

ITEM 1. COVER PAGE

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**Part 2A of Form ADV: Firm Brochure
October 2023**

This brochure provides information about the qualifications and business practices of Two Prime LLC ("Two Prime"). If you have any questions about the content of this brochure, please contact us at (480) 290-4951. 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 Two Prime 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

This Brochure represents an update to the Annual Amendment of Two Prime's Firm Brochure as of March 2023. Included is an update to the firm's ownership structure. Also, the Firm has closed its two private funds and its Clients include only separately managed accounts. There are no other changes that require notification in this section of the Brochure.

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Two Prime LLC (“Two Prime” or “Firm” 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

Two Prime was established in 2019 and serves as investment adviser to separately managed accounts (“SMAs”). Collectively the SMAs are referred to herein as ‘Clients’. We have investment discretion with respect to Clients and we select and monitor investments for Clients pursuant to the terms of an investment management agreement (the “Management Services Agreement” or “MSA”). In the future we may provide asset management services to additional Clients.

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

The Firm is a Delaware limited liability company with the following owners: Marc Fleury, (40%), Alexander Blume (26%), Uncorrelated Holdings LLC (12%), Nathaniel Cox (10%), Nicholas Ozyp (6%) and Adam Richard (6%).

B. Advisory Services

Two Prime’s advisory business primarily consists of providing discretionary advisory services to the Two Prime Clients. We currently provide investment advice only with respect to limited types of investments although in the future we may provide advice to other investments.

C. Assets Under Management

As of September 30, 2023, the Registrant had approximately \$125,000,000 in regulatory assets under management, all managed on a discretionary basis.

ITEM 5. FEES AND COMPENSATION

A. Collecting Our Advisory Fees

The Firm receives different types of compensation for providing advisory services to its Clients, depending on the type of client. Two Prime compensation can take the form of an asset-based fee or spread and a performance-based fee or allocation, if applicable as described in each Client’s MSA.

For Client accounts, compensation structures are established for each Client on a case-by-case basis, with asset-based fees paid quarterly in arrears. All fees and expenses are fully outlined in each Client’s MSA.

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

Fees and Expenses

The fees paid by Clients to Two Prime will not include any custodian's fee (if any); the Client shall be responsible for custodian, brokerage, legal, accounting, tax advisory, and other administrative services engaged by the Manager in connection with the advisory services performed. These additional charges, as applicable, will be billed to the Client by Two Prime upon Two Prime's receipt of invoices for such services.

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 which is based upon a percentage of the net positive performance of the account being managed. The Manager may receive an up to 20% performance-based fee or allocation for advisory services with respect to certain Client accounts.

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 may create an incentive for us to take risks 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, we may have an incentive to favor certain Clients over other potential accounts or funds in the future which may not be subject to a performance fee/allocation or carried interest.

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, Two Prime. Placement agents that introduce Investors to Two Prime are subject to a conflict of interest because they will be compensated in connection with their solicitation activities.

The Manager and its affiliates may provide investment management services certain SMAs which may have investment objectives identical or similar to other Clients. 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 Clients as much time as the Manager deems necessary and appropriate to manage the Client accounts.

Side-by-side management of various types of portfolios raises the possibility of favorable or preferential treatment of one Client 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 Clients fairly and we believe that Clients subject to side-by-side management will receive fair and equitable treatment over time.

When it is determined that it would be appropriate for Clients, 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 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 Clients may not be given the opportunity to participate in certain investments made by other Clients advised by the Manager and its affiliates.

As the investment manager for its Client's portfolios, the Firm may purchase assets and synthetic securities 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 Two Prime.

The Firm may cause a Client to engage in cross trades with one or more other Clients, in order to further the Client's respective investment programs, or for other reasons consistent with the investment and operating guidelines of Clients and such other 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 Two Prime.

Two Prime may also effect principal transactions between itself or its affiliates and Clients. Any transaction effected between Clients and the Firm 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 Firm under applicable law.

ITEM 7. TYPES OF CLIENTS

Currently the Firm's Clients include SMAs, primarily for high net worth individuals and corporations, Two Prime may become investment adviser to other funds or accounts in the future.

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

The Manager uses a derivative overlay strategy to hedge the Client's net long delta exposure that the Firm consistently carries through purchased BTC and ETH coins. The Manager's goal is to hedge against outsized downward volatility, essentially "crash protection" which the Firm purchases through OOTM puts. The Investment Manager's hedge is dynamically managed using quantitative signals that it develops in-house, and relies on statistical measurement of both on chain data, underlying price movements, and derivative analysis.

Two Prime expects that the Clients net positions will remain long at all times, as it is bullish on the space. The Manager closely follows blockchain data that measures the total output of BTC vs. the currently circulating supply, and uses the halving cycles to inform its macro view of bull cycles. Based on the total number of blocks mined vs the total per halving cycle – 210,000 blocks – the Manager builds its macro risk model. Through this lens the Firm generates a framework for maximum and minimum short delta that it carries at any given time.

The derivative markets inform how the Firm expresses its short delta, combining implied volatility rank and skew metrics to optimize portfolio construction. While the Manager maintains long puts at all times (carried insurance against downside volatility) it systematically manages short calls and spreads to capture volatility and finance its put positions. Two Prime's target is to capture 80-90% of the upside move in BTC and ETH, while protecting against large downside volatility events. As underlying prices move higher, the Manager systematically rolls up its puts strikes, and rolls its call positions. When prices move lower, the Firm uses that as an opportunity to capture profits on the short call side, while managing put positions. The Firm's delta, theta, gamma and vega exposure are all managed to maximize returns and minimize its overall cost. Over full market cycles the Manager expects to outperform underlying assets as the Client accumulates coins in down and sideways markets, and rides values higher when prices appreciate.

The Manager uses additional available margin to generate yield, using deep out-of-the-money premium strategies to target 1% additional yield per month. Yield generation is optimized based on market conditions and is deployed in ideal market conditions.

Risk of Loss

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

General Risks

Limited Operating History. Although the Principals have had experience managing digital assets prior to the formation of the Firm, the Manager is a recently formed entity and has only limited operating history upon which prospective investors can evaluate likely performance. There can be no assurance that Clients will achieve its investment objective.

Business Dependent Upon Key Individuals. The Manager is dependent on the services of the Principals and there can be no assurance that it will be able to retain the Principals. The departure, incapacity or death of a Principal could have a material adverse effect on the Manager's management of the investment operations of Client accounts.

General Investment Risks. The Clients' success depends on the Manager's ability to implement its investment strategy. Any factor that would make it more difficult to execute timely trades, such as a significant lessening of liquidity in a particular market, may also be detrimental to profitability. No assurance can be given that the investment strategies will be successful under all or any market conditions.

The Client accounts may increase their cash positions to 100% of its assets when the Manager deems it prudent or when a defensive position is warranted in light of market conditions. During such times, interest income will increase and may constitute a large portion of the return and the Clients will not

participate in market advances or declines to the extent that they would have if they had been more fully invested.

A potential investor should note that the prices of the instruments in which the Client portfolio invests may be unavailable. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets, and such intervention (as well as other factors) may cause these markets and related investments to move rapidly.

Limited Diversification. The Firm will structure Client portfolios so that investments (both individually and in the aggregate) have desirable risk/reward characteristics with respect to investments in any particular industry, geography or type of investment. Although the Firm intend to achieve a diversified portfolio of investments, Clients could have a non-diversified portfolio and may have large amounts of their assets invested in a small number of investments. Such lack of diversification substantially increases market risks and the risk of loss associated with Client investments.

Short Selling. The Firm may engage in short selling as part of their general investment strategy. Short selling involves selling crypto assets that are not owned and borrowing the same crypto assets for delivery to the purchaser, with an obligation to replace the borrowed crypto assets at a later date. Short selling allows Clients to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the crypto assets. However, because the borrowed crypto assets must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed crypto assets would result in a loss upon such repurchase.

The Clients' obligations under its short sales will be marked to market daily and collateralized by the Clients' assets held at the broker, including its cash balance and its long crypto assets positions. Because short sales must be marked to market daily, there may be periods when short sales must be settled prematurely, and a substantial loss would occur. Purchasing crypto assets to close out the short position can itself cause the price of the crypto assets to rise further, thereby exacerbating the loss. Short-selling exposes Clients to unlimited risk with respect to that crypto asset due to the lack of an upper limit on the price to which an instrument can rise. Short sales may be utilized to enhance returns and hedge the portfolio. The Firm anticipates that the frequency of short sales will vary substantially in different periods. There are no prescribed limits to the amount of Clients' assets that may be subject to short sales.

Currency Risks. The value of Clients' assets may be affected favorably or unfavorably by the changes in currency rates and exchange control regulations. Some currency exchange costs may be incurred when Clients change investments from one country to another. Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by the forces of supply and demand in the respective markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention by governments or central banks (or the failure to intervene) or by currency controls or political developments.

Hedging Risks. The Firm may enter into hedging transactions with the intention of reducing or controlling risk. Even if the Firm is successful in doing so, the cost of hedging may have the effect of reducing returns. Furthermore, it is possible that the Firm's hedging strategies will not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged, increasing rather than reducing both risk and losses.

To the extent that the Firm hedges, its hedges may not be static but rather might need to be continually adjusted based on the Firm's assessment of market conditions, as well as the expected degree of non-correlation between the hedges and the portfolio being hedged. The success of the Firm's hedging strategy may depend on its ability to implement this dynamic hedging approach efficiently and cost effectively, as well as on the accuracy of the Firm's ongoing judgments concerning the hedging positions to be acquired.

Cybersecurity Risk. The Firm and third-party service providers are all subject to risks associated with a breach in cybersecurity. A cybersecurity breach could expose the Firm 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 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 with the Firm. Prospective investors should read the entire brochure 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 with the Firm 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 Investing Directly or Indirectly in Cryptocurrency Assets

Short History of Cryptocurrency Assets. Bitcoin, Ether and other cryptocurrency assets and networks (together, "Crypto Assets") have existed for a relatively short time, which limits a potential investor's ability to evaluate an investment with the Firm. Ether is the native token of Ethereum, the second largest blockchain network ranked by market capitalization as of September 30, 2020. Ethereum was described in a white paper in late 2013, and an online crowd sale to fund development took place between July and August 2014. The network went live in July 2015. The Ethereum network is a digital decentralized ledger protocol that powers smart contracts. The differing focus of any such digital asset could affect its growth and acceptance by users, which may negatively affect its expansion and an investment with the Firm.

In addition, there is no assurance that Crypto Assets will maintain their value over the long-term. The value of Crypto Assets is subject to risks related to its usage. Even if growth in Crypto

Assets adoption occurs in the near or medium-term, there is no assurance that Crypto Assets usage will continue to grow over the long-term. A contraction in use of Crypto Assets may result in increased volatility or a reduction in the price of Crypto Assets, which would adversely impact the value of a Client's portfolio.

Loss or Destruction of a Private Key. Transfers of Crypto Assets among users are accomplished via Crypto Assets transactions (i.e., sending Crypto Assets from one user to another). The creation of a Crypto Assets transaction requires the use of a unique numerical code known as a "private key." In the absence of the correct private key corresponding to a holder's particular Crypto Assets, the Crypto Assets are inaccessible for usage. The Firm intends to safeguard and keep private the private keys relating to its Crypto Assets holdings. To the extent the Clients' private keys are lost, destroyed or otherwise compromised and no backup of the private key is accessible, Clients will be unable to access their Crypto Assets. Any such loss could adversely affect an investment with the Firm.

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 Firm and its management persons engage in or have with other financial industry participants.

The Manager operates 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 Client portfolio, after taking into account unrealized profits and losses on any such positions and (ii) that each Client 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 Clients, nor is it required to provide Clients with certified annual reports that satisfy the requirements of CFTC rules.

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 Firm.

The Manager may purchase or otherwise acquire on behalf of Clients 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 with respect to the investments of Clients and which may own securities of the same class, or which are the same type, as the Clients' investments or other securities of the issuers of the Clients' investments. Any action taken by the Manager with respect to Clients' investments will not be proprietary to the Clients. 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 Clients' investments. Some of the securities purchased by Clients on or prior to the closing date may have been held by other Clients or affiliates of the Manager.

Officers and employees of the Manager will devote as much of their time to the activities of the Clients as they deem necessary and appropriate to manage the Firm's business. Neither the Manager nor its affiliates are restricted from forming 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 Clients 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 Clients but will be allocated between the business of the Firm 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 with the Firm, and may give advice and recommend securities to other Clients which may differ from advice given to, or securities recommended or bought for, the Clients, even though their investment objectives may be the same or similar.

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

Neither the Manager nor any of the Manager's affiliates have any affirmative obligation to offer any investments to Clients or to inform Clients 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 Clients. 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 Clients.

When it is determined that it would be appropriate for Clients, 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 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 and Digital Assets may be allocated among the different accounts on a basis which the Manager considers equitable. Nevertheless, it is possible that certain Clients may not be given the opportunity to participate in certain investments made by other Clients advised by the Manager and its affiliates.

The Manager may purchase assets and synthetic securities 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.

The Manager may cause Clients to engage in cross trades with one or more other Clients, in order to further the Clients' and such other accounts' respective investment programs, or for other reasons consistent with the investment and operating guidelines of the Clients and such other 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 the Manager.

The Manager may also effect principal transactions between itself or its affiliates and Clients. 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.

Placement agents, if any, that solicit Investors on behalf of the Firm, or introduce Investors to the Firm, 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 investing with the Firm, 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 Clients 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 investing with the Firm. Investors solicited by placement or introducing agents will be advised of, and asked to consent to, any compensation arrangements relating to their solicitation.

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. We are dedicated to performing our services and fulfilling our obligations to Clients with the highest standards of integrity, conduct and professional execution in pursuit of these goals. The Code of Ethics includes various anti-fraud provisions, which makes it unlawful for investment advisers and 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 non-public information about Clients' transactions and portfolio holdings, and obtaining initial and annual reports of securities holdings 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 Firm is to follow in connection with the investment, monitoring and management of Client portfolios. We will provide a copy of our Code of Ethics to any Investor upon request. In addition, our full Compliance Program manual is available for review on site.

Although the Compliance Program permits supervised persons to trade in securities or Digital Assets, it contains significant safeguards designed to protect from abuses in this area. The Registrant and its affiliates may recommend securities or Digital Assets in which we or a related party invest or have a material financial interest. Additionally, we may recommend securities to Clients at or about the same time that we or a related party buy or sell the same securities for ourselves or for another Client. These and related conflicts of interests are discussed above in "Other Financial Industry Activities and Affiliations."

Supervised persons must disclose personal securities and Digital Assets accounts (including any accounts for their immediate family and household members), initial/annual securities and Digital Asset holdings and report at least quarterly any reportable transactions in their personal accounts and their related

personal accounts. In addition, supervised persons must pre-clear the purchase or sale of any securities or Digital Assets on the Restricted List with the Chief Compliance Officer prior to any trade (excluding any open-end mutual funds, ETFs or other similar non-directed investment vehicle). The Chief Compliance Officer may periodically review supervised persons' securities accounts to ensure there are no improper investments or trades made, among other things.

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 Firm 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 broker-dealer's services in placing orders with a brokerage firm including, among other things: execution capability; existing relationships; financial strength; reputation; pricing; reporting capabilities; and responsiveness. The determining factor is not solely the lowest possible commission or cost, but whether the transaction represents the best qualitative execution for Clients.

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 Clients invest in more traditional securities and similar types of assets, portfolio transactions for Clients 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 Clients, 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 Clients 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 Two Prime's relevant policy. Under Section 28(e) of the Exchange Act, research obtained with "soft" dollars generated by Clients may be used by the Manager to service accounts other than the Clients' 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.

Clients' transactions can be expected to generate brokerage commissions (or dealer markups and markdowns) and other compensation, all of which the Clients, not the Manager, will be obligated to pay. The Manager will have discretion in deciding what brokers and dealers the Firm, will use and in negotiating the rates of compensation each of the Clients will pay. In addition to using brokers as "agents" and paying commissions, the Firm 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 Firm 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 Firm 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 Clients. 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.

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 Clients' accounts at such prime broker.

B. Brokerage for Client Referrals and Directed Brokerage

The Firm 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 Firm maintains policies and procedures governing the manner in which we aggregate transactions and allocate investment opportunities among the Clients and any other accounts that may in the future be managed by Two Prime (each, an "Account"). The principal factor driving these trade aggregation and allocation policies and procedures is the fair and equitable treatment of all Accounts.

On occasions when we deem the purchase or sale of a security or Digital Asset to be in the interest of multiple Clients, 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 whether Clients and other Accounts, if any, has sufficient liquidity to invest in the security 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 security 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.

ITEM 13. REVIEW OF ACCOUNTS

A. Account Reviews

On each business day, accounts of Clients 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 basis, the Firm reviews the monthly valuation report and performs a reconciliation of such valuation report with the valuation guidelines of the Client. In addition, the senior management team of Two Prime reviews the performance and valuation of each investment in the Client Accounts. Lastly, an independent accounting firm reviews and confirms the valuation of each portfolio investment in the Client Accounts on a monthly basis based on the materials provided to it through the management team of the Manager.

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

B. Reports to Clients

Clients will receive reports providing a summary of their investment performance and allocation on a monthly basis, including net equity, performance since inception, and performance for the month. Additional information is available upon request.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

The Manager does not currently seek Client referrals and/or compensate third party firms for referring Clients. The Firm does not currently accept economic benefits from non-Clients for providing advisory services to our Clients.

ITEM 15. CUSTODY

For certain SMA Clients, Two Prime may maintain Client accounts on its internal trading platform. Because of this, Two Prime is deemed to have custody of those client accounts and will in turn arrange for an annual surprise audit to be conducted by an independent public accountant that is a member of and subject to the standards of the American Institute of Certified Public Accountants (AICPA). This exam will be at irregular intervals from year to year and the agreement for such services must be in writing. The agreement must outline the specific procedures, including the filing of a form ADV-E certificate after the examination and notifying the SEC of any discrepancies or termination of the agreement.

ITEM 16. INVESTMENT DISCRETION

As described above in “Advisory Business” we have discretionary authority with respect to all Client accounts. Limitations on such discretion, if any, are disclosed in the relevant Management Services Agreement.

ITEM 17. VOTING CLIENT SECURITIES

Two Prime invests primarily in Digital Assets and does not expect to significantly invest in equity voting securities.

To the extent proxies are received for any type of investment, including Digital Assets if applicable, the Firm complies with its proxy voting policies and procedures that are designed to ensure that in cases where it votes proxies with respect to Client securities, such proxies are voted in the best interests of each of the Clients, which may result in different voting results for proxies for the same issuer. The Manager votes proxies in the interest of maximizing value for the Clients. To that end, the Firm endeavors to vote proxies in the manner that it determines in good faith will be the most likely to cause the Clients' 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. Two Prime believes that voting proxies in accordance with the following guidelines is in the best interests of the Clients:

- Generally, the Manager 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 Manager 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, Two Prime shall determine whether a proposal is in the best interests of the Clients and may take into account the following factors, among others:

- whether the proposal was recommended by management and the Firm'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 Firm and the Clients. This examination will seek to include a review of the relationship of the Manager and its affiliates with the issuer of each security and any of the issuer's affiliates to determine if the issuer is a Client or has some other relationship with the Firm or the Clients.

If a material conflict of interest between Two Prime and a Client exists, the Firm 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 Client or take some other appropriate action. Clients may obtain a copy of the Manager's proxy voting policies and procedures and information about how the Manager voted a Client's proxies 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.