Copy No: _____ Furnished to:_____

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

PANTERA ICO FUND II LP

a Delaware Limited Partnership

February 2019

PANTERA ICO FUND II LP

DIRECTORY

Please direct investor inquiries to the Investment Manager (Telephone No.: 650-854-7000; E-mail: IR@panteracapital.com).

Fund
Pantera ICO Fund II LP
3000 Sand Hill Road, Suite 1-235
Menlo Park, California 94025

General Partner
Pantera Digital Asset GP LLC
3000 Sand Hill Road, Suite 1-235
Menlo Park, California 94025

Investment Manager
Pantera Advisors LLC
3000 Sand Hill Road, Suite 1-235
Menlo Park, California 94025

Administrator
SEI Global Services, Inc.
1 Freedom Valley Drive
Oaks, Pennsylvania 19456

Auditors to the Fund
BDO USA, LLP
One Bush Street, Suite 1800
San Francisco, CA 94104

Legal Counsel to the Fund
Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

PANTERA ICO FUND II LP

Pantera ICO Fund II LP (the "**Fund**") is currently offering the Interests described in this Confidential Private Placement Memorandum (this "**Memorandum**") to certain qualified investors that, if accepted, will become limited partners of the Fund (the "**Limited Partners**").

Prospective investors should carefully read this Memorandum in its entirety. However, the contents of this Memorandum should not be considered to be investment, legal or tax advice, and each prospective investor should consult with its own counsel and advisers as to all matters concerning an investment in the Fund.

There will be no public offering of the Interests. No offer to sell (or solicitation of an offer to buy) is being made in any jurisdiction in which such offer or solicitation would be unlawful.

This Memorandum has been prepared for the information of the person to whom it has been delivered (the "**Recipient**") by or on behalf of the Fund, and may not be reproduced or used for any other purpose. By accepting this Memorandum, the Recipient agrees (i) not to reproduce or distribute this Memorandum, in whole or in part, without the prior written consent of the Fund or its authorized representatives, (ii) to return this Memorandum to the Fund or its authorized representatives upon request and (iii) not to disclose any information contained in this Memorandum or any other information relating to the Fund, including, without limitation, Fund performance and financial statements, to any person who is not a trustee, director, officer, employee, auditor, agent, attorney, financial adviser or other professional adviser responsible for matters relating to the Fund or who otherwise has a need to know such information in connection with such person's responsibilities with respect to the Recipient and who is under an obligation to keep such information confidential, except to the extent such information is in the public domain (other than as a result of any action or omission of the Recipient or permitted person to whom the Recipient has disclosed such information). Notwithstanding anything in this Memorandum to the contrary, each investor (and each employee, representative or other agent of such investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of (i) the Fund and (ii) any of the Fund's transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to such investor relating to such tax treatment and tax structure, it being understood that "tax treatment" and "tax structure" do not include the name or the identifying information of (i) the Fund, or (ii) the parties to a transaction.

This Memorandum is accurate as of its date in all material respects, and no representation or warranty is made as to its continued accuracy after such date. None of the Fund or any of its authorized representatives has any obligation to update this Memorandum at any time in the future. Information contained in this Memorandum is subject to modification, supplementation and amendment at any time and from time to time. Each investor will be required to acknowledge that it made an independent decision to invest in the Fund and that it is not relying on the Fund, the General Partner, the Administrator, the Investment Manager or any other person or entity (other than such investor's own advisers) with respect to the legal, tax, financial, risk or other considerations involved in an investment in the Fund. Past performance is no guarantee of future results.

Each prospective or current investor, when making its decision to subscribe for an Interest or making a subsequent investment decision with respect to the Fund, can rely only on information included in the Fund Documents and any Additional Information (irrespective of any other information furnished to such investor). "**Additional Information**" means any information concerning the terms and conditions of the Interests or the status of the Fund communicated in a writing to a prospective or current investor by an authorized representative of the Fund or the Investment Manager that expressly modifies, supplements or amends the relevant Fund Document.

The Interests are suitable only for sophisticated investors (i) that do not require immediate liquidity for their investments, (ii) for which an investment in the Fund does not constitute a complete investment program and (iii) that fully understand and are willing and able to assume the risks of an investment in the Fund. Each subscriber for Interests will be required to represent that it is acquiring the Interests for its own account, for investment purposes only and not with a view toward distributing or reselling the Interests in whole or in part. There is no established secondary market for the Interests, and none is expected to develop.

The Interests are subject to limited liquidity and significant restrictions on transferability and resale. Investors will be required to bear the financial risks of an investment in the Fund for an indefinite period of time. Investment in the Fund involves the risk of loss of the entire value of an investor's investment in the Fund.

The Interests have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any U.S. state securities laws or the laws of any other jurisdiction and, therefore, cannot be resold, reoffered or otherwise transferred unless they are so registered or an exemption from registration is available. The Interests will be offered and sold under the exemption provided by Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder and other exemptions of similar effect under U.S. state laws and the laws of other jurisdictions where the offering will be made.

The Interests have not been filed with, registered, approved by or disapproved by the U.S. Securities and Exchange Commission (the "SEC") or any other governmental agency, regulatory authority or national securities exchange of any country or jurisdiction. No such agency, authority or exchange has passed upon the accuracy or adequacy of this Memorandum or the merits of an investment in the Interests offered hereby. Any representation to the contrary is a criminal offense.

The Fund is not registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the "Company Act"). Consequently, the Fund will not be

required to adhere to certain restrictions and requirements under the Company Act, and investors will not be afforded the protections of the Company Act.

The Fund does not intend to trade, buy, sell or hold Digital Asset derivatives including Digital Asset futures contracts, but may determine to do so in the future.

The Investment Manager does not believe that the Fund or the Investment Manager is, or will be, required to register as a Money Services Business with the Financial Crimes Enforcement Network of the U.S. Department of the Treasury ("FinCEN") or obtain a money transmitter license with the banking department of any state, and therefore has not done so. There is a risk that the Investment Manager and/or the Fund will be considered a Money Services Business and will be required to register with FinCEN and/or obtain money transmitter licenses from state banking departments.

Whenever in this Memorandum the General Partner, the Investment Manager, their affiliates or any other person is permitted or required to make a decision (i) in its "discretion" or under a grant of similar authority or latitude, such person may consider such interests and factors as it desires, including its own interests, or (ii) in its "good faith" or under another express standard, such person will act under such express standard.

TABLE OF CONTENTS

Page

INDEX OF DEFINED TERMS

PANTERA ICO FUND II LP

SUMMARY OF TERMS

The following is a summary of the principal terms of the Fund. This summary is qualified in its entirety by the more detailed information set forth in this Memorandum, any Supplement to this Memorandum and the Partnership Agreement, each of which is available upon request, and each Limited Partner's Subscription Agreement (collectively, the "**Fund Documents**"). This summary should be read in conjunction with such detailed information. In the event that any information in this Memorandum contradicts information set forth in any other Fund Document, the applicable Fund Document will control.

THE FUND:

The Fund

The Fund is a Delaware limited partnership formed on February 12, 2018 to operate as a private investment fund primarily for the benefit of taxable U.S. investors and certain tax-exempt U.S. investors.

As the Fund may make investments or enter into transactions directly or indirectly through other vehicles, references to the term "Fund" as used in this Memorandum in the context of the Fund's portfolio, investment program and related risks should be understood to mean the Fund and/or any other vehicle through which the Fund makes investments or enters into transactions.

The Investment Manager reserves the right to vary the structure of the Fund for tax, regulatory, operational and other similar reasons.

INVESTMENT PROGRAM:

The investment objective of the Fund is to achieve capital appreciation and maximize absolute returns by participating in initial coin offerings ("**ICOs**") of digital assets ("**Digital Assets**"). The Investment Manager employs in-depth research and due diligence in the ICO space to identify attractive investment opportunities that utilize newly created Digital Assets to raise capital. The investment manager will perform fundamental research in an effort to determine the fair value of each underlying Digital Asset and the most profitable exit strategy for each offering. The Fund may participate in ICOs through Simple Agreements for Future Tokens, or SAFTs ("**SAFTs**"), whereby the Fund, in exchange for a fixed payment, is entitled to receive future Digital Assets offered in the event of a successful ICO. The Fund may, in certain cases, invest in Digital Assets that are securities for purposes of U.S. laws and regulations. (See "Investment Program".)

The descriptions set forth in this Memorandum of specific strategies in which the Fund may engage or specific

investments the Fund may make should not be understood to limit in any way the Fund's investment activities. The Fund may engage in any investment strategy and make any investment, including any not described in this Memorandum, that the Investment Manager considers appropriate to pursue the Fund's investment objective. The Fund's investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives of the Fund will be achieved. (See "Certain Risk Factors".)

MANAGEMENT:

The Investment Manager

Pantera Advisors LLC (the "**Investment Manager**"), a Delaware limited liability company, serves as the investment manager of the Fund. The Investment Manager is controlled and owned primarily by Daniel W. Morehead (the "**Principal**").

The General Partner

Pantera Digital Asset GP LLC (the "**General Partner**", and together with the Limited Partners, the "**Partners**"), a Delaware limited liability company, serves as the general partner of the Fund. The Principal, as the managing member of the General Partner, controls the General Partner. The General Partner has ultimate responsibility for the management, operations and investment decisions made on behalf of the Fund.

INVESTMENT BY THE PRINCIPAL:

The Principal, together with members of his immediate family, through the General Partner or estate planning vehicles, directly or indirectly, has made aggregate capital contributions of at least $1,000,000 to the Fund. Investment Manager-Related Investors may also invest in the Fund.

"**Investment Manager-Related Investor**" means the Principal and any other member, partner, affiliate or employee of the General Partner or the Investment Manager, any member of the immediate family of such a person and any trust or other entity for the benefit of such a person that invests directly or indirectly in the Fund.

ICO FUND INVESTORS:

Effective March 31, 2018 (the "**Effective Date**"), the 3(c)(7) ICO Fund transferred a pro rata slice of its assets and liabilities (corresponding to interests in the 3(c)(7) ICO Fund ("**ICO Fund Interests**") held by certain of its limited partners ("**ICO Fund Investors**")) to the Fund in exchange for an Interest ("**Fund Interests**"). Immediately thereafter, the 3(c)(7) ICO Fund required the ICO Fund Investors to withdraw from the 3(c)(7) ICO Fund and

subscribe for Fund Interests, which were distributed to the ICO Fund Investors in proportion to their current ownership interests in the 3(c)(7) ICO Fund. As a result, ICO Fund Investors became Limited Partners.

OFFERING OF INTERESTS: The Fund may admit new Limited Partners and accept capital contributions as of the first day of each month or such other day as the General Partner may determine in its sole discretion (each, a "**Subscription Date**").

USE OF PROCEEDS: The proceeds from the sale of Interests will be available for the Fund's investment program, after the payment of the Fund's organizational, offering and operational expenses.

THE INTERESTS: The Fund is currently offering, pursuant to this Memorandum, limited partnership interests in the Fund (the "**Interests**") to certain qualified investors that, if accepted, will become Limited Partners.

The Fund, in the General Partner's sole discretion, may establish additional classes of Interests (each class of Interests of the Fund, a "**Class of Interests**") and enter into Side Letter Agreements that provide for different or additional terms than those of the Interests described in this Memorandum, including by way of example different Management Fee rates, Incentive Allocation rates, information rights and withdrawal rights. The Fund may establish new Classes of Interests and enter into Side Letter Agreements without providing notice to, or receiving consent from, the Limited Partners. The General Partner may, in its sole discretion, determine the terms of such Classes of Interests and Side Letter Agreements. (See "Other Activities of Management; Potential Conflicts of Interest — Side Letter Agreements".)

INITIAL AND ADDITIONAL CAPITAL CONTRIBUTIONS: The minimum initial capital contribution for each subscriber is $200,000. A Limited Partner may make additional capital contributions to the Fund in amounts of at least $50,000. All subscriptions for Interests are irrevocable. The General Partner in its sole discretion may accept capital contributions of lesser amounts or establish different minimums or reject any capital contribution, in whole or in part, for any reason or no reason. Each capital contribution will be deemed to create a separate capital account in the Fund (a "**Capital Account**") for purposes of determining the Incentive Allocation (and Management Fee) terms applicable to such capital contribution. If a Limited Partner makes multiple capital contributions and thus holds multiple Capital Accounts, Incentive Allocations (and Management Fees) will be determined independently with respect to each Capital Account held by the Limited Partner. Unless the context indicates otherwise, references to "Capital Accounts" in the context of Incentive

Allocations (and Management Fees) should be understood to refer to a particular Capital Account and not the aggregate Capital Accounts of a Limited Partner.

SALES CHARGES: There will be no sales charges payable to the Investment Manager, its affiliates or the Fund in connection with the offering of Interests. However, the Investment Manager, its affiliates and/or the Fund may enter into agreements with placement agents providing for one-time or ongoing payments from the Investment Manager, its affiliates or the Fund based upon the amount of a Limited Partner's capital contributions or the Management Fees and/or Incentive Allocations borne by a Limited Partner that was introduced to the Fund by the placement agent.

MANAGEMENT FEE: The Fund will pay to the Investment Manager a fee for its services (the "**Management Fee**") for each fiscal quarter equal to a quarter of the result of the applicable Management Fee Rate multiplied by the balance of each Capital Account of a Limited Partner as of the beginning of such fiscal quarter (before taking into account the estimated accrued Incentive Allocation, if any). The Fund will calculate and pay the Management Fee in advance but will amortize the Management Fee monthly over the fiscal quarter for which such Management Fee is paid.

"**Management Fee Rate**" means 3% per annum.

The Fund will pay the Management Fee within 10 days of the first day of each fiscal quarter.

The Management Fee will be prorated and payable as of a Subscription Date for any capital contribution by a Limited Partner that is effective other than as of the first day of a fiscal quarter. In the event of a withdrawal by a Limited Partner other than as of the last day of a fiscal quarter, the Investment Manager will return to the Fund for payment to, or credit to the Capital Account of, the withdrawing Limited Partner, an amount equal to the pro rata portion of the Management Fee, based on the actual number of days remaining in such fiscal quarter.

In the sole discretion of the General Partner, the Management Fee may be waived, reduced or calculated differently with respect to the Capital Account(s) of any Limited Partner, including, without limitation, any Investment Manager-Related Investor. The General Partner's Capital Account will not be debited with any Management Fee.

EXPENSES:

Expenses of the Fund

The Fund will bear its own expenses and its pro rata share of any trading subsidiary's expenses, including, without limitation, the following: (i) the Management Fee; (ii) expenses related to the research, due diligence and monitoring of actual and prospective investments (whether or not consummated) and the consummation of investments; costs related to the custody of Digital Assets (including, but not limited to, third party wallet providers); fees and expenses related to obtaining research and market data (including, without limitation, any information technology hardware, software or other technology incorporated into the cost of obtaining such research and market data); due diligence expenses; costs incurred in attending seminars and conferences related to Digital Assets; costs associated with entering into SAFTs and participating in ICOs; and expenses relating to short sales of Digital Assets; (iii) organizational and reorganizational expenses; and (iv) operational expenses, including, without limitation, the following: fees and expenses relating to information technology hardware, software or other technology (including, without limitation, costs of software licensing, implementation, data management and recovery services and custom development) used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate compliance with the rules of any self-regulatory organization or applicable law (including, without limitation, reporting obligations), facilitate and manage the purchase and sale of Digital Assets or otherwise manage the Fund or any trading subsidiary, portfolio management systems, risk management systems and order management systems; fees and expenses of third-party risk management products, models and services; third-party administrative fees and expenses; fees and expenses of third-party professionals, including, without limitation, consultants, valuation service providers, attorneys and accountants; the costs of any litigation or investigation involving activities of the Fund or any trading subsidiary; third-party audit and tax preparation expenses; fees and expenses (including, without limitation, director registration fees) of any trading subsidiary's directors; costs of preparing and distributing reports and notices; taxes; expenses incurred in connection with negotiating and complying with provisions of any Side Letter Agreement; fees and expenses related to compliance with the rules of any self-regulatory organization or applicable law in connection with the activities of the Fund or any trading subsidiary, including, without limitation, any governmental, regulatory, licensing, filing or registration fees or taxes (including, without limitation, filing fees); expenses incurred in connection with the offering and sale of the Interests and other similar expenses related to the Fund (excluding fees payable to any placement agent); extraordinary expenses, including, without

limitation, the following: indemnification expenses; fees and expenses incurred in connection with any tax audit by any U.S. federal, state or local authority, including, without limitation, any related administrative settlement and judicial review; and fees and expenses incurred in connection with the reorganization, dissolution, winding-up or termination of the Fund or any trading subsidiary.

Generally, all expenses borne by the Fund, other than the Management Fee and any expenses that the General Partner determines should be allocated to a particular Partner or Partners (e.g., Investor-Related Taxes), will be debited to all of the Capital Accounts on a pro rata basis in accordance with their Partnership Percentages. To the extent that expenses to be borne by the Fund are paid by the General Partner or the Investment Manager, the Fund will reimburse such party for such expenses.

The Fund does not have a pre-determined limit on its ordinary or extraordinary operating expenses. The Fund's actual annual operating expenses are disclosed in the Fund's year-end audited financial statements, which are provided to each Limited Partner.

Organizational and Offering Expenses

Certain of the Fund's organizational and initial offering expenses may, for accounting purposes, be amortized by the Fund for up to a 60-month period. Amortization of such expenses over a period that is up to 60 months is a divergence from the U.S. generally accepted accounting principles ("**GAAP**"), which might, in certain limited circumstances, result in a qualification of the Fund's annual audited financial statements. If the Fund amortizes its expenses but terminates before such expenses are fully amortized, the unamortized portion of the organizational expenses will be debited against the Fund's assets at that time. If a Limited Partner withdraws all or any portion of the balance in its Capital Account(s) prior to the end of the 60-month period during which the Fund is amortizing expenses, the General Partner may, but is not required to, accelerate a proportionate share of the unamortized expenses based upon the amount being withdrawn and reduce withdrawal proceeds by the amount of such accelerated expenses.

ALLOCATION OF GAINS AND LOSSES:

General

The net asset value of the Fund will be equal to the excess of the value of the Fund's assets over the value of its liabilities as determined in accordance with the Partnership Agreement. At the end

of each Accounting Period,* each Capital Account will generally be adjusted by crediting (in the case of net capital appreciation) or debiting (in the case of net capital depreciation) the net capital appreciation or net capital depreciation for such Accounting Period, as the case may be, to all of the Capital Accounts (including the General Partner's Capital Account) in proportion to their respective Partnership Percentages.

The "**Partnership Percentage**" with respect to each Capital Account, as of the beginning of each Accounting Period, is the result (expressed as a percentage) of the balance of such Capital Account divided by the aggregate balances of the Capital Accounts of all Partners. The sum of the Partnership Percentages of all Capital Accounts is equal to 100 percent. A Partner's Partnership Percentage is equal to the sum of the Partnership Percentages for all of its Capital Accounts.

For the avoidance of doubt, Partnership Percentages will be calculated after reduction for any distributions and withdrawals effective as of the beginning of the applicable Accounting Period and after taking into account capital contributions made as of such date.

Liabilities will be determined using GAAP, applied on a consistent basis; *except* that the General Partner may, in its sole discretion, establish reserves and holdbacks for estimated accrued expenses, liabilities or contingencies, including, without limitation, general reserves and holdbacks for unspecified contingencies (even if such reserves or holdbacks are not required by GAAP).

For purposes of determining allocations, including calculating the Incentive Allocation and the balance in a Capital Account's Loss Recovery Account, any Investor-Related Taxes related to a Limited Partner will be deemed distributed from the Capital Account(s) of such Limited Partner to such Limited Partner and will not be deemed to be expenses that reduce net capital appreciation, increase net capital depreciation or increase the balance of the Loss Recovery Account.

---

* "**Accounting Period**" means, in the case of the initial Accounting Period, the period that commenced upon the commencement of the Fund and, in the case of each subsequent Accounting Period, the period commencing immediately after the end of the immediately preceding Accounting Period and ending at the close of business on the first to occur of (i) the last day of each month, (ii) the date immediately prior to the effective date of the admission of a new Partner or the effective date of an additional capital contribution from a Partner, (iii) the date immediately prior to the effective date of a Partner's withdrawal of all or a portion of a Capital Account or a distribution from a Capital Account, and (iv) any other date the General Partner determines, in its sole discretion.

"**Investor-Related Tax**" means any tax withheld from the Fund or paid over by the Fund, in each case, directly or indirectly, with respect to or on behalf of a Partner, and interest, penalties and/or any additional amounts with respect thereto, including without limitation, (i) a tax that is determined based on the status, action or inaction (including the failure of a Partner to provide information to eliminate or reduce withholding or other taxes) of a Partner, or (ii) an "imputed underpayment" within the meaning of Section 6225 of the Internal Revenue Code of 1986, as amended (the "**Code**"), and any other similar tax, attributable to a Partner, as determined by the General Partner in its discretion.

Restricted and Limited Participation

In the event the General Partner determines that, based upon tax or regulatory considerations, or for any other reasons as to which the General Partner and any Partner agree, such Partner should not participate (or should be limited in its participation) in the net capital appreciation and net capital depreciation, if any, attributable to any Digital Asset, type of Digital Asset or any other transaction, the General Partner may allocate such net capital appreciation or net capital depreciation only to the Capital Accounts of Partners to which such considerations or reasons do not apply (or may allocate to the Partner to which such considerations or reasons apply, the portion of such net capital appreciation or net capital depreciation attributable to such Partner's limited participation in such Digital Asset, type of Digital Asset or other transaction). If any of the considerations or reasons described above apply, then the General Partner may establish a separate memorandum account in which only the Partners having an interest in such Digital Asset, type of Digital Asset or transaction will have an interest and the net capital appreciation and net capital depreciation for each such memorandum account will be separately calculated.

INCENTIVE ALLOCATION: Generally, at the end of each Fiscal Year, the Fund will reallocate from each Capital Account of each Limited Partner to the Capital Account of the General Partner an amount (the "**Incentive Allocation**") equal to the result of the applicable Incentive Allocation Rate multiplied by the amount of the net capital appreciation allocated to such Capital Account of such Limited Partner for such Fiscal Year after reduction by an amount equal to the amount of the Management Fee debited to such Capital Account for such Fiscal Year; *provided, however*, that the net capital appreciation upon which the calculation of the Incentive Allocation is based will be reduced to the extent of any balance in such Capital Account's Loss Recovery Account. The Incentive Allocation will also be made with respect to net capital appreciation attributable to amounts withdrawn and to

amounts transferred (provided that such transfer results in a change in the beneficial ownership of the Interest transferred) and in connection with the termination of the Fund.

"**Incentive Allocation Rate**" means 30%.

The Fund maintains a loss recovery account (a "**Loss Recovery Account**") for each Capital Account of a Limited Partner that tracks the losses that must be recouped before an Incentive Allocation can be made with respect to such Capital Account of a Limited Partner (i.e., tracks the "high water mark" of such Capital Account). The balance in each Capital Account's Loss Recovery Account is adjusted at the end of each Fiscal Year to reflect the aggregate net capital depreciation with respect to such Capital Account, if any, and is adjusted as necessary to account for net capital appreciation and intra-year withdrawals. Solely for purposes of determining an adjustment to the balance of a Capital Account's Loss Recovery Account, net capital appreciation and net capital depreciation for any applicable period will be calculated by taking into account the amount of the Management Fee, if any, debited to such Capital Account for such period. Additional capital contributions do not affect the balance of any Loss Recovery Account. The Incentive Allocation is not made with respect to a Capital Account until the balance of such Capital Account's Loss Recovery Account has been reduced to zero. For the avoidance of doubt, the balance, if any, in the loss recovery account corresponding to an ICO Fund Interest was "carried over" as of the Effective Date for purposes of calculating the Incentive Allocation in respect of an Interest received by an ICO Fund Investor following the Effective Date.

The Incentive Allocation will be determined separately with respect to each Capital Account established for a Limited Partner. Accordingly, it is possible that an Incentive Allocation may be made with respect to one Capital Account even though another Capital Account of the same Limited Partner has not appreciated, or has depreciated in value during the same period.

In the sole discretion of the General Partner, the Incentive Allocation may be waived, reduced or calculated differently with respect to the Capital Account(s) of any Limited Partner, including, without limitation, any Investment Manager-Related Investor.

WITHDRAWALS: *Voluntary Withdrawals by Limited Partners*

Subject to the limitations on withdrawals set forth herein, each Limited Partner may, as of the last day of each fiscal quarter (each such date, and any other day on which a withdrawal is permitted or

required by the General Partner, a "**Withdrawal Date**"), upon at least (i) 90 days' prior written notice to the General Partner with respect to Capital Account(s) corresponding to capital contributions made before November 1, 2018 and (ii) 365 days' prior written notice to the General Partner with respect to Capital Account(s) corresponding to capital contributions made on or after November 1, 2018, withdraw all or a portion of the balance in each Capital Account of such Limited Partner as of the Withdrawal Date.

A withdrawal notice will be irrevocable unless the General Partner, in its sole discretion, permits the withdrawal notice to be revoked; *provided, however*, that prior to any revocation that is less than 65 days' prior to the Withdrawal Date, the General Partner will consult with counsel to the Fund to ensure that such revocation will not cause the Fund to be treated as a "publicly traded partnership" taxable as a corporation for U.S. federal tax purposes.

Fund-Level Gate

In the event that the Fund receives withdrawal requests and the withdrawal amounts pursuant to such requests exceed, in the aggregate, an amount equal to 30% of the net asset value of the Fund as of the applicable Withdrawal Date, the General Partner may, in its sole discretion, (i) satisfy all such withdrawal requests or (ii) reduce all such withdrawal requests so that only 30% (or more, in the sole discretion of the General Partner) of the net asset value of the Fund is withdrawn on any Withdrawal Date (the "**Fund-Level Gate**"). Partners whose withdrawal amounts are reduced pursuant to the Fund-Level Gate will participate in the aggregate amount available for withdrawal on a pro rata basis in accordance with their respective Partnership Percentages.

To the extent that a Limited Partner's requested withdrawal amount has been reduced by restrictions imposed by the Fund-Level Gate, a request for the remaining portion of the original withdrawal amount will be deemed made (unless thereafter rescinded) as of the next Withdrawal Date, and such remaining portion will be satisfied as of the next Withdrawal Date and thereafter to successive Withdrawal Dates until fully withdrawn, each time subject to the Fund-Level Gate; *except* that any withdrawal request that remains unsatisfied for more than 2 consecutive Withdrawal Dates as a result of the Fund-Level Gate will be satisfied as of the next Withdrawal Date, *provided, however*, that the Fund is not in suspension, liquidation or dissolution.

Capital not withdrawn from the Fund by virtue of restrictions imposed by the Fund-Level Gate will remain invested in the Fund and, therefore, will remain subject to the risks of the Fund and subject

to the Management Fee, the Incentive Allocation and the expenses of the Fund until such time as it is withdrawn from the Fund.

Withdrawals by the General Partner

The General Partner and the Principal may, as of the last day of each fiscal quarter, withdraw all or a portion of the balance in its Capital Account as of the Withdrawal Date; *except* that the General Partner may at any time withdraw a portion of its Capital Account equal to the amount of the aggregate Incentive Allocations allocated to its Capital Account (as adjusted for any appreciation or depreciation thereon); *provided*, *however*, that prior to any withdrawal not made as of the last day of a fiscal quarter upon at least 65 days' prior written notice, the General Partner will consult with counsel to the Fund to ensure that such withdrawal will not cause the Fund to be treated as a "publicly traded partnership" taxable as a corporation for U.S. federal tax purposes.

Payment of Withdrawal Proceeds

Subject to the limitations on withdrawal described herein, the Fund will pay withdrawal proceeds without interest and within 30 Business Days after the applicable Withdrawal Date; *except* that if a Limited Partner elects to withdraw 95% or more of the balance of a particular Capital Account, the Fund will pay the Limited Partner an amount equal to at least 95% of the estimated withdrawal proceeds (computed on the basis of unaudited data as of the Withdrawal Date) with respect to the relevant Capital Account within 30 Business Days after the Withdrawal Date. If a Limited Partner elects to withdraw 95% or more of the balance of a particular Capital Account in the aggregate during a Fiscal Year by means of more than one withdrawal, the "holdback" amount described above will be adjusted to reflect the aggregate withdrawal amounts made during such Fiscal Year. The Fund will pay the Limited Partner's balance (subject to audit adjustments and without interest) within 30 days after the issuance of the audit of the Fund's books for the Fiscal Year in which such Withdrawal Date occurs. If a Limited Partner holds more than one Capital Account, the General Partner may, in its sole discretion, pay such Limited Partner more than 95% of the estimated withdrawal proceeds (computed on the basis of unaudited data as of the Withdrawal Date) attributable to the fully withdrawn Capital Account, and in the event of an audit adjustment that exceeds the amount held back (or if no amount was held back), the General Partner may debit such Limited Partner's remaining Capital Accounts with the amount of the audit adjustment to the extent the amount held back was less than the audit adjustment or no amount was held back. Withdrawal proceeds payable to a withdrawing Limited Partner will

be reduced by any Incentive Allocation allocable with respect to the withdrawn capital. If a Limited Partner has more than one Capital Account, withdrawal proceeds will be paid on a "first-in, first-out" basis.

"**Business Day**" means the 24-hour period beginning at 12:00 a.m. Pacific time through 11:59 p.m. Pacific time on any day on which banks in New York (and any other jurisdictions that the General Partner determines are required for the Fund to transact business on such day) are open for business.

In the sole discretion of the General Partner, the Fund may make distributions in cash or in kind, or in a combination thereof, in connection with a voluntary or required withdrawal of funds from the Fund by a Partner. In each case, each asset selected by the General Partner, in its sole discretion, to be distributed in kind to any withdrawing Partner may be allocated to such withdrawing Partner in such amounts as determined by the General Partner, in its sole discretion. In-kind distributions may be comprised of, among other things, interests in special purpose vehicles holding the actual investment or participations in the actual investment or participation notes (or similar derivative instruments), which provide a return with respect to certain Digital Assets owned by the Fund. Each special purpose vehicle will bear its own expenses. (See "Certain Risk Factors — Risks Relating to the Structure of the Fund — In-Kind Distributions" and "Other Terms of the Partnership Agreement — Distributions".) In the sole discretion of the General Partner, the Fund may make distributions in cash or in kind, or in a combination thereof, at any time to all of the Partners in accordance with their respective Partnership Percentages. The General Partner may, in its sole discretion, choose which assets of the Fund to distribute in kind.

Suspension

The General Partner may suspend the determination of the net asset value of the Fund and the balance of each Capital Account, withdrawal rights, in whole or in part, and/or the payment of withdrawal proceeds in respect of voluntary withdrawals:

(i) during any period when any exchange or other market on which the Fund's investments are quoted, traded or dealt in is closed, other than for ordinary holidays and weekends, or during periods in which dealings are restricted or suspended;

(ii) during the existence of any state of affairs as a result of which, in the opinion of the General Partner, disposal of the Fund's assets, or the determination of the net asset value of

the Fund, is not reasonably practicable or is reasonably expected to be prejudicial to the non-withdrawing Limited Partners or the Fund as a whole;

(iii) during the existence of any state of affairs as a result of which disposal of a portion of the Fund's assets deemed significant by the General Partner is restricted under applicable U.S. or non-U.S. securities laws or regulations;

(iv) during any breakdown in the means of communication normally employed in determining the price or value of the Fund's assets or liabilities, or of current prices in any financial market as aforesaid, or when for any other reason the prices or values of any assets or liabilities of the Fund cannot reasonably be promptly and accurately ascertained;

(v) during any period when withdrawals would cause a breach or default under any covenant in any agreement entered into by the Fund;

(vi) during any period when the transfer of funds involved in the realization or acquisition of any investments cannot, in the opinion of the General Partner, be effected at normal rates of exchange; or

(vii) during the period in which the Fund is winding down its business.

The General Partner will provide written notice to each affected Limited Partner of a suspension of the determination of the net asset value of the Fund, the determination of the balance of its Capital Account(s), withdrawal rights and/or payment of withdrawal proceeds. Upon the determination by the General Partner that the condition giving rise to a suspension has ceased to exist and no other condition under which suspension is authorized exists, such suspension will be lifted and written notice will be sent to the affected Limited Partners regarding the lifting of such suspension and the next date as of which Limited Partners may withdraw all or a portion of the balance in a Capital Account.

Upon a suspension of withdrawal rights, all pending withdrawal requests will be automatically revoked, and no requests subsequently received will be accepted until such time as the General Partner permits Limited Partners to submit withdrawal requests in

anticipation of lifting the suspension.

Required Withdrawals

The General Partner may, in its sole discretion, require any Limited Partner to withdraw all or a portion of the balance in its Capital Account(s) at any time without prior notice, for any reason or no reason. A Limited Partner that is required to withdraw all or a portion of the balance in its Capital Account(s) will be treated for all purposes and in all respects as a Limited Partner that has given notice to voluntarily withdraw all or a portion of the balance in its Capital Account(s), except that the Fund-Level Gate will not apply with respect to such withdrawal.

The General Partner may, in its sole discretion, modify or waive any or all of the withdrawal terms with respect to any Limited Partner, including, without limitation, any Investment Manager-Related Investor; *provided* that prior to any such modification or waiver, the General Partner will consult with counsel to the Fund to ensure that such modification or waiver will not cause the Fund to be treated as a "publicly traded partnership" taxable as a corporation for U.S. federal tax purposes.

LIMITATIONS ON TRANSFERABILITY: Without the written consent of the General Partner, which may be given or withheld in its sole discretion, a Limited Partner may not directly, indirectly or synthetically transfer, pledge, assign, hypothecate, sell, convey, exchange, reference under a derivatives contract or any other arrangement or otherwise dispose of or encumber all or any portion of its Interest to any other person (each, a "**Transfer**"), except by operation of law; *provided*, *however*, that such Transfer does not cause the Fund to be beneficially owned by more than 100 persons for purposes of complying with Section 3(c)(1) of the Company Act. With the consent of the General Partner, which may be given or withheld in its sole discretion, a Limited Partner may make a Transfer (i) in circumstances in which the tax basis of the Interest in the hands of the transferee is determined, in whole or in part, by reference to its tax basis in the hands of the transferor, (ii) to members of such Partner's immediate family (brothers, sisters, spouse, parents and children), or (iii) as a distribution from a qualified retirement plan or an individual retirement account. The General Partner may permit other Transfers under such other circumstances and conditions as it, in its sole discretion, deems appropriate; *provided*, *however*, that prior to any such other Transfer, the General Partner will consult with counsel to the Fund to ensure that such Transfer will not cause the Fund to be treated as a "publicly traded partnership" taxable as a corporation for U.S. federal tax purposes. Any attempted Transfer not made in accordance with the foregoing, to the fullest extent permitted by applicable law, will be null and void ab initio.

FISCAL YEAR: The fiscal year of the Fund (the "**Fiscal Year**") ends on December 31 of each year, or such other date as the General Partner may determine in its sole discretion.

LEVERAGE: The Fund does not intend to use leverage as part of the investment program.

TAXATION: The Fund intends to operate as a partnership and not as an association or a publicly traded partnership taxable as a corporation for Federal tax purposes. Accordingly, the Fund generally does not expect to be subject to Federal income tax, and each Limited Partner will be required to report on its own annual tax return such Limited Partner's distributive share of the Fund's taxable income or loss. (See "Tax Aspects.")

ERISA: Entities subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), may purchase Interests. Investment in Interests by entities subject to ERISA requires special consideration. Trustees or administrators of such entities are urged to carefully review the matters discussed in this Memorandum. The

Fund does not intend to permit investments by Benefit Plan Investors to equal or exceed 25% (or such greater percentage as may be specified in regulations promulgated by the DOL) of the value of any class of equity interests in the Fund. (See "ERISA Considerations".)

SUITABILITY REQUIREMENTS:

Each Limited Partner generally must be (i) an "accredited investor", as defined in Regulation D under the Securities Act, and (ii) a "qualified client", as defined in Rule 205-3 under the Advisers Act, and must meet other suitability requirements. Interests may not be purchased by non-resident aliens, foreign corporations, foreign partnerships, foreign trusts or foreign estates, all as defined in the Code.

The Fund's subscription agreement (the "**Subscription Agreement**") contains representations and questionnaires relating to these qualifications.

The General Partner may, in its sole discretion, decline to accept the capital contribution of any prospective investor for any reason.

REPORTS:

Within 90 days after the last day of each Fiscal Year or as soon as reasonably practicable thereafter, the Fund will prepare and make available to each Limited Partner the audited financial statements of the Fund. The Fund will also make available to each Limited Partner periodic unaudited performance information, no less frequently than monthly.

Within 90 days of the last day of each tax year of the Fund or as soon as reasonably practicable thereafter, the Fund will prepare and make available, or cause its accountants to prepare and make available, to each Partner and, to the extent necessary, to each former Partner (or its legal representatives), a report setting forth in sufficient detail such information as will enable such Partner or former Partner (or such Partner's legal representatives) to prepare its U.S. federal income tax return in accordance with the laws, rules and regulations then prevailing.

SUBSCRIPTION FOR INTERESTS:

Persons interested in subscribing for Interests will be furnished, and will be required to complete and return to the General Partner, a Subscription Agreement and items relating thereto as outlined in the subscription documents.

INVESTMENT PROGRAM

Investment Objective
The investment objective of the Fund is to achieve capital appreciation and maximize absolute returns by participating in ICOs of Digital Assets. The Investment Manager employs in-depth research and due diligence in the ICO space to identify attractive investment opportunities that utilize newly created Digital Assets to raise capital. The Investment Manager will perform fundamental research in an effort to determine the fair value of each underlying Digital Asset and the most profitable exit strategy for each offering. The Fund may participate in ICOs through SAFTs, whereby the Fund, in exchange for a fixed payment, is entitled to receive future Digital Assets offered in the event of a successful ICO. The Fund may, in certain cases, invest in Digital Assets that are securities for purposes of U.S. laws and regulations.

Portfolio Construction
As ICOs arise at unpredictable intervals, the Fund's investments may become highly concentrated in a single (or limited number of) Digital Asset(s) and the Fund may be forced to hold significant amounts of cash. Portfolio construction will primarily be determined by the supply of attractive deals in the ICO market. The Investment Manager may, from time to time, also opportunistically short Digital Assets, although short exposure will likely be minimal until a more developed market presents itself.

Exposure
The Investment Manager expects the Fund's net exposure to a Digital Asset to vary, based on the supply and attractiveness of deals in the ICO market (although exposure will generally not exceed 100%). Additionally, changes in the underlying fundamentals of each Digital Asset position and the ability to exit offerings will affect exposure and portfolio turnover. The Investment Manager may reduce exposure over time in each offering for risk management purposes, or to participate in new offerings that offer more attractive return potential. The Investment Manager believes that the Fund's performance will likely depend to a greater degree on individual Digital Asset selection than it will on movements on the broader Digital Asset market.

Liquidity
The Investment Manager will typically invest in Digital Assets that the Investment Manager expects to be traded on a Digital Asset exchange or other market after the tokens come to market.

Trading Subsidiaries
The Fund may effect one or more of the foregoing strategies either directly by purchasing Digital Assets or indirectly, for tax, regulatory or other reasons, by investing through one or more trading subsidiaries organized by the Investment Manager.

Changes in the Investment Program
Subject to applicable law and any express restrictions set forth in this Memorandum or the Partnership Agreement, the Investment Manager may change the Fund's investment strategy or policy at any time.

The descriptions set forth in this Memorandum of specific strategies in which the Fund may engage or specific investments the Fund may make should not be understood to limit in any way the Fund's investment activities. The Fund may engage in any investment strategy and make any investment, that

the Investment Manager considers appropriate to pursue the Fund's investment objective. The Fund's investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives of the Fund will be achieved. (See "Certain Risk Factors".)

MANAGEMENT

The Investment Manager
As discussed above, the Investment Manager serves as the investment manager of the Fund.

The General Partner
As discussed above, the General Partner serves as the general partner of the Fund.

Regulatory Status of the Investment Manager and the General Partner
Advisers Act Regulation

The Investment Manager is currently registered with the SEC as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "**Advisers Act**").

Personnel of the Investment Manager
Set forth below is biographical information of the Principal and other personnel of the Investment Manager:

Daniel W. Morehead
Mr. Morehead is the Chief Executive Officer of the Investment Manager. Previously, Mr. Morehead founded Pantera Capital Management LP in 2003. He also co-founded and was CEO of Atriax, an electronic foreign exchange platform. Prior to that, he was head of macro trading and CFO at Tiger Management, global head of FX options at Deutsche Bank in London, and managed a global macro fund and derivatives trading units in North America and Japan at Bankers Trust. Mr. Morehead began his career at Goldman Sachs as a mortgage-backed securities trader. He graduated magna cum laude from Princeton University with a B.S. in Civil Engineering and received the Carmichael Prize for an outstanding thesis.

Joey Krug
Prior to joining Pantera in 2017, Joey was Co-Founder and head of core development at Augur.net, built on the Ethereum blockchain it is the world's first decentralized prediction market. He also serves as a Technical Advisor to Numerai, Tlon and 0x. Joey attended Pomona College where he studied Computer Science, and was the recipient of the Thiel Fellowship.

Paul Veradittakit
Prior to joining Pantera in 2014, Paul worked at Strive Capital as an Associate focusing on investments in the mobile space. Previously, he was at Hatch Consulting and LECG and performed business development and marketing for Urban Spoils, an early stage startup in the daily deal aggregation space. Paul graduated from the University of California, Berkeley with a B.A. in Psychology and a B.A. in Political Science.

Matt Gorham
Matt originally joined Pantera in 2005 as a global macro trader and risk analyst. Prior to rejoining Pantera in 2014, he was a portfolio analyst at Aperio Group, a quantitatively-oriented investment firm. He was also an equity trader at LPL Financial Services. Matt earned his B.A. in Economics from the University of California, Berkeley. He holds the Chartered Financial Analyst designation and is a member of the CFA Society of San Francisco.

Investment Management Agreement

The General Partner has appointed the Investment Manager pursuant to an investment management agreement with the Fund (the "**Investment Management Agreement**"), subject to the control of and review by the General Partner, among other things, to invest the assets of the Fund in a manner consistent with the investment objective, approach and restrictions described in this Memorandum.

The Investment Management Agreement will remain in effect until December 31, 2019, and will automatically renew from year to year thereafter, except that it may be terminated by any party upon at least 90 days' prior written notice by the terminating party to the other party.

The Fund will exculpate and indemnify each Indemnified Person in accordance with the exculpation and indemnification provisions of the Partnership Agreement. (See "Other Terms of the Partnership Agreement".)

CERTAIN RISK FACTORS

Prospective Limited Partners should carefully consider the risks involved in an investment in the Fund, including, without limitation, those discussed below. Additional or new risks not addressed below may affect the Fund. The following list of risk factors cannot be and is not intended to be exhaustive. Prospective Limited Partners should consult their own legal, tax and financial advisers about the risks of an investment in the Fund. The following risk factors and other relevant risks could have a material adverse effect on the Fund and the Limited Partners' investments therein.

Risks Relating to Private Investment Funds Generally

Legal and Regulatory Environment for Private Investment Funds and their Managers

While the legal, tax and regulatory environment worldwide for private investment funds and their managers generally continues to evolve, this is especially so for private investment funds investing in Digital Assets and ICOs (such as the Fund) and their managers (such as the Investment Manager). Changes in the regulation of private investment funds, their managers, and their trading and investing activities, as well as ongoing developments in the laws and regulations regarding Digital Assets and ICOs, may have a material adverse effect on the ability of the Fund to pursue its investment program and the value of investments held by the Fund. There has been an increase in scrutiny of the private investment fund industry by governmental agencies and self-regulatory organizations, with an emphasis (including by the SEC) on private investment funds investing in Digital Assets and ICOs. New laws and regulations or actions taken by regulators that restrict the ability of the Fund to pursue its investment program or employ counterparties could have a material adverse effect on the Fund and the Limited Partners' investments therein. In addition, the Investment Manager may, in its sole discretion, cause the Fund to be subject to certain laws and regulations if it believes that an investment or business activity is in the Fund's interest, even if such laws and regulations may have a detrimental effect on one or more Limited Partners.

Systemic Risk

Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries with which the Fund interacts, as well as the Fund, are all subject to systemic risk. A systemic failure could have material adverse consequences on the Fund and on the markets for the Digital Assets in which the Fund seeks to invest. The Fund's ICO-focused investment strategy may include digital asset counterparties, the systemic risk of which may be uncorrelated to broader markets.

Assumption of Business, Terrorism, Catastrophe and Hacking Risks

The Fund may be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including, without limitation, hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events, as well as a major hack on a Digital Asset exchange. These risks of loss can be substantial and could have a material adverse effect on the Fund and the Limited Partners' investments therein.

Risks Relating to Management

Limited Operating History

The Fund has a limited operating history upon which prospective and current Limited Partners can evaluate their anticipated performance. The investment professionals of the Investment Manager have been using investment strategies similar to some of the investment strategies described herein for several years. However, there can be no assurance that the Fund or the Investment Manager will be successful.

Dependence on the Investment Manager

The success of the Fund is dependent upon the ability of the Investment Manager to manage the Fund and effectively implement the Fund's investment program. The Fund's governing documents do not permit the Limited Partners to participate in the management and affairs of the Fund. If the Investment Manager were to lose the services of the Principal or the Fund or any of the Other Accounts managed by the Investment Manager were to incur substantial losses, the Investment Manager might not be able to provide the same level of service to the Fund as it has in the past or continue operations. (See "Certain Risk Factors — Risks Relating to Management — Retention and Motivation of Employees" and "Certain Risk Factors — Risks Relating to Management — Effect of Substantial Losses or Withdrawals".) The loss of the services of the Investment Manager could have a material adverse effect on the Fund and the Limited Partners' investments therein.

Dependence on Counterparties and Service Providers

The Fund is also dependent upon its counterparties and the businesses that are not controlled by the Investment Manager that provide services to the Fund (the "**Service Providers**"). Examples of Service Providers include the Administrator, Legal Counsel and the Auditors. Errors are inherent in the business and operations of any business, and although the Investment Manager will adopt measures to prevent and detect errors by, and misconduct of, counterparties and Service Providers, and transact with counterparties and Service Providers it believes to be reliable, such measures may not be effective in all cases. In particular, the Fund's technology diligence on digital asset counterparties may not identify all security vulnerabilities and risks, which is especially pertinent given the limited (but growing) number of viable digital asset counterparties. Any errors or misconduct could have a material adverse effect on the Fund and the Limited Partners' investments therein.

As the Fund has no employees, the Fund is reliant on the performance of the Service Providers. Each Limited Partner's relationship in respect of its Interests is with the Fund only. Accordingly, absent a direct contractual relationship between the investor and the relevant Service Provider, no Limited Partner will have any contractual claim against any Service Provider for any reason related to its services to the Fund. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Fund by the relevant Service Provider is, prima facie, the Fund.

Retention and Motivation of Employees

The success of the Fund is dependent upon the talents and efforts of highly skilled individuals employed by the Investment Manager and the Investment Manager's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees. There can be no assurance that the Investment Manager's investment professionals will continue to be associated with the Investment Manager throughout the life of the Fund, and the failure to attract or retain such investment professionals could have a material adverse effect on the Fund and the

Limited Partners' investments therein. Competition in the financial services industry for qualified employees is intense and there is no guarantee that, if lost, the talents of the Investment Manager's investment professionals could be replaced.

Investment and Due Diligence Process

Before making investments, the Investment Manager will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Investment Manager may be required to evaluate important and complex business, financial, tax, accounting and legal issues. When conducting due diligence and making an assessment regarding an investment, the Investment Manager will rely on the resources reasonably available to it, which in some circumstances, whether or not known to the Investment Manager at the time, may not be sufficient, accurate, complete or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment.

Increased Regulatory Oversight

Increased regulation (whether promulgated under securities laws or any other applicable law) and regulatory oversight of and changes in law applicable to private investment funds and their managers, especially with respect to private investment funds investing in Digital Assets and ICOs (such as the Fund) and their managers (such as the Investment Manager), may impose administrative burdens on the Investment Manager, including, without limitation, responding to examinations and other regulatory inquiries and implementing policies and procedures. Such administrative burdens may divert the Investment Manager's time, attention and resources from portfolio management activities to responding to inquiries, examinations and enforcement actions (or threats thereof). Regulatory inquiries often are confidential in nature, may involve a review of an individual's or a firm's activities or may involve studies of the industry or industry practices, as well as the practices of a particular institution.

Effect of Substantial Losses or Withdrawals

If, due to extraordinary market conditions or other reasons, the Fund and other private investment funds managed by the Investment Manager were to incur substantial losses or were subject to an unusually high level of withdrawals, the revenues of the Investment Manager may decline substantially. Such losses and/or withdrawals may hamper the Investment Manager's ability to (i) retain employees, (ii) provide the same level of service to the Fund as it has in the past, and (iii) continue operations.

Risks Relating to the Structure of the Fund

Significant Fees and Expenses

The fees and expenses of the Fund may be significant. The Fund must generate sufficient income to offset such fees and expenses to avoid a decrease in the net asset value of the Fund.

Absence of Regulatory Oversight Over the Fund

The Fund and the Interests are not expected to be registered under the securities laws of any country. In particular, the Fund will not be registered as an investment company under the Company Act, and, therefore, will not be required to adhere to the restrictions and requirements under the Company Act. Accordingly, the provisions of the Company Act are not applicable.

Effect of Substantial Withdrawals

Substantial withdrawals could be triggered by a number of events, including, without limitation, unsatisfactory performance, events in the markets, certain developments relating to Digital Assets and ICOs, a significant change in personnel or management of the Investment Manager, removal or replacement of the Investment Manager as the investment manager of the Fund, legal or regulatory issues that investors perceive to have a bearing on the Fund or the Investment Manager, or other events. Actions taken to meet substantial withdrawal requests from the Fund (as well as similar actions taken simultaneously by investors of any Other Accounts) could result in prices of Digital Assets held by the Fund decreasing and in Fund expenses increasing (e.g., transaction costs and the costs of terminating agreements). The overall value of the Fund also may decrease because the liquidation value of certain assets may be materially less than their cost or mark-to-market value. The Fund may be forced to sell its more liquid positions, which may cause an imbalance in the portfolio that could have a material adverse effect on the remaining Limited Partners. The Fund and the Investment Manager generally will not disclose to Limited Partners the amount of pending withdrawals or withdrawal requests and are under no obligation to make any such disclosure.

Limited Liquidity

An investment in the Fund has limited liquidity because Limited Partners will generally have only limited rights to withdraw capital from the Fund or transfer their Interests, and the Fund has the right to suspend withdrawals, as described herein. Limited Partners must be prepared to bear the financial risks of an investment in the Fund for an indefinite period of time.

As described in "Summary of Terms—Withdrawals—Voluntary Withdrawals by Limited Partners", certain Limited Partners are required to provide only 90 days' prior written notice of withdrawal to the General Partner (the "**90 Day Notice Period**"), while other Limited Partners are required to provide 365 days' prior written notice of withdrawal to the General Partner (the "**365 Day Notice Period**"). Accordingly, Limited Partners subject to the 90 Day Notice Period may be able to more effectively act on information before Limited Partners subject to the 365 Day Notice Period. Additionally, in the event that liquidity in the ICO market continues to decline, the Fund may be unable to satisfy withdrawals requests made by Limited Partners subject to the 365 Day Notice Period if liquid positions of the Fund's portfolio are first sold to satisfy withdrawals made by Limited Partners subject to the 90 Day Notice Period.

Access to Information and Effect on Withdrawals

Because of the inherent complexity of the Fund's ICO-based investment strategy, a general lack of information provided to Limited Partners regarding ICO investment selection, as well as other factors, prospective Limited Partners and Limited Partners will not have sufficient information to analyze or evaluate in detail the specific risks and potential returns of the Fund's investment program prospectively. The Investment Manager generally will not provide detailed information about the Fund's portfolio or any advance notice of anticipated changes in the composition of the Fund's portfolio. Furthermore, in response to questions and requests and in connection with due diligence meetings and other communications, the Fund and the Investment Manager may provide additional information to certain Limited Partners and prospective Limited Partners that is not distributed to other Limited Partners and prospective Limited Partners. Such information may affect a prospective Limited Partner's decision to invest in the Fund, and Limited Partners (which may include personnel and affiliates of the Investment Manager) may be able to act on such additional information and withdraw their Interests potentially at

higher values than other investors. Any such withdrawals may result in reduced liquidity for other investors and, in order to meet larger or more frequent withdrawals, the Fund may need to maintain a greater amount of cash and cash-equivalent investments than it would otherwise maintain, which may reduce the overall performance of the Fund. Each Limited Partner is responsible for asking such questions as it believes are necessary in order to make its own investment decisions, must decide for itself whether the limited information provided by the Investment Manager and the Fund is sufficient for its needs and must accept the foregoing risks.

Delayed Schedules K-1

The Fund will provide final Schedules K-1 to the Limited Partners for any given Fiscal Year within 120 days after the end of each fiscal year of the Fund or as soon as reasonably practicable thereafter. Limited Partners may be required to obtain extensions of the filing date for their income tax returns at the U.S. federal, state and local levels.

In-Kind Distributions

Although the Fund does not intend to make distributions in kind, under certain circumstances a withdrawing Limited Partner may receive Digital Assets in lieu of, or in combination with, cash. Such distributions may include interests in one or more special purpose vehicles holding Digital Assets owned by the Fund, or participations therein. To the extent a withdrawing Limited Partner is distributed interests in special purpose vehicles, such withdrawing Limited Partner will continue to be at risk with respect to the Fund's business. The value of the Digital Assets distributed in kind may increase or decrease before they are sold either by the withdrawing Limited Partner, if received directly, or by the Investment Manager or its affiliates, if held through a special purpose vehicle. In either case, the withdrawing Limited Partner will incur transaction costs in connection with the sale of any such Digital Assets and, in the case of interests in a special purpose vehicle, will bear a proportionate share of the operating and other expenses borne by such vehicle. Digital Assets distributed in kind may not be readily marketable. The risk of loss and delay in liquidating these Digital Assets will be borne by the Limited Partner, with the result that such Limited Partner may ultimately receive less cash than it would have received on the date of withdrawal if it had been paid in cash. Furthermore, to the extent that a withdrawing Limited Partner receives interests in special purpose vehicles, such withdrawing Limited Partner will generally have no voting rights or any control over when and at what price the Digital Assets in which such vehicles have an interest are sold.

Risks Relating to the Operations and Investment Activities of the Fund

Systems and Operational Risks Generally

The Fund depends on the Investment Manager to develop and implement appropriate systems for the Fund's activities. The Fund relies heavily and on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain Digital Assets, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of the Fund's activities. In addition, the Fund relies on information systems to store sensitive information about the Fund, the Investment Manager, their affiliates and the Limited Partners. Certain of the Fund's and the Investment Manager's activities will be dependent upon systems operated by third parties, including the Administrator, market counterparties and other service providers, such as Digital Asset exchanges and wallet providers, and the Investment Manager may not be in a position to verify the risks or reliability of such third-party systems. Failures in

the systems employed by the Investment Manager, the Administrator, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruptions in the Fund's operations may cause the Fund to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Fund and the Limited Partners' investments therein.

Cybersecurity Risk

As part of its business, the Investment Manager processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Fund and personally identifiable information of the Limited Partners. Similarly, service providers of the Investment Manager or the Fund, especially the Administrator, may process, store and transmit such information. The Investment Manager has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Investment Manager may be susceptible to compromise, leading to a breach of the Investment Manager's network. The Investment Manager's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Investment Manager to the Limited Partners may also be susceptible to compromise. Breach of the Investment Manager's information systems may cause information relating to the transactions of the Fund and personally identifiable information of the Limited Partners to be lost or improperly accessed, used or disclosed.

The service providers of the Investment Manager and the Fund are subject to the same electronic information security threats as the Investment Manager. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Fund and personally identifiable information of the Limited Partners may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Investment Manager's or the Fund's proprietary information may cause the Investment Manager or the Fund to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Fund and the Limited Partners' investments therein.

Valuation of Assets and Liabilities

The Fund's assets and liabilities are valued in accordance with the Valuation Policy. The valuation of any asset or liability involves inherent uncertainty. The value of a Digital Asset determined in accordance with the Valuation Policy may differ materially from the value that could have been realized in an actual sale or transfer for a variety of reasons, including the timing of the transaction and liquidity in the market. Uncertainties as to the valuation of portfolio positions could have an impact on the net asset value of the

Fund if the judgments of the General Partner regarding the appropriate valuation should prove to be incorrect.

Audits of Digital Asset Funds

Audits for investment funds holding digital assets are unlike audits for other types of investment funds. Special procedures must be taken to assess whether investments and transactions are properly accounted for and valued because independent confirmation of digital asset ownership (e.g., ownership of a balance on a digital assets exchange) differs dramatically from traditional confirmation with a securities broker or bank account. The Fund, the Investment Manager and the Administrator will need to have satisfactory processes in place in order for the Auditor to obtain the Fund's transaction history and properly prepare audited financials. Any breakdown in such processes may result in delays or other impediments of an audit. In addition, the complexity of digital assets generally may lead to difficulties in connection with the preparation of the Fund's audited financials.

GAAP Net Asset Value Divergence

Due to GAAP requirements, the net asset value of the Fund for purposes of GAAP-compliant financial reporting may diverge from the net asset value of the Fund for all other purposes, including, without limitation, for purposes of allocating gains and losses among the Limited Partners, which, as described in this Memorandum, is relevant to, among other things, determining the balance of each Capital Account, calculating the Management Fee and the Incentive Allocation, and calculating the amounts payable by the Fund in respect of a withdrawal by or distribution to a Limited Partner. Net asset value divergence may occur, for example, in connection with the amortization of the organizational and initial offering expenses of the Fund, the measuring of fair value (as a result of Financial Accounting Standards Board ("**FASB**") Accounting Standards Codification ("**ASC**") 820), or the recognition or unrecognition of uncertain tax positions (as a result of FASB ASC 740).

Competition; Availability of Investments

Certain markets in which the Fund may invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that the Investment Manager will be able to identify or successfully pursue attractive investment opportunities in such environments.

Risks Relating to Investment Strategies

Risk of Loss

No guarantee or representation is made that the Fund's investment program, including, without limitation, the Fund's investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time.

No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred.

Risk of Total Loss of Capital

While all investments risk the loss of capital, investments in Digital Assets generally, as well as investments in ICOs, which are a particularly volatile way to access Digital Assets, should be considered substantially more speculative and significantly more likely to result in a total loss of capital than most

other investment funds. **Accordingly, an investment in the Fund could result in the total loss of a Limited Partner's capital.**

Long-Term; Short Selling

The success of the Fund's investment strategy depends upon the Investment Manager's ability to identify ICOs of Digital Assets that will be successful. This is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. If such ICOs were to fail, or were to diverge further from values expected by the Investment Manager, the Fund may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Fund to close out one or more positions. Furthermore, the valuation models used to determine whether an ICO presents an attractive opportunity consistent with the Investment Manager's strategy may become outdated and inaccurate as market conditions change.

Diversification and Concentration

The Fund's investments may become significantly concentrated in a single (or limited number of) Digital Assets. Such limited diversification may result in the concentration of risk, which, in turn, could expose the Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements with respect to such Digital Assets.

Discretion of the Investment Manager; New Strategies and Techniques

While the Investment Manager will generally seek to employ the representative ICO-based investment strategy and techniques discussed herein, the Investment Manager (subject to the policies and control of the General Partner) has considerable discretion in the types of ICOs the Fund may invest in and has the right to modify the investment strategies and techniques of the Fund without the consent of the Limited Partners. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Fund. In addition, any new investment strategy or technique developed by the Fund may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the Fund.

Risks Relating to Digital Assets

Digital Assets Generally

The investment characteristics of Digital Assets (which term includes, but is not limited to, virtual currencies, crypto-currencies, and digital coins and tokens), generally differ from those of traditional currencies, commodities or securities. Importantly, Digital Assets are not backed by a central bank or a national, supra-national or quasi-national organization, any hard assets, human capital, or other form of credit. Rather, Digital Assets are market-based: a Digital Asset's value is determined by (and fluctuates often, according to) supply and demand factors, the number of merchants that accept it, and the value that various market participants place on it through their mutual agreement, barter or transactions.

Bitcoin as a Model for Other Digital Assets

The Fund will generally invest in Digital Assets, which are an evolving, relatively new product and technology. The methods whereby each Digital Asset is created, secured, accessed and used may differ from one another. The risks and background related to Bitcoin, an early and prominent Digital Asset, are

set forth below. Other Digital Assets may contain similar (or different) risks and vulnerabilities. In addition, creators of other Digital Assets may be able to leverage their understanding of Bitcoin's history when generating new Digital Assets.

Overview of Bitcoin, the Bitcoin Network and the Bitcoin Market

Presently, Bitcoin is a type of decentralized, virtual "cryptocurrency," that functions without the intermediation of any central authority. Each individual Bitcoin unit exists as a digital file, based upon a mathematical proof, and is comprised of two numbers, or "keys": the public key that encrypts a transaction value and the private key that decrypts it. Bitcoin allows users to send payments within a decentralized, peer-to-peer network, and does not require a central clearing house or financial institution clearing transactions. The smallest unit into which a Bitcoin can be divided is called the Satoshi: 1 Bitcoin contains 8 million Satoshi.

Bitcoin-Qt, the original mathematical Bitcoin network source code and protocol, is believed to have been designed and created in 2009 by Satoshi Nakamoto (which is believed to be a pseudonym for a person or group of people, who have written the Bitcoin-Qt whitepaper and software application). Currently, Bitcoin is not represented by any official organization, government, or public or private authority, and the Bitcoin network does not rely on any government authority or financial institution to create, transmit or determine the value of Bitcoin. It is generally believed that Bitcoin originated independent of any foreign or domestic government authority or corporate influence. A number of known people have been thought to be Satoshi Nakamoto, although there is still much doubt about the true designer and creator of Bitcoin-Qt.

The resulting ease of peer-to-peer transfers is expected to facilitate minimal, if any, transaction costs. Yet there are also entities, such as virtual currency service providers and exchanges, that provide third-party, intermediary services for the transfer, conversion or exchange of Bitcoin to other currencies or virtual currencies. Because Bitcoin is a virtual currency—a medium of exchange that functions like currency in accepted environments, but is not considered legal tender by any governmental authority—a person generally must have Internet access to connect to the Bitcoin network and obtain, transfer, access or use Bitcoin.

Bitcoin network.

The "Bitcoin network" refers to the online platform through which Bitcoin is mined, validated and transmitted. Understanding the Bitcoin network requires an understanding of the terms "cryptography," "block chain" and "mining."

Cryptography.

In the Bitcoin context, cryptography refers to the mathematical proofs on which any given Bitcoin is based. Because "mining" a Bitcoin requires the user to solve a complicated proof, the cryptography basis is intended to provide the Bitcoin network a high level of security. Such security, in turn, is designed to permit network users to control transactions and prevent double-spending (*i.e.*, when a unit of virtual currency would be concurrently sent to and accepted by two different recipients). The Bitcoin

network hosts (provides a forum for) the block chain and Bitcoin mining. As explained below, these latter two concepts are necessary to create a consensus on the network about which transactions will be confirmed and considered valid.

Block chain

The block chain is a chronologically ordered, public record of all validated Bitcoin transactions across the Bitcoin network. It is shared among all Bitcoin users. Each "block" in the "chain" (or entry in the record) contains and confirms many waiting transactions.

The block chain works as follows: Engaging in Bitcoin transactions requires a user to install or access on its computer or mobile device a Bitcoin software program that will allow the user to generate a digital Bitcoin account—commonly known as a "digital wallet" or "wallet"—in which to store Bitcoin, connect to the Bitcoin network, and purchase or sell, own, transfer, or receive Bitcoin. Users that have installed available Bitcoin-Qt must also make periodic software upgrades. Each Bitcoin wallet includes a unique address and verification system consisting of a "public key" and a "private key" which are linked mathematically to each other. A public key serves as an address for the digital wallet—similar to a bank account number. A user must provide its public key to the party initiating the transfer. The private key is a secret piece of data that proves the user is authorized to spend Bitcoin from a specific wallet—similar to a personal pin to confirm a transaction. It authorizes access to, and transfer of, the funds in the digital wallet to other users. Private key(s) may be stored on a user's computer or on remote servers. If a user fails to secure or make a backup of the public and private key relating to a digital wallet, or loses its private key, or the digital wallet containing the keys is deleted or hacked into, the user permanently loses access to the Bitcoin contained in the associated digital wallet, without any recourse to a centralized group or agency to assist in its recovery.

Each Bitcoin user must "sign" transactions with a data code derived from entering the applicable private key into a "hashtag algorithm." The hashtag algorithm produces a hash (or timestamp) which serves as a signature validation that the transaction has been authorized by the Bitcoin owner. Each timestamp includes the previous timestamp hash as input for its own hash. This dependency of one hash on another is what forms a chain, with each additional timestamp providing evidence that each of the previous timestamp hashes existed. Presently, each block on the block chain contains a record of hundreds of validated transactions. Each validated transaction contains a unique identifier (*i.e.*, a Bitcoin address/public key) that can be searched and located on the block chain through Web sites like www.blockchain.com. It takes approximately ten minutes for each Bitcoin transaction to be confirmed by the network through the efforts of miners and a new block in the block chain to be created. Each block that is added to the block chain reduces the risk that a previous transaction will be reversed or that double spending has occurred.

Mining

Bitcoin mining is the process of validating and adding transaction records to Bitcoin's public ledger of past transactions (*i.e.,* the block chain). Each block is an independent

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

Forking

If Bitcoin miners solve a block at approximately the same time, it causes a "fork" in the block chain. The Bitcoin network software and protocol try to resolve forks by automatically giving priority to the longest block chain in the fork. If forks are unresolved there are effectively two Bitcoin networks operating at the same time, each with its own version of the transaction history. This creates an increased risk of receiving a double-spend transaction, and a general systemic risk to the integrity and security of the Bitcoin network. To the extent that a significant majority of users and miners on the Bitcoin network install software that changes the Bitcoin network or properties of Bitcoin, including the irreversibility of transactions and limitations on the mining of new Bitcoin, the Bitcoin network would be subject to new protocols and software that may result in a "fork" of the Bitcoin network, potentially adversely affecting Bitcoin's value, the Bitcoin network and/or an investment in Bitcoin. Similarly, if less than a significant majority of users and miners on the Bitcoin network install such software, the Bitcoin network could "fork," which may adversely affect Bitcoin's value, the Bitcoin network and/or an investment in Bitcoin. To the extent that any temporary or permanent forks exist in the block chain, Bitcoin's value, the Bitcoin network and/or an investment in Bitcoin, may be adversely affected.

On August 1, 2017 the Bitcoin block chain experienced a hard "fork", resulting in the creation of Bitcoin Cash (BCH), a version of Bitcoin with its own set of rules, updated technology and faster transaction speed. As Bitcoin Cash emerged from the same ledger as Bitcoin, Bitcoin holders received the same amount of Bitcoin Cash tokens after the split and, as a result, now hold both Bitcoin, which will continue to be recorded on the

original Bitcoin block chain, and Bitcoin Cash, which will be recorded on the new "forked" block chain. The hard "fork" was the result of a disagreement regarding the optimal size of the blocks that make up the Bitcoin network (some users, merchants, businesses, investors and miners desired to increase the block size, so as to allow for greater transaction confirmation speed, while Bitcoin's core developers desired to maintain the existing block size, so as to protect Bitcoin from potential hacks and more strongly preserve Bitcoin's decentralized nature (as some miners would not install the new, updated, software)). The Bitcoin block chain may experience additional hard "forks", which may or may not have upgraded consensus rules that allow it to grow and scale. There is no guarantee that merchants, wallets or exchanges will support, or that a market will develop for, Bitcoin Cash and/or future Bitcoin tokens, which may also compete with Bitcoin (negatively affecting its value). In addition, hard "forks" may carry further risks, including, without limitation, (i) that Bitcoin networks heavily decline in value or that the combined value of the competing versions of Bitcoin is less than the value of a single Bitcoin network (particularly, if the "fork" is interpreted as a general failure to reach a consensus regarding the Bitcoin network), (ii) that developers, service providers and users choose one version of Bitcoin over another and (iii) that the division of mining power makes each Bitcoin block chain slower and/or less secure.

Mining Incentives

If rewards and transaction fees are not properly matched to the efforts of miners, miners may not have an adequate incentive to continue mining. Miners ceasing operations could reduce the collective processing power on the Bitcoin network, adversely affect the validation process for transactions, and, generally, make the network more vulnerable. Further, if a single miner or a mining pool gains a majority share in the Bitcoin network's computing power, the integrity of the block chain may be affected. A miner or mining pool could reverse Bitcoin transactions, make double-spend transactions, prevent confirmations or prevent other miners from mining valid blocks. Each of these scenarios could reduce confidence in the validation process or processing power of the network, and adversely affect Bitcoin's value, the Bitcoin network and/or an investment in Bitcoin. As the number of Bitcoin awarded for solving a block in the block chain decreases, the incentive for miners to continue to contribute processing power to the Bitcoin network may transition from a set reward to transaction fees. Either the requirement from miners of higher transaction fees in exchange for recording transactions in the block chain or a software upgrade that automatically charges fees for all transactions may decrease demand for Bitcoin and prevent the expansion of the Bitcoin network to retail merchants and commercial businesses, resulting in a reduction in the net asset value. To the extent that any miners cease to record transactions in solved blocks, transactions that do not include the payment of a transaction fee will not be recorded on the block chain until a block is solved by a miner who does not require the payment of transaction fees. Any such delays in the recording of transactions could result in a loss of confidence in the Bitcoin network, which could adversely impact Bitcoin's value, the Bitcoin network and/or an investment in Bitcoin.

Virtual Currency Exchanges

Virtual currency exchanges are third-party service providers that convert Bitcoin to fiat currencies (*i.e.*, currency a government considers to be legal tender) or other virtual currencies. Bitcoin are bought, sold, and traded with publicly disclosed (but often-changing) valuations on virtual currency exchanges, where the majority of Bitcoin buying and selling activity occurs. Virtual currency exchanges provide the most data with respect to prevailing valuations of Bitcoin. Market participants can choose which exchange on which to buy or sell Bitcoin, although these exchanges may charge significant fees for processing transactions. A virtual currency exchange that conducts business in the United States is subject to federal and state regulatory requirements.

Bitcoin Service Providers

Several companies and financial institutions provide services related to the buying, selling, payment processing and storing of virtual currency (*i.e.*, banks, accountants, exchanges, digital wallet providers, and payment processors). The Fund expects the number of service providers to increase as the Bitcoin network (or other virtual currency networks) continue(s) to grow. However, there is no assurance that the virtual currency market, or the service providers necessary to accommodate it, will continue to support Bitcoin or other types of virtual currency, continue in existence or grow. Further, there is no assurance that the availability of and access to virtual currency service providers will not be negatively affected by government regulation or supply and demand of virtual currency or Bitcoin. Accordingly, companies or financial institutions that currently support virtual currency may not do so in the future.

Bitcoin Investment Market

Private and professional investors and speculators invest and trade in Bitcoin. These market participants may range from exchange-traded-funds, private investment funds, brokers and day-traders. Certain activity involving Bitcoin may require approvals, licenses or registration, which may serve as a barrier to entry of investors, thereby limiting the market for Bitcoin. There is no assurance that the investment market for Bitcoin will continue to grow.

Anonymity and Illicit Use

Although Bitcoin transaction details are logged on the block chain, a buyer or seller of Bitcoin may never know to whom the public key belongs or the true identity of the party with whom it is transacting. Public key addresses are randomized sequences of 27-34 alphanumeric characters that, standing alone, do not provide sufficient information to identify users.

Transacting with a counterparty making illicit use of Bitcoin could have adverse consequences. On October 2, 2013, the FBI seized the domain name for the infamous "Silk Road" website—an online black marketplace for illicit goods and services—and arrested its alleged founder, Ross William Ulbricht. The website operated through multiple systems of strict anonymity and secrecy, using Bitcoin as the exclusive means of payment for illicit goods and services. As part of the raid, the FBI also seized over 26,000

Bitcoin from accounts on Silk Road, which were worth approximately $3.6 million at the time. On January 27, 2014, the CEO of BitInstant (the New York-based Bitcoin exchange service) was arrested on charges of money laundering and operating an unlicensed money transmitting business. On July 24, 2017, FinCEN assessed a $110 million civil money penalty against BTC-e a/k/a Canton Business Corporation ("**BTC-e**"), an internet-based and foreign-located digital currency exchange founded in 2011, for failing to register as a Money Services Business and facilitating crimes like drug sales and ransomware attacks. FinCEN also assessed separate $12 million fine against BTC-e's owner, Alexander Vinnik.

Development and Acceptance of Digital Assets

As a relatively new product and technology, Digital Assets are not yet widely adopted as a means of payment for goods and services. Banks and other established financial institutions may refuse to process funds for Digital Asset transactions, process wire transfers to or from Digital Asset exchanges, Digital Asset-related companies or service providers, or maintain accounts for persons or entities transacting in Digital Assets. Market capitalization for Digital Assets as a medium of exchange and payment method may always be low. Further, a Digital Asset's use as an international currency may be hindered by the fact that it may not be considered as a legitimate means of payment or legal tender in some jurisdictions. To date, speculators and investors seeking to profit from either short- or long-term holding of Digital Assets drive much of the demand for it, and competitive products may develop which compete for market share. Further, certain Digital Assets or payment systems may be the subject of a U.S. or foreign patent application (*i.e.*, JP Morgan Chase Bank's patent application for "Alt-Coin" with the United States Patent & Trademark Office), successfully patented, or, alternatively, mathematical Digital Asset network source codes and protocols may be patented or owned or controlled by a public or private entity. The Fund could be adversely impacted if Digital Assets fail to expand into retail and commercial markets.

Development and Acceptance of the Digital Asset Networks

The growth and use of Digital Assets generally is subject to a high degree of uncertainty. Indeed, the future of the industry likely depends on several factors, including, but not limited to: (a) economic and regulatory conditions relating to both fiat currencies and Digital Assets; (b) government regulation of the use of and access to Digital Assets; (c) government regulation of Digital Asset service providers, administrators or exchanges; and (d) the domestic and global market demand for—and availability of—other forms of Digital Asset or payment methods. Any slowing or stopping of the development or acceptance of Digital Assets or a Digital Asset network may adversely affect an investment in the Fund.

Virtual Currency Tax Implications

On March 25, 2014, the Internal Revenue Service (the "**Service**") issued a notice regarding certain U.S. federal tax implications of transactions in, or transactions that use, virtual currency (the "**Notice**"). According to the Notice, virtual currency is treated as property, not currency, for U.S. federal tax purposes, and "[g]eneral tax principles applicable to property transactions apply to transactions using virtual currency." In part, the Notice provides that the character of gain or loss from the sale or exchange of virtual currency depends on whether the virtual currency is a capital asset in the hands of the taxpayer. Accordingly, in the U.S., certain transactions in virtual currency are taxable events and subject to information reporting to the Service to the same extent as any other payment made in property.

Although the Service has issued the Notice, the U.S. Department of Treasury and the Service may publish future guidance that provides for adverse tax consequences to the Fund and investors in the Fund. Limited Partners should be aware that tax laws and Regulations change on an ongoing basis, and that they may be changed with retroactive effect. Moreover, the interpretation and application of tax laws and regulations by certain tax authorities may not be clear, consistent or transparent. As a result, the U.S. Federal tax consequences of investing in the Fund are uncertain, and the net asset value of the Fund at the time any subscriptions, withdrawals or exchanges of Interests occur may not accurately reflect the Fund's direct or indirect tax liabilities, including on any historical realized or unrealized gains (including those tax liabilities that are imposed with retroactive effect). In addition, the net asset value of the Fund at the time any subscriptions, withdrawals or exchanges of Interests occur may reflect a direct or indirect accrual for tax liabilities, including estimates of such tax liabilities, that may not ultimately be paid. Accounting standards may also change, creating an obligation for the Fund to accrue for a tax liability that was not previously required to be accrued for or in situations where it is not expected that the Fund will directly or indirectly be ultimately subject to such tax liability.

Additionally, application of tax laws and regulations may result in increased, ongoing costs, or accounting related expenses, adversely affecting the an investment in the Fund. Also, outside the U.S. the tax rules applicable to Digital Assets are uncertain. Accordingly, the costs or tax consequences to an investor or the Fund could differ from the investor's expectations. (See "Tax Aspects".)

ICOs

New Digital Assets; SAFTs

ICOs occur in respect of Digital Assets that have not been tested or used in the marketplace. As a result, the risk that Digital Assets obtained by the Fund through ICOs will have imperfections and/or be susceptible to hackers is greater than that of Digital Assets that have already been established. In addition, the success or failure of the particular Digital Asset offered through an ICO is highly uncertain, as there is a risk that such Digital Assets will not develop a following.

As described above, the Fund may participate in ICOs (or pre-ICOs) through SAFTs. As SAFTs are entered into in respect of ICOs which have yet to occur, there is a risk that the ICO will not occur or that the SAFT counterparty will otherwise default in its delivery of the ICO token.

Liquidity

As a result of certain actions taken by the SEC (and statements made by SEC Chairman Jay Clayton), especially the Airfox/Paragon Orders further described below, liquidity in the ICO market has greatly decreased. Accordingly, in the event that substantial withdrawal requests are made by the Limited Partners, the Fund may have difficulty liquidating its positions in order to satisfy such withdrawals (See also "Certain Risk Factors – Limited Liquidity"). It is unclear how long the current situation (i.e., limited liquidity in the ICO market) will continue, and how such illiquidity will affect the particular assets in the Fund's portfolio.

Rule 144

Rule 144 is an SEC rule that provides a securities law safe harbor for the public resale of restricted or control securities, but only if certain conditions are met (such as holding period requirements, which are typically six months to one year). In the event that an ICO held by the Fund is a security, the Fund will be restricted from trading except through a

private placement or after satisfying the Rule 144 holding period. Accordingly, the number of trading counterparties will be less than would be the case for a Digital Asset that is not a security (and thus not subject to the same restrictions on resale). Any sale of securities that violate securities laws may be subject to rescission of the transaction by the purchaser.

Participation

Participating in ICOs may require the Fund to pledge Digital Assets. The trading platforms used by ICOs are relatively new and largely unregulated and may therefore be more exposed to theft, fraud and failure. For example, in June 2017, CoinDash, an Israeli startup, planned to raise capital by selling its own digital tokens in exchange for cryptocurrency Ethereum. Thirteen minutes into the token sale, an "unknown perpetrator" hacked CoinDash's website and changed the address for sending Ethereum-based investments to a fake one, diverting millions of dollars in Ethereum-based investments to the attacker. In general, ICO trading platforms are currently start-up businesses, with limited operating history and no publically available financial information. Consequently, if an ICO trading platform experiences theft, fraud or failure, the ICO operators may be unable to replace missing Digital Assets or seek reimbursement for any theft of Digital Assets, adversely affecting investors and an investment in the Fund.

Concentration

As ICOs may arise at unpredictable intervals, there is a risk that the Fund's investments may become concentrated in a single (or limited number of) Digital Asset(s). Such limited diversification may result in the concentration of risk, which, in turn, could expose the Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements with respect to such Digital Asset(s). In addition, the Fund may be forced to hold fiat currency for significant periods of time (until the occurrence of an ICO opportunity).

Promise to Hold or Sell; Transferability

Digital Assets acquired by the Fund in connection with ICOs may also entail promises to sell within, or hold for, a specified time period. As a result, the Fund may be forced to sell an investment at an inopportune time, or hold an investment at times where it would otherwise be advantageous to sell. In addition, to the extent the Fund invests in a SAFT, the SAFT may not be transferable.

Performance

Digital Assets sold through ICOs previously experienced high levels of performance and rapid increases in price. While past performance is generally not indicative of future results, this is especially the case with respect to Digital Assets purchased through ICOs. Recently, Digital Assets sold through ICOs have experienced significant declines in price, due, in part, to the regulatory uncertainty surrounding ICOs (e.g., which ICOs are securities) as well as the decreased volume of trading. In addition, the rate at which ICOs are launched has also declined substantially. It is unclear how long the current situation will last.

Valuation

The Investment Manager generally expects that the initial purchase of an ICO will occur at a substantial discount to the price expected in the event the Digital Asset (offered through the ICO) is successful. Digital Assets purchased by the Fund will generally be valued at cost until active trading in such Digital Assets develops. Accordingly, Limited Partners who invest in the Fund prior to the emergence of such active trading will receive the potential benefit of purchasing such Digital Assets at expected discounted prices, and withdrawal proceeds paid to Limited Partners who withdraw from the Fund prior to the emergence of such active trading will generally reflect the cost of the ICO and not the expected trading price of such Digital Assets on any active exchange or other market. The value of an ICO held by the Fund (prior to active trading) may also be adjusted based on various factors.

Fraudulent ICOs

ICO campaigns in which the Fund participates are unregulated and may turn out to be fraudulent. There is no guarantee that funds lost due to such fraudulent actions will be recovered by the Fund.

SEC Involvement

As further discussed below, the SEC has advised that, depending on the facts and circumstances of each individual ICO, the Digital Assets that are offered or sold in an ICO may be deemed securities. *See* http://www.sec.gov/litigation/investreport/34-81207.pdf; *see also* http://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-initial-coin-offerings. While it remains uncertain whether the SEC will take any action concerning a particular ICO, even if the SEC does not take action with respect to ICOs held by the Fund, any actions taken by the SEC with respect to ICOs generally may potentially impact the value and liquidity of ICOs in the Fund's portfolio.

As a SAFT is generally considered an "investment contract", and thus a security, dealing in SAFTs requires compliance with the securities laws, and SAFTs may be subject to the risks described herein with respect to securities law compliance. There is no assurance that the offer, sale or purchase of any SAFT will be deemed "compliant" by any regulatory authority.

Ineligibility

The Fund may be ineligible to participate in certain ICOs (particularly, ICOs issued by non-U.S. sponsors that limit participation to non-U.S. persons or entities). While the Fund may seek to participate in ICOs through a non-U.S. subsidiary, there is no guarantee that a non-U.S. subsidiary of the Fund will be permitted to take part in an ICO that generally limits participation to non-U.S. persons or entities.

Digital Asset Exchanges

General

The exchanges on which Digital Assets trade are relatively new and largely unregulated and may therefore be more exposed to theft, fraud and failure than established, regulated exchanges for other products. Digital Asset exchanges may be start-up businesses with no

institutional backing, limited operating history and no publically available financial information. Exchanges generally require fiat currency funds to be deposited in advance in order to purchase Digital Assets, and no assurance can be given that those deposit funds can be recovered. Additionally, upon sale of Digital Assets, fiat currency proceeds may not be received from the exchange for several business days. The participation in exchanges requires users to take on credit risk by transferring Digital Assets from a personal account to a third-party's account. The Fund will take credit risk of an exchange every time it transacts.

Digital Asset exchanges may impose daily, weekly, monthly or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of Digital Assets for fiat currency difficult or impossible. Additionally, Digital Asset prices and valuations on Digital Asset exchanges have been volatile and subject to influence by many factors including the levels of liquidity on exchanges and operational interruptions and disruptions. The prices and valuation of Digital Assets remain subject to any volatility experienced by Digital Asset exchanges, and any such volatility can adversely affect an investment in the Fund.

Digital Asset exchanges are appealing targets for cybercrime, hackers and malware. It is possible that while engaging in transactions with various Digital Asset exchanges located throughout the world, any such exchange may cease operations due to theft, fraud, security breach, liquidity issues, or government investigation. In addition, banks may refuse to process wire transfers to or from exchanges. Over the past several years, many exchanges have, indeed, closed due to fraud, theft (e.g., Mt. Gox voluntarily shutting down because it was unable to account for over 850,000 Bitcoin), government or regulatory involvement, failure or security breaches (e.g., the voluntary temporary suspensions by Mt. Gox of cash withdrawals due to distributed denial of service attacks by malware and/or hackers), or banking issues (e.g., the loss of Tradehill's banking privileges at Internet Archive Federal Credit Union). In 2018 alone, cryptocurrency exchanges based in Japan (Coincheck), Italy (Bitgrail), India (Coinsecure) and South Korea (Coinrail) are reported to have experienced major hacks, resulting in losses of approximately $650,000,000 in total.

Exchanges may even shut down or go offline voluntarily, without any recourse to investors. For example, on February 25, 2014, the Bitcoin website for one of the largest Bitcoin exchanges, Mt. Gox, was taken offline suddenly, without any notice or warning to investors or the public. It was reported that Mt. Gox voluntarily shut down because it was unable to account for over 850,000 Bitcoin (valued at approximately 450 million dollars at the time). According to news reports, hackers siphoned Bitcoin from Mt. Gox by changing the unique identification number of a Bitcoin transaction before it was confirmed on the Bitcoin network. Although 200,000 Bitcoin have since been recovered, the reasons for their disappearance remain unclear. Mt. Gox ultimately filed for bankruptcy in Japan, and bankruptcy protection in Japan and the United States. As a result, the price of Bitcoin decreased drastically, adversely affecting all Bitcoin holders. In many of these instances, the customers of such exchanges have not been compensated or made whole for the partial or complete loss of their account balances. An exchange

may be unable to replace missing Digital Assets or seek reimbursement for any theft of Digital Assets, adversely affecting investors and an investment in the Fund.

Any financial, security or operational difficulties experienced by such exchanges may result in an inability of the Fund to recover fiat currency or Digital Assets being held by the exchange, or to pay investors upon withdrawal. Further, the Fund may be unable to recover Digital Assets awaiting transmission into or out of the Fund, all of which could adversely affect an investment in the Fund. Additionally, to the extent that the Digital Asset 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 loss or less favorable prices of Digital Assets, or may adversely affect the Fund, its operations and investments, or the Limited Partners.

Limited Exchanges on Which to Trade

The Fund may trade Digital Assets on a limited number of Digital Asset exchanges (and potentially only a single exchange) either because of actual or perceived counterparty or other risks related to a particular exchange (or because of the Principal's relationship with Bitstamp (which relationship creates an incentive for the Investment Manager to conduct as many transactions as possible on Bitstamp for reasons that may benefit the Principal, the General Partner, the Investment Manager, and their respective affiliates, but not the Fund or the Limited Partners)). Trading on a single exchange may result in less favorable prices and decreased liquidity for the Fund and therefore could have an adverse effect on the Fund and the Limited Partners.

Non-U.S. Operations

Digital Asset exchanges may operate outside of the United States. The Fund may have difficulty in successfully pursuing claims in the courts of such countries or enforcing in the courts of such countries a judgment obtained by the Fund in another country. In general, certain less developed countries lack fully developed legal systems and bodies of commercial law and practices normally found in countries with more developed market economies. These legal and regulatory risks may adversely affect the Fund and its operations and investments.

Risks of Buying or Selling Digital Assets

The Fund may transact with private buyers or sellers or Digital Asset exchanges. The Fund will take on credit risk every time it purchases or sells Digital Assets, and its contractual rights with respect to such transactions may be limited. Although the Fund's transfers of Digital Assets or fiat currency will be made to or from a counterparty which the Investment Manager believes is trustworthy, it is possible that, through computer or human error, or through theft or criminal action, the Fund's Digital Assets or fiat currency could be transferred in incorrect amounts or to unauthorized third parties. To the extent that the Fund is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received the Fund's Digital Assets or fiat currency (through error or theft), the Fund will be unable to recover incorrectly

transferred Digital Assets or fiat currency, and such losses will negatively impact the Fund.

Certain Digital Asset exchanges may place limits on the Fund's transactions, or the Fund may be unable to find a willing buyer or seller of Digital Assets. To the extent the Fund experiences difficulty in buying or selling Digital Assets, investors may experience delays in subscriptions or payment of withdrawal proceeds, or there may be delays in liquidation of the Fund's Digital Assets—adversely affecting the net asset value of the Fund.

Government Oversight of Digital Assets and Virtual Currency Exchanges

FinCEN—the U.S. federal agency charged with administering U.S. anti-money laundering ("**AML**") laws and regulations—issued guidance titled, FIN-2013-G001: *Application of FinCEN's Regulations to Persons Administering, Exchanging, or Using Virtual Currencies* (Mar. 18, 2013), categorizing convertible virtual currency *administrators and exchangers* as money services businesses. The FinCEN guidance defines an exchanger as "a person engaged as a business in the exchange of virtual currency for real currency, funds or other virtual currency" and an administrator as "a person engaged as a business in issuing (putting into circulation) a virtual currency and who has the authority to redeem (to withdraw from circulation) such virtual currency." Users of convertible virtual currencies were not directly affected by the guidance. Since the issuance of the guidance, FinCEN has published several administrative rulings, providing additional information on whether certain conduct related to convertible virtual currency renders a person or entity a money transmitter under FinCEN regulations. (*FIN-2014-R001: Application of FinCEN's Regulations to Virtual Currency Mining Operations*; *FIN-2014-R002: Application of FinCEN's Regulations to Virtual Currency Software Development and Certain Investment Activity*; *FIN-2014-R007: Application of Money Services Business regulations to the rental of computer systems for mining virtual currency*; *FIN-2014-R011: Application of FinCEN's Regulations to a Virtual Currency Trading Platform*; and *FIN-2015-R001, Application of FinCEN's Regulations to Persons Issuing Physical or Digital Negotiable Certificates of Ownership of Precious Metals)*.

The FinCEN guidance and administrative rulings have clear consequences for companies that handle or transact with convertible virtual currencies to a degree in which they are engaged in money transmission. Under FinCEN's regulations, a person or entity engaging in money transmission must register as a "money services business," develop an AML program and adhere to federal reporting and recordkeeping requirements.

In the United States, the essential elements of an AML program are set out, in part, in the Bank Secrecy Act: (1) a system of internal controls; (2) independent testing for compliance; (3) the designation of an individual to coordinate and monitor day-to-day compliance; and (4) training of appropriate personnel. An AML program should establish and implement risk-based policies and procedures designed to prevent facilitation of money laundering or the funding of terrorism, including the reporting of suspicious transactions with FinCEN. Failure of a money services business to register as a money services business, develop and adequately implement an AML program or adhere to federal reporting and recordkeeping requirements may result in severe civil and criminal penalties for the money services business and/or those individuals who operate it.

On the state level, companies that handle Digital Assets may also have to comply with the separate state licensing practices for money transmitters, and a growing number of states have sought specific legislation, adopted rules, or provided guidance on the regulation of Digital Assets.

For example, in June 2015, the New York Department of Financial Services issued the first U.S. regulatory framework for licensing participants in "virtual currency business activity." The regulations, known as "BitLicense," focus on consumer protection. The BitLicense regulates the conduct of persons or entities that are involved in virtual currency business activity in New York or with New York customers and prohibits any person or entity involved in such activity to conduct activities without a license. In February 2018, State Senator David Carlucci stated that a bill to reform the BitLicense regulation may be introduced "very soon." In addition, on February 7, 2018, the New York Department of Financial Services issued guidance instructing virtual currency business entities with a "BitLicense" or chartered as a limited purpose trust company under the New York Banking Law to report "any wrongdoing" to prevent fraud and similar wrongdoing, including market manipulation, in the virtual currency sector. Other states have taken a different approach to regulating activities involving virtual currency. On April 3, 2014, the Texas Department of Banking issued Supervisory Memorandum 1037, Regulatory Treatment of Virtual Currencies under the Texas Money Services Act ("**TMSA**"). The memorandum states that cryptocurrencies do not fit the statutory definitions of either currency or money, and consequently do not by themselves trigger the licensing requirements of the TMSA. However, some common business activities relating to cryptocurrency that involve the receipt of government-issued currency may trigger the licensing requirements of the TMSA. In February 2018, an attempt to pass a "Virtual Currency Act" in California failed for the second time. The "Virtual Currency Act" would "prohibit a person from engaging in any virtual currency business" without a license. Other states are seeking legislation, adopting rules or providing guidance (or have already done so) regarding virtual currency business activity. The expectation is that this trend will continue as states seek to protect businesses and consumers.

Further, various foreign jurisdictions are considering or have considered how to manage the use and exchange of Digital Assets. Recent examples include:

- On September 7, 2017, Mario Draghi, the President of the European Central Bank, stated that "[n]o member state can introduce its own currency", and that only "currency of the Eurozone is the Euro" in response to a question regarding Estonia's talks of circulating an Estonian cryptocurrency.

- On February 28, 2018, the European Commission held a roundtable of "key authorities, industry representatives and experts" on cryptocurrency and proposed that "virtual currency exchanges and wallet providers should be subject to the Anti-Money Laundering Directive."

- In September 2017, seven Chinese government administrations, including the People's Bank of China ("**PBOC**"), China Banking Regulatory Commission, China Securities Regulatory Commission, and China Insurance Regulatory Commission, issued a joint statement that ICOs are unauthorized illegal fund raising activity, In addition, several large Chinese Bitcoin exchanges, including BTC China, ViaBTC, Yunbi, OKCoin and Huobi, were reportedly ordered to stop trading cryptocurrency by the end of September 2017.

- In December 2017, the South Korean Financial Services Commission took steps to regulate cryptocurrency trading, including prohibiting cryptocurrency exchanges from issuing new trading accounts and banning anonymous trading.

- On January 16, 2014, an official from the Canadian Finance Department clarified that Bitcoin is not considered to be legal tender. On March 28, 2014, the Canadian parliament passed a bill amending its money laundering and terrorist financing act, making it applicable to persons in Canada engaged in the business of dealing in virtual currencies as well as persons outside Canada that provide such services to customers in Canada.

- On April 1, 2017, the Japanese Financial Services Agency enacted a new law authorizing the use of digital currency as a method of payment. The law will put in place capital requirements for exchanges as well as cybersecurity and operational stipulations. In addition, those exchanges will also be required to conduct employee training programs and submit to annual audits.

- On May 8, 2017, Russia's government was said to be moving ahead with plans to introduce rules for blockchain use by 2019.

Risks Relating to Government Oversight

The regulatory schemes—both foreign and domestic—possibly affecting Digital Assets or a Digital Asset network may not be fully developed. It is possible that any jurisdiction may, in the near or distant future, adopt laws, regulations, policies or rules directly or indirectly affecting a Digital Asset network, generally, or restricting the right to acquire, own, hold, sell, convert, trade, or use Digital Assets, or to exchange Digital Assets for either fiat currency or other virtual currency. It is also possible that government authorities may claim ownership over mathematical Digital Asset network source codes and protocols or law enforcement agencies (of any or all jurisdictions, foreign or domestic) may take direct or indirect investigative or prosecutorial action related to, among other things, the use, ownership or transfer of Digital Assets, resulting in a change to its value or to the development of a Digital Asset network (*e.g.*, the closure and seizure of Silk Road and the closure and seizure of www.libertyreserve.com—the domain name for Liberty Reserve, an online, virtual currency payment processor and money transfer system that the U.S. government alleges acted as a financial hub of the cyber-crime world).

Federal Regulatory Authorities

CFTC. The Commodity Futures Trading Commission ("**CFTC**") has not to date made a formal statement asserting its regulatory authority over Digital Assets or over any participants in the Digital Asset networks. In addition, the CFTC has not to date promulgated any regulations specifically addressing Digital Assets or the activities of participants in Digital Asset networks. However, as the primary regulator of derivatives (*i.e.*, futures, options and swaps), the CFTC has jurisdiction over all such digital currency-linked derivatives, including the platforms that list them and the clearinghouses that clear them. On Sept. 17, 2015, the CFTC confirmed that it views itself as having jurisdiction over such instruments by issuing an order against an online platform (and against its sponsor) for facilitating the trading of Bitcoin options contracts. *See In the Matter of Coinflip, Inc., d/b/a Derivabit, and Francisco Riordan*, CFTC Docket No. 15-29 (Sept. 17, 2015). The Order is based on the activities of Francisco Riordan, the chief executive officer of Coinflip Inc., and of Coinflip itself in operating an unregistered online trading platform that enabled trading in Bitcoin-based derivatives. In the Order, the CFTC held that "Bitcoin and other virtual currencies are encompassed in the definition [of a "commodity"] and [are] properly defined as commodities." Given this determination, the CFTC found that options contracts that reference a virtual currency,

are, therefore, "commodity options" and "commodity option transactions." The Order held that: (1) by offering and entering those contracts on the online platform, Coinflip violated Section 4c(b) of the Commodity Exchange Act and CFTC Regulation 32.2; and (2) the online platform constituted an (improperly) unregistered swap execution facility, in violation of Section 5h(a)(1) of the CEA and Regulation 37.3(a)(1). The CFTC also held that Riordan, as a controlling person of Coinflip, was personally liable for Coinflip's violations. As CFTC Chairman Timothy Massad explained on December 10, 2014, in his testimony before the U.S. Senate Committee on Agriculture, Nutrition and Forestry, "[w]hile the CFTC does not have policies and procedures specific to virtual currencies like bitcoin, the agency's authority extends to futures and swaps contracts in any commodity . . . . Derivative contracts based on virtual currency represent one area within our responsibility." On June 2, 2016, the CFTC affirmed its approach to the regulation of Bitcoin and Bitcoin-related enterprises when it settled charges against Bitfinex, a Bitcoin exchange based in Hong Kong. In its order, the CFTC found that Bitfinex engaged in "illegal, off-exchange commodity transactions and failed to register as a futures commission merchant" when it facilitated borrowing transactions among its users to permit the trading of Bitcoin on a "leveraged, margined or financed basis" and without actual delivery of Bitcoin within 28 days, without first registering with the CFTC.

While the CFTC regulatory authority over Digital Assets generally only extends to Digital Asset derivatives, the CFTC has indicated that it does have a limited level of oversight over direct trading of Digital Assets; on September 21, 2017, the CFTC filed for injunctive relief against Gelfman Blueprint Inc, and its CEO, Nicholas Gelfman concerning an alleged Ponzi scheme. The CFTC asserted jurisdiction on the basis of Mr. Gelfman engaging in some Bitcoin trading, thereby engaging in manipulative trading in commodities. In August 2018, CabbageTech Corp was found guilty of fraudulent behavior in another case brought by the CFTC for " a deceptive and fraudulent virtual currency scheme." The CFTC has historically asserted jurisdiction over spot market commodities trading, where manipulative trading in the spot market can affect its derivatives market. The Gelfman case is unique in that the CFTC asserted jurisdiction over the spot market when there was little to no derivatives trading in the United States. *See CFTC v. Gelfman Blueprint, No. 17-7181 (S.D.N.Y. Sept. 21, 2017).* Similarly, the CabbageTech case did not indicate that there was any derivatives trading conducted, yet the court rejected the defendant's claim that the CFTC had no jurisdiction in the matter. *See CFTC vs. Patrick K. MCDonnell, and Cabbagetech, Corp. d/b/a Coin Drop Markets, (No. 18-CV-0361) (E.D.N.Y. Aug. 24, 2018).*

There are now also Digital Asset derivatives trading on CFTC-regulated exchanges. TeraExchange has listed a U.S. dollar to Bitcoin swap on its registered swap execution facility and live trading began on October 8, 2014. LedgerX, LLC was approved by the CFTC as a swap execution facility and derivatives clearing organization in July 2017 and offered the first bitcoin option in October 2017. LedgerX, LLC is the first federally regulated bitcoin options exchange and clearinghouse to list and clear fully-collateralized, physically-settled bitcoin options on Bitcoin for the institutional market. CME Group and Cboe Futures Exchange followed by each launching a Bitcoin futures contract in December 2017.

To the extent the Fund's activities are viewed as holding or offering Digital Asset derivatives (including futures, options and swaps) or if the Digital Assets themselves are deemed to be commodity interests, the Fund, the Investment Manager or a company that develops Digital Assets that are held by the Fund, may be required to register and comply with additional regulation under the Commodity Exchange Act, such as the Investment Manager registering as a commodity pool operator (where holding instruments deemed to be commodity interests) or the Fund, or a company that develops Digital Assets that are held by the Fund, registering as a swap execution facility or swap dealer (when offering, or creating a platform for, instruments deemed to be commodity interests) or by being subject to the CFTC requirements with respect to such instruments, such as reporting, recordkeeping, mandatory clearing or minimum margin requirements. Such registration and associated compliance costs could adversely affect an investment in the Fund. Additionally, as described above, the Fund may participate in ICOs by entering into SAFTs. To the extent that SAFTs are considered to be commodity interests, the risks described in the this paragraph would apply.

SEC. The SEC has advised that, depending on the facts and circumstances of each individual ICO, the virtual coins or tokens that are offered or sold in an ICO may be securities. If they are deemed to be securities, the offer and sale of these virtual coins or tokens in an ICO would be subject to the federal securities laws. On July 25, 2017, the SEC issued a Report of Investigation under Section 21(a) of the Securities Exchange Act of 1934 describing an SEC investigation of The DAO (the "**Section 21(a) Report**"), a virtual organization, and its use of distributed ledger or blockchain technology to facilitate the offer and sale of DAO Tokens to raise capital, in which the SEC applied existing U.S. federal securities laws to this "new paradigm" and determined that DAO Tokens were securities. The SEC stressed that those who offer and sell securities in the U.S. are required to comply with federal securities laws, regardless of whether those securities are purchased with virtual currencies or distributed with blockchain technology. According to the SEC, whether a particular investment transaction involves the offer or sale of a security – regardless of the terminology or technology used – will depend on the facts and circumstances, including the economic realities of the transaction.

On November 1, 2017, Munchee Inc. ("**Munchee**"), a California based company selling digital tokens (MUN tokens) to investors to raise capital for its blockchain-based food review service, stopped its ICO and promptly returned any proceeds it had received in connection therewith after being contacted by the SEC. On December 11, 2017, Munchee agreed to a cease-and-desist order (the "**MUN Order**") in which the SEC found that its conduct constituted unregistered securities offers and sales. In making such determination, the SEC focused on that fact that investors in Munchee had a reasonable belief that their investment in MUN tokens could generate a return on their investment if Munchee were successful in its entrepreneurial and managerial efforts to develop its business (i.e., build an "ecosystem" that would create demand for MUN tokens and make MUN tokens more valuable). In addition, Munchee also emphasized it would take steps to create and support a secondary market for the MUN tokens. According to the MUN Order, "[e]ven if MUN tokens had a practical use at the time of the offering, it would not

preclude the token from being a security", as "[d]etermining whether a transaction involves a security does not turn on labelling – such as characterizing an ICO as involving a "utility token" – but instead requires an assessment of "the economic realities underlying a transaction."" *See* https://www.sec.gov/litigation/admin/2017/33-10445.pdf; *see also* https://www.sec.gov/news/press-release/2017-227.

Also on December 11, 2017, in a public statement on cryptocurrencies and ICOs, SEC Chairman Jay Clayton reaffirmed the SEC's analysis and findings in both the Section 21(a) Report and the MUN Order, noting that whether a Digital Asset labelled as a cryptocurrency is a security depends on the characteristics and use of the particular Digital Asset. Clayton also stressed the value of substance over form, noting that merely calling a Digital Asset a "utility" token or structuring it to provide some utility, or simply calling a Digital Asset a "currency" or a currency-based product, does not prevent the Digital Asset in question from being a security. While acknowledging that there are Digital Assets that do not appear to be securities, Clayton cautioned that prior to launching a Digital Asset or a product with its value tied to one or more Digital Assets, its promoters must be able to demonstrate that the Digital Asset or product is not a security or otherwise comply with relevant registration and other securities laws requirements. With respect to ICOs in particular, similar to the MUN Order, Clayton focused on ICO promoters emphasizing the secondary market trading potential of a Digital Asset. Clayton also went on to note that "[b]y and large, the structures of initial coin offerings that I have seen promoted involve the offer and sale of securities and directly implicate the securities registration requirements and other investor protection provisions of our federal securities laws". *See* https://www.sec.gov/news/public-statement/statement-clayton-2017-12-11. On June 14, 2018, William Hinman, the Director of the Division of Corporation Finance at the SEC also noted that, with respect to ICOs in particular, in general, the safeguards provided by the Securities Act are appropriate for most ICOs he has seen (i.e., ICOs generally involve the offer and sale of securities). Hinman also indicated that a digital asset that was initially part of an offering of securities may become, over time, something other than a security as its user network expands and the efforts of the founder become less important to its success. Hinman also provided a non-exhaustive list of factors to consider in determining whether a digital asset is offered as an investment contract and is thus a security. *See* https://www.sec.gov/news/speech/speech-hinman-061418. On September 11, 2018, the SEC entered an order finding that Crypto Asset Management LP, a hedge fund investing in digital assets, operated as an unregistered investment company by engaging in an unregistered non-exempt public offering and investing more than 40% of its assets in digital asset securities (the "**CAM Order**"). The CAM Order is the SEC's first-ever enforcement action finding an investment company registration violation by a hedge fund manager based on its investments in digital assets. *See https://www.sec.gov/news/press-release/2018-186*.

On November 16, 2018, the SEC settled charges against CarrierEQ Inc. (Airfox) ("**Airfox**") and Paragon Coin Inc. ("**Paragon**"), two companies that sold digital tokens in ICOs in 2017, which are the SEC's first cases imposing civil penalties solely for ICO securities offering registration violations. Airfox, a Boston-based startup, raised

approximately $15 million worth of digital tokens ("**AirTokens**"), which were issued on a blockchain or distributed ledger to finance its development of a token-denominated "ecosystem" starting with a mobile application that would allow users in emerging markets to earn tokens and exchange them for data by interacting with advertisements. Paragon, an online entity, raised approximately $12 million worth of digital tokens ("**PRG tokens**") to be issued on a blockchain, or a distributed ledger to develop and implement its business plan to add blockchain technology to the cannabis industry and work toward legalization of cannabis. While neither Airfox nor Paragon registered their ICOs pursuant to the federal securities laws (nor did they qualify for an exemption to the registration requirements), the SEC nonetheless determined that both AirTokens and PRG tokens were "securities" and that, in turn, Airfox and Paragon violated Sections 5(a) and 5(c) of the Securities Act by offering and selling those securities without having a registration statement filed or in effect with the SEC or qualifying for exemption from registration with the SEC. The orders (the "**Airfox/Paragon Orders**") imposed $250,000 penalties against each company and both companies agreed to return funds to harmed investors, register the tokens as securities, file periodic reports with the SEC, and pay penalties. It should be noted that Airfox and Paragon consented to the orders without admitting or denying the findings. *See* https://www.sec.gov/news/press-release/2018-264.

Additionally, in 2013 and 2015, the SEC's Office of Investor Education and Advocacy issued investor bulletins educating investors about ICOs and highlighting certain risks related to ICOs and investing in digital currency. In March 2014, the Financial Industry Regulatory Authority also published a notice describing the risks of speculative trading in Bitcoin. Further, on September 18, 2014, the U.S. District Court for the Eastern District of Texas entered final judgment against Trendon Shavers and BCS&T in a civil case filed by the SEC. In addressing subject matter jurisdiction, the court ruled that investments in the scheme were "investment contracts" and, thus, "securities" covered by the Securities Act of 1933 and the Exchange Act of 1934. *See* SEC v. Shavers, No. 13-416, 2013 WL 4028182 (E.D. Tex. Aug. 6, 2013). Specifically, the court ruled that Bitcoin is indeed money: "It can be used to purchase goods or services, and . . . used to pay for individual living expenses." *Id*. On this basis, interests in BCS&T were held to be securities, and the Magistrate Judge found in favor of the SEC.

As described above, the Fund may, in certain cases, invest in Digital Assets that are securities for purposes of U.S. laws and regulations. As the law regarding Digital Assets (including ICOs and SAFTs) is still evolving and not yet clearly defined, the Investment Manager may be incorrect in its assessment of whether a Digital Asset in which the Fund invests is a security for purposes of U.S. laws and regulations. To the extent that Digital Assets held by the Fund are deemed to fall within the definition of a security for purposes of U.S. laws and regulations, the Investment Manager and the Fund will seek to comply with relevant U.S. laws and regulations, including the Advisers Act, the Company Act and the Securities Act, as applicable. Any associated registration and compliance costs may adversely affect an investment in the Fund. In addition, if Digital Assets held by the Fund are deemed to be securities and were not anticipated to be such, such Digital Assets

may decline in value and/or be burdensome or costly to transmit (or the Fund may be restricted from selling such Digital Assets).

Also, it is likely that SAFTs are considered securities (even in situations where the Digital Assets to be obtained in the future pursuant to a SAFT are not). Accordingly, the offer and sale of a right to receive future Digital Assets pursuant to a SAFT would be subject to the federal securities laws (and the risks described in the immediately preceding paragraph would apply).

FinCEN. To the extent that the Fund engages in "money services business" activity, including money transmission, as defined by FinCEN, the Fund may be deemed to fall within the Bank Secrecy Act's definition of a financial institution, and subject to the Bank Secrecy Act, 31 U.S.C. §§ 5311-5314; 5316-5330, and its implementing regulations, and as such required to register with FinCEN as a Money Services Business. The Fund would also be required to develop an AML program and adhere to federal reporting and recordkeeping requirements. To the extent the Fund is operating as an unregistered Money Services Business, it may be subject to civil money penalties under 31 U.S.C. § 5321, and/or criminal liability under 31 U.S.C. § 5322 and 18 U.S.C. § 1960, if applicable. Such additional regulatory obligations may cause the Fund to incur extraordinary expenses and ongoing expenses, possibly affecting an investment in the Fund in a material and adverse manner. To the extent the Fund limits or reduces the scope of certain activities, investors' rights or investment initiatives, in order to limit the applicability of government regulation and supervision, investments in the Fund may be adversely affected.

State Regulatory Authorities. To the extent that the activities of the Fund cause it to be deemed a "money transmitter" under State statutes or regulations, it may incur significant fees in becoming licensed in each State in which it does business, and may also be required to adhere to State statutes or regulations. To the extent that a state requires an additional license or registration for activities involving digital currencies that require the Fund to obtain a license or register with the state for its activities involving Digital Assets, it may incur significant fees in becoming licensed/registered in those States, and may also be required to adhere to the State's statutes or regulations. States may impose fines or penalties with respect to any unlicensed activity. Accordingly, to the extent the Fund is operating without appropriate licenses, it may be subject to fines or penalties, and/or criminal liability under State laws or 18 U.S.C. § 1960, if applicable. Such additional regulatory obligations may cause the Fund to incur extraordinary expenses and ongoing expenses, possibly affecting an investment in the Fund in a material and adverse manner. To the extent the Fund limits or reduces the scope of certain Fund activities, investors' rights or investment initiatives, in order to limit the applicability of government regulation and supervision over the Fund, investment in the Fund may be adversely affected.

Foreign Jurisdiction. Various foreign jurisdictions may adopt policies, laws, regulations or directives that affect Digital Assets or a Digital Asset network, generally. Such additional foreign regulatory obligations may cause the Fund to incur extraordinary

expenses and ongoing expenses, possibly affecting an investment in the Fund in a material and adverse manner.

To the extent a Digital Asset is determined to be a security, commodity interest or other regulated asset, or a U.S. or foreign government or quasi-governmental agency exerts regulatory authority over Digital Asset use, exchange, trading and ownership, the net asset value of the Fund may be adversely affected. Any additional regulatory obligations may cause the Fund, or a company that develops Digital Assets that are held by the Fund, to incur extraordinary, non-recurring expenses, and/or ongoing compliance expense, possibly affecting an investment in the Fund in an adverse manner. If the Fund, or a company that develops Digital Assets that are held by the Fund, determines not to comply with such regulatory requirements, the Fund, or such company, may be liquidated at a time that is disadvantageous to an investor in the Fund. To the extent the Fund, or a company that develops Digital Assets that are held by the Fund, limits or reduces the scope of certain activities, investors' rights or investment initiatives, in order to limit the applicability of government regulation and supervision, investment in the Fund may be adversely affected.

Price Volatility

A principal risk in trading Digital Assets is the rapid fluctuation of their market price. High price volatility undermines Digital Assets' role as a medium of exchange as retailers are much less likely to accept them as a form of payment. The value of a Limited Partner's Capital Account balance relates directly to the value of the Digital Assets held in the Fund and fluctuations in the price of Digital Assets could adversely affect the net asset value of the Fund and a Limited Partner's Capital Account. There is no guarantee that the Fund will be able to achieve a better than average market price for Digital Assets or will purchase Digital Assets at the most favorable price available. The price of Digital Assets achieved by the Fund may be affected generally by a wide variety of complex and difficult to predict factors such as Digital Asset supply and demand; rewards and transaction fees for the recording of transactions on the block chain; availability and access to Digital Asset service providers (such as payment processors), exchanges, miners or other Digital Asset users and market participants; perceived or actual Digital Asset network or Digital Asset security vulnerability; inflation levels; fiscal policy; interest rates; and political, natural and economic events.

To the extent the public demand for Digital Assets were to decrease, or the Fund were unable to find a willing buyer, the price of Digital Assets could fluctuate rapidly and the Fund may be unable to sell the Digital Assets in its possession or custody. Limited Partners will be subject to the risk of price fluctuations of Digital Assets until they are fully withdrawn from the Fund. Further, if the supply of Digital Assets available to the public were to increase or decrease suddenly due to, for example, a change in a Digital Asset's source code, the dissolution of a Digital Asset exchange, or seizure of Digital Assets by government authorities, the price of Digital Assets could fluctuate rapidly. Such changes in demand and supply of Digital Assets could adversely affect an investment in the Fund. In addition, governments may intervene, directly and by regulation, in the Digital Asset market, with the specific effect, or intention, of influencing Digital Asset prices and valuation (e.g., releasing previously seized Digital Assets). Similarly, any government action or regulation may indirectly affect the Digital Asset market or Digital Asset network, influencing Digital Asset use or prices. To the extent a Digital Asset is used in an in-protocol utility mechanism in such a way as to incur a "slashing condition" (i.e. to violate a rule of protocol inaction or misaction) some or all of that Digital Asset may be destroyed.

The Fund will compete with direct investments in Digital Assets and other potential financial vehicles backed or linked to Digital Assets. Any change in market and financial conditions, or other conditions beyond the Fund's control, may make investment and speculation in Digital Assets more attractive, which could limit the supply of Digital Assets and increase or decrease liquidity.

Performance of Digital Assets

In the event the types of Digital Assets held by the Fund perform less well than competing Digital Assets, such Digital Assets held by the Fund may be devalued or fall into disuse, adversely affecting the Fund.

Destruction of Digital Assets

Certain Digital Assets are intended to be controllable only by the possessor of both the unique public and private keys. To the extent private keys relating to the Fund's Digital Asset holdings are lost, destroyed or otherwise compromised, the Fund may be unable to access the related Digital Assets and such private keys are not capable of being restored by a Digital Asset network. Any loss of private keys relating to digital wallets used to store the Fund's Digital Assets could adversely affect an investment in the Fund. Further, Digital Assets are typically transferred digitally, through electronic media not controlled or regulated by any entity. To the extent a Digital Asset transfers erroneously to the wrong destination, the Fund may be unable to recover the Digital Asset or its value. Such loss could adversely affect an investment in the Fund.

Irrevocable Digital Asset Transactions

Just as the block chain (or similar technologies) creates a permanent, public record of Digital Asset transactions, it also creates an irrevocable one. Transactions that have been verified, and thus recorded as a block on the block chain (or similar technologies), generally cannot be undone. Even if the transaction turns out to have been in error, or due to theft of a user's Digital Assets, the transaction is not reversible. The Fund may be unable to replace missing Digital Assets or seek reimbursement for any erroneous transfer or theft of Digital Assets. To the extent that the Fund is unable to seek redress for such action, error or theft, such loss could adversely affect an investment in the Fund. (See "Other Activities of Management; Potential Conflicts of Interest — Trade Errors" for information regarding trade errors.)

Security of Crypto Asset Networks

Techniques to secure the blockchains of Digital Asset networks are recent inventions and may fail. For example, the incentives that keep a blockchain decentralized may prove insufficient, thus impacting the value or security of Digital Assets held by the Fund. Exploits in various blockchains may occur which result in losses for the Fund.

Third Party Wallet Providers

The Fund intends to use third party wallet providers to hold the Fund's Digital Assets. The Fund may have a high concentration of its Digital Assets in one location or with one third party wallet provider, which may be prone to losses arising out of hacking, loss of passwords, compromised access credentials, malware, or cyber-attacks. The Fund is not required to maintain a minimum number of wallet providers to hold the Fund's Digital Assets. The Fund may not do detailed information technology diligence on such third party wallet providers and, as a result, may not be aware of all security vulnerabilities and risks. Certain third party wallet providers may not indemnify the Fund against any losses of Digital Assets. Digital Assets held by third parties could be transferred into "cold storage" or "deep storage," in

which case there could be a delay in retrieving such Digital Assets. The Fund may also incur costs related to third party storage. Any security breach, incurred cost or loss of Digital Assets associated with the use of a third party wallet provider, may adversely affect an investment in the Fund.

Security

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

Hackers

Hackers or malicious actors may launch attacks to steal, compromise, or secure Digital Assets, such as by attacking Digital Asset network source code, exchange servers, third-party platforms, cold and hot storage locations or software, or Digital Asset transaction history, or by other means. For example, in February 2014, Mt. Gox suspended withdrawals because it discovered hackers were able to obtain control over the exchange's Bitcoin by changing the unique identification number of a Bitcoin transaction before it was confirmed by the Bitcoin network. Further, Flexcoin, a so-called Bitcoin bank, was hacked in March 2014 when attackers exploited a flaw in the code governing transfers between users by flooding the system with requests before the account balances could update—resulting in the theft of 896 Bitcoin. As the Fund increases in size, it may become a more appealing target of hackers, malware, cyber-attacks or other security threats. The Fund will undertake efforts to secure and safeguard the Digital Assets in its custody from theft, loss, damage, destruction, malware, hackers or cyber-attacks, which may add significant expenses to the operation of the Fund. There can be no assurance that such securities measures will be effective. The Fund may be unable to replace missing Digital Assets or seek reimbursement for any theft of Digital Assets, adversely affecting an investment in the Fund.

Lack of Transparency

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

Reliance on Digital Asset Service Providers

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

Network Integrity and Security (Bitcoin and other Digital Assets)

The source code used to form the Bitcoin is attributed to "Satoshi Nakamoto," which is believed to be a pseudonym for a presently unidentified individual or group of individuals, who may be acting alone or in concert with a government, government organization or group with corporate influence. Only the portions of the source code that have been made public have been analyzed with regards to operation, ability to generate Bitcoin, and to conduct transactions in the previously described manner. There may exist an unseen portion of the original code wherein a pre-existing sub-routine and/or virus has been placed which will activate at a future time (determined by the original code writer(s)) causing disruptions to the block chain and/or resulting in substantial losses, theft of Bitcoin, unauthorized transactions and the issuance of duplicate Bitcoin. Further, since the identity of the original code writer(s) is not known, one cannot discount the possibility of the same unknown individual(s) inserting and/or activating a sub-routine or artifact allowing said person(s) to manipulate a portion of the Bitcoin programming and/or block chain itself to the benefit of this individual(s) (i.e., by programming a portion of each Bitcoin to transfer to such individual's Bitcoin wallet). **Digital Assets in which the Fund invests may be subject to similar risks**.

In addition, while the Investment Manager undertakes every effort to ensure the highest levels of data protection and information assurance internally (using industry-leading best practices for data storage and transmission, the strongest cryptography known and available to the private sector, and stringent internal controls on data and communications), at some points during the act of transferring Digital Assets into or out of the Fund's platform (during Download or Upload) the Fund's platform requires interfacing with outside entities whose methods, practices and standards may be outside of the Fund's control or who may be under the influence of bad actors. Events may occur where corrupted Digital Assets, viruses and/or attachments are introduced into the Fund's platform, which could compromise the Fund's operation or result in loss of Digital Assets, adversely affecting an investment in the Fund.

There exists the possibility that while acquiring or disposing of Digital Assets, the Fund will unknowingly engage in transactions with bad actors who are under the scrutiny of government investigative agencies. As such, the Fund's systems or a portion thereof may be taken off-line pursuant to legal process such as the service of a search and/or seizure warrant. Such action could result in the loss of Digital Assets previously under the Fund's control.

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

Malicious Actor or Botnet

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

Legal Claims

To the extent that the creation, use or circulation of Digital Assets, or a Digital Asset network generally, violates any foreign or domestic statute or regulation (such as the Stamp Payments Act of 1862 or US. federal counterfeiting statutes), or government, quasi-government, or private-individuals assert intellectual property claims against Digital Asset network source code or related mathematical algorithms, the Fund could be adversely affected. To the extent that any individual, institution, government or other authority asserts a claim of ownership or wrongful possession over the Digital Assets in the custody of the Fund, the Fund could be adversely affected. Regardless of its merit, such legal action may adversely affect an investment in the Fund.

Risks of Uninsured Losses

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

Qualified Custodian

Under the Advisers Act, SEC registered investment advisers, such as the Investment Manager, are required to hold securities with "qualified custodians". Certain Digital Assets (or tokens offered in an ICO) may be deemed to be securities.

Currently, many of the companies providing Digital Assets custodial services fall outside of the SEC's definition of "qualified custodian", and many long-standing, prominent qualified custodians do not provide custodial services for digital asset or otherwise provide such services only with respect to a limited number of actively traded Digital Assets. Accordingly, the Fund may use non-qualified custodians to hold all or a portion of its Digital Assets. If the SEC is not satisfied with this approach, it is possible that the Fund will be required to custody assets in a manner that the Investment Manager believes to be less secure or to divest such assets that are deemed to be securities.

Risks Relating to Methods of Analysis

Fundamental Analysis

Certain trading decisions made by the Investment Manager may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data are inaccurate or that other market participants have developed, based on such data, trading strategies similar to the Fund's trading strategies, the Fund may not be able to realize its investment goals. In addition, fundamental market information is subject to interpretation. To the extent that the Investment Manager misinterprets the meaning of certain data, the Fund may incur losses.

Risks Relating to Market Conditions Generally

General Economic and Market Conditions

The success of any private investment fund's activities may be affected by general economic and market conditions, such as economic uncertainty, changes in laws (including laws relating to taxation of the Fund's investments), and national and international political circumstances (including wars, terrorist acts or security

operations), although the success of Fund's ICO-focused investment strategy may be uncorrelated to changes in general economic and market conditions.

Governmental Interventions

Extreme volatility and illiquidity in markets has in the past led to extensive governmental interventions in equity, credit and currency markets, and it is possible that similar interventions may occur in the market(s) for Digital Assets and/or ICOs. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on the Fund's strategy.

Brexit

The United Kingdom has notified the European Council of its intention to withdraw from the European Union. The ongoing withdrawal process could cause an extended period of uncertainty and market volatility, not just in the United Kingdom but throughout the European Union, the European Economic Area and globally. It is not possible to ascertain the precise impact these events may have on the Fund or the Investment Manager from an economic, financial or regulatory perspective but any such impact could have material consequences for the Fund.

MiFID II

The package of European Union market infrastructure reforms known as "**MiFID II**", in effect from January 3, 2018, is expected to have a significant impact on the European capital markets.

MiFID II increases regulation of trading platforms and firms providing investment services in the European Union. Among its many market infrastructure reforms, MiFID II has brought in: (i) significant changes to pre- and post-trade transparency obligations applicable to financial instruments admitted to trading on EU trading venues (including a new transparency regime for non-equity financial instruments); (ii) an obligation to execute transactions in shares and derivatives on an EU regulated trading venue; and (iii) a new focus on regulation of algorithmic and high frequency trading. These reforms may lead to a reduction in liquidity in certain financial instruments, as some of the sources of liquidity exit European markets, and may result in significant increases in transaction costs.

Although the full impact of these reforms is difficult to assess at present, it is possible that the resulting changes in the available trading liquidity options and increases in transactional costs may have an adverse effect on the ability of the Investment Manager to execute the investment program.

VALUATION

The Fund's assets and liabilities are valued in accordance with the Investment Manager's valuation policies and procedures, as the same may be amended from time to time (the "**Valuation Policy**"). All values assigned to such assets and liabilities are final and conclusive as to all of the Partners.

The following valuation principles will be followed when valuing the Fund's assets and liabilities:

(i) any Digital Asset that is listed on any Exchange(s) or similar electronic system and regularly traded thereon will be valued at the closing price on the Exchange(s) on the last Business Day of each month. "**Exchange(s)**" means as few as one and up to three exchanges determined by the General Partner, in its sole discretion;

(ii) any Digital Asset that is not listed on an exchange but for which external pricing sources may be available will be valued taking into consideration, among other factors, other external pricing sources, recent trading activity or other information that, in the opinion of the General Partner (in consultation with the Investment Manager), may not have been reflected in pricing obtained from external sources;

(iii) Digital Assets that are not listed on an exchange, are not traded on another market and for which external pricing sources are not readily available will be valued at fair value based on a relative value assessment process that incorporates current market conditions and prices of other relevant Digital Assets where data are more readily available, adjusting for relative differences or information as the General Partner (in consultation with the Investment Manager) deems relevant;

(iv) where Digital Assets are not quoted in an active market, a valuation technique such as a valuation model or comparison to recent transaction prices may be employed to establish the transaction price that would be applicable in an arm's length exchange. Valuation techniques used are those commonly used by market participants to price similar instruments where applicable, and make use of market input, rather than the specific input of the General Partner or the Investment Manager;

(v) Digital Assets for which active trading has not yet developed generally will be carried on the books of the Fund at fair value (which will generally be cost, unless the General Partner (in consultation with the Investment Manager) believes there is reliable, relevant information available on which fair value can be determined); and

(vi) any value denominated other than in U.S. dollars will be converted into U.S. dollars as of the close of business on the relevant date of determination.

The General Partner (in consultation with the Investment Manager) may use methods of valuing Digital Assets other than those set forth herein if it believes the alternate method is preferable in determining the fair value of such Digital Assets. In particular, the General Partner (in consultation with the Investment Manager) may take account of certain significant events, if, in the judgment of the General Partner (in consultation with the Investment Manager), they have materially altered such valuation.

The General Partner has delegated to the Administrator the calculation of the net asset value of the Fund and the net asset value of the Capital Accounts.

The accounts of the Fund are maintained in U.S. dollars. Assets and liabilities denominated in other currencies are translated at the rates of exchange in effect at the relevant date of determination and translation adjustments are reflected in the results of operations. Portfolio transactions and income and expenses are translated at the rates of exchange in effect at the time of each transaction.

Notwithstanding anything to the contrary herein, the valuation policies and procedures are subject to change and may be revised from time-to-time. The Fund will provide notice to all Limited Partners of any material changes to the Valuation Policy.

OTHER ACTIVITIES OF MANAGEMENT; POTENTIAL CONFLICTS OF INTEREST

The Investment Manager, the General Partner and their affiliates will be subject, and the Fund will be exposed, to a number of actual and potential conflicts of interest. Any such conflict of interest could have a material adverse effect on the Fund and the Limited Partners' investments therein. However, the existence of an actual or potential conflict of interest does not mean that it will be acted upon to the detriment of the Fund. When a conflict of interest arises, the Investment Manager will endeavor to ensure that the conflict is resolved fairly and in an equitable manner that is consistent with its fiduciary duties to the Fund. The Investment Manager has in place policies and procedures that it believes are reasonably designed to identify and resolve actual and potential conflicts of interest. Unless the context indicates otherwise, references in this section to conflicts of interest that may apply to the Investment Manager should be understood to apply to the Investment Manager and its affiliates.

Prospective Limited Partners should understand that (i) the relationships among the Fund, the Other Accounts, the Investment Manager and its affiliates are complex and dynamic and (ii) as the Investment Manager's, the General Partner's and the Fund's businesses change over time, the Investment Manager, the General Partner and their affiliates may be subject, and the Fund may be exposed, to new or additional conflicts of interest. There can be no assurance that this Memorandum addresses or anticipates every possible current or future conflict of interest that may arise or that is or may be detrimental to the Fund or the Limited Partners. *Prospective Limited Partners should consult with their own advisers regarding the possible implications on their investment in the Fund of the conflicts of interest described in this Memorandum.*

Other Activities of the Investment Manager and its Affiliates

Conflicts of interest may arise from the fact that the Investment Manager, the General Partner and their affiliates do, and may in the future, provide investment management services to clients other than the Fund, including, without limitation, investment funds, managed accounts, proprietary accounts and other investment vehicles (collectively, "**Other Accounts**", and together with the Fund, the "**Accounts**" and each, an "**Account**"). The Fund will not typically have an interest in any Other Accounts.

The Investment Manager and its affiliates also engage, and in the future may engage, in a broad spectrum of activities, including direct investment activities (including trading in Digital Assets and alternative currencies outside of the Fund) and investment advisory activities, and have extensive investment activities (including investments for their own account), on behalf of both persons or entities to which they provide investment advice on a principal basis, that are independent from, and may from time to time conflict or compete with, the Fund's investment activities, including by buying or selling Digital Assets at different times than the Fund, or when the Fund is doing the opposite. Additionally, the Investment Manager and its affiliates may invest in or establish Digital Asset exchanges or other Digital Asset service providers.

Also, certain employees of the Investment Manager and/or the Investment Manager have provided, and may in the future continue to provide, advisory services to ICO issuers in connection with their offerings and development of their protocols. Limited Partners should be aware that any compensation received in connection with such activities benefits the Investment Manager (or its employees) and not the Fund. Compensation may take the form of ICO tokens. Such activities pose a potential conflict of interest

because the Investment Manager may be incentivized to cause the Fund to participate in the ICOs of such Issuers.

The Investment Manager and its affiliates may provide investment advisory services to Other Accounts that also invest in Digital Assets. Other Accounts may have investment objectives, programs, strategies and positions that are similar to or may conflict with those of the Fund, or may compete with or have interests adverse to the Fund. If Other Accounts invest in Digital Assets, this could affect the prices and availability of Digital Assets to the Fund. Other Accounts may buy and sell Digital Assets at different times than the Fund, participate in ICOs of Digital Assets and contain different fee, liquidity and/or other terms.

Conflicts of interest may also arise when the Investment Manager makes decisions on behalf of the Fund with respect to matters where the interests of the Investment Manager or one or more Other Accounts differs from the interests of the Fund.

Pantera Bitcoin Fund Ltd
An affiliate of the Investment Manager acts as investment manager to Pantera Bitcoin Fund Ltd, which invests solely in Bitcoin (and only sells Bitcoin to fund redemptions and pay expenses and liabilities). Accordingly, to the extent an Account seeks to invest in Bitcoin, such Account may compete with Pantera Bitcoin Fund Ltd for investments.

The 3(c)(7) ICO Fund
The Investment Manager and the General Partner acts as investment manager and general partner to Pantera ICO Fund LP (the "**3(c)(7) ICO Fund**"), which complies with Section 3(c)(7) of the Company Act. The 3(c)(7) ICO Fund follows an investment program substantially similar to that of the Fund.

The Venture Funds, the Digital Asset Fund and the Long-Term ICO Fund
The Investment Manager, the General Partner and/or their affiliates also act, and are expected to act, as management company/investment manager and/or general partner to (i) Pantera Venture Fund LP, Pantera Venture Fund II LP and Pantera Venture Fund III LP (and Pantera Venture Fund III A LP) (the "**Venture Funds**"), which invest in blockchain technology companies (that develop Digital Assets), (ii) Pantera Digital Asset Fund LP (the "**Digital Asset Fund**"), which invests in Digital Assets (the Digital Asset Fund does not (a) expect to participate in ICOs (because the Digital Asset Fund invests solely in actively traded Digital Assets) or (b) intend to invest in Digital Assets that are securities for purposes of U.S. laws and regulations) and (iii) Pantera Long-Term ICO Fund Ltd (which invests all of its investable assets in Pantera Long-Term ICO Master Fund LP) (the "**Long-Term ICO Fund**"), which participates in ICOs of Digital Assets (the Long-Term ICO Fund generally intends to hold each investment for long-term appreciation over a period of not less than 12 months). Conflicts of interest may arise in that the Investment Manager may be incentivized to purchase (and not divest) Digital Assets developed by blockchain technology companies in which the Venture Funds invest and the Fund and the 3(c)(7) ICO Fund may compete with the Long-Term ICO Fund for investments in Digital Assets offered through ICOs. In the event the Investment Manager determines that participation in an ICO of Digital Assets is appropriate for each of the Fund, the 3(c)(7) ICO Fund and the Long-Term ICO Fund, each of the Fund, the 3(c)(7) ICO Fund and the Long-Term ICO Fund will generally participate pro rata in such opportunity based on available capital. In addition, the Venture Funds may, from time to time, hold Digital Assets through ICOs where the Venture Funds invest in the underlying issuing company. The Digital Asset Fund may also, in certain limited cases, participate in an ICO. In such case(s), investment opportunities in such

ICOs of Digital Assets will be allocated among the Fund, the 3(c)(7) ICO Fund, the Long-Term ICO Fund, the Venture Funds and the Digital Asset Fund, as applicable, in a manner that is fair and equitable.

Special Purpose Vehicles

The Investment Manager and its affiliates may, from time to time, offer one or more Limited Partners or investors in Other Accounts the opportunity to invest in special purpose vehicles ("**SPVs**") that participate in select ICOs, including through SAFTs ("**Special Purpose Opportunities**"). Generally, SPVs will co-invest with the Fund or an Other Account in such opportunities. The Investment Manager and its affiliates are not obligated to arrange, and no Limited Partner will be obligated to participate in, Special Purpose Opportunities. The Investment Manager and its affiliates have sole discretion as to the amount (if any) of a Special Purpose Opportunity that will be allocated to a particular Limited Partner and may allocate Special Purpose Opportunities instead to investors in Other Accounts. The Investment Manager or its affiliates may receive fees and/or allocations from investors in SPVs, which may differ from the fees and/or allocations borne by the Fund. To the extent the Fund, or an Other Account, and an SPV participate in a particular investment, the Investment Manager will generally seek to dispose of such investment in a manner that is fair and equitable (i.e., simultaneously), subject to legal, tax, regulatory or other concerns, other considerations such as the relative amounts of capital available for new investments, as applicable.

Lack of Exclusivity

The Investment Manager, its affiliates and personnel will devote as much of their time to the activities of the Fund as they deem necessary and appropriate. The Investment Manager, its affiliates and personnel will not be restricted from forming Other Accounts, from entering into other investment advisory relationships or from engaging in other business activities, even if such activities may be in competition with the Fund and/or may involve substantial time and resources of the Investment Manager, its affiliates or personnel. These activities could be viewed as creating a conflict of interest in that the time and effort of the Investment Manager, its affiliates and personnel will not be devoted exclusively to the business of the Fund but will be allocated between the business of the Fund and the management of Other Accounts and businesses.

Investments by the Principal and Employees of the Investment Manager in the Fund and Other Accounts

The Principal and employees of the Investment Manager may choose to personally invest, directly and/or indirectly, in the Fund. Such investors may be in possession of information relating to the Fund that is not available to other Limited Partners and prospective Limited Partners. The Principal and employees of the Investment Manager are not required to keep any minimum investment in the Fund and may invest in Other Accounts. It is expected that, if such investments are made, the size and nature of these investments will change over time without notice to the Limited Partners. Investments by the Principal and employees of the Investment Manager in the Fund and/or Other Accounts could incentivize the Principal and employees of the Investment Manager to increase or decrease the risk profile of the Fund.

Investments in Digital Assets by Investment Manager Personnel and Allocations of Investment Opportunities to Third Parties

Subject to certain exceptions, the Investment Manager generally will not, for its own accounts, and its principals will not, for their own account buy and sell Digital Assets other than through the Fund and/or other investment vehicles sponsored by the Investment Manager or its affiliates. Other employees of the

Investment Manager and its affiliates are permitted to purchase Digital Assets outside the Fund, any other vehicle through which the Fund makes investments or enters into transactions and/or any affiliated entities. In addition, investment opportunities that would otherwise suitable for the Fund may be allocated to third-parties (for direct investment), including third parties that have economic interests in the Investment Manager and/or its affiliates and/or third-parties who may, in certain cases, add strategic value.

The Investment Manager, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for the Fund.

Affiliations with Digital Assets by Investment Manager Personnel

Certain personnel of the Investment Manager are affiliated with Digital Assets currently in the market: Joey Krug is associated co-founder of Auger and Jed McCaleb, a senior adviser, is associated co-founder of Ripple and Stellar. Accordingly, the Investment Manager could be subject to a conflict of interest as the investment decisions of the Investment Manager may generally affect the Digital Asset market and/or affect the particular markets for Digital Assets associated with personnel of the Investment Manager.

Allocations of Trades and Investment Opportunities Generally

Subject to the allocation methods described above, it will be the policy of the Investment Manager to allocate investment opportunities to the Fund and to any Other Accounts on a fair and equitable basis, to the extent practical and in accordance with the Fund's or Other Accounts' applicable investment strategies, over a period of time. Investment opportunities will generally be allocated among those Accounts for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (i) whether the risk-return profile of the proposed investment is consistent with an Account's objectives; (ii) the potential for the proposed investment to create an imbalance in an Account's portfolio; (iii) the liquidity requirements of an Account; (iv) potentially adverse tax consequences; (v) regulatory restrictions that would or could limit an Account's ability to participate in a proposed investment; and (vi) the need to re-size risk in an Account's portfolio.

Order Aggregation and Average Pricing

If the Investment Manager determines that the purchase or sale of Digital Assets is appropriate with regard to the Fund and any Other Accounts, the Investment Manager may, but is not obligated to, purchase or sell Digital Assets on behalf of such Accounts with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Account will receive the average price, with transaction costs generally allocated pro rata based on the size of each Account's participation in the order (or allocation in the event of a partial fill) as determined by the Investment Manager. In the event of a partial fill, allocations may be modified on a basis that the Investment Manager deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the digital asset counterparty selected by the Investment Manager. As a result, certain Digital Asset trades for one Account (including an Account in which the Investment Manager and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another Account, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

Cross Trades

The Investment Manager may determine that it would be in the best interests of the Fund and one or more Other Accounts to transfer Digital Assets from one Account to another (each such transfer, a "**Cross Trade**") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Accounts, or to reduce transaction costs that may arise in an open market transaction. If the Investment Manager decides to engage in a Cross Trade, the Investment Manager will determine that the trade is in the best interests of both of the Accounts involved and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Accounts.

A cross transaction between two fund clients may occur as an "internal cross", where the Investment Manager instructs the custodian for the Accounts to book the transaction at the price determined in accordance with the Valuation Policy. If the Investment Manager effects an internal cross, the Investment Manager will not receive any fee in connection with the completion of the transaction.

Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions (as such term is used under the Advisers Act) due to the ownership interest in an Account by the General Partner, the Investment Manager or its personnel, the General Partner and the Investment Manager will comply with the requirements of Section 206(3) of the Advisers Act in the event the Investment Manager registers with the SEC as an investment adviser. In connection with principal transactions, Cross Trades, related-party transactions and other transactions and relationships involving potential conflicts of interest, the General Partner is authorized to select one or more persons who are not affiliated with the Investment Manager to serve on a committee, which is authorized, on behalf of the Fund and the Limited Partners, to approve or disapprove, to the extent required by applicable law or deemed advisable by the General Partner, such transactions and conflicts of interest. Such committee may approve of such transactions prior to or contemporaneous with, or ratify such transactions subsequent to, their consummation. In no event will any such transaction be entered into unless it complies with applicable law. The person(s) so selected may be exculpated and indemnified by the Fund. Any decision of such committee will be binding on all Limited Partners.

Trade Errors

Trade errors and similar human errors involving transactions in Digital Asset accounts directly or indirectly held by the Fund may occur. Such errors may include, for example, (i) the placement of orders (either purchases or sales) in excess of, or less than, the amount of Digital Assets the account intended to trade; (ii) the sale of a Digital Asset when it should have been purchased; (iii) the purchase of a Digital Asset when it should have been sold; (iv) the purchase or sale of the wrong Digital Asset; (v) the purchase or sale of a Digital Asset contrary to regulatory restrictions or investment guidelines or restrictions of the account; (vi) incorrect allocations of trades between the account and any Other Account that does not trade pari passu with the account; (vii) keystroke errors that occur when entering trades into an electronic trading system; and (viii) typographical or drafting errors. Such errors may result in losses or gains. The Investment Manager generally will seek to detect such errors prior to settlement and promptly correct and/or mitigate them. To the extent an error is caused by a counterparty, the Investment Manager will seek to recover any losses associated with such error from the counterparty.

Pursuant to the exculpation and indemnification provided by the Fund to the Investment Manager and its affiliates and personnel, the Investment Manager and its affiliates and personnel will generally not be

liable to the Fund for any act or omission, absent bad faith, gross negligence, willful misconduct or actual fraud of such person and the Fund will generally be required to indemnify such persons against any losses they may incur by reason of any act or omission related to the Fund, absent bad faith, gross negligence, willful misconduct or actual fraud of such person. As a result of these provisions, the Fund (and not the Investment Manager) will benefit from any gains resulting from trade errors and similar human errors and will be responsible for any losses (including additional trading costs) resulting from trade errors and similar human errors, absent bad faith, gross negligence, willful misconduct or actual fraud of the relevant person. The Investment Manager will reimburse the Fund for losses for which the Investment Manager is responsible under the exculpation provisions. Given the potentially large volume of transactions executed by the Investment Manager on behalf of the Fund, investors should assume that trade errors and similar human errors will occur and that, to the extent permitted by applicable law and under the Fund Documents, the Fund will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of the Investment Manager's personnel.

Side Letter Agreements

The Fund, and in certain cases the Investment Manager, will have the discretion to waive or modify the application of, or grant special or more favorable rights with respect to, any provision of this Memorandum or the Fund Documents to the extent permitted by applicable law. To effect such waivers or modifications or the grant of any special or more favorable rights, the Fund may create additional Classes of Interests for certain Limited Partners that provide for, among other things, (i) greater transparency into the Fund's portfolio, (ii) different or more favorable withdrawal rights, such as more frequent withdrawals or shorter withdrawal notice periods, (iii) greater information than may be provided to other Limited Partners, (iv) different fee or incentive compensation terms, (v) more favorable transfer rights and (vi) key-person notifications. Certain such waivers, modifications or grants of special or more favorable rights may also be effected by the Fund, and, in certain cases, the Investment Manager, through agreements ("**Side Letter Agreements**"). Although certain Limited Partners may invest in the Fund with different material terms, the Fund and the Investment Manager generally will only offer such terms if they believe other Limited Partners of the Fund will not be materially disadvantaged.

The Investment Manager Could Have Different Compensation Arrangements with Other Accounts

The Investment Manager could be subject to a conflict of interest because varying compensation arrangements among the Fund and Other Accounts could incentivize the Investment Manager to manage the Fund and such Other Accounts differently. These and other differences could make the Fund less profitable to the Investment Manager than certain Other Accounts.

Valuation

The Fund's assets and liabilities are valued in accordance with the Valuation Policy. In making valuation determinations, the Investment Manager may be deemed subject to a conflict of interest as the valuation of such assets and liabilities affects its compensation and the compensation of the General Partner. There is no guarantee that the value determined with respect to a particular asset or liability by the Investment Manager will represent the value that will be realized by the Fund on the eventual disposition of the related investment or that would, in fact, be realized upon an immediate disposition of the investment.

Incentive Allocation

The General Partner will receive the performance-based Incentive Allocation in connection with the management of the Fund. The Incentive Allocation is not the product of an arm's-length negotiation with

any third party, and, because the Incentive Allocation is calculated on a basis which includes unrealized appreciation of the Fund's assets, it may be greater than if such compensation were based solely on realized gains.

The Incentive Allocation may give rise to potential conflicts of interest, including, but not limited to, the following:

Allocation of Investment Opportunities

The Incentive Allocation may create an incentive for the Investment Manager, an affiliate of the General Partner, to direct the best investment ideas to, or to allocate or sequence trades in favor of, (i) Accounts with performance compensation arrangements over Accounts that are not charged, or from which the General Partner or the Investment Manager will not receive (e.g., because the Account is below its high water mark), performance compensation, and (ii) Accounts from which the General Partner or the Investment Manager will receive a greater performance compensation over Accounts from which the General Partner or the Investment Manager will receive lesser performance compensation.

Valuation

The Incentive Allocation may create an incentive for the Investment Manager to provide biased valuations.

Risk

The Incentive Allocation may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case if a performance-based compensation arrangement were not in effect.

Timing and Realization of Investments

The Incentive Allocation may create an incentive for the Investment Manager to time investments, and the realization of investments, so as to maximize the Incentive Allocation rather than the return of the Fund.

Due to a recent change in U.S. tax laws, there could be an incentive for the Investment Manager to cause the Fund to hold its investments for longer than three years in order for the General Partner to receive "long-term capital gain" tax rates with respect to its Incentive Allocation, although other taxable U.S. investors can achieve long-term capital gain tax rates on such investments held for longer than one year, and the holding period does not generally have relevance for the tax treatment of investors who are not subject to U.S. income taxation. This dichotomy creates a potential conflict between the interests of the General Partner and the interests of other investors in the Fund.

Selection of Exchanges and Counterparties; Affiliated Digital Asset Service Providers

The Investment Manager may be subject to conflicts relating to its selection of Digital Asset intermediaries, exchanges and counterparties on behalf of the Fund. Portfolio transactions for the Fund will be allocated to intermediaries, exchanges and counterparties on the basis of numerous factors and not

necessarily lowest pricing. Intermediaries, exchanges and counterparties may provide other services that are beneficial to the Investment Manager or Other Accounts, but not necessarily beneficial to the Fund.

The Investment Manager and an Other Account hold ownership interests in Bitstamp, a Bitcoin exchange. Mr. Morehead also serves as the chairman of Bitstamp and is compensated for his services. It is expected that, to the extent an Account invests in Bitcoin, such Account will conduct a significant portion of its exchange-based trading on Bitstamp, and that Bitcoin prices published by Bitstamp will be used to calculate the net asset value of such Account.

Other Accounts hold ownership interests in Xapo, a third party wallet provider for Digital Assets, and Shapeshift, a Digital Asset exchange. In addition, the 3(c)(7) ICO Fund has invested in decentralized Digital Asset exchanges such as 0x, KyberNetwork and OmiseGO (through their tokens). Accordingly, the Investment Manager may be incentivized to store Digital Assets with Xapo and conduct its exchange-based trading in Digital Assets on Shapeshift, 0x, KyberNetwork and OmiseGO.

The Investment Manager, its affiliates and/or Other Accounts may invest in or establish Digital Asset exchanges or other Digital Asset service providers, including businesses that focus on storage, security and custody of Digital Assets. The Investment Manager may cause the Fund to transact with such affiliated service providers. Such affiliated service providers will receive compensation when effecting Digital Asset transactions on behalf of the Fund.

Limited Partners will have no right to request which Digital Asset service providers, intermediaries, exchanges and counterparties the Fund transacts with or invests in, and should not expect the Fund to accommodate any such requests.

Service Providers

Conflicts of interest may arise from the fact that any Service Provider or any affiliate of a Service Provider may provide services to, or have business, financial, personal or other relations with (i) other private funds with investment programs similar to that of the Fund or (ii) the Investment Manager or any of its affiliates. Any Service Provider or any affiliate of a Service Provider may be an investor in the Fund, a source of investment opportunities or a co-investor or commercial counterparty or entity in which the Investment Manager has an investment.

It is customary for a Service Provider to charge different rates or have different terms for different types of services. Based on the types of services used by the Investment Manager and its affiliates as compared to the types of services used by the Fund and the terms of such services, a Service Provider may enter into an arrangement with the Investment Manager or its affiliates that provides for more favorable rates or terms than an arrangement with the Fund.

Placement Agents

Placement agents that solicit investors on behalf of the Fund are subject to a conflict of interest because they will be compensated in connection with their solicitation activities. This conflict applies as well to nominees that are compensated by the Fund/Investment Manager in connection with the investment of their clients' assets in the Fund.

Diverse Investor Base

The Limited Partners may have conflicting investment, tax and other interests with respect to their investments in the Fund. As a consequence, conflicts of interest may arise in connection with decisions made by the Investment Manager that may be more beneficial for one Limited Partner than for another Limited Partner. In operating the Fund, the Investment Manager will consider the investment and tax objectives of the Fund as a whole, not the investment, tax or other objectives of any Limited Partner individually. Consequently, the Investment Manager may make decisions from time to time that may be more beneficial to one type of Limited Partner than another.

CUSTODY OF THE FUND'S DIGITAL ASSETS

The Fund intends to use Digital Asset wallets provided by exchanges and (other) third parties (such as Xapo) to hold all or a portion of the Fund's Digital Assets. Wallet providers used by the Fund may also offer physical security and jurisdictional security (in addition to cryptographic security).

The Fund's Digital Assets may also be held in the Investment Manager's internal storage facilities. Specifics of the Investment Manager's internal security system of Digital Assets are proprietary information which is known by only a few key employees who control, manage and protect the Investment Manager's security protocol. The Fund will endeavor to keep in place procedures to reduce risk of loss or theft of Digital Assets, and the Investment Manager is focused on maintaining a high level of security, and closely monitors the advances and best practices within the Digital Asset ecosystem regarding Digital Asset custody and security.

For additional information regarding the security of the Fund's Digital Assets, and accompanying risks, see "Certain Risk Factors — Risks Relating to Digital Assets".

INDEPENDENT AUDITORS

BDO USA, LLP (the "**Auditors**") has been retained as the independent auditors of the Fund to provide auditing and related services. The Fund is not obligated to retain the Auditors and the General Partner may, without prior notice to, or receiving consent from, the Limited Partners, engage other persons, firms or entities to provide auditing and related services.

THE ADMINISTRATOR

The Fund has entered into an agreement (the "**Administration Agreement**") with SEI Global Services, Inc. (the "**Administrator**") pursuant to which the Fund has engaged the Administrator to perform certain administrative services on its behalf.

The Administrator is responsible for, among other things: (i) maintaining the register of Limited Partners and generally performing all actions related to subscriptions and transfers of Interests; (ii) reviewing and, subject to approval by the Fund, accepting subscriptions for Interests and accepting payment therefor; (iii) computing monthly net asset value for and disseminating the net asset value of the Capital Accounts in accordance with the Partnership Agreement; (iv) performing certain acts related to withdrawals; (v) keeping such books and records as set forth in the Administration Agreement; and (vi) performing certain other services necessary in connection with the administration of the Fund.

The Administration Agreement generally provides that the Fund will indemnify the Administrator for any claim, liability, damage, loss, cost and expense incurred by the Administrator in connection with the conduct of the business of the Fund under the Administration Agreement, except to the extent of the Administrator's willful misconduct, gross negligence or fraud.

The Administrator receives a reasonable and customary annual fee and is reimbursed for all out-of-pocket expenses, which fee and expenses are paid out of the assets of the Fund.

The Fund may elect to terminate the Administration Agreement (in accordance with the terms thereof), and the General Partner may, without prior notice to, or receiving consent from, the Limited Partners, engage other persons, firms or entities to provide administrative services.

TAX ASPECTS

The following is a summary of certain aspects of the income taxation of the Fund and its Limited Partners which should be considered by a prospective Limited Partner. The Fund has not sought a ruling from the Service or any other Federal, state or local agency with respect to any of the tax issues affecting the Fund, nor has it obtained an opinion of counsel with respect to any tax issues.

This summary of certain aspects of the Federal income tax treatment of the Fund is based upon the Code, judicial decisions, Treasury Regulations (the "**Regulations**") and rulings in existence on the date hereof, all of which are subject to change. This summary does not discuss the impact of various proposals to amend the Code which could change certain of the tax consequences of an investment in the Fund. This summary also does not discuss all of the tax consequences that may be relevant to a particular investor or to certain investors subject to special treatment under the Federal income tax laws, such as insurance companies.

EACH PROSPECTIVE LIMITED PARTNER SHOULD CONSULT WITH ITS OWN TAX ADVISOR IN ORDER TO FULLY UNDERSTAND THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND.

In addition to the particular matters set forth in this section, tax-exempt organizations should review carefully those sections of the Memorandum regarding liquidity and other financial matters to ascertain whether the investment objectives of the Fund are consistent with their overall investment plans. Each prospective tax-exempt Limited Partner is urged to consult its own counsel regarding the acquisition of Interests.

Tax Treatment of Fund Operations

Classification of the Fund. The Fund intends to operate as a partnership for Federal tax purposes that is not a publicly traded partnership taxable as a corporation. If it were determined that the Fund should be taxable as a corporation for Federal tax purposes (as a result of changes in the Code, the Regulations or judicial interpretations thereof, a material adverse change in facts, or otherwise), the taxable income of the Fund would be subject to corporate income tax when recognized by the Fund; distributions of such income, other than in certain redemptions of Interests, would be treated as dividend income when received by the Partners to the extent of the current or accumulated earnings and profits of the Fund; and Partners would not be entitled to report profits or losses realized by the Fund.

As a partnership, the Fund generally is not itself subject to Federal income tax (see, however, "Tax Elections; Returns; Tax Audits" below). The Fund files an annual partnership information return with the Service which reports the results of operations. Each Partner is required to report separately on its income tax return its distributive share of the Fund's net long-term capital gain or loss, net short-term capital gain or loss and all other items of ordinary income or loss. Each Partner is taxed on its distributive share of the Fund's taxable income and gain regardless of whether it has received or will receive a distribution from the Fund.

Allocation of Profits and Losses. Under the Partnership Agreement, the Fund's net capital appreciation or net capital depreciation for each accounting period is allocated among the Partners and to their capital accounts without regard to the amount of income or loss actually recognized by the Fund for Federal income tax purposes. The Partnership Agreement provides that items of income, deduction, gain, loss or

credit recognized by the Fund for each fiscal year generally are to be allocated for income tax purposes among the Partners pursuant to the principles of Regulations issued under Sections 704(b) and 704(c) of the Code, based upon amounts of the Fund's net capital appreciation or net capital depreciation allocated to each Partner's capital account for the current and prior fiscal years. There can be no assurance, however, that the particular methodology of allocations used by the Fund will be accepted by the Service. If such allocations are successfully challenged by the Service, the allocation of the Fund's tax items among the Partners may be affected.

Under the Partnership Agreement, the General Partner has the discretion to allocate specially an amount of the Fund's ordinary income and/or capital gain (including short-term capital gain) and deductions, ordinary loss and/or capital loss (including long-term capital loss) for Federal income tax purposes to itself and to a withdrawing Partner to the extent that the Partner's capital account exceeds, or is less than, as the case may be, its Federal income tax basis in its partnership interest. There can be no assurance that, if the General Partner makes any such special allocations, the Service will accept such allocations. If such allocations are successfully challenged by the Service, the Fund's tax items allocable to the remaining Partners would be affected.

Tax Elections; Returns; Tax Audits. The Code generally provides for optional adjustments to the basis of partnership property upon distributions of partnership property to a partner and transfers of partnership interests (including by reason of death) provided that a partnership election has been made pursuant to Section 754. Under the Partnership Agreement, the General Partner, in its sole discretion, may cause the Fund to make such an election. Any such election, once made, cannot be revoked without the Service's consent. As a result of the complexity and added expense of the tax accounting required to implement such an election, the General Partner presently does not intend to make such election.

The General Partner decides how to report the partnership items on the Fund's tax returns. In certain cases, the Fund may be required to file a statement with the Service disclosing one or more positions taken on its tax return, generally where the tax law is uncertain or a position lacks clear authority. All Partners are required under the Code to treat the partnership items consistently on their own returns, unless they file a statement with the Service disclosing the inconsistency. Given the uncertainty and complexity of the tax laws, it is possible that the Service may not agree with the manner in which the Fund's items have been reported. In the event the income tax returns of the Fund are audited by the Service, the tax treatment of the Fund's income and deductions generally is determined at the limited partnership level in a single proceeding rather than by individual audits of the Partners. The General Partner, or such other person designated by the General Partner to serve as the Fund's partnership representative in the event of an audit by the Service, has considerable authority to make decisions affecting the tax treatment of all Partners, including extending the statute of limitations with respect to Fund items and settling any such audit.

An audit adjustment to the Fund's tax return for any tax year (a "**Prior Year**") could result in a tax liability (including interest and penalties) imposed on the Fund for the year during which the adjustment is determined (the "**Current Year**"). The tax liability generally is determined by using the highest tax rates under the Code applicable to U.S. taxpayers although the Fund may be able to use a lower rate to compute the tax liability by taking into account (to the extent it is the case and the implementing rules permit) that the Fund has certain tax-exempt and foreign partners. Alternatively, the Fund may be able to elect with the Service to pass through such adjustments for any year to the partners who participated in the Fund for the Prior Year, in which case each Prior Year participating partner, and not the Fund, would

be responsible for the payment of any tax deficiency, determined after including its share of the adjustments on its tax return for that year. If such an election is made by the Fund, interest on any deficiency will be at a rate that is 2 percentage points higher than the otherwise applicable interest rate on tax underpayments. If such an election is not made, Current Year partners may bear the tax liability (including interest and penalties) arising from audit adjustments at significantly higher rates and in amounts that are unrelated to their Prior Year economic interests in the partnership items that were adjusted.

Mandatory Basis Adjustments. The Fund is generally required to adjust its tax basis in its assets in respect of all Partners in cases of partnership distributions that result in a "substantial basis reduction" (i.e., in excess of $250,000) in respect of the Fund's property. The Fund is also required to adjust its tax basis in its assets in respect of a transferee, in the case of a sale or exchange of an interest, or a transfer upon death, when there exists immediately after the transfer a "substantial built-in loss" (i.e., in excess of $250,000) in respect of partnership property or the transferee would be allocated a loss of more than $250,000 upon a disposition of all of the partnership's assets at fair market value. For this reason, the Fund will require (i) a Partner who receives a distribution from the Fund in connection with a complete withdrawal, (ii) a transferee of an Interest (including a transferee in case of death) and (iii) any other Partner in appropriate circumstances to provide the Fund with information regarding its adjusted tax basis in its Interest.

Tax Consequences to a Withdrawing Limited Partner

A Limited Partner receiving a cash liquidating distribution from the Fund, in connection with a complete withdrawal from the Fund, generally will recognize capital gain or loss to the extent of the difference between the proceeds received by such Limited Partner and such Limited Partner's adjusted tax basis in its partnership interest. Such capital gain or loss will be short-term, long-term, or some combination of both, depending upon the timing of the Limited Partner's contributions to the Fund. However, a withdrawing Limited Partner will recognize ordinary income to the extent such Limited Partner's allocable share of the Fund's "unrealized receivables" exceeds the Limited Partner's basis in such unrealized receivables (as determined pursuant to the Regulations). For these purposes, accrued but untaxed market discount, if any, on securities held by the Fund will be treated as an unrealized receivable, with respect to which a withdrawing Limited Partner would recognize ordinary income. A Limited Partner receiving a cash nonliquidating distribution will recognize income in a similar manner only to the extent that the amount of the distribution exceeds such Limited Partner's adjusted tax basis in its partnership interest.

As discussed above, the Partnership Agreement provides that the General Partner may specially allocate items of Fund ordinary income and/or capital gain (including short-term capital gain) and deductions, ordinary loss and/or capital loss (including long-term capital loss) to a withdrawing Partner to the extent its capital account would otherwise exceed or be less than, as the case may be, its adjusted tax basis in its partnership interest. Such a special allocation of income or gain may result in the withdrawing Partner recognizing ordinary income and/or capital gain, which may include short-term capital gain, in the Partner's last taxable year in the Fund, thereby reducing the amount of long-term capital gain recognized during the tax year in which it receives its liquidating distribution upon withdrawal. Such a special allocation of deduction or loss may result in the withdrawing Partner recognizing ordinary loss and/or capital loss, which may include long-term capital loss, in the Partner's last taxable year in the Fund,

thereby reducing the amount of short-term capital loss recognized during the tax year in which it receives its liquidating distribution upon withdrawal.

Tax Treatment of Fund Investments

In General. The Fund expects to act as a trader or investor, and not as a dealer, with respect to its transactions. A trader and an investor are persons who buy and sell assets for their own accounts. A dealer, on the other hand, is a person who purchases assets for resale to customers rather than for investment or speculation.

Generally, the gains and losses realized by a trader or an investor on the sale of capital assets are capital gains and losses. As noted earlier, the Notice issued by the Service provides that a virtual currency is treated as property, not currency, for U.S. federal income tax purposes, and that general tax principles applicable to property transactions apply to transactions using virtual currencies. As such, the Fund intends to treat virtual currencies as capital assets for U.S. federal income tax purposes, including for tax reporting purposes.

Capital gains and losses recognized by the Fund may be long-term or short-term depending, in general, upon the length of time the Fund maintains a particular investment position and, in some cases, upon the nature of the transaction. Property held for more than one year generally will be eligible for long-term capital gain or loss treatment.

As described above, the Fund may, in certain cases, invest in Digital Assets that are securities for purposes of U.S. laws and regulations. The tax treatment of such Digital Assets and other Digital Assets that function other than as a medium of exchange (or currency equivalent) is unclear. If the Fund were to own such Digital Assets, it is possible that the Service would treat such Digital Assets as equity interests in an underlying constructive joint venture or association, in which case the Limited Partners may be taxable on their share of any items of income deemed allocated or deemed distributed from the constructive joint venture or association to the Limited Partners. Additionally, if such constructive joint venture or association were considered a non-U.S. corporation for U.S. federal tax purposes, Limited Partners may receive "phantom income" under certain anti-deferral rules (see "'Phantom Income' From Fund Investments" below).

The application of certain rules relating to short sales, to so-called "straddle" and "wash sale" transactions and to Section 1256 Contracts (defined below) may serve to alter the treatment of the Fund's positions. The Service has not indicated whether or to what extent virtual currencies should be considered securities or commodities for U.S. federal income tax purposes. It is unclear to what extent these rules apply to virtual currencies.

The income tax rate for corporations is 21%. Capital losses of a corporate taxpayer may be offset only against capital gains, but unused capital losses may be carried back three years (subject to certain limitations) and carried forward five years.

The maximum ordinary income tax rate for individuals is 37%[1] and, in general, the maximum individual income tax rate for "Qualified Dividends"[2] and long-term capital gains is 20% (unless the taxpayer elects

[1] The maximum rate for ordinary income for individuals is scheduled to increase to 39.6% in 2026.

to be taxed at ordinary rates - see "Limitation on Deductibility of Interest and Short Sale Expenses" below). The excess of capital losses over capital gains may be offset against the ordinary income of an individual taxpayer, subject to an annual deduction limitation of $3,000. Capital losses of an individual taxpayer may generally be carried forward to succeeding tax years to offset capital gains and then ordinary income (subject to the $3,000 annual limitation). (See, however, "Limitation on Deductibility of Net Losses" below.)

An individual may be entitled to deduct up to 20% of such individual's "qualified business income" each year. However, it is not anticipated that income from the Fund will constitute qualified business income, except to the extent of certain ordinary income dividends received from real estate investment trusts or income from investments, if any, in partnerships conducting certain trades or businesses.

In addition, individuals, estates and trusts are subject to a Medicare tax of 3.8% on net investment income ("**NII**") (or undistributed NII, in the case of estates and trusts) for each such taxable year, with such tax applying to the lesser of such income or the excess of such person's adjusted gross income (with certain adjustments) over a specified amount.[3] NII includes net income from interest, dividends, annuities, royalties and rents and net gain attributable to the disposition of investment property. It is generally anticipated that net income and gain attributable to an investment in the Fund will be included in an investor's NII subject to this Medicare tax. However, the calculation of NII for purposes of the Medicare tax and taxable income for purposes of the regular income tax may be different. Furthermore, the Medicare tax and the regular income tax may be due in different taxable years with respect to the same income. The application of the tax (and the availability of particular elections) is quite complex. Investors are urged to consult their tax advisers regarding the consequences of these rules in respect of their investments.

Section 1256 Contracts. In the case of Section 1256 Contracts, the Code generally applies a "mark-to-market" system of taxing unrealized gains and losses on such contracts and otherwise provides for special rules of taxation. A Section 1256 Contract includes certain regulated futures contracts and certain other contracts. Under these rules, Section 1256 Contracts held by the Fund at the end of each taxable year of the Fund are treated for Federal income tax purposes as if they were sold by the Fund for their fair market value on the last business day of such taxable year. The net gain or loss, if any, resulting from such deemed sales (known as "marking to market"), together with any gain or loss resulting from actual sales of Section 1256 Contracts, must be taken into account by the Fund in computing its taxable income for such year. If a Section 1256 Contract held by the Fund at the end of a taxable year is sold in the following year, the amount of any gain or loss realized on such sale will be adjusted to reflect the gain or loss previously taken into account under the "mark-to-market" rules.

With certain exceptions, capital gains and losses from such Section 1256 Contracts generally are characterized as short-term capital gains or losses to the extent of 40% thereof and as long-term capital

---

[2] A "Qualified Dividend" is generally a dividend from certain domestic corporations, and from certain foreign corporations that are either eligible for the benefits of a comprehensive income tax treaty with the United States or are readily tradable on an established securities market in the United States. Shares must be held for certain holding periods in order for a dividend thereon to be a Qualified Dividend.

[3] The amount is $250,000 for married individuals filing jointly, $125,000 for married individuals filing separately, $200,000 for other individuals and the dollar amount at which the highest income tax bracket for estates and trusts begins.

gains or losses to the extent of 60% thereof. If an individual taxpayer incurs a net capital loss for a year, the portion thereof, if any, which consists of a net loss on Section 1256 Contracts may, at the election of the taxpayer, be carried back three years. Losses so carried back may be deducted only against net capital gain to the extent that such gain includes gains on Section 1256 Contracts. A Section 1256 Contract does not include any "securities futures contract" or any option on such a contract, other than a "dealer securities futures contract" (see "Certain Securities Futures Contracts").

Mixed Straddle Election. The Code allows a taxpayer to elect to offset gains and losses from positions which are part of a "mixed straddle." A "mixed straddle" is any straddle in which one or more but not all positions are Section 1256 Contracts. Pursuant to Temporary Regulations, the Fund may be eligible to elect to establish one or more mixed straddle accounts for certain of its mixed straddle trading positions. The mixed straddle account rules require a daily "marking to market" of all open positions in the account and a daily netting of gains and losses from positions in the account. At the end of a taxable year, the annual net gains or losses from the mixed straddle account are recognized for tax purposes. The application of the Temporary Regulations' mixed straddle account rules is not entirely clear. Therefore, there is no assurance that a mixed straddle account election by the Fund will be accepted by the Service.

Short Sales. Gain or loss from a short sale of property is generally considered as capital gain or loss to the extent the property used to close the short sale constitutes a capital asset in the Fund's hands. Except with respect to certain situations where the property used to close a short sale has a long-term holding period on the date the short sale is entered into, gains on short sales generally are short-term capital gains. A loss on a short sale will be treated as a long-term capital loss if, on the date of the short sale, "substantially identical property" has been held by the Fund for more than one year. In addition, these rules may also terminate the running of the holding period of "substantially identical property" held by the Fund.

Gain or loss on a short sale will generally not be realized until such time that the short sale is closed. However, if the Fund holds a short sale position with respect to stock, certain debt obligations or partnership interests that has appreciated in value and then acquires property that is the same as or substantially identical to the property sold short, the Fund generally will recognize gain on the date it acquires such property as if the short sale were closed on such date with such property. Similarly, if the Fund holds an appreciated financial position with respect to stock, certain debt obligations, or partnership interests and then enters into a short sale with respect to the same or substantially identical property, the Fund generally will recognize gain as if the appreciated financial position were sold at its fair market value on the date it enters into the short sale. The subsequent holding period for any appreciated financial position that is subject to these constructive sale rules will be determined as if such position were acquired on the date of the constructive sale.

Effect of Straddle Rules on Limited Partners' Securities Positions. The Service may treat certain positions in securities held (directly or indirectly) by a Partner and its indirect interest in similar securities held by the Fund as "straddles" for Federal income tax purposes. Investors should consult their tax advisors regarding the application of the "straddle" rules to their investment in the Fund.

Limitation on Deductibility of Interest and Short Sale Expenses. For noncorporate taxpayers, Section 163(d) of the Code limits the deduction for "investment interest" (i.e., interest or short sale expenses for "indebtedness properly allocable to property held for investment"). Investment interest is not deductible in the current year to the extent that it exceeds the taxpayer's "net investment income," consisting of net

gain and ordinary income derived from investments in the current year less certain directly connected expenses (other than interest or short sale expenses). For this purpose, Qualified Dividends and long-term capital gains are excluded from net investment income unless the taxpayer elects to pay tax on such amounts at ordinary income tax rates.

For purposes of this provision, the Fund's activities (other than certain activities that are treated as "passive activities" under Section 469 of the Code) will be treated as giving rise to investment income for a Limited Partner (other than a Limited Partner who materially participates in the Fund's trade or business activities, if any), and the investment interest limitation would apply to a noncorporate Limited Partner's share of the interest and short sale expenses attributable to the Fund's operation. Such noncorporate Limited Partner would be denied a deduction for all or part of that portion of its distributive share of the Fund's ordinary losses attributable to interest and short sale expenses unless it had sufficient investment income from all sources including the Fund. A Limited Partner that could not deduct losses currently as a result of the application of Section 163(d) would be entitled to carry forward such losses to future years, subject to the same limitation. The investment interest limitation would also apply to interest paid by a noncorporate Limited Partner on money borrowed to finance its investment in the Fund. Potential investors are advised to consult with their own tax advisors with respect to the application of the investment interest limitation in their particular tax situations.

Limitation on Deductibility of Business Interest Expense. Section 163(j) of the Code limits the deduction of business interest expense attributable to a trade or business generally to the sum of the taxpayer's (x) business interest income and (y) 30% of adjusted taxable income relating to a trade or business (calculated by excluding business interest expense and business interest income). Under Proposed Treasury Regulations, "business interest expense" includes, among other things, substitute interest payments made in connection with a securities lending or repurchase agreement, commitment fees and guaranteed payments made to a partner for the use of capital. Any business interest expense not deductible pursuant to the foregoing limitation is treated as business interest expense of the taxpayer that carries forward to succeeding taxable years, subject to the same limitation.

The determination of what constitutes business interest expense in respect of the Fund's operations is determined at the partnership level. If the Fund is a trader in securities, the foregoing limitations are initially calculated at the Fund level. To the extent the limitation at the Fund level applies to reduce the business interest expense deductible for a year, such excess shall carry forward to succeeding years and, subject to certain limitations, may be deducted by the Limited Partner to the extent the Fund has sufficient excess taxable income that was not offset by business interest expense in such year. Any amount not utilized will form part of the investor's adjusted basis in its interest in the Fund only at the time of disposition of such interest.

Under Proposed Treasury Regulations, Limited Partners such as noncorporate taxpayers for whom the investment interest rules apply in respect of their interests in the Fund (see "Limitation on Deductibility of Interest and Short Sale Expenses" above) would apply the investment interest limitations to any allowable business interest expenses passed through by the Fund that constitutes "investment interest" (which, of note, would not include a guaranteed payment). Potential investors are advised to consult with their own tax advisors with respect to the application of the business interest expense limitation to their particular tax situations.

Deductibility of Fund Investment Expenditures and Certain Other Expenditures. Investment expenses (e.g., investment advisory fees) of an individual, trust or estate are not deductible. For taxable years beginning after 2025, such expenses would be deductible only to the extent they exceed 2% of adjusted gross income, would be further restricted in their deductibility for individuals with an adjusted gross income in excess of a specified amount and would not be deductible in calculating alternative minimum tax liability.

It is unclear whether all or a portion of the Fund's operations will qualify as trading -- rather than investment -- activities, the expenses for which would not be treated as investment expenses. Therefore, pursuant to Temporary Regulations issued by the Treasury Department, these limitations on deductibility may apply to a noncorporate Limited Partner's share of certain expenses of the Fund, including the Management Fee, the fee paid to the Administrator and payments made on certain derivative instruments.

The consequences of these limitations will vary depending upon the particular tax situation of each taxpayer. Accordingly, noncorporate Limited Partners should consult their tax advisors with respect to the application of these limitations.

The Fund may elect to deduct organizational expenses for tax purposes over a fixed period of 180 months.

A Limited Partner will not be allowed to deduct syndication expenses, including placement fees paid by such Limited Partner or the Fund. Any such amounts will be included in the Limited Partner's adjusted tax basis for its Interest.

Application of Rules for Income and Losses from Passive Activities. The Code restricts the deductibility of losses from a "passive activity" against certain income which is not derived from a passive activity. This restriction applies to individuals, personal service corporations and certain closely held corporations. Pursuant to Temporary Regulations issued by the Treasury Department, income or loss from the Fund's investment and trading activity generally will not constitute income or loss from a passive activity. Therefore, passive losses from other sources generally could not be deducted against a Limited Partner's share of such income and gain from the Fund. Income or loss attributable to certain activities of the Fund, including investments in partnerships engaged in certain trades or businesses, may constitute passive activity income or loss.

Limitation on Deductibility of Net Losses. In the case of a noncorporate taxpayer, any net business loss for any taxable year beginning during the period 2018 through 2025 may not be used to offset nonbusiness income in excess of $250,000 ($500,000 in the case of a married couple filing jointly). To the extent the Fund is considered to be a trader in securities, any net loss from the Fund may, therefore, be unavailable to offset investment income earned by a Limited Partner, including investment income earned outside of the Fund. Any disallowed loss will carry forward and may, subject to certain limitations, be used to reduce taxable income earned by such Limited Partner in future years. Any trading losses incurred by a partnership in which the Fund invests will be subject to the same limitations when allocated to a noncorporate Limited Partner.

Application of Basis and "At Risk" Limitations on Deductions. The amount of any loss of the Fund that a Limited Partner is entitled to include in its income tax return is limited to its adjusted tax basis in its Interest as of the end of the Fund's taxable year in which such loss occurred. Generally, a Limited Partner's adjusted tax basis for its Interest is equal to the amount paid for such Interest, increased by the

sum of (i) its share of the Fund's liabilities, as determined for Federal income tax purposes, and (ii) its distributive share of the Fund's realized income and gains, and decreased (but not below zero) by the sum of (i) distributions (including decreases in its share of Fund liabilities) made by the Fund to such Limited Partner and (ii) such Limited Partner's distributive share of the Fund's realized losses and expenses.

Similarly, a Limited Partner that is subject to the "at risk" limitations (generally, noncorporate taxpayers and closely held corporations) may not deduct losses of the Fund to the extent that they exceed the amount such Limited Partner has "at risk" with respect to its Interest at the end of the year. The amount that a Limited Partner has "at risk" will generally be the same as its adjusted basis as described above, except that it will generally not include any amount attributable to liabilities of the Fund or any amount borrowed by the Limited Partner on a non-recourse basis.

Losses denied under the basis or "at risk" limitations are suspended and may be carried forward in subsequent taxable years, subject to these and other applicable limitations.

"Phantom Income" From Fund Investments. Pursuant to various "anti-deferral" provisions of the Code (the "Subpart F" and "passive foreign investment company" provisions), investments (if any) by the Fund in certain foreign corporations may cause a Limited Partner to (i) recognize taxable income prior to the Fund's receipt of distributable proceeds, (ii) pay an interest charge on receipts that are deemed as having been deferred or (iii) recognize ordinary income that, but for the "anti-deferral" provisions, would have been treated as long-term or short-term capital gain.

Foreign Taxes

It is possible that certain dividends and interest received by the Fund from sources within foreign countries will be subject to withholding taxes imposed by such countries. In addition, the Fund may also be subject to capital gains taxes in some of the foreign countries where it purchases and sells securities. Tax treaties between certain countries and the United States may reduce or eliminate such taxes. It is impossible to predict in advance the rate of foreign tax the Fund will pay since the amount of the Fund's assets to be invested in various countries is not known.

The Partners will be informed by the Fund as to their proportionate share of the foreign taxes paid by the Fund, which they will be required to include in their income. The Limited Partners generally will be entitled to claim either a credit (subject to the limitations discussed below and provided that, in the case of dividends, the foreign stock is held for the requisite holding period) or, if they itemize their deductions, a deduction (subject to the limitations, if any, generally applicable to deductions) for their share of such foreign taxes in computing their Federal income taxes. A Limited Partner that is tax exempt will not ordinarily benefit from such credit or deduction.

Generally, a credit for foreign taxes is subject to the limitation that it may not exceed the Partner's Federal tax (before the credit) attributable to its total foreign source taxable income. A Limited Partner's share of the Fund's dividends and interest from non-U.S. securities generally will qualify as foreign source income. Generally, the source of gain and loss realized upon the sale of personal property, such as securities, will be based on the residence of the seller. In the case of a partnership, the determining factor is the residence of the partner. Thus, absent a tax treaty to the contrary, the gains and losses from the sale of securities allocable to a Partner that is a U.S. resident generally will be treated as derived from U.S. sources (even though the securities are sold in foreign countries). For purposes of the foreign tax credit limitation calculation, investors entitled to the reduced tax rates on Qualified Dividends and long-term

capital gains described above (see "Tax Treatment of Fund Investments – In General"), must adjust their foreign tax credit limitation calculation to take into account the preferential tax rate on such income to the extent it is derived from foreign sources. Certain currency fluctuation gains, including fluctuation gains from foreign currency denominated debt securities, receivables and payables, will also be treated as ordinary income derived from U.S. sources.

The limitation on the foreign tax credit generally is applied separately to foreign source passive income, such as dividends and interest. In addition, for foreign tax credit limitation purposes, the amount of a Partner's foreign source income is reduced by various deductions that are allocated and/or apportioned to such foreign source income. One such deduction is interest expense, a portion of which will generally reduce the foreign source income of any Partner who owns (directly or indirectly) foreign assets. For these purposes, foreign assets owned by the Fund will be treated as owned by the investors in the Fund and indebtedness incurred by the Fund will be treated as incurred by investors in the Fund.

Because of these limitations, Limited Partners may be unable to claim a credit for the full amount of their proportionate share of the foreign taxes paid by the Fund. In addition, a foreign tax credit generally will not be available to offset the Medicare tax on NII. The foregoing is only a general description of the foreign tax credit under current law. Moreover, since the availability of a credit or deduction depends on the particular circumstances of each Partner, Limited Partners are advised to consult their own tax advisors.

Unrelated Business Taxable Income

Generally, an exempt organization is exempt from Federal income tax on its passive investment income, such as dividends, interest and capital gains, whether realized by the organization directly or indirectly through a partnership in which it is a partner. This type of income is exempt even if it is realized from securities trading activity which constitutes a trade or business.

This general exemption from tax does not apply to the "unrelated business taxable income" ("**UBTI**") of an exempt organization. Generally, income and gain derived by an exempt organization from the ownership and sale of debt-financed property is taxable in the proportion to which such property is financed by "acquisition indebtedness" during the relevant period of time. As previously indicated, the Fund does not intend to use leverage as part of the investment program.

As described above, the Fund may, in certain cases, invest in Digital Assets that are securities for purposes of U.S. laws and regulations. The tax treatment of such Digital Assets and other Digital Assets that function other than as a medium of exchange (or currency equivalent) is unclear. If the Fund were to own such Digital Assets, it is possible that the Service would treat such securities as equity interests in an underlying constructive joint venture or association, in which case any items of income deemed allocated from the constructive joint venture or association may constitute UBTI. Limited Partners are advised to consult their own tax advisors with respect to the foregoing.

In general, if UBTI is allocated to an exempt organization such as a qualified retirement plan or a private foundation, the portion of the Fund's income and gains which is not treated as UBTI will continue to be exempt from tax, as will the organization's income and gains from other investments which are not treated as UBTI. Therefore, even if an exempt organization Limited Partner realizes UBTI from its investment in

the Fund, the tax-exempt status of such exempt organization should not be affected.[4] However, a charitable remainder trust will be subject to a 100% excise tax on any UBTI under Section 664(c) of the Code. A title-holding company will not be exempt from tax if it has certain types of UBTI. Moreover, the charitable contribution deduction for a trust under Section 642(c) of the Code may be limited for any year in which the trust has UBTI. A prospective investor should consult its tax advisor with respect to the tax consequences of receiving UBTI from the Fund. (See "ERISA Considerations".)

Certain Issues Pertaining to Specific Exempt Organizations

Private Foundations. Private foundations and their managers are subject to excise taxes if they invest "any amount in such a manner as to jeopardize the carrying out of any of the foundation's exempt purposes." This rule requires a foundation manager, in making an investment, to exercise "ordinary business care and prudence" under the facts and circumstances prevailing at the time of making the investment, in providing for the short-term and long-term needs of the foundation to carry out its exempt purposes. The factors which a foundation manager may take into account in assessing an investment include the expected rate of return (both income and capital appreciation), the risks of rising and falling price levels, and the need for diversification within the foundation's portfolio.

In order to avoid the imposition of an excise tax, a private foundation may be required to distribute on an annual basis its "distributable amount," which includes, among other things, the private foundation's "minimum investment return," defined as 5% of the excess of the fair market value of its nonfunctionally related assets (assets not used or held for use in carrying out the foundation's exempt purposes), over certain indebtedness incurred by the foundation in connection with such assets. It appears that a foundation's investment in the Fund would most probably be classified as a nonfunctionally related asset. A determination that an interest in the Fund is a nonfunctionally related asset could conceivably cause cash flow problems for a prospective Limited Partner which is a private foundation. Such an organization could be required to make distributions in an amount determined by reference to unrealized appreciation in the value of its interest in the Fund. Of course, this factor would create less of a problem to the extent that the value of the investment in the Fund is not significant in relation to the value of other assets held by a foundation.

In some instances, an investment in the Fund by a private foundation may be prohibited by the "excess business holdings" provisions of the Code. For example, if a private foundation (either directly or together with a "disqualified person") acquires more than 20% of the capital interest or profits interest of the Fund, the private foundation may be considered to have "excess business holdings." If this occurs, such foundation may be required to divest itself of its interest in the Fund in order to avoid the imposition of an excise tax. However, the excise tax will not apply if at least 95% of the gross income from the Fund is "passive" within the applicable provisions of the Code and Regulations. There can be no assurance that the Fund will meet such 95% gross income test.

[4] Certain exempt organizations which realize UBTI in a taxable year will not constitute "qualified organizations" for purposes of Section 514(c)(9)(B)(vi)(I) of the Code, pursuant to which, in limited circumstances, income from certain real estate partnerships in which such organizations invest might be treated as exempt from UBTI. A prospective tax-exempt Limited Partner should consult its tax advisor in this regard.

A substantial percentage of investments of certain "private operating foundations" may be restricted to assets directly devoted to their tax-exempt purposes. Otherwise, generally, rules similar to those discussed above govern their operations.

With certain exceptions, tax-exempt organizations which are private foundations are subject to a 2% Federal excise tax on their "net investment income." The rate of the excise tax for any taxable year may be reduced to 1% if the private foundation meets certain distribution requirements for the taxable year. A private foundation will be required to make payments of estimated tax with respect to this excise tax.

Private Colleges and Universities. Net investment income of certain private colleges and universities is subject to a 1.4% tax. Such income is calculated in the same manner in which private foundations calculate their net investment income.

Qualified Retirement Plans. Employee benefit plans subject to the provisions of ERISA, Individual Retirement Accounts and Keogh Plans should consult their counsel as to the implications of such an investment under ERISA and the Code. (See "ERISA Considerations.")

Endowment Funds. Investment managers of endowment funds should consider whether the acquisition of an Interest is legally permissible. This is not a matter of Federal law, but is determined under state statutes. It should be noted, however, that under the Uniform Prudent Management of Institutional Funds Act, which has been adopted, in various forms, by a large number of states, participation in investment partnerships or similar organizations in which funds are commingled and investment determinations are made by persons other than the governing board of the endowment fund is allowed.

Certain Clubs and Trusts. Social clubs, voluntary employees' beneficiary associations and supplemental unemployment benefit trusts that are exempt from Federal income taxation under Sections 501(c)(7), (c)(9) and (c)(17), respectively, of the Code are subject to special UBTI rules. These rules generally require such tax-exempt organizations to characterize income that would not otherwise be treated as UBTI (including income earned by the Fund) as UBTI. Such tax-exempt organizations are advised to consult their tax advisors concerning these rules and their application to this investment.

Excise Tax on Certain Reportable Transactions

A tax-exempt entity (including a state or local government or its political subdivision) may be subject to an excise tax equal to the greater of (i) one hundred percent (100%) of the net income or (ii) seventy five percent (75%) of the proceeds, attributable to certain "reportable transactions", including "listed transactions", in which it participates. Under Regulations, these rules should not apply to a tax-exempt investor's Interest if such investor's tax-exempt status does not facilitate the Fund's participation, if any, in such transactions, unless otherwise provided in future guidance. Tax-exempt investors should discuss with their own advisors the applicability of these rules to their investment in the Fund. (See "Tax Shelter Reporting Requirements" below.)

Certain Reporting Obligations

Certain U.S. persons ("potential filers") that own (directly or indirectly) more than 50% of the capital or profits of the Fund may be required to file FinCEN Form 114 (an "**FBAR**") with respect to the Fund's investments in foreign financial accounts. Failure to file a required FBAR may result in civil and criminal

penalties. Potential filers should consult with their own advisors as to whether they are obligated to file an FBAR with respect to an investment in the Fund.

Tax Shelter Reporting Requirements

The Regulations require the Fund to complete and file Form 8886 ("**Reportable Transaction Disclosure Statement**") with its tax return for any taxable year in which the Fund participates in a "reportable transaction." Additionally, each Partner treated as participating in a reportable transaction of the Fund is generally required to file Form 8886 with its tax return (or, in certain cases, within 60 days of the return's due date). If the Service designates a transaction as a reportable transaction after the filing of a taxpayer's tax return for the year in which the Fund or a Partner participated in the transaction, the Fund and/or such Partner may have to file Form 8886 with respect to that transaction within 90 days after the Service makes the designation. The Fund and any such Partner, respectively, must also submit a copy of the completed form with the Service's Office of Tax Shelter Analysis. The Fund intends to notify the Partners that it believes (based on information available to the Fund) are required to report a transaction of the Fund, and intends to provide such Limited Partners with any available information needed to complete and submit Form 8886 with respect to the Fund's transactions. In certain situations, there may also be a requirement that a list be maintained of persons participating in such reportable transactions, which could be made available to the Service at its request.

A Partner's recognition of a loss upon its disposition of an interest in the Fund could also constitute a "reportable transaction" for such Partner, requiring such Partner to file Form 8886.

A significant penalty is imposed on taxpayers who participate in a "reportable transaction" and fail to make the required disclosure. The maximum penalty is $10,000 for natural persons and $50,000 for other persons (increased to $100,000 and $200,000, respectively, if the reportable transaction is a "listed" transaction). Investors should consult with their own advisors concerning the application of these reporting obligations to their specific situations.

State and Local Taxation

In addition to the Federal income tax consequences described above, prospective investors should consider potential state and local tax consequences of an investment in the Fund. State and local laws often differ from Federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction and credit. A Partner's distributive share of the taxable income or loss of the Fund generally will be required to be included in determining its reportable income for state and local tax purposes in the jurisdiction in which it is a resident. To the extent the Fund is engaged in a trade or business, including through the acquisition of an interest in a partnership that is itself engaged in a trade or business, a Partner's share of the Fund's income from that trade or business that is sourced to a particular jurisdiction may cause such partner to be taxed in that jurisdiction and may cause such Partner to file tax returns in such jurisdiction. Prospective investors should consult their tax advisors with respect to the availability of a credit for any such tax in the jurisdiction in which that Partner is a resident.

The tax laws of various states and localities limit or eliminate the deductibility of itemized deductions for certain taxpayers. These limitations may apply to a Partner's share of some or all of the Fund's expenses, including interest expense, to the extent that the expenses are not considered to be trade or business expenses in the applicable jurisdiction. Prospective investors are urged to consult their tax advisors with

respect to the impact of these provisions on the deductibility of certain itemized deductions, including interest expense, on their tax liabilities in the jurisdictions in which they are resident.

One or more states may impose reporting requirements on the Fund and/or its Partners in a manner similar to that described above in "Tax Shelter Reporting Requirements." Investors should consult with their own advisors as to the applicability of such rules in jurisdictions which may require or impose a filing requirement.

ERISA CONSIDERATIONS

The following summary of certain aspects of ERISA is based upon ERISA, judicial decisions, U.S. Department of Labor ("**DOL**") regulations and rulings in existence on the date hereof. This summary is general in nature and does not address every ERISA issue that may be applicable to the Fund or a particular investor. Accordingly, each prospective investor should consult with its own counsel in order to understand the ERISA issues affecting the Fund and the investor.

General

Persons who are fiduciaries with respect to a U.S. employee benefit plan or trust within the meaning of and subject to the provisions of ERISA (an "**ERISA Plan**"), an individual retirement account or a Keogh plan subject solely to the provisions of the Code* (an "**Individual Retirement Fund**") should consider, among other things, the matters described below before determining whether to invest in the Fund.

ERISA imposes certain general and specific responsibilities on persons who are fiduciaries with respect to an ERISA Plan, including prudence, diversification, avoidance of prohibited transactions and compliance with other standards. In determining whether a particular investment is appropriate for an ERISA Plan, DOL regulations provide that a fiduciary of an ERISA Plan must give appropriate consideration to, among other things, the role that the investment plays in the ERISA Plan's portfolio, taking into consideration whether the investment is designed reasonably to further the ERISA Plan's purposes, the risk and return factors of the potential investment, the portfolio's composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the ERISA Plan, the projected return of the total portfolio relative to the ERISA Plan's funding objectives, and the limitation on the rights of Limited Partners to withdraw all or a portion of the balance in their Capital Accounts or to transfer their Interests. Before investing the assets of an ERISA Plan in the Fund, a fiduciary should determine whether such an investment is consistent with its fiduciary responsibilities and the foregoing regulations. For example, a fiduciary should consider whether an investment in the Fund may be too illiquid or too speculative for a particular ERISA Plan and whether the assets of the ERISA Plan would be sufficiently diversified. If a fiduciary with respect to any such ERISA Plan breaches its responsibilities with regard to selecting an investment or an investment course of action for such ERISA Plan, the fiduciary may be held personally liable for losses incurred by the ERISA Plan as a result of such breach.

Plan Assets Defined

ERISA and applicable DOL regulations describe when the underlying assets of an entity in which "benefit plan investors", as defined in Section 3(42) of ERISA and any regulations promulgated thereunder ("**Benefit Plan Investors**"), invest are treated as "plan assets" for purposes of ERISA. Under ERISA, the term Benefit Plan Investors is defined to include an "employee benefit plan" that is subject to the provisions of Title I of ERISA, a "plan" that is subject to the prohibited transaction provisions of Section 4975 of the Code, and entities the assets of which are treated as "plan assets" by reason of investment therein by Benefit Plan Investors.

Under ERISA, as a general rule, when an ERISA Plan invests assets in another entity, the ERISA Plan's assets include its investment, but do not, solely by reason of such investment, include any of the

* References hereinafter made to ERISA include parallel references to the Code.

underlying assets of the entity. However, when an ERISA Plan acquires an "equity interest" in an entity that is neither: (a) a "publicly offered security"; nor (b) a security issued by an investment fund registered under the Company Act, then the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that: (i) the entity is an "operating company"; or (ii) the equity participation in the entity by Benefit Plan Investors is limited.

Under ERISA, the assets of an entity will not be treated as "plan assets" if Benefit Plan Investors hold less than 25% (or such greater percentage as may be specified in regulations promulgated by the DOL) of the value of each class of equity interests in the entity. Equity interests held by a person with discretionary authority or control with respect to the assets of the entity and equity interests held by a person who provides investment advice for a fee (direct or indirect) with respect to such assets or any affiliate of any such person (other than a Benefit Plan Investor) are not considered for purposes of determining whether the assets of an entity will be treated as "plan assets" for purposes of ERISA. The Benefit Plan Investor percentage of ownership test applies at the time of an acquisition by any person of the equity interests. In addition, an advisory opinion of the DOL takes the position that a withdrawal of an equity interest by an investor constitutes the acquisition of an equity interest by the remaining investors (through an increase in their percentage ownership of the remaining equity interests), thus triggering an application of the Benefit Plan Investor percentage of ownership test at the time of the withdrawal.

Limitation on Investments by Benefit Plan Investors

It is the current intent of the General Partner to monitor the investments in the Fund to ensure that the aggregate investment by Benefit Plan Investors does not equal or exceed 25% (or such greater percentage as may be specified in regulations promulgated by the DOL) of the value of any class of equity interests in the Fund so that assets of the Fund will not be treated as "plan assets" under ERISA. Equity interests held by the General Partner or its affiliates (other than a Benefit Plan Investor) are not considered for purposes of determining whether the assets of the Fund will be treated as "plan assets" for the purpose of ERISA. If the assets of the Fund were treated as "plan assets" of a Benefit Plan Investor, the Investment Manager would be a "fiduciary" (as defined in ERISA and the Code) with respect to each such Benefit Plan Investor and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA. In such circumstances, the Fund would be subject to various other requirements of ERISA and the Code. In particular, the Fund would be subject to rules restricting transactions with "parties in interest" and prohibiting transactions involving conflicts of interest on the part of fiduciaries which might result in a violation of ERISA and the Code unless the Fund obtained appropriate exemptions from the DOL allowing the Fund to conduct its operations as described herein. As described above under " Summary of Terms—Withdrawals—Required Withdrawals", the General Partner may, in its sole discretion, require any Limited Partner to withdraw all or any portion of the balance in its Capital Account(s), including, without limitation, to ensure compliance with the percentage limitation on investment in the Fund by Benefit Plan Investors as set forth above. The General Partner reserves the right, however, to waive the percentage limitation on investment in the Fund by Benefit Plan Investors and thereafter to comply with ERISA.

Representations by Plans

An ERISA Plan proposing to invest in the Fund will be required to represent that it is, and any fiduciaries responsible for the ERISA Plan's investments are, aware of and understand the Fund's investment objectives, policies and strategies, and that the decision to invest plan assets in the Fund was made with appropriate

consideration of relevant investment factors with regard to the ERISA Plan and is consistent with the duties and responsibilities imposed upon fiduciaries with regard to their investment decisions under ERISA.

Whether or not the assets of the Fund are treated as "plan assets" for purposes of ERISA, an investment in the Fund by an ERISA Plan is subject to ERISA. Accordingly, fiduciaries of ERISA Plans should consult with their own counsel as to the consequences under ERISA of an investment in the Fund.

ERISA Plans and Individual Retirement Funds Having Prior Relationships with the General Partner or its Affiliates

Certain prospective ERISA Plan and Individual Retirement Fund investors may currently maintain relationships with the General Partner or other entities that are affiliated with the General Partner. Each of such entities may be deemed to be a party in interest to, and/or a fiduciary of, any ERISA Plan or Individual Retirement Fund to which any of the General Partner or its affiliates provides investment management, investment advisory or other services. ERISA prohibits ERISA Plan assets to be used for the benefit of a party in interest and also prohibits an ERISA Plan fiduciary from using its position to cause the ERISA Plan to make an investment from which it or certain third parties in which such fiduciary has an interest would receive a fee or other consideration. Similar provisions are imposed by the Code with respect to Individual Retirement Funds. ERISA Plan and Individual Retirement Fund investors should consult with counsel to determine if participation in the Fund is a transaction that is prohibited by ERISA or the Code.

Eligible Indirect Compensation

The disclosures set forth in this Memorandum constitute the Investment Manager's good faith efforts to comply with the disclosure requirements of Form 5500, Schedule C and allow for the treatment of its compensation as eligible indirect compensation.

Future Regulations and Rulings

The provisions of ERISA are subject to extensive and continuing administrative and judicial interpretation and review. The discussion of ERISA contained herein is, of necessity, general and may be affected by future publication of regulations and rulings. Potential investors should consult with their legal advisers regarding the consequences under ERISA of the acquisition and ownership of Interests.

OTHER REGULATORY MATTERS

Company Act Regulation
The Fund is not registered as an investment company under the Company Act. The Fund complies with Section 3(c)(1) of the Company Act, and, accordingly, the Interests may not be beneficially owned by more than 100 persons.

Anti-Money Laundering Regulations
Identity Verification

In order to comply with laws and regulations aimed at the prevention of money laundering and terrorist financing, the Fund is required to adopt and maintain anti-money laundering procedures and, accordingly, the Fund, or the Administrator on the Fund's behalf, may require subscribers to provide evidence to verify their identity, the identity of their beneficial owners and controllers (where applicable), and the source of funds.

The Fund, and the Administrator on the Fund's behalf, may request such information as is necessary to verify the identity of any Limited Partner (including any subscriber or a transferee) and the identity of their beneficial owners and controllers (where applicable). Where the circumstances permit, the Fund, or the Administrator on the Fund's behalf, may be satisfied that full due diligence may not be required at subscription under applicable law. However, detailed verification information may be required prior to the payment of any withdrawal proceeds or any transfer of an Interest.

In the event of delay or failure by a subscriber or Limited Partner to produce any information required for verification purposes, the Fund, or the Administrator on the Fund's behalf, may (i) refuse to accept or delay the acceptance of a subscription; (ii) in the case of a transfer of Interests, refuse to consent to the relevant transfer of Interests; or (iii) cause the withdrawal of any such Limited Partner from the Fund.

The Fund, and the Administrator on the Fund's behalf, also may refuse to make any withdrawal or distribution payment to a Limited Partner if the General Partner or the Administrator suspects or is advised that the payment of withdrawal proceeds or distribution amounts to such Limited Partner may be non-compliant with applicable laws or regulations, or if such refusal is considered necessary or appropriate to ensure the compliance by the Fund or the Administrator with any applicable laws or regulations.

Freezing Accounts

Each of the General Partner and the Administrator reserves the right, and the Fund may be obligated, pursuant to any applicable anti-money laundering laws or the laws, regulations, and Executive Orders administered by the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**"), or other laws or regulations in any relevant jurisdiction (collectively, "**AML/OFAC Obligations**"), to "freeze the account" of a subscriber or Limited Partner, either by (i) rejecting the capital contribution of a subscriber or Limited Partner; (ii) segregating the assets in the account in compliance with applicable laws or regulations; (iii) declining any withdrawal request of a Limited Partner; (iv) suspending payment of withdrawal proceeds to a Limited Partner; and/or (v) refusing to make any distribution to a Limited Partner. The Fund may be required to report such action and to disclose the subscriber's or Limited Partner's identity to OFAC or other applicable governmental and regulatory authorities.

Sanctions and Required Representations

The Fund is subject to laws that restrict it from dealing with certain persons, including, without limitation, persons that are located or domiciled in sanctioned jurisdictions. Accordingly, each subscriber and Limited Partner (including any transferee) will be required to make such representations to the Fund as the Fund, the Investment Manager or the Administrator will require in connection with applicable AML/OFAC Obligations, including, without limitation, representations to the Fund that, to the best of its knowledge, such subscriber or Limited Partner (and (i) any person controlling or controlled by the subscriber or Limited Partner; (ii) if the subscriber or Limited Partner is a privately held entity, any person having a beneficial interest in the subscriber or Limited Partner; and (iii) any person for whom the subscriber or Limited Partner is acting as agent or nominee in connection with the investment) is not (a) a country, territory, individual or entity named on an OFAC list or any similar list maintained under applicable law ("**Sanctions Lists**"); (b) dealing with any third party named on any Sanctions List; or (c) a person or entity prohibited under the programs administered by OFAC or any other similar economic and trade sanctions program. Where a Limited Partner is named on any of the Sanctions Lists, the Fund may be required to cease any further dealings with the Limited Partner's interest in the Fund until such sanctions are lifted or a license is sought under applicable law to continue dealings.

Each subscriber and Limited Partner (including any transferee) will also be required to represent to the Fund that, to the best of its knowledge, such subscriber or Limited Partner (and (i) any person controlling or controlled by the subscriber or Limited Partner; (ii) if the subscriber or Limited Partner is a privately held entity, any person having a beneficial interest in the subscriber or Limited Partner; and (iii) any person for whom the subscriber or Limited Partner is acting as agent or nominee in connection with the investment) is not a senior foreign political figure,[*] or any immediate family member[**] or close associate[***] of a senior foreign political figure.

Further, if such subscriber or Limited Partner is a non-U.S. banking institution (a "**Non-U.S. Bank**") or if such subscriber or Limited Partner receives deposits from, makes payments on behalf of, or handles other financial transactions related to a Non-U.S. Bank, such subscriber or Limited Partner must represent to the Fund that: (i) the Non-U.S. Bank has a fixed address, other than solely an electronic address, in a country in which the Non-U.S. Bank is authorized to conduct banking activities; (ii) the Non-U.S. Bank employs one or more individuals on a full-time basis; (iii) the Non-U.S. Bank maintains operating records related to its banking activities; (iv) the Non-U.S. Bank is subject to inspection by the banking authority that licensed the Non-U.S. Bank to conduct banking activities; and (v) the Non-U.S. Bank does not provide banking services to any other Non-U.S. Bank that does not have a physical presence in any country and that is not a regulated affiliate.

---

[*] For these purposes, the term "**senior foreign political figure**" means a current or former senior official in the executive, legislative, administrative, military or judicial branches of a non-U.S. government (whether elected or not), a current or former senior official of a major non-U.S. political party, or a current or former senior executive of a non-U.S. government-owned commercial enterprise. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure. For purposes of this definition, the term "senior official" or "senior executive" means an individual with substantial authority over policy, operations, or the use of government-owned resources.

[**] For these purposes, an "**immediate family member**" of a senior foreign political figure means spouses, parents, siblings, children and a spouse's parents and siblings.

[***] For these purposes, a "**close associate**" of a senior foreign political figure means a person who is widely and publicly known (or is actually known) to be a close associate of a senior foreign political figure.

Such subscriber or Limited Partner will also be required to represent to the Fund that amounts contributed by it to the Fund were not directly or indirectly derived from activities that may contravene applicable laws and regulations, including, without limitation, any applicable anti-money laundering laws and regulations.

Each subscriber and Limited Partner must notify the Fund promptly in writing should it become aware of any change in the information set forth in its representations.

Delegation

Where permitted by applicable law, and subject to certain conditions, the Fund may delegate the maintenance of its anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

OTHER TERMS OF THE PARTNERSHIP AGREEMENT

The following outline summarizes certain material provisions of the First Amended and Restated Limited Partnership Agreement of the Fund, as the same may be amended from time to time (the "**Partnership Agreement**"), that are not discussed elsewhere in this Memorandum. This outline is only a summary and is not definitive. Each prospective Limited Partner should carefully read the Partnership Agreement in its entirety.

Liability of Limited Partners
Except as otherwise expressly provided in the Delaware Revised Uniform Limited Partnership Act (6 Del. C. § 17-101 et seq.), as amended (the "**Act**"), the debts, obligations and liabilities of the Fund, whether arising in contract, tort or otherwise, will be solely the debts, obligations and liabilities of the Fund, and a Limited Partner will not be obligated personally for any such debt, obligation or liability of the Fund solely by reason of being a Limited Partner; *except* that a Limited Partner will be obligated to contribute to the Fund any amounts required under the Act or the Partnership Agreement.

Management of the Fund
The management of the Fund will be vested exclusively in the General Partner.

Except as authorized by the General Partner, the Limited Partners, in their capacities as such, will not take part in the management or control of the Fund, transact any business in the Fund's name or have the power to sign documents for or otherwise bind the Fund.

Term and Dissolution
The term of the Fund began on the date the Certificate of Limited Partnership of the Fund was filed, and will continue until cancellation of the Certificate of Limited Partnership of the Fund. The Fund will be dissolved and its affairs will be wound up upon, among other things, the determination by the General Partner that the Fund should be dissolved. To the fullest extent permitted by applicable law, each Limited Partner will waive its right to seek judicial dissolution under Section 17-802 of the Act. Upon a determination to dissolve the Fund, all pending voluntary withdrawal requests will be automatically revoked and voluntary withdrawal requests and distributions in respect of pending voluntary withdrawals may not be made.

Winding Up and Liquidation
Such period of time as determined by the General Partner in its reasonable discretion will be allowed for the orderly winding up and liquidation of the assets of the Fund and the discharge of liabilities to creditors so as to enable the Fund to seek to minimize potential losses upon such liquidation. In connection with the winding up of the Fund, the General Partner may take any and all actions that it determines in its reasonable discretion to be necessary or desirable to enhance or protect the value of the assets of the Fund, including the use of hedges, the making of follow-on investments, the reinvestment of undistributed cash and similar actions.

Capital Accounts
The General Partner will establish a separate Capital Account on the books of the Fund for each capital contribution made by a Partner; *except* that a single Capital Account may be established for all capital contributions made by the General Partner. The opening balance of a Capital Account will be the amount of the capital contribution made thereto. Each such Capital Account will be adjusted as described below.

At the beginning of each Accounting Period, the balance of each Capital Account will be decreased by the following amounts: (A) the amount of any withdrawals made from such Capital Account relating to the immediately preceding Withdrawal Date; and (B) the amount of any distributions effective as of such date made from such Capital Account. At the end of each Accounting Period, the balance of each Capital Account will be increased or decreased by the amount credited or debited to such Capital Account to account for net capital appreciation, net capital depreciation, the Incentive Allocation, special tax allocations and other adjustments as provided in the Partnership Agreement. At the end of each Accounting Period, the balance of each Capital Account of each Limited Partner will be decreased by the amount of the Management Fee amortized or paid in respect of such Capital Account for such Accounting Period. At the beginning of each Accounting Period, the balance of the Capital Account of the General Partner will be increased by the amount of any capital contributions to the Fund made by the General Partner as of the first day of such Accounting Period.

Capital Accounts established for a Partner may be consolidated at the beginning of each Fiscal Year if such Capital Accounts have zero balance in their Loss Recovery Accounts and are otherwise subject to the same terms.

Equitable Adjustments

The General Partner has the authority to make equitable adjustments to any Capital Account of any Partner in order to (i) take into account any change to the Code or regulations promulgated thereunder that requires a withholding or other adjustment to any Capital Account of any Partner, (ii) take into account any other change in any law, rule or regulation, (iii) properly reflect the economic arrangement of the Partners as previously disclosed to them, or (iv) avoid any inequitable result for any Partner. In the exercise of such authority, the General Partner may adjust the determination and allocation among the Capital Accounts of the Partners of such financial or tax items (including, but not limited to, any Investor-Related Tax) as the General Partner may deem necessary or advisable, as set forth in the Partnership Agreement.

Distributions

In the sole discretion of the General Partner, the Fund may make distributions in cash or in kind, or in a combination thereof, in connection with a voluntary or required withdrawal of funds from the Fund by a Partner. In each case, the assets to be distributed in kind to any withdrawing Partner may be allocated to such withdrawing Partner in such amounts, as determined by the General Partner, in its sole discretion. In the sole discretion of the General Partner, the Fund may make distributions in cash or in kind, or in a combination thereof, at any time to all of the Partners in accordance with their respective Partnership Percentages.

The General Partner may, in its sole discretion, choose which assets of the Fund to distribute in kind. If a distribution is made in kind, immediately prior to such distribution, the General Partner will determine the fair value of the assets distributed and adjust the Capital Accounts of all Partners upwards or downwards to reflect the difference between the book value and the fair value thereof, as if such gain or loss had been recognized upon an actual sale of such assets and allocated to such Capital Accounts. Each such distribution will reduce the Capital Account(s) of the distributee Partner by the fair value thereof (net of any liabilities attached thereto that are assumed by such Partner). In-kind distributions may be comprised of, among other things, interests in special purpose vehicles holding the actual investment or participations in the actual investment or participation notes (or similar derivative instruments), which

provide a return with respect to certain Digital Assets owned by the Fund. Each special purpose vehicle will bear its own expenses.

Exculpation

The Partnership Agreement provides that, subject to the exception described below, none of the General Partner, the Investment Manager, each of their respective affiliates, and the members, partners, officers, employees and legal representatives (e.g., executors, guardians and trustees) of any of them, including persons formerly serving in such capacities (each, an "**Indemnified Person**") will be liable to any Partner or the Fund for any costs, losses, claims, damages, liabilities, expenses (including, without limitation, reasonable legal and other professional fees and disbursements), judgments, fines or settlements (collectively, "**Indemnified Losses**") arising out of, related to or in connection with any act or omission (including, without limitation, any act, omission or alleged act or omission constituting or alleged to constitute negligence) of such Indemnified Person taken, or omitted to be taken, in connection with the Fund or the Partnership Agreement, except for any Indemnified Losses arising out of, related to or in connection with any act or omission that is found by a court of competent jurisdiction upon entry of a final judgment rendered and unappealable or not timely appealed ("**Judicially Determined**") to be primarily attributable to the bad faith, gross negligence, willful misconduct or actual fraud of such Indemnified Person. In addition, subject to the exception described below, no Indemnified Person will be liable to any Partner or the Fund for any Indemnified Losses arising out of, related to or in connection with any act or omission taken, or omitted to be taken, by any digital asset counterparty or agent of the Fund if such digital asset counterparty or agent was not selected, engaged or retained by such Indemnified Person directly or on behalf of the Fund in violation of the standard of care set forth above. Any Indemnified Person may consult with counsel, accountants, investment bankers, financial advisers, appraisers and other specialized, reputable, professional consultants in respect of affairs of the Fund and be fully protected and justified in any action or inaction that is taken in accordance with the advice or opinion of such persons; *provided*, *however*, that such persons were selected in accordance with the standard of care set forth above.

Indemnification

The Partnership Agreement provides that, subject to the exception described below, the Fund will indemnify each Indemnified Person from and against any and all Indemnified Losses suffered or sustained by such Indemnified Person by reason of any act, omission or alleged act or omission (including, without limitation, any act, omission or alleged act or omission constituting or alleged to constitute negligence) arising out of, related to or in connection with the Fund or the Partnership Agreement, or any and all actual or threatened claims, demands, actions, suits or proceedings (whether civil, criminal, administrative or investigative), including, without limitation, any formal or informal inquiries and "sweep" examinations in connection with the Fund's investment activity ("**Proceedings**"), in which an Indemnified Person may be involved, as a party or otherwise, arising out of, related to or in connection with such Indemnified Person's service to or on behalf of, or management of the affairs or assets of, the Fund, or which relate to the Fund, except for any Indemnified Losses that are Judicially Determined to be primarily attributable to the bad faith, gross negligence, willful misconduct or actual fraud of such Indemnified Person. Subject to the exception described below, the Fund will also indemnify each Indemnified Person from and against any and all Indemnified Losses suffered or sustained by such Indemnified Person by reason of any acts, omissions or alleged acts or omissions of any digital asset counterparty or agent of the Fund; *provided*, *however*, that such digital asset counterparty or agent was not selected, engaged or retained by such Indemnified Person directly or on behalf of the Fund in

violation of the standard of care set forth above. The termination of a Proceeding by settlement or upon a plea of nolo contendere, or its equivalent, will not, of itself, create a presumption that such Indemnified Person's acts, omissions or alleged acts or omissions were primarily attributable to the bad faith, gross negligence, willful misconduct or actual fraud of such Indemnified Person. Expenses (including, without limitation, legal and other professional fees and disbursements) incurred in any Proceeding may, with the consent of the General Partner, be paid by the Fund as incurred in advance of the final disposition of such Proceeding upon receipt of an undertaking by or on behalf of such Indemnified Person to repay such amount if it will ultimately be determined that such Indemnified Person is not entitled to be indemnified by the Fund.

The provisions of the Partnership Agreement will not be construed so as to provide for the exculpation or indemnification of any Indemnified Person for any liability (including, without limitation, liability under U.S. federal securities laws, which, under certain circumstances, impose liability even on persons that act in good faith), to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law, but will be construed so as to effectuate such provisions to the fullest extent permitted by applicable law.

Amendments to the Partnership Agreement; Voting and Consent

The Partnership Agreement may be amended at any time by the consent of the Partners that hold greater than 50% of the Voting Percentages of the Partners that are entitled to vote on or consent to a matter ("**Majority-in-Interest**") and the consent of the General Partner, which may be given or withheld in its sole discretion; *except* that:

(i) without the consent of the Limited Partners, the General Partner may amend the Partnership Agreement to: (A) reflect a change in the name of the Fund; (B) make any change that, in the good faith judgment of the General Partner, is necessary or advisable to qualify the Fund as a limited partnership or a partnership in which the Limited Partners have limited liability under the laws of any state or non-U.S. jurisdiction, or ensure that the Fund will not be treated as an association taxable as a corporation or as a "publicly traded partnership" taxable as a corporation for U.S. federal tax purposes; (C) make any change that, in the good faith judgment of the General Partner, does not adversely affect the Limited Partners in any material respect; (D) make any change that is necessary or desirable to cure any ambiguity, to correct or supplement any provision in the Partnership Agreement that would be inconsistent with any other provision in the Partnership Agreement, or to make any other provision with respect to matters or questions arising under the Partnership Agreement that will not be inconsistent with the provisions of the Partnership Agreement, in each case so long as such change does not, in the good faith judgment of the General Partner, adversely affect the Limited Partners in any material respect; (E) correct any printing, stenographic or clerical error or effect changes of an administrative or ministerial nature that do not increase the authority of the General Partner in any material respect or, in the good faith judgment of the General Partner, adversely affect the Limited Partners in any material respect; (F) make any change that is necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, statute, ruling or regulation of any U.S. federal, state or non-U.S. governmental entity, so long as such change is made in a manner that

minimizes any adverse effect on the Limited Partners; (G) prevent the Fund from in any manner being deemed an "investment company" subject to the provisions of the Company Act; or (H) make any other amendments similar to the foregoing;

(ii) in respect of an amendment to the terms, rights or obligations of a particular Class of Interests, the consent of the Partners holding such Class of Interest will not be required to the extent that such amendment would not be required under (i) above, and in the event that (i) above is inapplicable and the consent of the Limited Partners is therefore required, the consent of a Majority-in-Interest only of the holders of such Class of Interest will be required to effect such amendment; and

(iii) each Partner must consent to any amendment, other than an amendment that the General Partner may make pursuant to (i) above, that would (A) reduce the balance in its Capital Account(s) or materially and adversely impair its right of withdrawal; or (B) amend the provisions of the Partnership Agreement relating to amendments.

The "**Voting Percentage**" with respect to each Partner that may vote on or consent to a matter as of the beginning of each Accounting Period is the result (expressed as a percentage) of the aggregate balances of such Partner's Capital Accounts divided by the aggregate balances of the Capital Accounts of all Partners that are entitled to vote on or consent to such matter. The sum of the Voting Percentages is equal to 100 percent. For the avoidance of doubt, Voting Percentages will be calculated after reduction for any distributions and withdrawals effective as of the beginning of the applicable Accounting Period, and after taking into account capital contributions made as of such date.

The General Partner may submit any matter upon which the Partners are entitled to vote to the Partners for a vote by consent without a meeting. Such consents will be treated for all purposes as votes at a meeting. On any matter that is to be consented to by a Partner, such Partner may consent in writing or by means of electronic transmission.

For purposes of any consent sought by the General Partner pursuant to any provision of the Partnership Agreement requiring the vote or consent of the Partners (whether in respect of an amendment, waiver or otherwise), the General Partner may require a response within a specified time (which will not be less than 10 Business Days) from a Partner and the failure of such Partner to respond within such specified time will constitute consent of such Partner to the proposed amendment, waiver or other action, except as otherwise prohibited by law.

LEGAL COUNSEL

SRZ

Schulte Roth & Zabel LLP ("**SRZ**") has been engaged by the General Partner and the Investment Manager to represent them and the Fund as U.S. legal counsel in connection with the organization of the Fund and this offering of Interests. No separate legal counsel has been engaged to independently represent the Limited Partners in connection with the formation of the Fund, or the offering of the Interests.

SRZ will represent the Fund on matters for which it is retained to do so. Other counsel may also be retained where the General Partner, on behalf of the Fund, or the Investment Manager, on its own behalf, determines that to be appropriate (see "Other Counsel" below).

SRZ's representation of the Fund is limited to specific matters as to which it has been consulted by the Fund. There may exist other matters that could have a bearing on the Fund as to which SRZ has not been consulted. In advising the General Partner and the Investment Manager with respect to the preparation of this Memorandum, SRZ has relied upon information that has been furnished to it by the General Partner, the Investment Manager and their affiliates, and has not independently investigated or verified the accuracy or completeness of the information set forth herein. In addition, SRZ does not monitor the compliance of the General Partner, the Investment Manager or the Fund with the investment guidelines, valuation procedures and other guidelines set forth in this Memorandum, the Fund's terms or applicable laws.

There may be situations in which there is a "conflict" between the interests of the General Partner and/or the Investment Manager, and those of the Fund. In these situations, such parties will determine the appropriate resolution thereof, and may seek advice from SRZ in connection with such determinations. The General Partner, the Investment Manager and the Fund have each consented to SRZ's concurrent representation of such parties in such circumstances. In general, independent counsel will not be retained to represent the interests of the Fund or the Limited Partners.

Other Counsel

Each of Orrick, Herrington & Sutcliffe LLP, Cooley LLP and Wilson Sonsini Goodrich & Rosati have also been, and/or may in the future be, engaged by the General Partner, on behalf of the Fund, and/or the Investment Manager, on its own behalf, in connection with certain activities. Other counsel may also be retained where the General Partner, on behalf of the Fund, or the Investment Manager, on its own behalf, determines that to be appropriate.

SUITABILITY REQUIREMENTS

Limited Partners must meet the suitability requirements set forth in the section of this Memorandum entitled, "Summary of Terms—Suitability Requirements".

Each prospective purchaser is urged to consult with its own advisers to determine the suitability of an investment in the Interests, and the relationship of such an investment to the purchaser's overall investment program and financial and tax position. Each purchaser of an Interest is required to represent that it has evaluated the risks of investing in the Fund, understands there are substantial risks of loss incidental to the purchase of an Interest and has determined that the Interest is a suitable investment for such purchaser.