

Equity Securities. To the extent that the BKCM Funds invests in equity securities and equity derivatives, the value of these financial instruments generally will vary with the performance of the issuer and more broadly with movements in the relevant equity markets. As a result, the BKCM Funds may suffer losses if the issuers of those equity instruments perform contrary to the Manager's expectations or to the extent that the relevant markets move adversely to the position of the BKCM Funds and the BKCM Funds' position is not hedged.

Foreign Currencies. To the extent that the BKCM Funds invest in foreign currencies, both in the spot and futures markets, any such positions will be subject to risks that the governments of the foreign jurisdictions will intervene in the currency markets at a time and in a manner that may be adverse to the position taken by the BKCM Funds. Furthermore, other policy actions and economic developments in foreign countries will have an impact on currency positions taken by the BKCM Funds that may be adverse to such positions. Foreign currency markets are frequently volatile. Foreign currency positions may be entered into independent from any currency exposure otherwise inherent in the portfolio and without any intention to create a hedge to any other exposure.

Index and Financial Futures, Commodities, Options. To the extent available in relevant classes of assets, the BKCM Funds may trade commodities, futures and options and may enter into or use swap agreements, forward contracts and other derivative financial instruments and techniques, in the United States and on commodity exchanges and markets located outside the United States where the Commodity Futures Trading Commission and other U.S. futures regulations do not apply. The prices of commodities contracts and all derivative instruments, including futures and options, can be highly volatile. Payments made pursuant to swap agreements and other derivative instruments may also be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements and other derivative instruments 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. The value of futures, options, swap agreements and other derivative instruments also depends upon the price of the commodities underlying them. In addition, the BKCM Funds are also subject to the risk of failure of any of the exchanges on which they trade, their clearinghouses or the clearing brokers through which the BKCM Funds clear. In the case of commodity contracts traded on non-U.S. exchanges and certain derivative instruments, the BKCM Funds will be subject to the risk of the inability or refusal by the counterparty to perform.

The Manager may use a number of option strategies. Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the seller the obligation to buy, the underlying security, index, currency or other instrument at the exercise price. A call option, upon payment of a premium, gives the purchaser the option of the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

With certain exceptions, exchange listed options generally settle by physical delivery of the underlying security or currency, although in the future cash settlement may become available. Index options are cash settled for the net amount, if any, by which the option is "in the money" (i.e., where the value of the underlying instrument exceeds, in the case of a call option, or is less than, in the case of a put option, the exercise price of the option) at the time the option is exercised. Frequently, rather than taking or making delivery of the underlying instrument through the process of exercising the option, listed options are closed by entering into offsetting purchase or sale transactions that do not result in ownership of the new option. The BKCM Funds' ability to close out their position as a purchaser or seller of a listed put or call option is dependent, in part, upon the liquidity of the relevant option market.

The BKCM Funds may buy or sell (write) both call options and put options (which are expected to be primarily exchange-traded), and when they write options they may do so on a “covered”¹ or an “uncovered” basis. The BKCM Funds’ options transactions may be part of a hedging tactic (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which the BKCM Funds have the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be large, depending on the circumstances.

When the BKCM Funds buy an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the security in the case of a put, would result in a total loss of the BKCM Funds’ investment in the option (including commissions). The BKCM Funds could mitigate those losses by selling short the securities as to which they hold call options or taking a long position (i.e., by buying the securities or buying options on them) on securities underlying put options.

When the BKCM Funds sell (write) an option, the risk can be substantially greater than when they buy an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. Theoretically, the risk is unlimited unless the option is “covered.” If it is covered, an increase in the market price of the security above the exercise price would cause the BKCM Funds to lose the opportunity for gain on the underlying security or instrument—assuming they bought the security or instrument for less than the exercise price. If the price of the underlying security or instrument were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the BKCM Funds might suffer as a result of owning the security or instrument.

The seller of an uncovered put option theoretically could lose an amount equal to the entire aggregate exercise price of the option, if the underlying security or instrument were to become valueless. If the option were covered with a short position in the underlying security or instrument, this risk would be limited, but a drop in the security’s price below the exercise price would cause the BKCM Funds to lose some or all of the opportunity for profit on the “covering” short position—assuming the BKCM Funds sold short for more than the exercise price. If the price of the underlying security or instrument were to increase above the exercise price, the premium on the option (after transaction costs) would provide profit that would reduce or offset any loss the BKCM Funds might suffer in closing out their short position.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, generally 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 trading (to the extent forward contracts are not traded on exchanges) and “cash” trading are substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. 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 for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the BKCM Funds due to unusually high trading volume, political intervention or other factors. The imposition of controls by government authorities might also limit such forward (and futures) trading to less than that which the Manager would otherwise

¹ A call option is “covered” when the writer owns securities of the class and amount of those as to which the call option applies. A put option is “covered” when the writer has an open short position in securities of the relevant class and amount.

recommend, to the possible detriment of the BKCM Funds. Market illiquidity or disruption could result in major losses to the BKCM Funds.

Evolving and New Investment Strategies. The Manager's global investment strategies are continually evolving, and new strategies and trading techniques may be implemented. The Manager is not restricted from using the BKCM Funds' capital for purposes of developing and incubating new strategies, even if the Manager has limited experience in the type of strategy or in the markets or instruments involved. The strategies developed by the Manager may not be successful and the resources devoted to the implementation of new strategies may diminish the effectiveness of the Manager's implementation of the Manager's established strategies.

Currency Exchange Exposure. The BKCM Funds may invest a portion of their assets in the securities of non-U.S. issuers and other instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. The BKCM Funds, however, value their securities and other assets in U.S. dollars. To the extent unhedged, the value of the BKCM Funds' positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which the BKCM Funds make investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the BKCM Funds' securities in their local markets and may result in a loss to the BKCM Funds. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the BKCM Funds' non-U.S. dollar investments. To the extent the Manager gains exposure to a foreign currency using leverage denominated in U.S. dollar, such losses may be magnified.

Furthermore, the BKCM Funds may incur costs in connection with conversions between various currencies. Non-U.S. currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the BKCM Funds at one rate, while offering a lesser rate of exchange should the BKCM Funds desire immediately to resell that currency to the dealer. The BKCM Funds conduct currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward, futures or commodity options contracts to purchase or sell non-U.S. currencies. Most of the BKCM Funds' currency exchange transactions occur at the time securities are purchased and are executed through the local broker or custodian acting for the BKCM Funds.

The BKCM Funds may seek to protect the value of some portion or all of their portfolio holdings against currency fluctuations by engaging in hedging transactions, but there can be no assurance that such hedging transactions will be effective. The BKCM Funds may enter into a number of different types of hedging transactions including, without limitation, forward contracts on currencies and entering into foreign currency borrowings. There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time the BKCM Funds wish to use them or will be able to be liquidated when the BKCM Funds wish to do so. In addition, the BKCM Funds expect to remain unhedged with respect to some or all of their positions.

Other Hedging Transactions. The BKCM Funds, directly or indirectly, may opt to, or may be required to, utilize a variety of financial instruments such as derivatives, options, swaps, caps and floors and forward contracts, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the BKCM Funds' investment portfolio resulting from fluctuations in the securities markets and changes in interest rates, (ii) protect the BKCM Funds' unrealized gains in the value of the BKCM Funds' investment portfolio, (iii) facilitate the sale of any such investments, (iv) establish a position as a temporary substitute for other securities, (v) enhance or preserve returns,

spreads or gains on any investment in the BKCM Funds' portfolio, (vi) hedge the interest rate or currency exchange rate on any of the BKCM Funds' liabilities or assets, (vii) protect against any increase in the price of any securities the BKCM Funds anticipate purchasing at a later date or (viii) for any other reason that the Manager deems appropriate.

The Manager is not required to attempt to hedge portfolio positions in the BKCM Funds and, for various reasons, may determine not to do so. Furthermore, the Manager may not anticipate a particular risk so as to hedge against it. While the BKCM Funds may enter into hedging transactions in seeking to reduce risk, such transactions may result in a poorer overall performance for the BKCM Funds than if they had not engaged in any such hedging transaction. For a variety of reasons, the Manager may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the BKCM Funds from achieving the intended hedge or expose the BKCM Funds to risk of loss. The success of the hedging strategy of the BKCM Funds is subject to the Manager's ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the BKCM Funds' hedging strategy is also subject to the Manager's ability to recalculate continually, readjust and execute hedges in an efficient and timely manner. Moreover, it should be noted that the portfolio always will be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties), "liquidity" risk and "widening" risk.

Foreign Investments. Investing in non-U.S. companies involves certain considerations usually not associated with investing in U.S. companies, including political and economic considerations, such as greater risks of expropriation and nationalization, the potential difficulty of repatriating funds and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the BKCM Funds' investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to U.S. standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the United States. Regulation of the securities markets in foreign countries may also have a potential adverse effect on investments.

With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the BKCM Funds, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other. In addition, the bankruptcy laws of different countries may differ from those of the U.S., and such differences may expose the BKCM Funds to additional risk of loss or delay in recovery upon the bankruptcy of an issuer located outside of the United States.

Counterparty Risk. Some of the markets in which the BKCM Funds may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets typically are not subject to the same credit evaluation and regulatory oversight as are members of "exchange-based" markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance assurance of an exchange clearinghouse, might not be available in connection with such "over-the-counter" transactions. This exposes the BKCM Funds to the risk that a counterparty will not settle a

transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the BKCM Funds to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the BKCM Funds have concentrated transactions with a single or small group of counterparties. The Manager is not restricted from dealing with any particular counterparty or from concentrating any or all of the BKCM Funds’ transactions with one counterparty. The ability of the BKCM Funds to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the BKCM Funds.

Suspensions of Trading. A public exchange typically has the right to suspend or limit trading in all securities that it lists. To the extent any of the BKCM Funds’ investments are listed on an exchange, such a suspension could render it impossible for the BKCM Funds to liquidate such positions and thereby expose them to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough for the BKCM Funds to close out positions.

Third-Party Involvement. The BKCM Funds may coinvest with third-parties through partnerships, joint ventures or other entities. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals which are inconsistent with those of the BKCM Funds, or may be in a position to take action contrary to the investment objective of the BKCM Funds. In addition, the BKCM Funds may in certain circumstances be liable for actions of its third-party co-venturer or partner. To the extent that the assets of the BKCM Funds constitute “plan assets” within the meaning of Section 3(42) of ERISA, ERISA will impose certain limitations on the ability of the BKCM Funds to coinvest with third-parties.

Custodial Risk Associated with Non-Investment Company Status of the BKCM Funds. Many hedge funds custody assets with third party custodians. The BKCM Funds intends to custody their assets in that manner to the extent practicable. Currently, there are limited third-party custody arrangements for holding certain Digital Assets, including the private keys relating to digital wallets. To the extent that the Manager cannot identify custodians for various assets, the Manager will take steps it determines to be reasonable to safeguard assets of the BKCM Funds that remain in the possession of the BKCM Funds. Initially, the Manager anticipates that these steps will include maintaining paper copies of private keys in one or more safe deposit boxes in order to mitigate the risk of loss, theft or destruction of those keys as they are critical to the ability of the BKCM Funds to sell or otherwise transfer digital currencies. As the market evolves and to the extent that market interest in custody arrangements evolve, the Manager intends to continue to monitor developments to determine whether and when better custody arrangements become available.

Qualified Custodians and the Custody Rule. Rule 206(4)-2 of the Advisers Act (the “Custody Rule”) requires that investment advisers registered with the SEC maintain custody of client funds and securities with “qualified custodians.” The Custody Rule predates the broader adoption of Digital Assets and does not contemplate or accommodate for the business and technological limitations of investments in the blockchain industry. There are currently a limited number of qualified custodians in the blockchain industry with limited capabilities with respect to the types and amounts of Digital Assets that they can

maintain. This is especially true with respect to growing areas of the industry, such as decentralized finance.

In some cases, utilizing a third-party custodian may provide less security for the BKCM Funds' assets than a cold storage or self-custody solution. For example, some of the largest security breaches in the industry have occurred at custodians and centralized exchanges, which, on account of the amount of assets held, are frequent targets for malicious actors.

Further, a third-party custodian may not support all of the BKCM Funds' assets, and may limit the BKCM Funds' ability to receive and/or timely monetize certain strategies, which could negatively impact the value of the BKCM Funds' portfolios. Further still, to achieve the best liquidity or pricing for their Digital Assets, the BKCM Funds may utilize Digital Asset exchanges that are not qualified custodians. The BKCM Funds' Digital Assets may be held at such exchanges for periods of time in anticipation of or in connection with trading. Therefore, depending on the BKCM Funds' investments, it may be difficult or impossible to fully comply with the qualified custodian requirement of the Custody Rule at all times.

In addition, it remains unclear how or whether the Custody Rule applies to Digital Assets. It has not been legally established whether Digital Assets are considered "client funds or securities" under the Custody Rule and whether investment advisers are required to maintain custody of Digital Assets with qualified custodians in order to comply with the rule.

While the Manager will strive to use qualified custodians for the BKCM Funds' Digital Assets where possible and reasonably practical, is not limited in any way in determining the appropriate custody solutions to safeguard the BKCM Funds' investments and maximize the value of the BKCM Funds' portfolios. The Manager retains the right to use any third-party custodian or Digital Asset exchange (including custodians or exchanges that are not qualified custodians) in the future as firms and Digital Asset custody standards continue to evolve.

Business and Regulatory Risks of Private Funds. Legal, tax and regulatory changes are likely to occur during the term of the BKCM Funds and may adversely affect the BKCM Funds. The regulatory environment for private funds and investment managers is evolving, and changes in the regulation of private funds and investment managers may adversely affect the value of investments held by the BKCM Funds and the ability of the BKCM Funds to attain their objectives or to pursue its trading strategies. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The Dodd-Frank Wall Street Reform and Consumer Protection Act has given direction to and may accelerate the regulatory process. The pending regulatory action is expected to impact the nature of derivatives transactions and the overall regulatory framework in which alternative investment funds operate. Although the full impact of the required regulatory actions cannot be fully assessed until the relevant agencies promulgate rules and other guidance, the effect of this anticipated regulatory change on the BKCM Funds could be substantial and adverse.

Possible Positive Correlation with Stocks and Bonds. One of the goals in investing in a non-traditional investment such as the BKCM Funds is to provide a potentially valuable element of diversification. However, there can be no assurance, particularly during periods of market disruption and stress when the risk control benefits of diversification may be most important, that the BKCM Funds will, in fact, be negatively correlated with a traditional portfolio of stocks and bonds.

Need to Seek Independent Advice; Lack of Hypothetical Performance Scenarios. Neither the Manager nor any affiliate is providing investment, accounting, tax or legal advice in respect of the investment

decision by any Investors or prospective Investors and will not have a fiduciary relationship with respect to its decision to invest.

Conflicts of Interest. The BKCM Funds are subject to a number of actual and potential conflicts of interest involving the BKCM Funds, the Manager and its affiliates, including those arising from the provision by personnel of an affiliate of the Manager of discretionary investment management services to managed accounts and other investment funds, some of which have similar investment objectives to those of the BKCM Funds.

The Manager may invest on behalf of itself, its affiliates, officers, members, employees or clients, in debt obligations or have relationships with obligors whose debt obligations are appropriate investments for the BKCM Funds. The Manager and its affiliates, members, officers, employees or other clients of the Manager and its affiliates may invest in debt or equity of obligors whose debt obligations are investments of the BKCM Funds and therefore have interests in connection with those investments that are different from or adverse to the interests of Investors of the BKCM Funds. The Manager and its affiliates, members, officers, employees or other clients of the Manager may invest in other vehicles similar to the BKCM Funds and manage the investments of those other vehicles.

Disclosure of Investment Portfolio. The audited financial statements of the BKCM Funds will not include a detailed listing of positions held by the BKCM Funds. Such confidentiality is maintained for the purpose of preventing third parties from using information concerning the BKCM Funds or the BKCM Funds' positions to their detriment. Examples of ways in which such information could be used adversely to the BKCM Funds include: (i) to "front run" the BKCM Funds on sales, or additional purchases, of such positions, (ii) to make it more difficult for the BKCM Funds to protect their positions by withholding, or causing others to withhold, prospective trades, (iii) to make it difficult to acquire or borrow securities, or (iv) to otherwise interfere with the BKCM Funds' investment objectives. For this reason, the Manager believes it is important to take extra precautions to maintain the confidentiality of the positions in the BKCM Funds' investment portfolio. As a result of the BKCM Funds not including in its audited financial statements a detailed listing of its positions held, Investors will have a more limited ability to evaluate the risks in investing in the Interests and the Participating Shares than if the BKCM Funds did include such information in its audited financial statements.

The BKCM Funds may, from time to time, agree with Investors to provide certain details regarding the composition of the investment portfolio on a delayed basis. Access to any such information will be subject to such terms and restrictions as the BKCM Funds and the Manager may deem appropriate, including obligations to maintain the confidentiality of such information and the prior execution of a confidentiality agreement in a form agreed to by the Manager.

Tax Risks in General

General. An investment in the U.S. Funds involves complex United States federal, state and local income tax considerations that will differ for each prospective investor. A portion of a tax-exempt U.S. Investor's allocable share of income from the U.S. Funds may constitute "unrelated business taxable income" in the hands of such Investor. A Non-U.S. Investor may be treated as engaged in a United States trade or business by reason of his, her or its interest in the U.S. Funds. In addition, all Investors may become subject to state and local income or franchise taxes in jurisdictions where the U.S. Funds conduct activities or is deemed to be engaged in a trade or business. Investors may be subject to tax on U.S. Funds income even if distributions are not made by the U.S. Funds. Each prospective Investor should consult with his,

her or its own tax advisor with respect to the Federal, state, local and foreign tax considerations of an investment in the U.S. Funds.

An investment in the Offshore Fund involves complex United States federal, state and local income tax considerations that will differ for each prospective Investor. A portion of a tax-exempt U.S. Participating Shareholder's allocable share of income from the Offshore Fund may constitute "unrelated business taxable income" in the hands of such Participating Shareholder. A Non-U.S. Participating Shareholder may be treated as engaged in a United States trade or business by reason of his, her or its interest in the Offshore Fund. In addition, all Participating Shareholders may become subject to state and local income or franchise taxes in jurisdictions where the Offshore Fund conducts activities or is deemed to be engaged in a trade or business. Participating Shareholders may be subject to tax on the Offshore Fund's income even if distributions are not made by the Offshore Fund. Each prospective Investor should consult with his, her or its own tax advisor with respect to the Federal, state, local and foreign tax considerations of an investment in the Offshore Fund.

U.S. Trade or Business. Although no assurance can be given, no opinion will be rendered and the United States Internal Revenue Service (the "IRS") may disagree, the U.S. Funds anticipate that they will not be engaged in a U.S. trade or business. However, prospective non-U.S. Investors should note that, in a foreclosure, or other work-out proceeding, the U.S. Funds may receive assets including U.S. real property or equity securities in exchange for its investments. If the U.S. Funds receive U.S. real property or equity securities issued by (i) a U.S. fiscally transparent entity that is engaged in a U.S. trade or business; or (ii) an entity that is treated as a corporation that is a "United States real property holding corporation" as defined in Section 897(c)(2) of the Code, then non-U.S. Investors could be subject to U.S. federal income tax on a net income basis with respect to their allocable share of income earned by the U.S. Funds that it is effectively connected to the sale of such U.S. real property or to holding such equity securities (and possibly to the 30% branch profits tax as well). In addition, if the U.S. Funds hold U.S. real property, non-U.S. Investors will generally be subject to 30% U.S. withholding tax on their allocable share of rents received with respect to such property (subject to reduction pursuant to an applicable treaty). In addition, a 30% withholding tax may be imposed on payments of U.S. source income and proceeds from the sale of property that could give rise to U.S. source interest or dividends to certain non-U.S. entities unless such entities enter into an agreement with the IRS to disclose the name, address and taxpayer identification number of certain U.S. persons that own, directly or indirectly, interests in such entities, as well as certain other information relating to such interests.

Although no assurance can be given, no opinion will be rendered and the IRS may disagree, the Offshore Fund anticipates that it will not be engaged in a U.S. trade or business. However, prospective non-U.S. Participating Shareholders should note that, in a foreclosure, or other work-out proceeding, the Offshore Fund may receive assets including U.S. real property or equity securities in exchange for its investments. If the Offshore Fund receives U.S. real property or equity securities issued by (i) a U.S. fiscally transparent entity that is engaged in a U.S. trade or business; or (ii) an entity that is treated as a corporation that is a "United States real property holding corporation" as defined in Section 897(c)(2) of the Code, then non-U.S. Participating Shareholders could be subject to U.S. federal income tax on a net income basis with respect to their allocable share of income earned by the Offshore Fund that it is effectively connected to the sale of such U.S. real property or to holding such equity securities (and possibly to the 30% branch profits tax as well). In addition, if the Offshore Fund holds U.S. real property, non-U.S. Participating Shareholders will generally be subject to 30% U.S. withholding tax on their allocable share of rents received with respect to such property (subject to reduction pursuant to an applicable treaty). In addition, a 30% withholding tax may be imposed on payments of U.S. source income and proceeds from the sale of property that could give rise to U.S. source interest or dividends to certain non-U.S. entities unless such

entities enter into an agreement with the IRS to disclose the name, address and taxpayer identification number of certain U.S. persons that own, directly or indirectly, interests in such entities, as well as certain other information relating to such interests.

ITEM 9. DISCIPLINARY INFORMATION

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our business or the integrity of our management. We have not been subject to any legal or disciplinary event that would require disclosure under applicable SEC rules. No management person at the Registrant or its affiliates has been the subject of any legal or disciplinary action or event.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

This section of our brochure describes the activities and relationships that the Registrant and its management persons engage in or have with other financial industry participants.

The Manager operates the BKCM Funds pursuant to an exemption from registration as a CPO with the CFTC pursuant to CFTC Rule 4.13(a)(3) on the basis that, among other things (i) the aggregate net notional value of commodity interest positions, determined at the time the most recent position was or is established, does not exceed 100% of the liquidation value of the BKCM Funds' portfolio, after taking into account unrealized profits and losses on any such positions and (ii) that each investor in the BKCM Funds is reasonably believed to be an "accredited investor" under the Securities Act of 1933. As such, the Manager is not required to deliver a CFTC disclosure document to prospective investors, nor is it required to provide investors with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs.

The Manager, any placement agents and their respective officers, directors, stockholders, members, employees, affiliates and agents may be subject to certain potential or actual conflicts of interest in connection with the activities of, and investments by, the BKCM Funds.

The Manager may purchase or otherwise acquire on behalf of Clients or the BKCM Funds, different classes of debt and/or equity of the same borrower or issuer. These and other investments may be deemed to create a conflict of interest, particularly because the Manager may take certain actions for some Clients with respect to one class of debt or equity that may be adverse to other Clients of the Manager or its affiliates who hold other classes of debt or equity of the same borrower or issuer. In such cases the Manager will act in a manner reasonably believed to be most equitable to all Clients under the circumstances.

Without notice to the Investors, the Manager and its affiliates may engage in other business and furnish investment management and advisory services to other Clients whose investment policies differ from those followed by the Manager on behalf of the BKCM Funds with respect to the investments of the BKCM Funds and which may own assets of the same class, or which are the same type, as the BKCM Funds' investments or other assets of the issuers of the BKCM Funds' investments. Any action taken by the Manager with respect to the BKCM Funds' investments will not be proprietary to the BKCM Funds. The Manager and/or its affiliates may make recommendations to or effect transactions for such other Clients which may differ from those effected with respect to the BKCM Funds' investments. Additionally, we may recommend Digital Assets to the BKCM Funds at or about the same time that we or a related party buy or sell the same Digital Assets for ourselves or for another Client. Some of the assets purchased by the BKCM Funds on or prior to the closing date may have been held by other Clients or affiliates of the Manager.

The Registrant and its affiliates may recommend Digital Assets in which we or a related party invest or have a material financial interest.

In addition, the Offshore Fund and the U.S. Fund follow an investment program that is substantially similar, and intend to invest all or substantially all of their assets in, and to conduct their investment program primarily through, the Master Fund. However, the U.S. Fund and the Offshore Fund may also make and hold investments directly (like the DeFi Fund) rather than through the Master Fund, in instances in which the Manager deems that it would be appropriate for the U.S. Fund and the Offshore Fund to do so for tax, regulatory or operational reasons. Interest Holders in the U.S. Fund will have no interest in the Offshore Fund or any of its assets and Participating Shareholders in the Offshore Fund will have no interest in the U.S. Fund or any of its assets.

Officers and employees of the Manager will devote as much of their time to the activities of the BKCM Funds as they deem necessary and appropriate to manage the BKCM Funds' business. Neither the Manager nor its affiliates are restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the BKCM Funds and/or may involve substantial time and resources of the Manager. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of the Manager and its officers and employees will not be devoted exclusively to the business of the BKCM Funds but will be allocated between the business of the BKCM Funds and the management of the monies of other advisees of the Manager.

The Manager and its affiliates may also carry on investment activities for their own accounts and for family members and friends of the Manager who do not invest in the BKCM Funds, and may give advice and recommend assets to other Clients which may differ from advice given to, or assets recommended or bought for, the BKCM Funds, even though their investment objectives may be the same or similar.

The Manager may engage in affiliated transactions on behalf of the BKCM Funds, but only in accordance with the requirements of Section 206 of the Advisers Act and shall adopt policies and procedures for such purpose.

Placement agents, if any, that solicit Investors on behalf of the BKCM Funds, or introduce Investors to the BKCM Funds, are subject to a conflict of interest because they will be compensated in connection with their solicitation activities. The Manager may engage affiliates from time to time to act as placement or introducing agents. By acquiring Interests or Participating Shares in the BKCM Funds, each Investor will be deemed to have acknowledged the existence of the actual and potential conflicts of interest that may exist between any affiliates of the Manager acting as placement or introducing agents and the BKCM Funds or Investors and to have waived any claim with respect to the existence of any such conflicts of interest. The Manager may pay a portion of the Management Fee and/or Incentive Allocation to affiliates that act as placement or introducing agents upon any such potential investors subscribing for and acquiring Interests or Participating Shares. Investors solicited by placement or introducing agents will be advised of, and asked to consent to, any compensation arrangements relating to their solicitation.

Affiliates and employees of the Manager may invest in the BKCM Funds.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Registrant has adopted a Compliance Program pursuant to Rule 204A-1 under the Advisers Act, including guidelines regarding ethics, personal trading and client transactions, among other policies and procedures. Our primary duty and responsibility is to our Clients and Investors in the BKCM Funds. We

are dedicated to performing our services and fulfilling our obligations to the BKCM Funds and other Clients with the highest standards of integrity, conduct and professional execution in pursuit of these goals. Our Code of Ethics includes various anti-fraud provisions, which makes it unlawful for BKCM's supervised persons to engage in any activities which may be fraudulent, deceptive or manipulative. It sets ethical standards for compliance with securities laws, safeguarding material nonpublic information about Clients' transactions and portfolio holdings, and obtaining initial and annual reports of reportable securities and Digital Asset holdings and transactions for supervised persons. The Code of Ethics identifies conduct which could compromise these objectives, or that has an appearance of impropriety, and contains policies and procedures designed to detect and prevent such conduct, including such conduct as the mishandling of material non-public information. In principal part, our Compliance Program seeks to promote desirable conduct through policies affecting its personnel and the policies the Registrant is to follow in connection with the investment, monitoring and administration of the Clients and the BKCM Funds. We will provide a copy of our Code of Ethics to any Investor or prospective investor upon request. In addition, our full Compliance Program manual is available for review on site.

To the extent the BKCM Funds or Clients trade in "traditional" securities, a list of such securities is maintained on the Registrant's "Securities Restricted List", and no trading is permitted by supervised persons for as long as such securities remain on the Securities Restricted List. A supervised person may trade in traditional securities that are not on the Securities Restricted List, including individual company stocks, ETFs and mutual funds, in personal investment accounts or accounts in which they have investment discretion or a beneficial interest without pre-clearance.

Although the Compliance Program permits supervised persons to trade in Digital Assets, it contains safeguards designed to protect from abuses in this area. The Chief Compliance Officer maintains a list which includes all of the BKCM Funds' and Clients' Digital Asset trading, which is updated in real time, and any digital assets about which BKCM has material non-public information (together, the "Digital Assets Restricted List"). Employees must inform the Chief Compliance Officer if they have, or they believe they have, material non-public information about an investment. Supervised persons must pre-clear the purchase or sale of any Digital Assets with the Chief Compliance Officer prior to any trade (including any Digital Assets traded for immediate family living in the same household). Generally, trades in highly liquid large volume Digital Assets not recognized to be securities (currently limited to Bitcoin and Ethereum) are permitted, whether recently traded on behalf of the BKCM Funds/Clients or not. Trades in any other Digital Assets that have been recently traded on behalf of the BKCM Funds or Clients are subject to a 24 hour "cooling off" period, in which supervised persons (or their immediate family in the same household) may not trade in such assets for at least 24 hours. Trading in Digital Assets about which BKCM has material non-public information is not permitted unless and until such assets are removed from the Digital Assets Restricted List.

In addition, any "limited offering" transactions must be pre-cleared by the Chief Compliance Officer, including any initial public offerings, private placements or other types of limited offering transactions.

In the event that the Chief Compliance Officer approves the trade, the supervised person must execute the trade within 24 hours (unless stated otherwise by the Chief Compliance Officer). If the trade is not executed within such time period, the supervised person will have to seek pre-approval again before being able to make the trade.

Supervised persons must submit the following holdings and transactions reports for their personal accounts and accounts of immediate family in their household:

- Initial/annual reportable securities² holdings reports
- Quarterly reportable securities transactions reports
- Initial/annual digital asset holdings reports
- Quarterly digital asset transaction reports
- Initial/annual limited offering holdings reports
- Quarterly limited offering transaction reports

The Chief Compliance Officer may periodically review supervised persons' account statements and reports to ensure there are no improper investments or trades made, among other reasons, in the Chief Compliance Officer's discretion.

The Compliance Program of the Registrant also seeks to prevent insider trading as well as provides guidelines, among other guidelines, for the outside business activities of investment personnel, and the receiving/giving of gifts and entertainment.

ITEM 12. BROKERAGE PRACTICES

A. Best Execution, Research and Soft Dollar Benefits

As a fiduciary, the Registrant has an obligation to obtain best execution for client transactions based on the circumstances of each particular transaction. We consider the full range and quality of a digital asset exchange's services in placing orders with a brokerage firm including, among other things:

- the financial stability of the exchange;
- the availability of the asset for trading on a particular exchange;
- the actual executed price of the asset;
- the average execution price of assets over a historical period;
- the commission rates;
- the liquidity of the market provided by the exchange for the particular asset;
- the size and type of the transaction;
- the difficulty of execution and the ability of the exchange to handle the trades;
- the operational capabilities of the exchanges involved;
- past operational issues, if any, and the likelihood of future operational issues; and
- the overall level of service provided.

If two or more exchanges are roughly equal in terms of the above factors, BKCM may consider executing transactions in the same asset across two or more exchanges to diversify its dealings and to reduce

² "Reportable securities" includes all securities except a) transactions and holdings in direct obligations of the Government of the United States, b) money market instruments — bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, c) shares of money market funds, d) transactions and holdings in shares of other types of mutual funds, unless the adviser or a control affiliate acts as the investment adviser or principal underwriter for the fund, and e) transactions in units of a unit investment trust if the unit investment trust is invested exclusively in unaffiliated mutual funds.

counterparty risk. Some of the above factors may be considered more than others depending on market conditions. For example, if the price movement of an asset is the biggest concern at a certain time, BKCM may choose to execute on an exchange where assets are already held (provided that such exchange is already on its approved list of counterparties that have been vetted on an overall basis for best execution)

The market for Digital Assets is constantly evolving, with new exchanges becoming available and existing exchanges adjusting their levels of service. Periodically, and at least annually, selected employees of BKCM will meet to evaluate systematically the execution performance of its brokers. The review of brokers will consist of evaluation of the above factors, the comparison of its existing brokers to new market entrants, and/or any other factors that the reviewers think necessary for BKCM to make a reasonable decision about its best execution determinations. Following the results of the review, BKCM will make adjustments to its broker selection as needed.

Soft dollars generally refers to arrangements whereby a discretionary investment adviser is allowed to pay for and receive research, research-related or execution services from a broker-dealer or third-party provider, in addition to the execution of transactions, in exchange for the brokerage commissions from transactions for client accounts.

Section 28(e) of the Securities Exchange Act of 1934 allows and provides a safe harbor for discretionary investment advisers to pay an increased commission, above what another broker-dealer would charge for executing a transaction, for research and brokerage services, provided the adviser has made a good faith determination that the value of the research and brokerage services qualifies as reasonable in relation to the amount of commissions paid. Further, under SEC guidelines, the determination as to whether a product or service is research or other brokerage services, and eligible for the Section 28(e) safe harbor, is whether it provides lawful and appropriate assistance to the investment manager in performance of its investment decision-making responsibilities.

To the extent that the BKCM Funds invest in more traditional securities and similar types of assets, portfolio transactions for the BKCM Funds may be allocated to brokers and dealers on the basis of best execution and in consideration of, among other factors, a broker's or dealer's ability to effect the transactions, its facilities, reliability and financial responsibility and, in certain cases related to broker-executed transactions, the provision or payment by the broker of the costs of research and research-related services which are of benefit to the BKCM Funds, the Manager and related funds and accounts. The commissions and other transaction costs (which may include dealer markups or markdowns arising in connection with riskless principal transactions) charged to the BKCM Funds by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such products and services.

The Manager reserves the right to use "soft" dollars to the extent consistent with any applicable law or regulation. The Manager expects that any such use of "soft" dollars will fall within the safe harbor for soft dollars created by Section 28(e) of the Exchange Act in accordance with BKCM's relevant policy. Under Section 28(e) of the Exchange Act, research obtained with "soft" dollars generated by the BKCM Funds may be used by the Manager to service accounts other than the BKCM Funds' accounts. Where a product or service obtained with "soft" dollars provides both research and non-research assistance to the Manager, the Manager will make a good faith effort to allocate the cost of such product or service between "soft" and hard dollars reasonably according to its use. Research products and services provided to the Manager may include research reports on particular industries and companies, economic surveys and analyses, advice from legal, strategic, financial and industry consultants and advisors, recommendations as to specific securities, and other products and services providing lawful and

appropriate assistance to the Manager in the performance of its investment decision-making responsibilities.

The BKCM Funds' transactions can be expected to generate brokerage commissions (or dealer markups and markdowns) and other compensation, all of which the BKCM Funds, not the Manager, will be obligated to pay. The Manager will have discretion in deciding what brokers and dealers the U.S. Funds and the Offshore Fund, respectively, will use and in negotiating the rates of compensation each of the BKCM Funds will pay. In addition to using brokers as "agents" and paying commissions, the BKCM Funds may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

While not intended to be a frequent practice, from time to time, the BKCM Funds may execute over-the-counter trades on an agency basis rather than on a principal basis. In these situations, the broker(s) used by the BKCM Funds may acquire or dispose of an investment through a market-maker (a practice known as "interpositioning"). The transaction may thus be subject to both a commission and a markup or markdown. The Manager believes that the use of a broker in such instances is consistent with its duty of obtaining best execution for the BKCM Funds. The use of a broker can provide anonymity in connection with a transaction. In addition, a broker may, in certain cases, have greater expertise or greater capability in connection with both accessing the market and executing a transaction.

The BKCM Funds do not currently anticipate engaging a prime broker. The BKCM Funds may establish relationships with one or more prime brokers from time to time in the discretion of the Manager. The services provided by a prime broker may include the provision of custody, margin financing, clearing, settlement, securities borrowing and non-U.S. exchange facilities. The prime broker may also act as custodian of all or a portion of the BKCM Funds' securities, but is not expected to receive any separate fee therefor.

The BKCM Funds are not obligated to maintain any prime broker relationship and any prime broker will not exercise investment discretion on behalf of the Manager or the BKCM Funds. Securities and other assets of the BKCM Funds may be held in securities accounts at the prime broker maintained by the BKCM Funds.

To the extent that securities are purchased in non-U.S. markets, a prime broker would typically be permitted to utilize the services of its sub-custodians located in the country in which the securities are purchased. Such sub-custodians would typically maintain custody of the securities until such time as they are sold, at which point uninvested proceeds would be transferred back to the BKCM Funds' accounts at such prime broker.

B. Brokerage for Client Referrals and Directed Brokerage

The Registrant does not direct securities transactions to any broker-dealer in exchange for client referrals or any other consideration, nor does the Registrant engage in directed brokerage or permit clients to direct the execution of transactions through a specified broker-dealer.

C. Trade Aggregation or Allocation Policy

The Registrant maintains policies and procedures governing the manner in which we aggregate transactions and allocate investment opportunities among the BKCM Funds and any other funds or accounts that may in the future be managed by BKCM (each, an "Account"). The principal factor driving

these trade aggregation and allocation policies and procedures is the fair and equitable treatment of the BKCM Funds and any Accounts.

On occasions when we deem the purchase or sale of a security or Digital Asset to be in the interest of multiple clients or across multiple strategies, we may, to the extent permitted by applicable laws and regulations, aggregate the securities or Digital Assets to be sold or purchased in order to obtain best execution and lower commission expenses, if any. In the event of any aggregation, allocation of the securities or Digital Assets so purchased or sold, as well as the expenses incurred in the transaction, shall be made by us in a manner that we consider to be equitable and consistent with our obligations to all clients participating in the transaction.

Various factors are considered in the allocation of such opportunities, including the investment strategy of the client, whether the BKCM Funds and Accounts, if any, has sufficient liquidity to invest in the asset that is being considered, the size of the position relative to other investments within such vehicle and other factors. Under this procedure, transactions will generally be averaged as to price and allocated among our clients' pro rata, based on original allocation to the purchase and sale orders placed for each client on a given day. In the event that we determine that pro rata allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, the investment may be allocated to the Account with the smallest order or the smallest position or to an Account that is out of line with respect to asset or sector weightings relative to other portfolios with similar mandates; (ii) allocations may be given to one Account when one Account has limitations on its investment guidelines which prohibit it from purchasing other securities or Digital Assets which are expected to produce similar investment results and can be purchased by other Accounts; (iii) if an Account reaches an investment guideline limit and cannot participate in an allocation, the opportunity may be allocated to other Accounts (this may be due to unforeseen changes in an Account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to Accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more Accounts, we may exclude the Account(s) from the allocation and the transaction may be executed on a pro rata basis among the remaining Accounts; or (vi) in cases where a small proportion of an order is executed in all Accounts, the opportunity may be allocated to one or more Accounts on a random basis.

BKCM may execute all or a portion of its Clients' investment strategies through the use of automatically executing quantitative models (the "quant models"). While execution according to algorithms can eliminate biases that may affect the fair and equitable treatment of a Client, BKCM may make overrides to the quant models for reasons in its discretion, which may include the fair and equitable treatment between Clients employing the quant models and Clients executing on a discretionary basis. For example, if an asset traded on both a discretionary basis and through the quant models experienced a period of significantly lowered liquidity, BKCM might decide to remove the asset from the quant models for execution on behalf of the affected Client on an aggregated, discretionary basis with other Clients, so that all Clients may equitably participate in any available liquidity.

ITEM 13. REVIEW OF ACCOUNTS

A. Account Reviews

On each business day, accounts of the BKCM Funds are reviewed internally at staff meetings or calls of all employees involved in the investment function of the Registrant. Accounts of the BKCM Funds are

reviewed and discussed. Any material changes in performance, risk status, liquidity, or other risk metrics are presented by the account manager and appropriate changes, if any, are recommended.

On a monthly or quarterly basis depending on the fund, the senior management team of the Registrant reviews the monthly or quarterly valuation report prepared by the administrator and performs a reconciliation of such valuation report with the valuation guidelines of the BKCM Funds. In addition, the senior management team of the Registrant reviews the performance and valuation of each investment in the BKCM Funds.

On a yearly basis, an independent accounting firm reviews and confirms the valuation of each portfolio investment in the BKCM Funds at year-end based on the materials provided to it through the management team of the Registrant.

B. Reports to Clients

Investors will receive an annual financial statement of the relevant Fund in which they are invested and other financial information at least quarterly as to the performance of the BKCM Funds. The Registrant may also send periodic communications to investors regarding the BKCM Funds' performance and/or investments.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

The Registrant does not currently seek client referrals and/or compensate third party firms for referring clients to invest in the BKCM Funds. The Registrant does not currently accept economic benefits from non-clients for providing advisory services to our clients.

ITEM 15. CUSTODY

If the Registrant holds or is deemed to hold, directly or indirectly client securities or funds ("client assets"), and, accordingly, has custody of such client assets, the Registrant must comply with the requirements of the Custody Rule, including the following requirements (unless an exception to such requirement is available):

- client assets must be maintained with a qualified custodian;
- if the Registrant opens an account with a qualified custodian on its client's behalf, either under the client's name or under the Registrant's name as agent, the Registrant must notify the client in writing of the qualified custodian's name, address, and the manner in which the client assets are maintained, promptly when the account is opened and following any changes to the information required in that notification;
- the Registrant must have a reasonable basis, after due inquiry, to believe that the qualified custodian sends at least quarterly account statements to clients; and
- the Adviser must undergo an annual surprise examination or audit to verify securities over which the Adviser has custody.

With respect to its pooled investment vehicle clients (the BKCM Funds), the Registrant has determined that it has custody because it acts in a legal capacity (such as general partner of a limited partnership, managing member of a limited liability company, or a comparable position for another type of pooled investment vehicle) that gives it legal ownership of or access to client assets. However the Manager is not required to comply with the notice or surprise examination requirements of the Custody Rule with respect to the BKCM Funds, as it (1) has appointed an independent public accounting firm that is registered with the Public Company Accounting Oversight Board (“PCAOB”) to conduct an annual audit of BKCM Funds’ financial statements, (2) distributes the audited financial statements within 120 days of the fiscal year-end to each Investor in the BKCM Funds, and (3) upon liquidation of a BKCM Fund, will require the performance of a liquidation audit and distribution of the related financial statements to Investors in the relevant BKCM Fund promptly upon completion of such audit.

The Custody Rule predates the broader adoption of Digital Assets and does not contemplate or accommodate for the business and technological limitations of investments in the blockchain industry. There are currently a limited number of qualified custodians in the blockchain industry with limited capabilities with respect to the types and amounts of Digital Assets that they can maintain. This is especially true with respect to growing areas of the industry, such as decentralized finance.

In some cases, utilizing a third-party custodian may provide less security for the BKCM Funds’ assets than a cold storage or self-custody solution. For example, some of the largest security breaches in the industry have occurred at custodians and centralized exchanges, which, on account of the amount of assets held, are frequent targets for malicious actors.

Further, a third-party custodian may not support all of the BKCM Funds’ assets, and may limit the BKCM Funds’ ability to receive and/or timely monetize certain strategies, which could negatively impact the value of the BKCM Funds’ portfolios. Further still, to achieve the best liquidity or pricing for their Digital Assets, the BKCM Funds may utilize Digital Asset exchanges that are not qualified custodians. The BKCM Funds’ Digital Assets may be held at such exchanges for periods of time in anticipation of or in connection with trading. Therefore, depending on the BKCM Funds’ investments, it may be difficult or impossible to fully comply with the qualified custodian requirement of the Custody Rule at all times.

In addition, it remains unclear how or whether the Custody Rule applies to Digital Assets. It has not been legally established whether Digital Assets are considered “client funds or securities” under the Custody Rule and whether investment advisers are required to maintain custody of Digital Assets with qualified custodians in order to comply with the rule.

While the Manager will strive to use qualified custodians for the BKCM Funds’ Digital Assets where possible and reasonably practical, is not limited in any way in determining the appropriate custody solutions to safeguard the BKCM Funds’ investments and maximize the value of the BKCM Funds’ portfolios. The Manager retains the right to use any third-party custodian or Digital Asset exchange (including custodians or exchanges that are not qualified custodians) in the future as firms and Digital Asset custody standards continue to evolve.

ITEM 16. INVESTMENT DISCRETION

As described above in “Advisory Business” we have discretionary authority with respect to all client accounts, including the BKCM Funds’ investments. Limitations on such discretion, if any, are disclosed in the relevant Management Services Agreement and/or the offering documents of the Funds.

ITEM 17. VOTING CLIENT SECURITIES

The Registrant invests primarily in Digital Assets and does not expect to invest in equity voting securities.

To the extent proxies are received for any type of investment, including Digital Assets if applicable, the Registrant complies with its proxy voting policies and procedures that are designed to ensure that in cases where it votes proxies with respect to BKCM Fund securities, such proxies are voted in the best interests of each of the BKCM Funds, which may result in different voting results for proxies for the same issuer. The Registrant votes proxies in the interest of maximizing value for the BKCM Funds and the Investors in the BKCM Funds. To that end, the Registrant endeavors to vote proxies in the manner that it determines in good faith will be the most likely to cause the BKCM Funds' investments to increase the most or decline the least in value. Consideration is given to both the short and long-term implications of the proposal to be voted on when considering the optimal vote. The Registrant believes that voting proxies in accordance with the following guidelines is in the best interests of the BKCM Funds:

- Generally, the Registrant will vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors, and increases in or reclassification of common stock.
- Generally, the Registrant will vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to stagger the board, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights, and create supermajority voting.

For other proposals, the Registrant shall determine whether a proposal is in the best interests of the BKCM Funds and may take into account the following factors, among others:

- whether the proposal was recommended by management and the Registrant's opinion of management;
- whether the proposal acts to entrench existing management; and
- whether the proposal fairly compensates management for past and future performance.

The Chief Compliance Officer will identify any conflicts that exist between the interests of the Registrant and the BKCM Funds. This examination will seek to include a review of the relationship of the Registrant and its affiliates with the issuer of each security and any of the issuer's affiliates to determine if the issuer is an Investor or has some other relationship with the Registrant or the BKCM Funds.

If a material conflict of interest between the Registrant and a BKCM Fund exists, the Registrant will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of such BKCM Fund or take some other appropriate action. Investors may obtain a copy of the Registrant's proxy voting policies and procedures and information about how the Registrant voted a BKCM Fund's proxies (if any) by contacting the Chief Compliance Officer.

ITEM 18. FINANCIAL INFORMATION

We are required to provide clients with certain financial information or disclosures about our financial condition because we have discretionary authority over our clients' accounts. We have no financial commitment that impairs our ability to meet contractual commitments to clients and have not been the subject of bankruptcy proceedings.

The BKCM Funds have appointed BDO Cayman Ltd. to serve as the auditor of the BKCM Funds. Investors will receive an annual financial statement of the relevant BKCM Fund in which they are invested and other financial information at least quarterly as to the performance of the relevant BKCM Fund.